easyJet plc

LEVERAGING OUR STRENGTHS...

Annual Report and Accounts 2020

WHO WE ARE

easyJet aims to make travel easy, enjoyable and affordable for customers, whether it is for leisure or business.

We use our cost advantage and leading positions in primary airports to deliver low fares on an unrivalled network, seamlessly connecting Europe with the warmest welcome in the sky.

Our well-established and proven business model provides a strong foundation to drive long-term shareholder returns.

'OUR PROMISE' IS THAT WE WILL BE:

SAFE AND RESPONSIBLE

ON OUR CUSTOMERS' SIDE

IN IT TOGETHER

ALWAYS EFFICIENT

FORWARD THINKING

WHAT'S INSIDE

STRATEGIC REPORT

GOVERNANCE

FINANCIALS

VISIT OUR WEBSITE FOR MORE INVESTOR INFORMATION

http://corporate.easyjet.com/investors

...FOR A SUSTAINABLE FUTURE

The 2020 financial year has been unprecedented with COVID-19 posing the most significant threat to the aviation industry in its history.

Our business model means that we are well positioned for the recovery from COVID-19.

easyJet has an outstanding network of #1 and #2 positions in the primary airports around Europe, which customers favour. Customers are increasingly looking for value for money and are prioritising leisure travel, where we are particularly well-placed.

We are the world's first major airline to operate carbon neutral flying across our entire network, and continue to work tirelessly to minimise carbon across our operations.

PLEASE READ MORE ABOUT OUR STRENGTHS AND ACTIONS TAKEN:

INDUSTRY-LEADING NETWORK

see page 18

SAFETY IS ALWAYS OUR #1 PRIORITY

see page 34

SUSTAINABILITY

see page 36

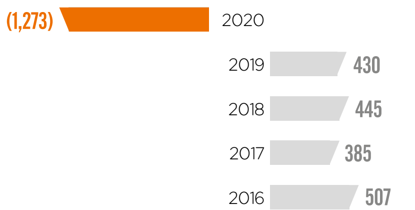
REDUCING OUR COST BASE

see page 54

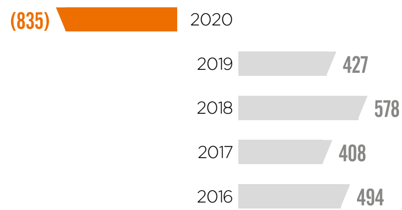
OUR PERFORMANCE...

Results have been heavily impacted by COVID-19 related lockdowns and government travel restrictions during the second half of the 2020 financial year.

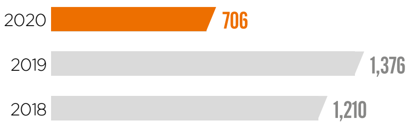
TOTAL (LOSS)/PROFIT BEFORE TAX (£M)



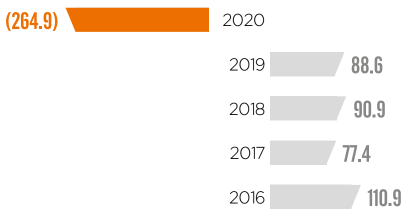
HEADLINE (LOSS)/PROFIT BEFORE TAX (£M)



TOTAL ANCILLARY REVENUE[8] (£M)



BASIC TOTAL (LOSS)/ EARNINGS PER SHARE (PENCE)



...AND OUR STRENGTHS

UNPARALLELED NETWORK

NUMBER OF PRIMARY AIRPORTS WHERE WE HOLD A #1 OR #2 POSITION[1]

56

2019: 56

ROUTES OPERATED[2]

981

2019: 1,051

LOW-COST MODEL

REDUCTION IN EMISSIONS AND FUEL CONSUMPTION DUE TO NEW-GENERATION AIRCRAFT[3]

15%

COST SAVINGS[4]

£73M

2019: £139M

ROBUST BALANCE SHEET

CASH & MONEY MARKET DEPOSITS[2,5]

£2,316M

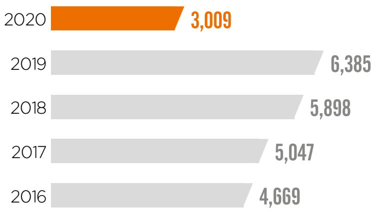
2019: £1,576M

NET DEBT[2]

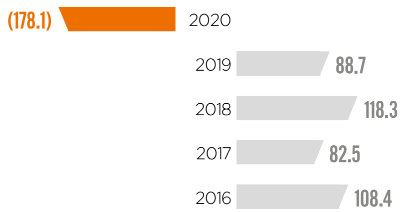
£1,125M

2019: £326M

TOTAL REVENUE (£M)



BASIC HEADLINE (LOSS)/ EARNINGS PER SHARE[2] (PENCE)



LOAD FACTOR

87.2%

2019: 91.5%

SEATS FLOWN

55.1M

2019: 105.0M

ON-TIME PERFORMANCE

84%

2019: 75%

CUSTOMER LOYALTY

NUMBER ONE AIRLINE BRAND IN THE UK, FRANCE & SWITZERLAND[2,6]

NO.1 OR 2

RETURNING CUSTOMERS[4,7]

87%

2019: 68%

VALUE BY EFFICIENCY

UNENCUMBERED AIRCRAFT[2,9]

165

2019: 232

CUSTOMER SATISFACTION

CUSTOMER SATISFACTION SCORE[2]

75%

2019: 74%

1. As at 30 September 2019 – airports where easyJet is the number one or number two carrier based on short-haul capacity. 2020 data not available
2. As at 30 September 2020
3. A320neo versus previous generation A320
4. In the year ended 30 September 2020
5. Excluding restricted cash
6. Millward Brown brand tracker
7. Percentage of seats booked by customers who made a booking in the preceding 24 months
8. Ancillary revenue reporting was implemented from 2018 onwards
9. ROCE is no longer an efficiency metric due to this being negative in the 2020 financial year
10. Within net debt, borrowings of £987 million and lease liabilities of £352 million are payable within one year

POSITIONED FOR THE FUTURE

OUR PURPOSE

Our purpose defines who we are and guides our actions and decisions.

Seamlessly connecting Europe with the warmest welcome in the sky

easyJet aims to make travel easy, enjoyable and affordable, whether it is for leisure or business.

STRATEGIC PRIORITIES

Our strategic priorities are a plan of action which enables us to pursue our purpose.

PROTECT OUR UNIQUE CORE NETWORK POSITIONS

Maximising revenue with our network; protecting core markets, investing in destination leaders and building focus cities

FOR MORE DETAILS PLEASE SEE PAGE 25

CUSTOMER PROPOSITION

Providing a unique value proposition for the customer; based on ease, value and reliable on-the-day experience

FOR MORE DETAILS PLEASE SEE PAGE 26

OUR PEOPLE

Delivering success through people engagement; providing everybody with the ability to do their best; attracting the best talent

FOR MORE DETAILS PLEASE SEE PAGE 28

IMPROVE OUR COST POSITION

Removing cost from the business to maintain relative cost position within the industry

FOR MORE DETAILS PLEASE SEE PAGE 30

FOCUSING ON OUR BALANCE SHEET

A top priority to provide future resilience

FOR MORE DETAILS PLEASE SEE PAGE 31

SUSTAINABILITY STRATEGY

To lead and challenge global aviation towards net zero emissions while positively impacting our communities and our people

TACKLING CARBON EMISSIONS

We are the world's first major airline to offset the carbon emissions from fuel and operations across our entire network, and we continue to work tirelessly to minimise carbon across our operations.

STIMULATING CARBON INNOVATION

We are supporting the development of new technologies to reinvent aviation as quickly as possible.

GOING BEYOND CARBON

We are working in a range of ways to take action on sustainability, beyond our carbon impact.

IMPROVING OUR UNDERLYING CAPABILITY

Initiatives include: recruiting a dedicated Sustainability team; increasing the scope of environmental reporting; development of an ISO14001-compliant Environmental Management System; and additional oversight through committees and working groups, such as on business integrity and modern slavery.

FOR MORE DETAILS PLEASE SEE OUR SUSTAINABILITY SECTION ON PAGE 36

HOW WE MEASURE (KPIS)

We measure our strategic progress through a mix of financial and non-financial KPIs.

HEADLINE (LOSS)/PROFIT BEFORE TAX PER SEAT

HEADLINE (LOSS)/ EARNINGS PER SHARE

HEADLINE RETURN ON CAPITAL EMPLOYED

CUSTOMER SATISFACTION

ON-TIME PERFORMANCE

CO_2 EMISSIONS PER PASSENGER KILOMETRE

FOR MORE DETAILS PLEASE SEE OUR KPIS ON PAGE 32

OUR PROMISE

We have a set of values which support and guide our strategy.

- **SAFE AND RESPONSIBLE**
- **ON OUR CUSTOMERS' SIDE**
- **IN IT TOGETHER**
- **ALWAYS EFFICIENT**
- **FORWARD THINKING**

COVID-19 MANAGEMENT ACTIONS

MORE INFORMATION ON OUR RESPONSE TO COVID-19 CAN BE FOUND ON THE FOLLOWING PAGES:

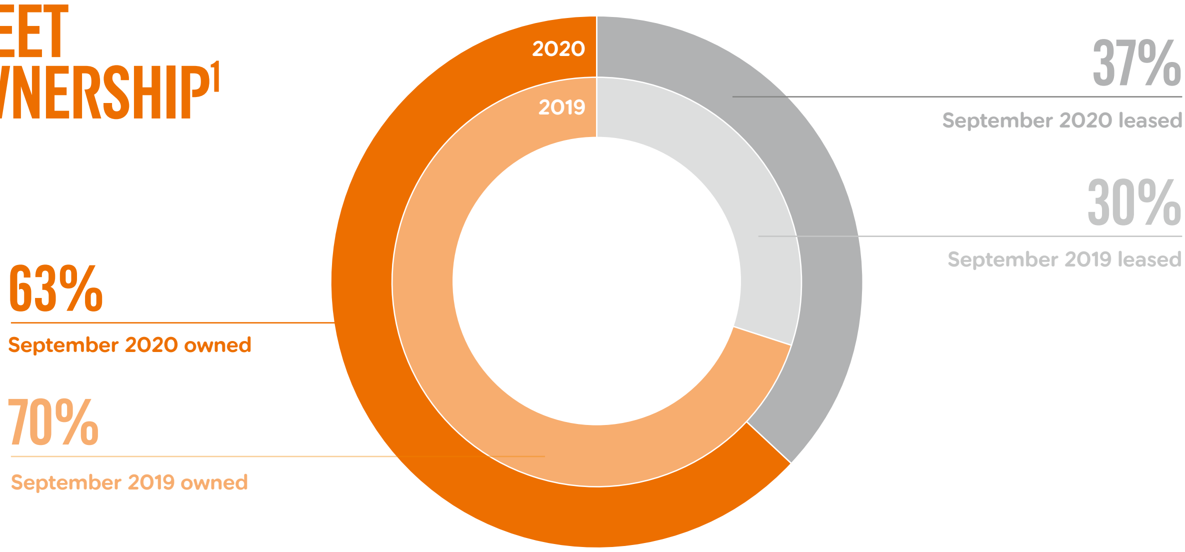
RAPID AND DECISIVE ACCESS TO LIQUIDITY

easyJet's robust balance sheet enabled rapid access to over £2.4bn of cash since the outset of COVID-19.

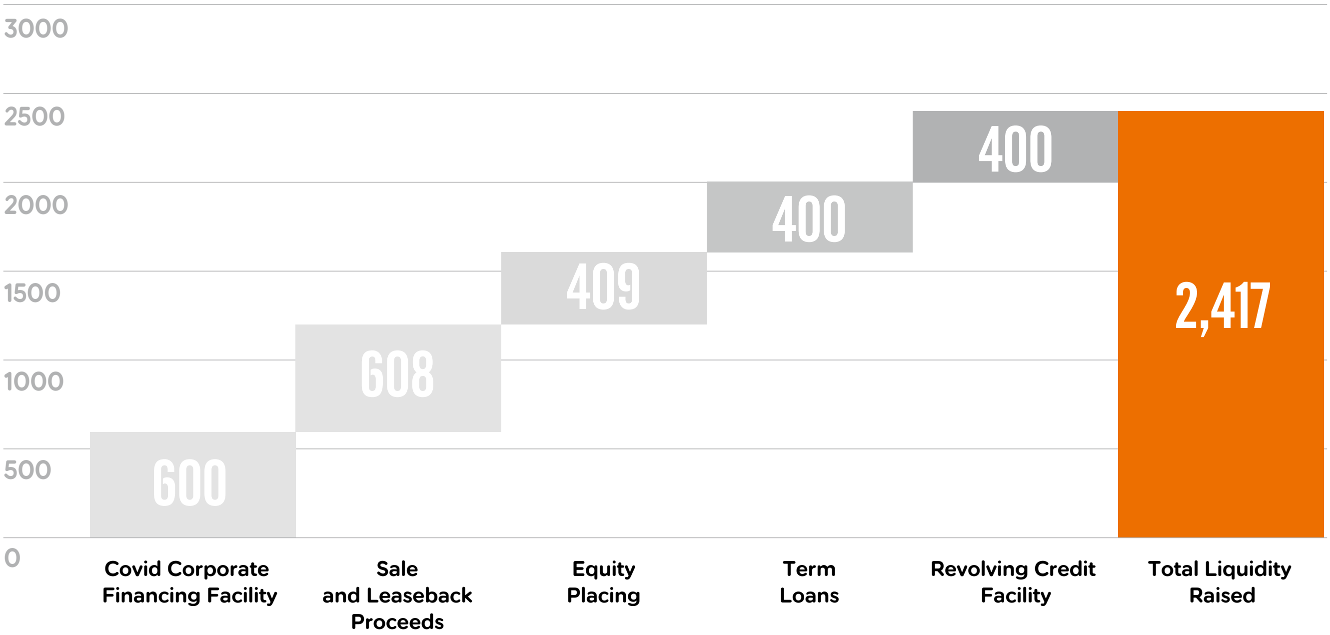
Liquidity has been raised from a variety of sources including equity, sale and lease back of owned aircraft, the drawing down of a Revolving Credit Facility, Covid Corporate Financing Facility and Term Loans.

Additionally, after 30 September 2020, easyJet successfully completed transactions for further sale and leasebacks generating additional liquidity. easyJet has the ability to continue to leverage its owned aircraft for further funding if required.

FLEET OWNERSHIP[1]



TOTAL LIQUIDITY RAISED SINCE START OF PANDEMIC £'M[2]



TOTAL LIQUIDITY RAISED IN YEAR[2]

£2.4BN

TOTAL CASH AND MONEY MARKET DEPOSITS[1]

£2.3BN

2019: £1.6BN

NET DEBT[1]

£1.1BN

2019: £326M

1. As at 30 September 2020
2. During the 6 months to 30 September 2020

LEVERAGING OUR STRENGTHS

> Our strong business model, robust balance sheet and unparalleled network mean we are well positioned for recovery.

The COVID-19 pandemic has had an unprecedented impact on easyJet and the wider airline industry. The entire easyJet fleet was fully grounded for 11 weeks this spring. The Board moved quickly and decisively to reduce operating costs, to defer future fleet deliveries and to secure additional funding. We had to take the extremely difficult decision to cut up to 30% of headcount across the business. A small-scale flying programme restarted on 15 June, ramping up through the summer months, with a disciplined focus on profitable, cash-generative flying. Our strong business model, robust balance sheet and unparalleled network mean we are well positioned for recovery.

RESULTS

During the first half of the year easyJet delivered strong underlying trading and our costs were in line with guidance. We were expecting a very strong year. In spite of the initial impact of COVID-19 throughout March, first half results showed much-reduced seasonal losses.

The restrictions on travel imposed by governments in response to COVID-19 have had a devastating impact on air travel. Our fleet was grounded for all but two weeks of the third quarter and in the fourth quarter we were able to operate less than 40% of our previously planned capacity. Our easyJet holidays business, whilst still only small, has proven that its flexible, low-risk business model is well suited to this environment.

Revenue for the full year decreased to £3,009 million (2019: £6,385 million). The Group reported a headline loss before tax of £835 million (2019: £427 million profit) and basic headline loss per share of 178.1 pence (2019: 88.7 pence headline earnings per share). Total loss before tax of £1,273 million (2019: £430 million profit) and a non-headline loss of £438 million (2019: £3 million gain) led to basic total loss per share of 264.9 pence (2019: 88.6 pence earnings per share).

DIVIDENDS

easyJet's dividend policy is to pay shareholders 50% of headline earnings after tax. Given that we made a loss this year, there will be no dividend paid for the 2020 financial year (2019: 43.9 pence per share).

COVID-19

Whilst COVID-19 has led to extreme challenges for the airline industry, easyJet is well positioned for the recovery. Our leading network based on number one and two positions at primary airports, a continued focus on short-haul flying, our customers' trust in the easyJet brand and our enhanced biosecurity procedures, as well as our outstanding value proposition, all give us confidence that easyJet will prosper again in the future. easyJet has raised over £2.4 billion in liquidity since the outbreak of the pandemic, in order to strengthen its investment-grade balance sheet.

OUR BOARD

Having served nine years on the easyJet Board, Andy Martin stepped down in August 2020 and Charles Gurassa is stepping down in December 2020, in line with corporate governance best practice. I would like to thank Charles and Andy for their very significant contribution and wise counsel over those nine years. Julie Southern has succeeded Charles as Senior Independent Director. Catherine Bradley CBE joined the Board in January 2020 and succeeded Andy Martin as Chair of the Finance Committee in August. Moni Mannings joined the Board in August 2020, succeeding Moya Greene DBE as Chair of the Remuneration Committee in October. Moya Greene has decided not to stand for re-election at the next AGM after serving three years, and I would like to thank Moya for her significant contribution during that time. Our Chief Financial Officer Andrew Findlay will be leaving easyJet in February 2021 and will be replaced by Kenton Jarvis.

Further details of these changes are included in the Governance report on page 78.

OUR PEOPLE

In response to the COVID-19 pandemic easyJet has launched a major restructuring programme. This has included a proposal to reduce headcount by up to 30% across the business. We have launched an employee consultation process on these proposals. I would like to extend my thanks to all of easyJet's employees, who have continued to provide the warmest welcome in the sky, despite the ongoing uncertainty and challenging circumstances.

There have also been a number of changes to the Airline Management Board. Peter Bellew joined easyJet as Chief Operating Officer in January 2020 bringing with him considerable experience from his former roles as Chief Operations Officer of Ryanair and Chief Executive Officer of Malaysia Airlines. Other changes to the Airline Management Board over the course of the year are detailed in the Governance report on page 86.

Details of how we engage with our stakeholders can be found on page 12.

SUSTAINABILITY

Our overall sustainability goal is to lead and challenge global aviation to carbon neutral while positively impacting our communities and our people. We were the world's first major airline to operate carbon neutral flights across our entire network, by offsetting the carbon emissions from the fuel used for all of our flights, and we continue to work tirelessly to minimise the carbon impact of our operations. We are supporting the development of new technologies – including hybrid, electric and hydrogen planes – so we can play our part in reinventing aviation to be more sustainable in the future. We are also looking for more ways to take action beyond carbon, including rapidly reducing our waste and single-use plastic usage.

THE FUTURE

While the airline industry is in a time of crisis and IATA predicts that demand may not recover to 2019 levels until 2024 we continue to believe that easyJet's well-established business model and solid financials provide a strong foundation to weather these extreme challenges, and to drive profitable growth and long-term shareholder returns in the future.

John Barton

JOHN BARTON
Non-Executive Chairman

OUR STRONG FOUNDATION

Our robust business model makes it easy, affordable and sustainable for our customers to travel, which drives growth and returns for our shareholders.

OUR RESOURCES

FINANCIAL CAPITAL

easyJet has a strong capital base, with a market capitalisation of £2.3 billion[1] and a net debt position of £1,125 million at 30 September 2020 (2019: net debt of £326 million). easyJet's credit ratings are amongst the strongest in the world for an airline.

BBB-/BAA3
CREDIT RATING

AIRCRAFT

easyJet operates a modern fleet of Airbus A320 family aircraft, of which circa 63% are owned. We are investing in new generation aircraft which are more fuel efficient[2,3] leading to lower operating costs and lower carbon emissions over time.

342
AIRCRAFT[4]
2019: 331

PEOPLE

easyJet has a highly skilled workforce of over 14,000 people, including over 4,000 pilots and 8,000 cabin crew members.[4]

OVER
14,000
EMPLOYEES[4]
2019: >15,000

SUPPLIERS

easyJet partners with key suppliers to deliver many of its operational and commercial activities. Our partners are carefully selected and significant emphasis is placed on managing these relationships, with the aim of encouraging incremental innovation and performance.

82%
SUPPLIER PAYMENTS ON TIME
2019: 85%

SLOTS AND BRAND

easyJet has a valuable portfolio of slot pairs at slot-constrained primary airports, as well as flying rights across Europe and AOCs[5] in the UK, Switzerland and Austria.

89%
CAPACITY AT SLOT-CONSTRAINED AIRPORTS[6]
2019: 88%

TECHNOLOGY AND DATA

easyJet is aiming to become the world's most data-driven airline. We are seeing significant benefits already from operational resilience processes and predictive maintenance. Our revenues have been benefitting from data projects in late yield initiatives and differential seat pricing.

510M
VISITS TO ALL DIGITAL PLATFORMS
2019: 700M

1. Based on share price of £5.02 at 30 September 2020
2. 15% fuel-saving A320neo versus previous generation A320
3. Around 50% quieter on takeoff and landing than previous-generation aircraft
4. As at 30 September 2020
5. Air Operator Certificates
6. Based on level 2 and level 3 airports as updated by IATA on 30 June 2020 and defined under IATA Worldwide Slot Guidelines as at 1 August 2019

BUSINESS ACTIVITIES

WHAT WE DO

We are a low-cost European point-to-point airline. We use our cost advantage, operational efficiency and leading positions in primary airports to deliver low fares, seamlessly connecting Europe with the warmest welcome in the sky.

easyJet is the seventh[1] largest airline in the world, with 342 aircraft and 48 million customers across 35 countries and 154 airports.

easyJet holidays was launched in 2019 in order to offer holiday packages which also encourages the 97% of customers travelling on leisure to spend more with us, rather than book accommodation elsewhere.

HOW WE DO IT

- Our leading position at slot-constrained airports with high customer demand allows us to deliver profitable growth and resilient returns over the long term
- Our cost efficiency is achieved through long-term strategic partnerships with key airports and ground-handling operators
- easyJet has a focus on providing services which our customers value
- The new easyJet holidays offering has been tailored to the needs of the 'easyJet generation'.

AIRPORTS[2]

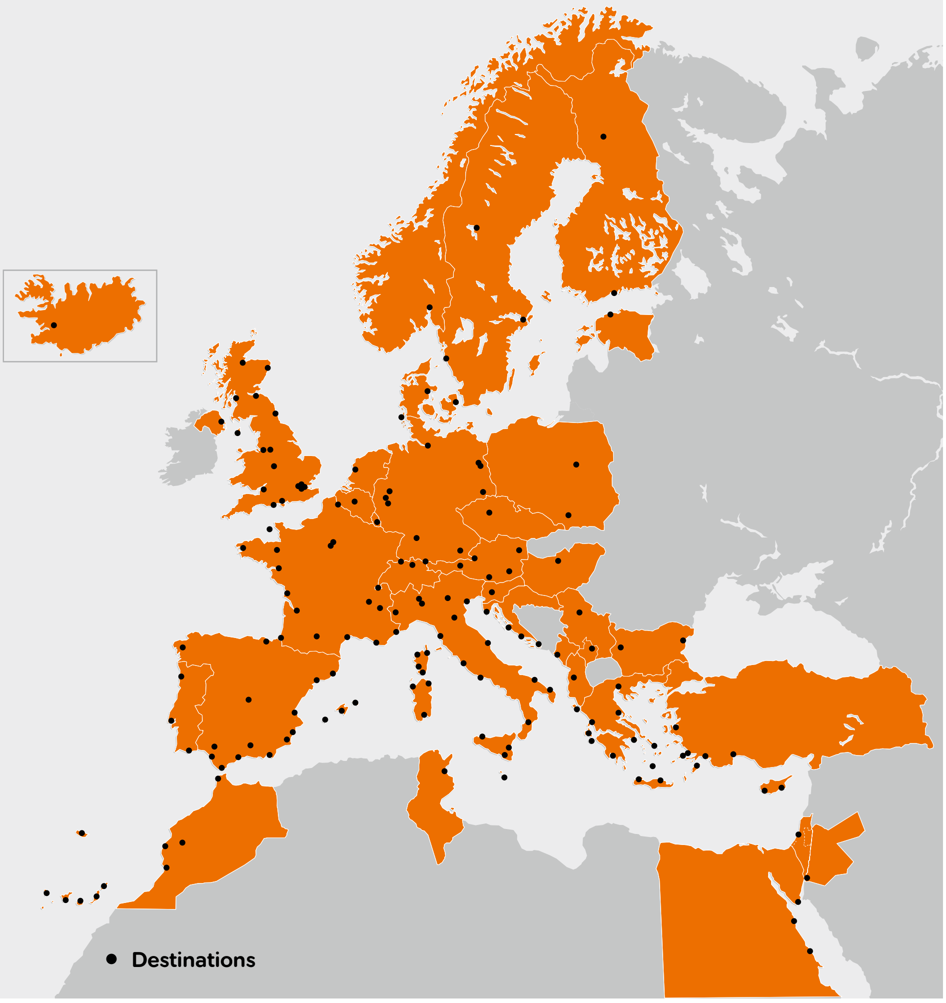
154

2019: 159

ROUTES[2]

981

2019: 1,051



1. Based on sectors flown, as reported by OAG as at September 2019. 2020 data not available
2. As at 30 September 2020

OUR ENGAGEMENT WITH STAKEHOLDERS

Our stakeholders are an important part of our operations and are referenced throughout this report. We have set out below details of who our key stakeholders are, how we have engaged with them and the associated outcomes. For our Section 172 Statement, please see page 90.

CUSTOMERS

We flew 48 million passengers in 2020. This includes individuals who booked flight-only trips with us for leisure or business, as well as those who booked easyJet holidays.

KEY FOCUS

- Safety
- Sustainability
- Choice (time of flying, destinations, ancillary offerings)
- Ease of booking
- Cost and affordability
- Minimising disruption
- Ease of making changes

WHY AND HOW WE ENGAGE

- We want to win our customers' loyalty, and therefore it is important we engage with and understand our customers to make sure our product and service remain competitive
- We regularly survey our customers to find out about their experiences post travel and prior to launching a new product offering. We measure our performance in part through our Customer Satisfaction KPI, set out on page 33. We also monitor sentiment via social media tracking versus competitors, and brand strength across Europe via the Brand Tracker
- Our crew interact with customers on a daily basis, and this is fed back to management through regular crew feedback sessions and online forums
- When customers need extra support, our customer services teams help with special assistance requests or arrangements when travel is disrupted. We interact with customers via our customer call centres based in the UK and overseas, and on social media
- When we restarted our flying programme in June 2020, our Chief Executive Officer and other Airline Management Board members flew on some of the first flights to see how the new biosecurity measures were received by customers
- Customer sentiment and feedback is regularly reported to the Airline Management Board and PLC Board

OUTCOMES

- We want to seamlessly connect our customers across Europe and beyond, yet we know that our customers are increasingly thinking about their carbon impact – with 94% of customers thinking about sustainability more, or as much as before (see our materiality assessment on page 39). easyJet wants to lead the aviation industry in addressing this challenge. Having considered the feedback from customers and other stakeholders, the Board approved a new sustainability strategy in November 2019, offsetting carbon emissions from the fuel used for all our flights from that date – the first major airline to do so. The Board recognises however that offsetting is only an interim measure, and continues to support the development of new technologies to decarbonise aviation for the longer term. For more information, see the Sustainability section starting on page 36
- COVID-19 has unfortunately meant that the Group had to take difficult decisions that have heavily impacted our customers, including grounding the fleet, cancelling flights and rearranging schedules. This led to unprecedented demand for our customer service teams to process booking changes and refunds. With many of them being based in countries that were themselves locked down, our service levels fell short of what our customers have come to expect from us and customer feedback reflected this. As a result of the feedback received, decisive action was taken, including a short-term investment to expand our customer management centres (CMCs) which has led to an improvement in the service levels we can offer. Customer feedback has been positive and overall satisfaction in the CMCs has since increased to the highest level in the last 12 months. For those customers who have flown with us since June, strong operational performance has resulted in the customer satisfaction rating being higher than the prior year
- Understanding our customers and their desire for ease, choice and value led to the re-launch of easyJet holidays in November 2019, which has been positively received by customers. Further feedback from customers during the pandemic led to the launch of the easyJet holidays 'Protection Promise' in October 2020, which incorporates a best price guarantee, a full refund if the holiday is cancelled up to 28 days before departure (free of fees), and an overhaul of the standard terms and conditions allowing customers to book with confidence

EMPLOYEES

We have over 14,000 employees across nine countries in Europe, including over 4,000 pilots and 8,000 cabin crew.

- Health, safety and working conditions
- Wellbeing and mental health
- Training and career development
- Diversity and inclusion
- Fair pay and benefits

- We want to attract, retain and develop the right people, as they are fundamental to easyJet's success. Engaging effectively with them is key to doing this successfully
- In addition to our employee engagement platform, we have country and base teams which manage and interact with staff on a daily basis
- We have a number of employee representative groups across Europe. We also engage with 28 trade unions across eight countries, and have undertaken an extensive consultation exercise during the year as set out below
- Board member Moya Greene DBE has engaged with employees through her role as the Employee Representative Director and she has attended three meetings of the UK and European employee representative bodies during the year

- Communication with employees has been vital during the uncertainty of the pandemic. Johan Lundgren updated employees frequently, including through weekly email and video messages, and management have regularly engaged with employee representative bodies and unions across the network on the impact of the pandemic on the business. In addition Moya Greene DBE has brought the employee voice into the boardroom in her role as the Employee Representative Director, ensuring the employee's perspective is highlighted in any Board decision making process
- The sudden and extensive reduction in demand as a result of the pandemic led to the need to right size our operations, to ensure we were able to successfully navigate the unprecedented circumstances. This led to the launch of a number of employee consultation processes on proposals to reduce staff numbers by up to 30%. These were managed through the representative bodies across Europe, with consultations phased to meet the needs of each jurisdiction, and some of which are ongoing. The Board's aim was to minimise the impact on employees, protecting as many jobs as possible, understanding the uncertainty and concern faced by employees. As a result of the constructive working partnership with our representative groups we have, so far, had minimal compulsory redundancies, providing some re-assurance to our employees at this time. However, the overall process will result in up to 30% of our roles being removed from the business
- We also provide a wide range of support for employees' physical and mental wellbeing, which has been particularly important during the pandemic and increase in working from home
- We continue to help our employees to learn and develop, providing training and development opportunities at every stage of their career

SUPPLIERS

Our current fleet of 342 aircraft is supplied by Airbus. The fleet is maintained by specialist suppliers.

Ground-handling agents manage the logistics operations at airports, such as baggage handling and aircraft loading and unloading.

We have a strategic partnership with DHL to provide these services at Gatwick, Bristol and Manchester.

We have a number of other key suppliers, including critical technology suppliers, fuel providers, aircraft lessors and hoteliers for easyJet holidays.

KEY FOCUS

- Compliance with regulations
- Safety
- Consumer protection
- Health and safety
- Treatment of suppliers
- Sustainability

WHY AND HOW WE ENGAGE

- We want to be number one or two in primary airports and provide value by efficiency. This means having an open, constructive and effective relationship with all suppliers, as we believe they are integral to the Group's success
- The Executive Directors engage with senior executives of our major suppliers on a regular basis to understand the health of their businesses, and have met or spoken with them during the year
- We have a strong strategic relationship with the primary airports and work with them as strategic partners
- We have an established supplier relationship management framework, which provides a toolkit and guidance for easyJet managers who lead relationships with key partners.

OUTCOMES

- With the approval of the Board, management negotiated the deferral of aircraft purchases with Airbus during the year. This provided a significant reduction to capital expenditure in the short term, which was important to help us manage through the immediate impact of the pandemic. However, in the longer term, the Board is mindful that the Airbus contract provides the ability to renew and modernise the fleet, reduce easyJet's carbon footprint and lower costs over the longer term, providing the flexibility to respond to future demand – all of which are in our shareholders' and wider stakeholders' interests
- We worked in partnership with many suppliers to reduce costs during the early stages of the pandemic. This included renegotiating with airports and ground handlers, whilst also ensuring that both the supplier and easyJet remain successful, sustainable businesses. We were also able to defer time-dependent maintenance spend due to reduced flying. In some cases this has also meant changing payment terms. Our standard payment terms are payment within 60 days, however longer payment terms were negotiated (up to 120 days) with certain suppliers depending on the commercial situation and on a case by case basis. easyJet has reduced payment terms to 30 days to suppliers with a turnover of less than £1 million to support cash flow for small companies

SHAREHOLDERS

As a company listed on the London Stock Exchange, our shares are publicly traded.

Some of our major shareholders are set out on page 129.

KEY FOCUS

- Understanding the financial and sustainable performance of the business
- Creation of long-term value
- Share price and dividend returns

WHY AND HOW WE ENGAGE

- We engage with our shareholders regularly and consult with our major shareholders on specific issues to understand their views. During the year management and members of the Board led engagement on the matters being put forward at the 2020 Annual General Meeting (AGM), the shareholder-requisitioned General Meeting (GM) in May and the equity placing and related GM in July. Our corporate brokers and proxy solicitation agents also spoke to a significant number of shareholders and provided feedback to the Board. Further details are included on page 89
- Facilities were made available for all shareholders to ask questions live at the AGM and GMs held during the year, as well as the ability to submit questions in advance
- We have an active engagement programme with institutional investors through our Investor Relations department, including results presentations and individual investor meetings

OUTCOMES

- We were pleased to gain the overwhelming support of independent shareholders at the AGM, the May 2020 GM and for the equity placing, all of which play an important part in ensuring we remain a successful and sustainable company in the future. The engagement we undertook in the lead-up to these events meant that we could explain the Board's position and answer any questions shareholders had, which resulted in gaining their support
- Further details are set out in the Governance section which starts on page 78

REGULATORS AND GOVERNMENTS

Our three pan-European airlines are regulated by Austro Control (Austria), the Civil Aviation Authority (UK) and the Federal Office of Civil Aviation (Switzerland). We engage with governments, regulators, policy makers, air traffic control operators, airline associations and tourism bodies.

KEY FOCUS

- Compliance with regulations
- Safety
- Consumer protection
- Health and safety
- Treatment of suppliers
- Sustainability

WHY AND HOW WE ENGAGE

- The Executive Directors and our country managers engage with senior members of government and regulatory bodies. During the year this contact has focused on our efforts around sustainability, and the travel restrictions imposed by governments as a result of the pandemic
- Our regulatory affairs team and senior management team engage with regulators on an ongoing basis. Our country managers and directors also engage with governments in all markets where we have bases, at both a national and regional level
- Our operations team engage with air traffic control operators and airline associations. We also work with business and tourism bodies across our network

OUTCOMES

- Governments around the world have been forced to impose travel restrictions in response to the spread of COVID-19. Management has engaged with the European governments where we fly to try to make sure restrictions are proportionate and risk-based; for example we successfully lobbied for the introduction of air bridges in the UK
- We worked with regulators such as EASA and ICAO to develop our market-leading biosecurity measures and safety arrangements around the restart of flying in June 2020

COMMUNITIES

We operate out of 27 bases across Europe and fly from 154 airports. Our head office is at London Luton Airport, and we have training centres for crew at London Luton and London Gatwick airports.

KEY FOCUS

- Local employment
- Sustainability, including carbon and other aircraft emissions; aircraft noise; energy usage; recycling and waste
- Charitable activity

WHY AND HOW WE ENGAGE

- We value engagement with the communities where our employees live and operations are based. Our country directors and managers lead the community engagement in their markets. Our base managers are also part of their airport community and local discussions at their bases
- A number of Sustainability Masterclasses were held in Venice, Rome and Paris in the second quarter, with key local stakeholders, to raise awareness of and seek feedback on the new Sustainability Strategy, with feedback given to the Board via the Sustainability updates. The Chief Executive and other senior management have also participated in conferences around aviation's sustainability challenges
- We work with individual airports and air traffic control teams to implement noise mitigation activities that seek to minimise the impact on local communities
- In addition to our partnership with Unicef, we engage with our employees through our Charity Committee process to allow them to nominate local charities to receive donations from easyJet

OUTCOMES

- Country directors and managers have continued to engage with relevant organisations in their local markets, including on the effect of the COVID-19 pandemic on aviation and wider society
- Flying procedures in line with local airport requirements have been operated to minimise the impact of aircraft noise. Our A320neo and A321neo aircraft, which now make up 15% of our fleet, are 50% quieter on takeoff than their equivalent previous-generation aircraft
- Our Charity Committee made 40 awards in the financial year to charities nominated by employees

OUR MARKET DRIVERS

The key factors which influence easyJet and all operators within the European airline industry.

KEY MARKET DRIVER

DEMAND

The airline industry is a cyclical one, with demand for flights driven by economic growth. Demand is also seasonal, particularly in leisure travel.

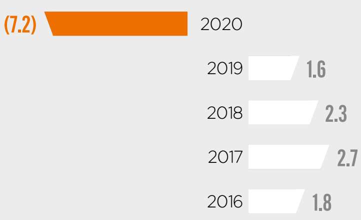
Travel restrictions imposed by governments across Europe during the COVID-19 pandemic have had a severe impact upon people's ability and willingness to travel, both for business and for leisure. The aviation industry has also been subject to other geopolitical events in recent years, as well as terror attacks and extreme weather events. These have both short-term and long-term consequences for demand and the structure of the industry.

Low-cost carriers such as easyJet continue to take market share from full-fare legacy carriers.

FUEL

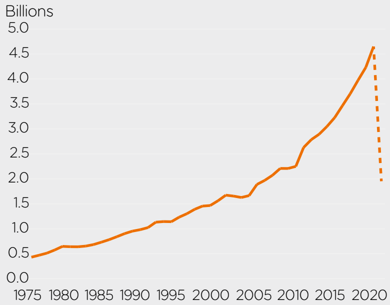
Fuel is one of the biggest costs which airlines face and one of the most volatile. Fuel represented 17% of easyJet's cost base for the 2020 financial year. During the year the average price of Brent crude oil fell by 27% from $66 to $48 per barrel. The price of jet fuel is strongly correlated with the price of crude oil.

EU27 GDP

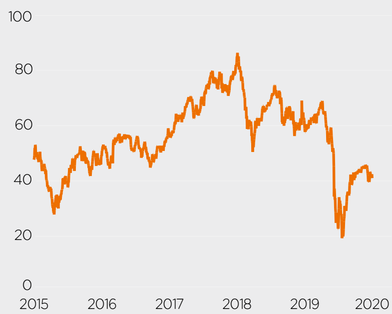


GLOBAL AIR TRAFFIC

Transport Passengers, globally, 1975-2019, Forecast for 2020



BRENT PRICE ($ PER BARREL)



IMPACT ON OUR INDUSTRY

- Most European carriers have cut capacity by between 30% and 60% versus 2019 levels
- Cash burn during the COVID-19 pandemic has led to high debt levels across the industry and state aid in many cases

- Short-haul travel is recovering faster than long haul post COVID-19
- Leisure travel is rebounding more quickly than business travel

- Many European airlines hedge their fuel costs. The sudden reduction in flying during the COVID-19 lockdowns meant that many airlines had hedged more fuel than was subsequently needed
- Many airlines have incurred one-off costs to cover these ineffective and discontinued hedges

HOW WE ARE RESPONDING

- The scale and flexibility of our network enable us to be efficient with our network choices, to move capacity in response to local demand and to take advantage of changes in the competitive landscape during the recovery phase

- easyJet has remained extremely disciplined in focusing on profitable flying through the COVID-19 pandemic
- Scheduling has been adapted dynamically, in order to capitalise on all available demand

- easyJet continues to layer in hedges for its jet fuel requirement over its usual forecast time horizon however it has chosen to stop layering in additional hedges for fuel in the 2021 financial year

ENVIRONMENTAL AND SOCIAL

Environmental factors are a major issue for the airline industry, affecting both passenger demand and operating parameters.

Customers are increasingly aware of their carbon footprint and some are considering alternatives to air travel, which accounts for around 3% of global carbon emissions.

The importance of sustainability has increased during the COVID-19 pandemic, with 94% of customers thinking about sustainability more than or as much as before.

Our Sustainability Report can be found on page 36.

- Whilst sustainability is becoming more of a focus in the aviation industry, there have been several technological developments in the past year
- Some airlines have introduced ultra-long-term targets for reducing emissions, and others have suggested that their customers offset their carbon emissions

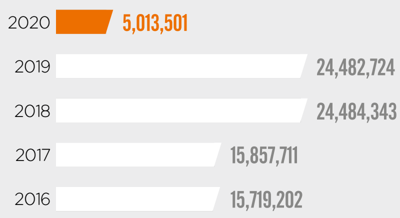
- Our overall sustainability goal is to lead and challenge global aviation to net-zero carbon emissions, while positively impacting our communities and our people. We are the world's first major airline to operate carbon-neutral flights across our entire network, by offsetting the carbon emissions from the fuel used for all of our flights, and we continue to work tirelessly to minimise the carbon impact of our operations. We are supporting the development of new technologies – including hybrid, electric and hydrogen planes – so we can re-invent aviation as quickly as we can

SUPPLY AND AIRSPACE MANAGEMENT

European airspace remains a challenging environment, with various structural inefficiencies. This is due in part to the fragmented jurisdictions of air-space across Europe, as well as a shortage of skilled personnel.

Whilst the reduction in flying within Europe during the COVID-19 pandemic has temporarily alleviated these pressures, delays are expected to return in future.

DELAY MINUTES



- Air traffic control delays cause unnecessary increases in flying times, which in turn increases the fuel burn and carbon emissions of European flights
- This leads to unnecessary pollution, increased costs and delays for customers

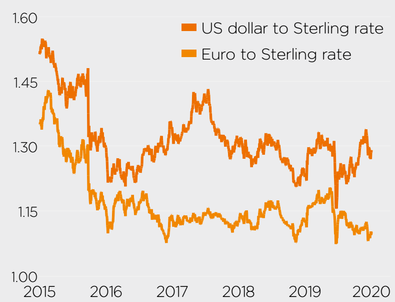
- easyJet has been taking successful action to address the difficult ATC environment and the rising costs of disruption, through our successful 'Operational Resilience' programme

FOREIGN EXCHANGE

easyJet is exposed to foreign exchange rate movements, particularly Sterling against the US dollar and the Euro.

Sterling has fallen in value since the UK voted to leave the EU in the 2016 referendum. Sterling's depreciation continues to impact negatively upon easyJet's costs and capital expenditure. A strong US dollar increases the price of fuel, one of easyJet's biggest costs. A strong Euro typically has a net benefit for easyJet's European operations. See page 58 for details of the impact from foreign exchange on our results for the 2020 financial year.

GBP/USD AND GBP/EURO EXCHANGE RATES OVER 5 YEARS



- Many European airlines hedge their foreign exchange exposure

- easyJet continues to hedge foreign exchange exposures to mitigate against volatility. easyJet is in the process of rebuilding its FX hedging positions as and when it has clarity over individual currency exposures (see Financial Review for more details)

INDUSTRY LEADING NETWORK

easyJet's network strength provides a competitive advantage that cannot easily be replicated by any competitor.

Over the last 25 years, we have forged strong network positions in primary and slot constrained airports, holding number 1 or number 2 positions in key cities across Europe.

Our network strength is supported by fleet flexibility giving the business the ability to rapidly react to changes in demand. We believe that we are structurally ready to capture future demand opportunities either organically or inorganically.

ACTIONS TAKEN

Through rapid and decisive action our winter 2020 schedule has been rebuilt in a more efficient way to account for lower anticipated demand. Fleet flexibility has allowed easyJet to downsize the fleet and reduce costs during the pandemic.

However, easyJet's slot portfolio is as strong as it was pre-pandemic leaving the business ready to capture demand on core routes across Europe. Although easyJet has withdrawn based flying from Newcastle (NCL), London Stansted (STN) and London Southend (SEN), our network scale gives us the ability for reverse flying to these airports in order to retain strong routes and slot positions.

In order to act rapidly to future near-term changes easyJet has set up a cross-functional commercial action group to continue to react quickly and efficiently to the rapidly changing environment.

NETWORK AND SCHEDULING CHALLENGES OF COVID-19

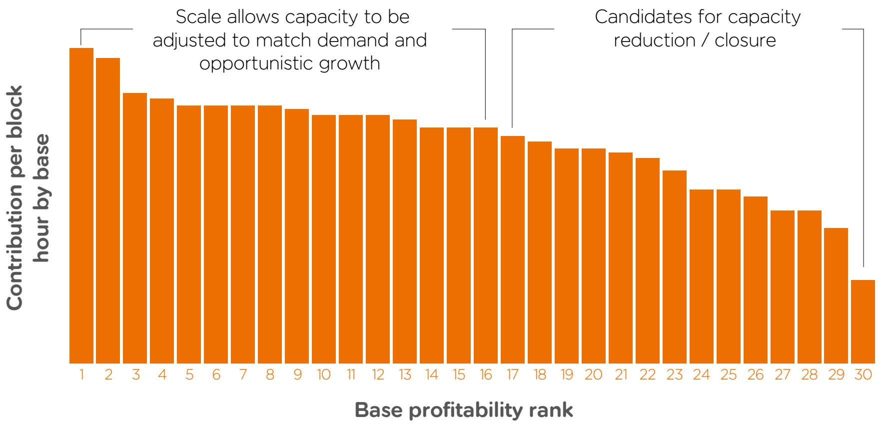
The 2020 financial year has presented our network with a number of challenges, particularly with the COVID-19 spike coinciding with our early summer flying period.

Customer demand has shifted rapidly over the summer primarily driven by Government imposed travel restrictions. easyJet has matched the network proposition to these rapid, short-term changes in customer demand in order to try to maximise the amount of profit contributing flying. It is expected that uncertainty will continue into winter 2020 but that customer demand levels will return over the next three years.

PROFITABILITY BY BASE

The strong network enables Profitability by base easyJet to be efficient with its network choices, with an absolute emphasis on maximising returns.

Contribution based on year to date March 31 2020



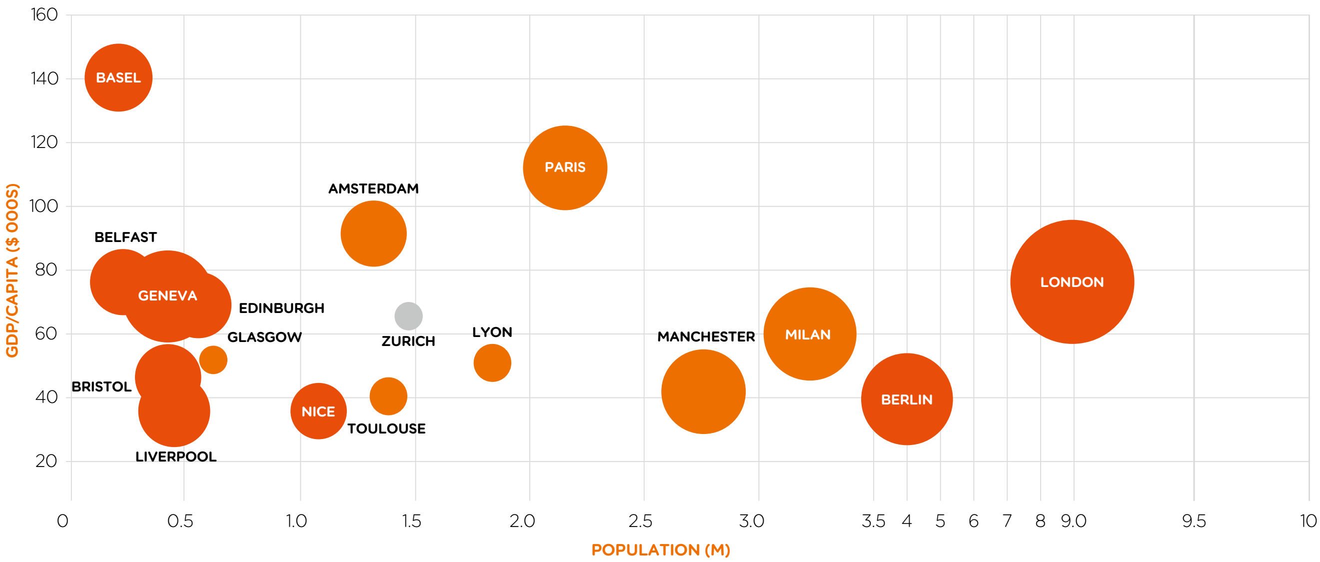
LEADING POSITIONS IN MAJOR EUROPEAN CITIES

2019 TOP 50 EUROPEAN CITIES BY GDP/CAPITA[1]. BUBBLES REPRESENT EASYJET TOUCHING CAPACITY[2].

BASE RANKING 1 2

OTHER / NON BASE

1. Source: Oxford Economics Global Travel Service city forecast CY2019/OAG LTM Mar2020
2. Source: CY 2019 actuals (TM1)



DECISIVE IN MEETING THE CHALLENGES OF THE PANDEMIC

JOHAN LUNDGREN
Chief Executive Officer

> easyJet's low cost model is ideally positioned to be at the leading edge of European aviation's recovery from COVID-19.

OVERVIEW

During the 11-week grounding in spring/summer and the restart easyJet took quick and decisive actions to cut operating costs and capex, to maximise liquidity and to develop processes to manage our return to flying. easyJet remains extremely disciplined and since the grounding has focused on flying which generates a positive contribution. During the first half of the 2020 financial year, easyJet delivered strong underlying trading, benefitting from our own and market capacity consolidation from October to February, particularly in the UK and Germany, with yield initiatives and network optimisations further capitalising on strong demand for our routes.

REVENUE

Total revenue decreased by 52.9% to £3,009 million (2019: £6,385 million) as capacity was severely reduced by 47.5% to 55.1 million seats (2019: 105.0 million) as a result of COVID-19. Total Airline revenue per seat decreased by 10.6% to £54.35 (2019: £60.81). Airline revenue per seat at constant currency[1] decreased by 10.3% reflecting growth of 10.2% in H1 and contraction of 27.5% in the second half of the 2020 financial year.

Passenger revenue decreased by 54.0%. The key driver of this was government travel restrictions in most of the markets where easyJet operates, including full national lockdowns during the second quarter of the 2020 financial year, which led us to ground the entire easyJet fleet for 11 weeks. Whilst there was some recovery in demand as travel restrictions eased during the summer, widespread quarantine measures introduced in September once again eroded demand and consumer confidence to travel. All regions saw passenger revenue decline substantially year on year although there was some relative strength in Switzerland, Portugal and UK domestics. Ancillary revenue decreased by 48.7% to £706 million (2019: £1,376 million). This reflected the reduction in passenger volumes during the second half of the 2020 financial year.

COST

easyJet's underlying cost performance was strong in the 2020 financial year. Group headline costs excluding fuel were reduced by 30.8% at constant currency as management achieved material savings across many areas of the business, including airport fees, ground handling, crew and maintenance costs.

The cost per seat performance was driven overwhelmingly by the impact of COVID-19, which led to dramatic capacity reductions, as described above. Headline Airline cost per seat including fuel increased by 21.7% to £69.03 (2019: £56.74). Headline Airline

1. Constant currency is calculated by comparing 2020 financial period performance translated at the 2020 financial period effective exchange rate to the 2019 financial period reported performance, excluding foreign exchange gains and losses on balance sheet revaluations

cost per seat at constant currency increased by 22.9% to £69.72 (2019: £56.74). Headline Airline cost per seat excluding fuel increased by 30.2% at constant currency to £56.33 (2019: £43.26).

Fuel cost per seat decreased by 2.9% to £13.09 (2019: £13.48) and by 0.7% at constant currency.

NON-HEADLINE ITEMS

easyJet incurred £438 million in non-headline costs during the 2020 financial year (2019: £3 million net benefit). Non-headline items are material non-recurring items or are items which do not reflect the trading performance of the business. These costs are separately disclosed and further detail can be found in the notes to the accounts. These include:

- £38 million gain as a result of the sale and leaseback of 33 aircraft in the period (2019: gain of £2 million)
- £123 million charge related to restructuring (2019: nil)
- £37 million charge related to impairment on leased aircraft (2019: nil)
- £311 million charge related to hedge discontinuation and fair value adjustments (2019: £1 million gain due to hedge ineffectiveness)
- £5 million charge from the retranslation of balance sheet monetary assets and liabilities (2019: £2 million gain)
- £0.4 million charge for ongoing organisational and legal costs associated with easyJet's Brexit-mitigation programme (2019: £4 million charge)

WINNING BUSINESS MODEL

easyJet's low cost model, which serves predominantly short-haul leisure travellers, offering excellent value for money and a customer-centric approach, is ideally positioned to be at the leading edge of European aviation's recovery from COVID-19. This is because, firstly, the recovery from the pandemic will emerge first through pent up demand for leisure travel as customers look to take holidays again and visit friends and families[1] in short-haul markets where there is likely to be greater alignment in government travel restrictions. They will also gravitate towards value and short-haul trips, where the perceived risks of consumers are lower and the financial commitment is lower. Additionally easyJet retains substantial flexibility within its cost base, ensuring our costs are aligned to the level of demand in the market.

easyJet maintains high and growing market shares in the most important leisure airports, having increased our positions in 2020 by 1.1 percentage points to 13.6% of capacity in the top 20 European leisure airports. This market share will grow further with the opening in summer 2021 of our seasonal bases in Malaga and Faro.

easyJet is well positioned to capture more business traffic when that market recovers. During the global financial crisis 56% of corporates moved to value-oriented airlines such as easyJet when purchasing corporate travel products[2]. We expect that any economic weakness following the COVID-19 pandemic will play to easyJet's strengths and strong value-for-money credentials, resulting in a market share increase.

The unrivalled flexibility of easyJet's business model has enabled us to be the fastest in the market to react to recent changes in UK quarantine restrictions. When restrictions were lifted for UK travellers to the Canary Islands, our prompt action to re-launch the Canaries as a destination resulted in an 876% increase in sales over the following five days. This was achieved as a result of immediately updating our digital assets (website homepage and app banner) and launching email push notifications; adding 180,000 seats within 24 hours from all UK bases; operating additional seats within 48 hours of announcement; a proactive social media strategy on both Facebook and Instagram; and a creative trade strategy for easyJet holidays.

SUSTAINABILITY

Despite the impact of the pandemic, the Airline has continued to reaffirm its commitment to sustainability, which is of significant and growing importance to our customers. 72% of consumers say that the sustainable behaviour of a company is now a more important factor in a purchase decision since the global outbreak of COVID-19. The likelihood of consumers choosing easyJet over another airline as a direct result of our carbon offsetting policy continues to increase steadily, rising to over 47% by September 2020[3].

In November 2019 we established our new Sustainability Strategy, focused on driving down our environmental impact. Our strategy has three pillars: tackling our carbon emissions; stimulating carbon innovation; and going beyond carbon.

TACKLING CARBON EMISSIONS

We are the world's first and only major airline to operate carbon neutral flying across our entire network, and we continue to work tirelessly to minimise carbon emissions across our operations.

We continue to operate a fleet of modern, fuel efficient aircraft and are always looking for more ways to be fuel efficient and emit less carbon. This year we commissioned the Carbon Trust to complete a carbon footprinting assessment across easyJet, so we can better understand emissions throughout our value chain and how to tackle these. Alongside our continued efficiency efforts, we believe that radical action to address the impact of climate change is also needed. Last year we became the only major airline worldwide to offset all our organisation's direct carbon emissions (scope 1 and 2), through programs that plant trees or avoid the release of additional carbon dioxide. Since then we have retired 3.1 million carbon credits from high quality projects to provide carbon neutral flights to our customers at no additional cost to them. We remain committed to our approach on carbon offsetting and have continued to offset all our flights through the pandemic. We also continue to advocate smarter regulation for aviation that rewards carbon efficiency.

ON-TIME PERFORMANCE

In the year to 30 September 2020, OTP increased by 9 percentage points to 84%. This reflects a temporary decrease in congestion of European airspace and the strides we are taking towards leaving 'on time, every time'.

OTP % arrivals within 15 minutes[4]	Q1	Q2	Q3	Q4	Full year
2020 Network	80%	82%	83%	94%	84%
2020 Network	79%	82%	74%	66%	75%

1. OAG
2. BCG Consumer Sentiment Survey, Europe, 2005-2008
3. GWI Coronavirus Research July 2020
4. On-time performance is defined as the percentage of flights which arrive within 15 minutes of the scheduled arrival time and is measured by internal easyJet systems

STIMULATING CARBON INNOVATION

We are supporting the development of new technologies to reinvent aviation as quickly as possible. Offsetting can only be an interim solution, while zero emissions technology is developed. We are collaborating with several industry leaders to support technological step change: Wright Electric in their development of 'Wright 1' – an all-electric 186-seater; and a strategic partnership with Airbus in their ambition to develop a zero-emission commercial aircraft by 2035. We are excited to see the growing momentum behind these disruptive technologies such as all electric, hybrid and hydrogen. There is significant potential for these technologies, particularly on short-haul networks such as our own. We are also seeking to be an informed adopter of Sustainable Aviation Fuels and advanced carbon capture technologies when available and commercially viable.

GOING BEYOND CARBON

We are constantly looking for more ways to take action outside of carbon reductions including having taken steps to reduce the amount of plastic used for our onboard service, and to date we have already removed over 25 million individual items of plastic from our inflight retail. We are also aiming to reduce waste and plastic at easyJet and within our supply chain. We are creating a culture where employees can champion sustainability and in the future we will focus our charitable efforts on environmental sustainability. We are also particularly pleased that easyJet's long term work with our charity partner Unicef, who we have supported through onboard collections since 2012, has contributed to the achievement this year of the eradication of wild polio in Africa. The efforts of our cabin crew and the generosity of our customers have helped Unicef deliver the work needed to achieve this important milestone.

Despite easyJet and the aviation industry facing many challenges from the pandemic, we remain absolutely committed to operating more sustainably now and in the future. We will continue to take the lead in tackling our own carbon emissions and helping to drive the technological changes necessary to decarbonise aviation in the critical decades ahead.

> We retain the flexibility to ramp up capacity quickly when we see demand return.

TRUSTED BRAND

easyJet entered the pandemic with a leading brand relative to other low cost carriers (LCCs) and has been able to maintain its advantage in key markets despite the disruption many of our customers have experienced during 2020. Our 'first choice brand' score saw improvement across all major markets (UK, France, Germany, Switzerland, Italy), as did our brand trust. Customer satisfaction saw an improvement year on year of 14 percentage points in Q4 to 83%. Strong customer loyalty is significant, since returning customers are less expensive to attract and typically buy twice as many flights per year compared to new customers. This year 87% of our seats were booked by returning customers, up 9% compared to 2019.

We believe that in times of uncertainty customers look to brands they can trust and which offer them the best value. easyJet has a leading position in 'price vs worth' metrics and is perceived as the best value LCC in the UK, France, Switzerland and Italy[1]. As customers look to return to travel, easyJet's proven track record for value for money and its customer-focused approach will be critical during the recovery in demand.

easyJet will ensure it leverages its existing brand strength by ensuring customers have the flexibility which gives them the confidence to book, while continuing to provide great value for money and providing a differentiated, digital-first experience coupled with our leading position on sustainability which is another key competitive advantage.

BREXIT

easyJet is well prepared for the end of the Brexit transition period on 31 December 2020 (the 'Transition Period') and has been operating in a 'no deal' Brexit environment since March 2019.

Since March 2019, easyJet has been structured as a pan-European airline group with three airlines based in Austria, Switzerland and the UK. This ensures that easyJet will continue to be able to operate flights both across the EU and domestically within EU countries after the end of the Transition Period, irrespective of whether there is any future agreement between the EU and UK on aviation matters.

To allow continued flying within Europe after the end of the Transition Period, easyJet is required to ensure ongoing compliance with European ownership and control requirements. Our level of ownership by EU nationals[1] is currently 45.2%. If easyJet's level of EU ownership remains below the required level of 50% plus one share at the end of the Transition Period, easyJet's board stands ready to activate existing provisions of easyJet's Articles of Association to ensure that easyJet will be able to continue to comply following the end of the Transition Period. This would be achieved by exercising easyJet's existing powers to suspend voting rights of certain UK and non-EU nationals. For the period of any such suspension, the relevant shareholders would not be permitted to attend, speak or vote at shareholder meetings in respect of the shares subject to the suspension.

Any suspension of voting rights would be applied on a last-in first-out basis, meaning it would affect shares most recently acquired by UK and non-EU nationals first. A suspension of voting rights would apply only while EU ownership is below 50% plus

1. 'EU nationals' refers to nationals of EU member states plus Switzerland, Norway, Iceland, Liechtenstein, but excludes the UK

FLEET

easyJet's fleet is a major component of its business model and a competitive advantage. easyJet's total fleet as at 30 September 2020 comprised 342 aircraft (2019: 331 aircraft) with the increase driven by the addition of new aircraft from the A320 family. The average gauge of the fleet is now 177 seats per aircraft, an increase from 175 seats at 30 September 2019. The average age of the fleet increased slightly to 8.0 years (2019: 7.4 years). During the year easyJet's asset utilisation across the network decreased to an average 5.0 block hours per day (2019: 10.9 hours).

FLEET AS AT 30 SEPTEMBER 2020:

	Owned	Leased	Total	% of fleet	Changes since Sep-19	Future deliveries	Purchase options	Unexercised purchase rights
A319	52	70	122	36%	(3)	–	–	–
A320 180 seat	–	14	14	4%	(26)	–	–	–
A320 186 seat	125	30	155	45%	26	–	–	–
A320 neo	31	6	37	11%	6	85	20	58
A321 neo	7	7	14	4%	8	16	–	–
	215	127	342		11	101	20	58
Percentage of total fleet	63%	37%						

Our flexible fleet plan allows us to expand or contract the size of the fleet depending upon the demand outlook. Between now and the 2023 financial year the fleet plan affords c.31% flexibility between the minimum and maximum scenarios. The reduction to 302 is dependent on commercial negotiations currently in progress. Through the 2021 financial year, easyJet will be storing eight leased aircraft on behalf of their respective lessors. These are held at zero rent unless flown and are therefore not included within the 302.

Fleet Plan	FY20	FY21	FY22	FY23
Current contractual minimum	342	302	285	272
Base case	342	302		
Current contractual maximum	342	332	334	356
Expected deliveries		0	8-13	7-29

one share. Further information regarding the possible suspension of voting rights can be found on easyJet's website at: http://corporate.easyjet.com/

easyJet expects to keep the position under review following the end of the Transition Period. If EU ownership remained below the required level over time, easyJet retains the right to activate the provisions of its existing Articles of Association, which permit the Company to compel non-EU national shareholders to sell their easyJet shares to EU nationals.

ANNUAL GENERAL MEETING

The Company's next AGM will be brought forward to 23 December 2020, to provide shareholders with an opportunity to engage with the Board prior to the end of the Brexit transition period on 31 December 2020 and in advance of any actions the Company might need to take to continue to comply with European ownership and control requirements, including disenfranchisement, as set out above. Details of the matters to be considered at the AGM will be set out in the Notice of AGM which will be published shortly.

BOARD

As announced on 7 October 2020, Moya Greene DBE will not be standing for re-election at the AGM. Charles Gurassa was due to step down from the Board on 31 December 2020, having served nine years on the Board, but as a result of the AGM being brought forward he will not put himself forward for re-election and will step down from the Board at the conclusion of the AGM on 23 December 2020.

OUTLOOK

Based on current travel restrictions in the markets in which we operate, easyJet expects to fly no more than circa 20% of planned capacity for the first quarter of the 2021 financial year. The European slot waiver mechanism in place for this winter will enable easyJet to best match our capacity against the lower demand that currently exists. We remain focused on cash generative flying over the winter season in order to minimise losses during the first half. We retain the flexibility to ramp up capacity quickly when we see demand return.

At this stage, given the continued level of short-term uncertainty, it would not be appropriate to provide any further financial guidance for the 2021 financial year.

FUEL & FX

Due to the full grounding of the fleet on 30 March 2020 and the lower capacity thereafter, easyJet became significantly over-hedged from both a jet fuel and FX perspective. This had an adverse effect on easyJet's financial statements, due to the recording of hedge accounting discontinuation and ineffectiveness, which has led to a non-headline charge of £311 million. To mitigate the effects of over-hedging, a number of actions have been taken including putting jet fuel hedging on hold for time periods through to October 2021. Jet fuel hedging continues for later time periods. Excluding those hedges that are ineffective, our expected 2021 financial year jet fuel requirement is currently around 77% hedged at $605 per metric tonne and our expected 2022 financial year jet fuel requirement is currently around 44% hedged at $490 per metric tonne.

JOHAN LUNDGREN
Chief Executive Officer


GENÈVE
AÉROPORT

PROTECT OUR UNIQUE CORE NETWORK POSITIONS

NETWORK POSITIONS

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

As part of the restructuring programme easyJet has closed its bases in Southend, Stansted and Newcastle, although Stansted and Newcastle continue to be served on an inbound flying basis. To better capture summer leisure demand, easyJet will be opening seasonal bases in Malaga and Faro during summer 2021.

easyJet remains extremely disciplined in focusing on flying which generates a positive contribution. We typically thin our route frequencies during winter and will do so more significantly this year. Our operations, financial and commercial teams have been working on dynamic schedule updates, with a two to four week lead time, in order to capitalise on all available demand. During the fourth quarter of the 2020 financial year, easyJet flew 38% of planned capacity. Customer demand shifted rapidly over the summer amongst our many different leisure destinations, influenced largely by which countries and regions are quarantine-free. Flying peaked in August and then tapered significantly during September when customer demand was materially affected by changes in government travel guidance and quarantine rules. Customers are booking at a very late stage and visibility remains limited.

easyJet's response to market changes has been extremely agile. Within 24 hours of the UK government's announcement in late October that quarantine to/from the Canary Islands was being lifted, easyJet had added 180,000 seats of additional capacity. This was supported by updated homepage and app banners, email marketing notifications to 8.5 million accounts, as well as social media activity. The result was an 876% increase in sales over five days.

Our focused network strategy can be summarised as follows:

LEAD IN OUR CORE MARKETS

easyJet prioritises slot-constrained airports because they are where customers want to fly from, we are able to achieve cost leadership and preserve our scale. We provide a balanced network portfolio across domestic, city and leisure destinations. Our scale enables us to provide market leading networks and schedules. We are maintaining our focus on country leadership in the UK, France and Switzerland and our city focus in the Netherlands, Italy and Germany.

BUILD ON OUR STRENGTH IN DESTINATION LEADERS

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

POTENTIAL FUTURE GROWTH IN FOCUS CITIES

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

CUSTOMER PROPOSITION

CUSTOMER EXCELLENCE

As part of our winning business model, easyJet aims to deliver a seamless and digitally enabled customer journey at every stage:

- **Prior to travel** – our 'direct is best' strategy is led by our digital channels, with an app/mobile-first mindset. Initiatives include rebuilding our web booking interface; driving app usage and improving the overall experience; enhancing self-service booking management such as changing passenger details or baggage booking; improving online redemption management such as vouchers; developing full pre-order capability for retail onboard; and payments innovation
- **In airport** – moving customers from kerb to aircraft without the need for human interaction. This involves improving boarding in order to improve CSAT and reducing queuing; streamlining the boarding experience, improving the automatic gates process, pushing for 100% digital boarding passes; developing 'virtual boarding'; building the London Gatwick 'Model Customer Journey' and expanding this to other big cities; reducing the need for check-in
- **In flight** – our warm welcome and personal service to get you to your destination on time. We are committed to improving On-Time Performance (OTP) – on time, every time – by managing suppliers, empowering crew, implementing pre-tactical planning and strategic Air Traffic Control (ATC) planning, carrying out base operating reviews, building a customer-level data view to enable targeted offers such as inflight retail and reviewing the CRM lifecycle for more relevant customer engagement
- **Support** – we aim to give customers the digital tools to easily self-serve when things do not go to plan, or to engage after their flight. As part of this initiative we will deliver Self-Service Disruption Management (SSDM) to let customers quickly self-serve in disruption; we are launching a new social strategy to engage with our customers, we are building a hub of 'Voice of Customer' insights, creating an 'always on' feedback loop and shifting focus from CSAT to life time value of the customer.

Together these initiatives will improve ease, value and reliability by delivering the core product and digitalising the customer experience.

EASYJET HOLIDAYS

easyJet holidays is a key differentiating factor of our business model. From the customer's perspective, easyJet holidays has a leading value proposition as a result of our low cost base which is reinforced by our unique access to flight inventory and direct access to existing easyJet customers. Our new 'Protection Promise' is also driving customer value, confidence and retention, alongside offering unparalleled flexibility, with the ability to leverage the scale of the airline and relationships with key partners to give customers more weekend flying and handpicked hotels. Our scalable technology platform allows us to introduce this flexibility in an efficient and customer-centric way.

easyJet holidays has a low risk, scalable business model which supports price leadership. Its key benefits are:

- **Low overheads** – Over 93% of the cost base of easyJet holidays is variable and it has an efficient and scalable organisational structure. Simplified pricing models and refined customer focus reduces complexity and marketing spend
- **Digitally delivered** – Our digitally-led customer experience significantly reduces the operational headcount and cost base – we have no tour reps. This provides a low cost, scalable and attractive customer proposition
- **No commitments** – This is a low risk approach, with no hotel commitments.
- **Proposition agility** – Our business model and technology platform allows us to quickly adjust our proposition to changes in the demand environment. Our technology platform and overall business model are highly scalable
- **Strategic relationships** – we are building long-term strategic relationships (with hotels, destination management companies and trade/tourism boards) in order to drive lower costs

The package holiday market is expected to recover more quickly than flight-only bookings[1] and many customers will seek a package deal that provides them with more certainty in the current environment. Our summer 2021 booking position is significantly ahead of the previous year at this point. Many of our competitors are under pressure, with traditional tour operators struggling due to their large fixed cost base and financial obligations. Many online Travel Agents (OTAs) have struggled to cope with the customer service levels required during COVID-19 and a number of smaller travel companies have failed.

1. DC Travel sector insight report July 2020


Passbook
12:28
easyJet
Date 5 Jun
Flight EZY2286
MXP
LTN
Milan Malpensa (T2) to
London Luton
Passenger

OUR PEOPLE

OUR PEOPLE

Despite the challenges of COVID-19 and resulting restructuring, easyJet still has a strong reputation as a large employer, having been voted as the #16 Glassdoor Best Place to Work 2020. This is the highest in the aviation industry and enables us to continue attracting the best customer-facing talent. This is evidenced in our low, and reducing, crew attrition rates, which have decreased from 9.5% to 7.0% since 2015.

The high calibre of our people is a key source of differentiation for easyJet compared to other LCCs and full service carriers, driving CSAT and customer loyalty. Our strong employer reputation attracts and retains engaged crew, with the spirit to deliver excellent service. Onboard CSAT is the highest relative to other customer journey touchpoints, which highlights our crew as a strength in our overall customer proposition.

easyJet's Airline Management Board is able to draw upon heavyweight industry expertise, including:

- Johan Lundgren, Chief Executive Officer – former Deputy Chief Executive Officer, TUI Travel
- Kenton Jarvis, incoming Chief Financial Officer (as of 3 February 2021) – former Chief Executive Officer, TUI Aviation
- Peter Bellew, Chief Operating Officer – former Chief Operating Officer, Ryanair and Chief Executive Officer, Malaysia Airlines
- Stuart Birrell, Chief Data & Information Officer – former Chief Information Officer, Heathrow Airport and Chief Information Officer, Gatwick Airport
- Robert Carey, Chief Commercial & Customer Officer – former Partner, McKinsey transport practice

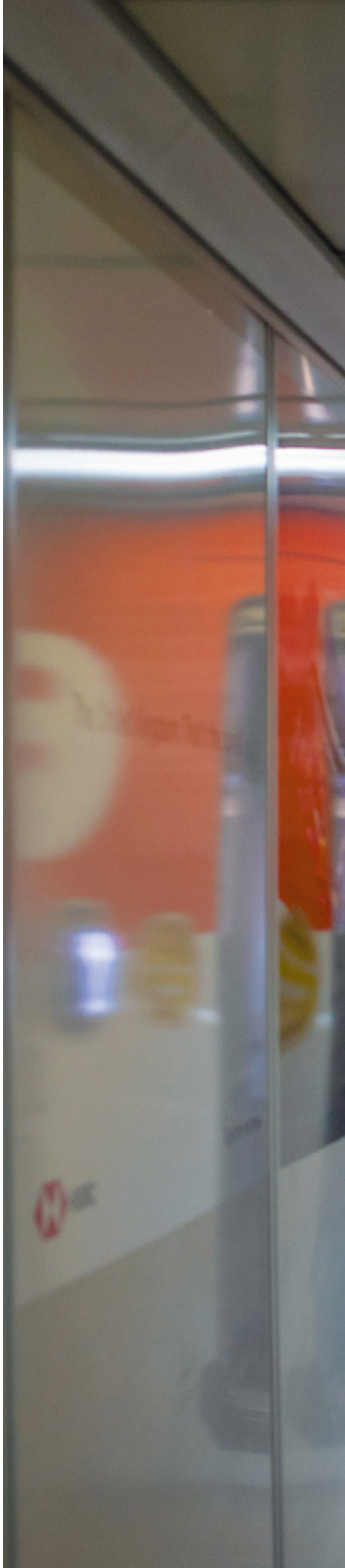
Such in-depth knowledge of the aviation and travel industry is crucial as we navigate the recovery from COVID-19.

As part of its major restructuring programme easyJet launched an employee consultation process on proposals to reduce staff numbers by up to 30%, including optimising our network and bases, improving productivity and promoting more efficient ways of working. This will position the business to emerge from the pandemic in an even more competitive position for the long term.

The restructuring in the UK has already been completed, with agreements having been reached with unions, the affected staff already having left the business and the targeted cost savings having been achieved. Union or Works Council agreements have now also been finalised in Germany, the Netherlands and Portugal, while discussions have also started in other territories. Discussions with the relevant unions and works councils were constructive and have resulted in greatly increased seasonal and flexible working patterns whilst avoiding the need for compulsory redundancies. These agreements will result in a step change in cost and a more seasonally-matched cost profile.

GLASSDOOR BEST PLACE TO WORK 2020

#16




WORLD AIRLINE
WINNER
SKYTRAX

IMPROVE OUR COST POSITION

STRONG RELATIVE COST POSITION

easyJet continues to have a significant cost advantage compared to legacy carriers, where we have the greatest route overlap, coupled with considerable cost flexibility, which enables us to align cost to demand through the COVID-19 recovery and beyond.

easyJet has launched a major restructuring programme in order to position the business to emerge from the pandemic in an even more competitive position for the long term. This is the largest cost out programme in easyJet's history. Savings are targeted across all areas of the business and are expected to be captured through the 2021 financial year, with more savings to come in the 2022 financial year.

Decisive action in the early stages of the pandemic included utilising European-wide furlough arrangements, terminating all discretionary spend, deferring non-essential maintenance costs and initiating the restructuring programme

As part of the cost efficiency programme, headcount costs are expected to be cut by up to 30%. The restructuring in the UK has already been completed, with agreements having been reached with unions and the affected staff already having left the business. Union or Works Council agreements have now also been finalised in Germany, the Netherlands and Portugal. Agreement has also been reached on a two-year pay freeze across six countries and 10% of our UK crew have already moved to seasonal contracts to operate in the peak months only. These agreements will result in a step change to a materially more seasonal cost profile and will help to increase crew productivity, where we target a 20% uplift.

In order to reduce our fuel costs we have taken steps to use shorter flight routing plans, fly slower to save fuel and reduce usage of ground power units. These measures improve our sustainability, and help noise abatement as well as saving costs on fuel.

Our cost discipline on ground handling has increased with simpler contracts to drive greater value and focus on punctuality. We continue to negotiate volume and growth-based deals at our key airports where many legacy carriers have retrenched. We are also targeting a 50% reduction in events which lead to EU 261 costs.

Some of our key maintenance providers are exiting European markets and we are bringing line maintenance in-house where it saves us cost and we can provide better quality. We continue to extend some of our lowest cost engineering contracts.

FOCUSING ON OUR BALANCE SHEET

CAPITAL EXPENDITURE

Capital expenditure for the current year has been approximately halved compared to prior expectations. Aircraft deliveries have been deferred and easyJet will take no new aircraft deliveries in the 2021 financial year. Over the next three years, easyJet's gross capital expenditure is expected to be as follows:

Year	2021	2022	2023
Gross capital expenditure (£ million)	Circa 600	Circa 600-800	Circa 600-1,000

SALE AND LEASEBACK TRANSACTIONS

easyJet regularly executes sale and leaseback transactions of aircraft to manage residual value risk and maintain flexibility, with ten such aircraft having been transacted in December 2019.

In order to maximise liquidity in response to COVID-19, easyJet completed the sale and leaseback of 23 aircraft during the 2020 financial year, generating gross proceeds of £608 million. Since the end of the financial year sale and leasebacks of a further 20 aircraft were transacted, raising an additional £436 million.

easyJet announced on 17 November 2020 the sale and leaseback of a further ten A320 family aircraft with SMBC Aviation Capital Limited. The transactions generate total cash proceeds of $368.8 million (approximately £280.2 million), which will be used to maximise liquidity and strengthen easyJet's financial position. The transaction creates lease obligations of approximately £223.1 million. The net book value of the aircraft at the date of transaction was approximately £191.0 million. The average incremental net annual headline cost in easyJet's income statement will be approximately £14.8 million, which is driven by increases in interest charges and depreciation. Following this transaction, we retain ownership of 55% of the total fleet, with 37% unencumbered. We are not currently considering any further sale and leaseback transactions on the scale of those undertaken in recent months.

LIQUIDITY

easyJet has taken swift and decisive action to raise over £3.1 billion in cash to date since the beginning of the COVID-19 pandemic, from a diversified range of funding sources. Liquidity raised during the 2020 financial year comprised £400 million from drawing down an existing Revolving Credit Facility, £400 million from two term loans, £600 million from the UK Government's COVID Corporate Financing Facility, £608 million in sale and leaseback transactions and £409 million in new equity issuance. Since the end of the financial year sale and leasebacks of a further 30 aircraft have been transacted, raising an additional £717 million. Following completion of these transactions we retain ownership of 55% of our fleet, with 37% unencumbered.

These measures have further underpinned easyJet's liquidity position and credit metrics whilst also enhancing our robust balance sheet to provide a significant liquidity buffer. Our cash position at 30 September 2020 of £2.3 billion is more than double the average level over the prior three years. As previously indicated, easyJet will continue to review its liquidity position on a regular basis and will continue to assess further funding opportunities, including sale and leasebacks and rollover of funding under the CCFF, should the need arise.

This robust balance sheet, combined with the actions which we are taking on thinning our routes in Q1 and removing cost, will enable us to conserve cash over the winter months. Total cash burn of £774 million during the third quarter of the 2020 financial year was reduced to £651 million during the fourth quarter of the 2020 financial year. Cash refunds paid to customers in the second half of the 2020 financial year, totalled £863 million. During the pandemic easyJet has sought to offer its customers increased flexibility and options including refunds and vouchers or the ability to move flights without fees. The amount of flight vouchers currently in issuance has a value of approximately £250 million.

BALANCE SHEET

easyJet's funding position remains robust with net debt at 30 September 2020 of £1,125 million (2019: net debt of £326 million), which comprised cash and cash equivalents of £2,316 million (2019: £1,576 million), borrowings of £2,731[3] million (2019: £1,324 million), and lease liabilities of £710[3] million (2019: £578 million).

Liquidity per 100 seats was £4.0 million (2019: £3.6m), representing material headroom compared to our target of a liquidity buffer of £2.6 million per 100 seats, defined as cash plus Business Interruption insurance.

Headline return on capital employed (ROCE) fell to negative 19.9% (2019: 11.4%). Total ROCE fell to negative 23.0% (2019: 11.4%).

TOTAL CASH AND CASH AND MONEY MARKET DEPOSITS[1]

£2.3BN

2019: £1.6BN

TOTAL LIQUIDITY RAISED IN YEAR[2]

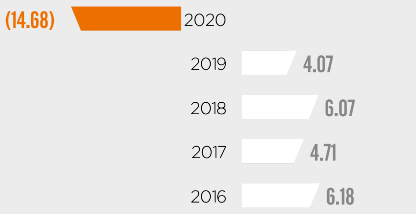
£2.4BN

1. As at 30 September 2020
2. During the 6 months to 30 September 2020
3. Borrowings include £987 million due within one year and lease liabilities include £224 million due within one year.

MEASURING OUR PERFORMANCE

easyJet has six Key Performance Indicators which we use to measure progress.

HEADLINE (LOSS)/PROFIT BEFORE TAX PER SEAT (£)



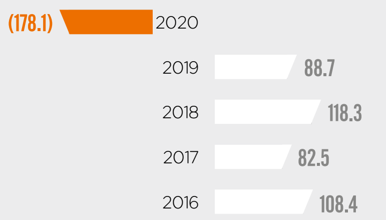
Per seat metrics are for the Airline business only
2016 as restated, headline

Why it is important
Incremental improvements in profitability ensure that we have a platform for long-term growth while generating value for all stakeholders.

What we measure
Headline (loss)/profit before tax divided by the number of seats flown.

How we performed
Headline loss before tax per seat was £14.68 (2019: £4.07 profit). Revenue per seat decreased primarily due to reduced flying over the summer period, when peak higher yielding seats are flown, as a result of the COVID-19 pandemic. This was compounded by the increase in cost per seat as our fixed cost base has serviced a much reduced schedule.

HEADLINE (LOSS)/EARNINGS PER SHARE (P)



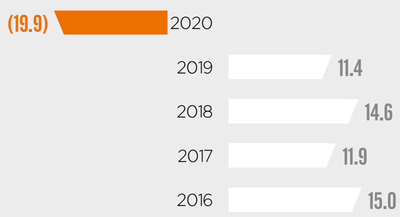
2016 as restated, headline

Why it is important
Delivering sustainable shareholder value is a fundamental part of our mindset as we manage our business.

What we measure
Headline (loss)/profit after tax divided by the weighted average number of shares in issue during the period (adjusted for shares held in employee benefits trusts).

How we performed
Headline loss per share was 178.1 pence (2019: 88.7 earnings per share), driven by the loss in the year. Total loss per share was 264.9 pence (2019: 88.6 earnings per share).

HEADLINE (LOSS)/RETURN ON CAPITAL EMPLOYED (%)



2016 and 2018 as restated, headline
2016-2018 pre IFRS16, normalised operating profit after tax divided by average adjusted capital employed. 2019-2020 post IFRS16

Why it is important
As a low cost business, we focus on efficiency to produce customer solutions whilst also driving operational efficiencies which will maximise our return on investment.

What we measure
Headline operating (loss)/profit after tax, divided by average capital employed.

How we performed
Headline ROCE decreased to (19.9)% (2019: 11.4%) driven by the headline loss recognised in the year. Total ROCE decreased to (23.0)% (2019: 11.4%), a larger decline impacted by non-headline charges and restructuring costs incurred in the year.

CUSTOMER SATISFACTION (%)

Revised calculations in 2019, 2016-2018 restated

Why it is important
Customers have increasing choice and their expectations are rising. Ensuring we meet their evolving needs will position us as the brand of choice when flying within Europe.

What we measure
Our customer satisfaction index is based on the results of a customer satisfaction survey measuring how satisfied the customer was with their most recent flight.

How we performed
Overall customer satisfaction was 75%, an increase from 74% in 2019, primarily driven by our summer operational performance, a temporary decrease in congestion of European airspace, and our customers positive reaction to the implementation of COVID-19 safety policies.

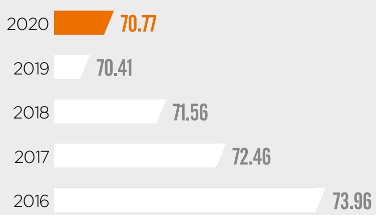
ON-TIME PERFORMANCE (%)

Why it is important
Reliable operational performance is a key factor in our customers' perceptions of their experience with us. Managing OTP and minimising disruption will positively impact on the likelihood of our customers choosing to fly with us on a repeat basis.

What we measure
Percentage of flights which arrive within 15 minutes of the scheduled arrival time.

How we performed
Our OTP has increased year on year to 84% (2019: 75%). This has been driven by a temporary decrease in congestion of European airspace as well as our strong operational performance. Increased management resources at our largest base in Gatwick, for the periods we flew, supported by reduced air traffic and an overall reduction in flown load factor over the year.

CO_2 EMISSIONS PER PASSENGER KILOMETRE



2016, 2017, 2018 and 2019 restated to align to current industry methodology

Why it is important
An important part of Our Promise to be a safe and responsible airline is to help tackle climate change. In the short-term our focus is being as efficient as we can, and drive carbon efficiencies.

What we measure
How much carbon dioxide is produced for each passenger, for each kilometre they fly with us.

How we performed
In 2020 our carbon emissions per passenger kilometre were 70.77g, up from 70.41g in 2019. Reduced load factors have driven the slight increase in emissions per passenger, which has been mitigated by our work done to be more operationally efficient.

SAFETY IS ALWAYS OUR #1 PRIORITY

Our response to COVID-19 has been unprecedented, with the safety of our people, partners and customers at the forefront of what we do and how we have returned to the skies. We are committed to operating in the safest and most responsible way that protects our people, partners and customers.

ACTIONS TAKEN

- Additional cleaning and disinfection procedures with every aircraft subject to a daily disinfection which provides surface protection from viruses that lasts for at least 24 hours
- Passengers and crew required to wear masks onboard at all times
- All easyJet's aircraft are already fitted with state of art air filtration technology. High efficiency particle arresting filters (HEPA) filter 99.97% of airborne contaminants in the cabin, including viruses and bacteria. Through these the cabin air gets replaced every three to four minutes.

easyJet is following guidance set out by the World Health Organisation (WHO), the International Civil Aviation Organisation (ICAO), as well as the European Aviation Safety Agency, the European Centre for Disease Prevention and Control and country specific health authorities such as Public Health England.

easyJet has also set up a Biosecurity Standards Group. This comprises a group of experts in the field of safety and security, and it includes our company doctor plus representatives from across the airline. Together they have developed and maintained a single set of easyJet biosecurity standards. This has been key in ensuring our people, partners and customers are clear on the measures which are to be taken consistently across our network.

CUSTOMER SATISFACTION

Our biosecurity actions have been positively received by our customers which is demonstrated through the increase in our customer satisfaction scores.

OUR COMMITMENT TO SUSTAINABILITY

"At easyJet we want to lead the decarbonisation of aviation, and ultimately achieve zero-emissions flying across Europe."

We are fully committed to the UK Government and EU targets of net zero emissions by 2050 and believe that European aviation should aim to reach net zero earlier than this.

This year has been very significant in the development of easyJet's approach to sustainability. Despite the impact of the pandemic, sustainability remains a fundamental part of our business and of significant importance to our customers.

In November 2019 we established our new Sustainability Strategy, focused on driving down our environmental impact. Our strategy has three pillars: tackling our carbon emissions; stimulating carbon innovation; and going beyond carbon.

To deliver on our strategy we have also significantly strengthened our Sustainability governance this year. Both the plc Board and the Airline Management Board regularly discuss sustainability issues and we have established a Sustainability Steering Committee to direct the strategy, with a new dedicated sustainability team working across the business.

We continue to operate a fleet of modern, fuel-efficient aircraft, including our Airbus A320 / 321 neo aircraft which are 15% more fuel-efficient than equivalent previous-generation aircraft, and we are always looking for ways to be even more fuel-efficient and emit less carbon. This year we commissioned The Carbon Trust to complete a carbon footprint assessment across easyJet, so we can better understand emissions throughout our value chain and how to tackle them.

Alongside our continued efficiency efforts, we believe that radical action to address the impact of climate change on society and nature is also needed now. Last year we became the only major airline worldwide to offset all our organisation's direct carbon emissions (Scopes 1 and 2), through programmes that plant trees or avoid the release of additional carbon dioxide. Since then, we have already retired 3.1 million carbon credits from high-quality projects to provide carbon-neutral flights to our customers at no additional cost to them. We remain committed to our approach on carbon offsetting and have continued to offset all our flights through the pandemic.

Offsetting can only be an interim solution, however, while the zero-emissions technology that we need is developed to reinvent aviation. We are collaborating with several industry leaders to support technological step-change: working with Wright Electric in their development of 'Wright 1' – an all-electric 186-seater; and a strategic partnership with Airbus in their ambition to develop a zero-emissions commercial aircraft by 2035.

We are excited to see the growing momentum behind disruptive technologies such as all electric, hybrid-electric and hydrogen. There is significant potential for these technologies, particularly on short-haul networks such as our own.

Beyond our carbon emissions, we are also making further progress. Due to the action we have taken to reduce the amount of plastic associated with the food and drink sold on our flights, we have already removed over 27 million individual items of plastic from our inflight retail operation.

I am also particularly pleased to say that easyJet's long-term work with our charity partner Unicef, whom we have supported through onboard collections since 2012, has contributed to the achievement this year of the eradication of wild polio in Africa. The efforts of our cabin crew and the generosity of our customers have helped Unicef deliver the work needed to achieve this important milestone.

While easyJet and the aviation industry face many challenges from the pandemic, we remain absolutely committed to sustainability. We will continue to take the lead in tackling our own carbon emissions and helping to drive the technological changes necessary to decarbonise aviation in the critical decades ahead.

JOHAN LUNDGREN
Chief Executive Officer

OUR SUSTAINABILITY STRATEGY

TO LEAD AND CHALLENGE GLOBAL AVIATION TOWARDS NET ZERO EMISSIONS WHILE POSITIVELY IMPACTING OUR COMMUNITIES AND OUR PEOPLE

TACKLING CARBON EMISSIONS

We are the world's first major airline to operate carbon-neutral flying across our entire network, and continue to work tirelessly to minimise carbon across our operations

- Fly carbon-neutral by offsetting CO_2 from fuel and operations
- Continuously reduce the carbon intensity of our flying
- Advocate smarter regulation for aviation that rewards carbon efficiency

STIMULATING CARBON INNOVATION

We are supporting the development of new technologies to reinvent aviation as quickly as possible

- Champion and collaborate on development of hybrid, electric and hydrogen aircraft
- Be an informed adopter of sustainable aviation fuels and advanced carbon capture technologies when available and commercially viable

GOING BEYOND CARBON

We are working in a range of ways to take action on sustainability, beyond our carbon impact

- Commit to waste and plastic reduction at easyJet and within our supply chain
- Create a culture where employees can champion sustainability
- Diversity, Inclusion and Wellbeing Strategy
- Focus our charitable efforts on environmental sustainability

IMPROVING OUR UNDERLYING CAPABILITY

Initiatives include: recruiting a dedicated Sustainability team; increasing the scope of environmental reporting; development of an ISO14001-compliant Environmental Management System; additional oversight through committees and working groups, such as on business integrity and modern slavery

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our strategy will contribute towards the achievement of the United Nations Sustainable Development Goals.

EASYJET HOLIDAYS – A FOCUS ON SUSTAINABLE TOURISM

The new easyJet holidays business launched in November 2019 and sustainability has been a key part of the strategy in the founding of the business. Despite the challenging environment due to the COVID-19 pandemic, the holidays business has continued to focus on its sustainability programme. A full materiality assessment was conducted and climate change has been identified as a key focus area. easyJet holidays will soon set out further plans for reducing the carbon impact of customers' entire holiday journey, aligned to and building on the work of the airline on its carbon footprint.

The strategy also includes working in an honest and fair way with partners. Outlining minimum standards to be met, to ensure the sustainable delivery of holidays, and supporting destinations that rely on the positive impact of tourism. This has been reinforced by the impact the COVID-19 pandemic has had on the way we travel and holiday.

Positive for our partners

- We believe in upholding labour standards, promoting health, safety and wellbeing, and respecting equal pay rights
- We work with our partners to ensure these high standards are maintained across our supply chain, adding value in our communities and for the people we work with
- We encourage all our direct hotel partners to actively work towards certification that meets the Global Sustainable Tourism Council (GSTC) standards
- We set minimum expectations for accommodation suppliers in respect of this which are included as a mandatory clause in our contracts.

Positive for our planet

- We believe in minimising our carbon impact throughout the entire holidays journey
- We believe we can play a role in managing waste and resources.

Positive for our destinations

- We believe tourism can be a force for good and we support our many and much-loved destinations that rely on tourism
- We support sustainable tourism in all our destinations, while celebrating the local elements that make each of them unique
- We also believe we can play a role in helping holidaymakers choose more diverse locations to visit and explore lesser known areas through our 'Undiscovered' range.

HOW WE MANAGE SUSTAINABILITY

PLC BOARD AND AIRLINE MANAGEMENT BOARD

Both the plc Board and the Airline Management Board have regularly discussed sustainability issues this year. This has included considering and approving the new Sustainability Strategy and the introduction of carbon offsetting to address all our organisational emissions (Scopes 1 and 2 emissions).

The Group Markets Director is responsible within the Airline Management Board for ensuring that an impactful sustainability strategy for the airline and easyJet holidays is implemented to mitigate risk and create opportunity through environmental and social sustainability principles, considering the differing challenges and priorities across our business.

NEW SUSTAINABILITY STEERING COMMITTEE

In 2020 we established a dedicated Sustainability team, led by a new Sustainability Director. The Sustainability Director reports to the Group Markets Director and the team ensures that sustainability thinking is embedded across the business in line with the strategy, where necessary leading and delivering projects and programmes to manage risk and deliver solutions. This includes developing targets, commitments, policies and appropriate KPIs.

We have also established a dedicated Sustainability Steering Committee. The Committee has met six times this financial year and attendees include the Chief Financial Officer, the Chief Commercial Officer, the Group Markets Director, the Director of Flight Operations, the Group General Counsel and the Sustainability team.

SUSTAINABILITY TEAM

This year we have established our first dedicated Sustainability team, led by the Sustainability Director, who is responsible for working with management across the business to develop and implement the Sustainability strategy across the airline and works alongside the easyJet holidays team on their Sustainability activities. The team also comprises specialists with responsibility for covering the carbon impact of our operations and reporting our progress as well as driving carbon innovation across the business, and implementing Environmental Management System improvements to waste management and recycling, as well as ensuring the minimisation of single use plastics and Sustainability in procurement.

BUSINESS KPI ON CARBON EMISSIONS

Our 'carbon emissions per passenger kilometre' KPI remains one of the business's six KPIs and is the responsibility of our Director of Flight Operations. The Director of Flight Operations also leads our work in developing partnerships with organisations and on internal initiatives to implement innovative fuel and carbon-saving solutions.

MORE INFORMATION ON OUR LATEST PERFORMANCE ON THIS KPI IS ON PAGE 32

NEW ENVIRONMENT POLICY

A new Environmental Policy has been developed for the business, setting out our approach to managing and minimising our environmental impacts, and covering the activities of all who work for and on behalf of easyJet. Our Environment Policy is available at http://corporate.easyjet.com/

RISK

For a detailed explanation of our sustainability risks, including climate-change-related risks, please refer to the Risks section on page 71.

CDP CLIMATE CHANGE

We have again participated in the CDP Climate Change programme this year. The results of this assessment are expected to be published by CDP later in 2020.

REMUNERATION TARGETS ON CLIMATE CHANGE

Climate change-related personal targets were agreed to form part of the remuneration package for all members of the Airline Management Board for this financial year.

These targets focused on successfully maintaining and delivering our carbon offsetting programme, through which we offset the carbon emissions from fuel used on all our flights and in our ground operations, and on driving and achieving carbon efficiencies.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES TABLE IS AVAILABLE ON PAGE 52

PLC BOARD

The plc Board regularly considers sustainability issues and has approved the easyJet Sustainability Strategy.

AIRLINE MANAGEMENT BOARD

The Chief Executive Officer chairs the Airline Management Board (AMB), which ensures that decisions made are actioned across the business. The Chief Executive Officer is responsible for updating the plc Board, where decisions about our Sustainability strategies are agreed.

SUSTAINABILITY STEERING COMMITTEE

The committee, which includes Airline Management Board members, is collectively responsible for driving the performance of the airline against strategic KPIs.

SUSTAINABILITY TEAM

The team ensures that Sustainability thinking is embedded across the business in line with the strategy, where necessary leading and delivering projects and programmes to manage risk and deliver solutions.

OUR MATERIAL SUSTAINABILITY ISSUES

In 2019 we undertook our first formal materiality assessment for our airline business.

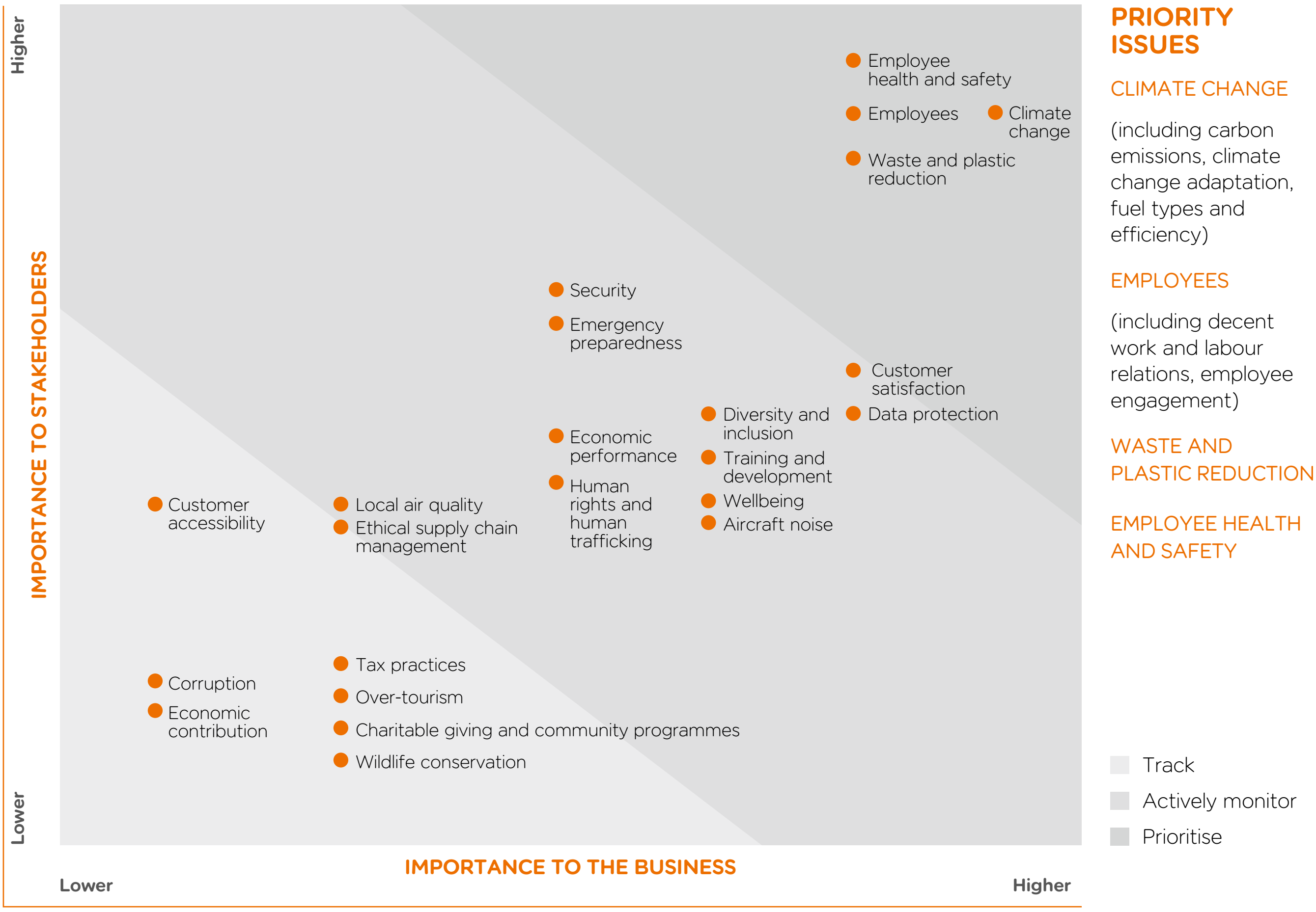
The assessment was carried out by an independent sustainability firm in consultation with easyJet, and involved a desktop review of internal and external information sources to produce a long list of potential sustainability issues, followed by in-depth interviews with key stakeholders carried out by the consultancy and shared with easyJet without attribution.

Those interviewed were based across Europe and included: plc Board members, investors, suppliers, regulators, corporate customers, employee representative groups and trade unions, and Non-Governmental Organisations (NGOs). Customer and employee surveys were also used to identify and rank the most important issues for these groups.

The result was a materiality matrix that plots stakeholder prioritisation against business impact for each topic. Topics in the top right of the matrix were identified as the most material to easyJet's business.

This matrix shows the output of the materiality assessment on sustainability issues for easyJet. However, some issues which are important to the business as a whole may not be prioritised in this matrix. This materiality assessment took place in summer 2019 before the COVID-19 pandemic, so the importance of some issues may have changed since this assessment. The sustainability team are planning to re visit this during the 2021 financial year.

MATERIALITY MATRIX



PRIORITY ISSUES

CLIMATE CHANGE

(including carbon emissions, climate change adaptation, fuel types and efficiency)

EMPLOYEES

(including decent work and labour relations, employee engagement)

WASTE AND PLASTIC REDUCTION

EMPLOYEE HEALTH AND SAFETY

AREAS OF FOCUS

CARBON OFFSETTING

The global scientific community has clearly stated the need for the world to reach net zero CO_2 emissions by 2050 in order to limit global warming to 1.5°C and to reduce the destructive impacts of climate change on human society and nature.

This is particularly challenging for sectors such as aviation where scalable zero-carbon technologies will not be available in the short-term. To help inform a plan for our own 'net zero' pathway, easyJet is engaging with a Science-Based Targets Initiative (SBTi) project to develop a decarbonisation trajectory and target-setting tool specific to the aviation sector.

Conservation and restoration of nature is increasingly recognised as a way to achieve emissions reductions while simultaneously helping build resilience to climate change.

Whilst our ultimate aim is to achieve zero emissions flying in the UK and across Europe, easyJet's Board decided at the start of the 2020 financial year to invest in the most effective immediate measure we could take to mitigate our carbon impact – namely to offset, via investment in high-quality carbon credits, 100% of easyJet's CO_2 footprint (Scopes 1 and 2).

We have invested exclusively in Gold Standard and Verified Carbon Standard (VCS) carbon credits, with around 20% from renewable energy projects but the majority comprise of nature-based credits – e.g. reforestation, afforestation, and avoided deforestation, including borehole rehabilitation and cookstoves projects – in some of the most intense deforestation hotspots around the world. Not only are these projects effective in reducing deforestation, but they also work with local communities to deliver programmes for alternative income generation which incentivises the protection of forests over the long term.

Whilst the voluntary carbon offset market is increasingly recognised as having major potential to contribute towards limiting global warming, it remains relatively small and unregulated. For this reason we were pleased to be invited to join the Taskforce on Scaling Voluntary Carbon Markets, an initiative launched by Mark Carney, the former Governor of the Bank of England, in September 2020, and sponsored by the Institute of International Finance. This initiative aims to facilitate the rapid scaling and maturing of this market.

Our customers also support our offsetting work. There are higher satisfaction rates and brand preference for easyJet among those customers who are aware that the fuel emissions from their flights have been offset.

EFFICIENT OPERATIONS

We continue to operate our aircraft as efficiently as possible but nevertheless are always looking for efficiency improvements. This includes adjusting standard operating procedures, which helps to reduce fuel usage and therefore carbon emissions.

All measures are taken only when safe and practical to do so, within the constraints of the operational environment.

Initiatives include:

- The use of single-engine taxi on arrival and departure
- Reducing the use of aircraft flaps on the approach to landing, to reduce drag
- Using advanced weather information to improve navigation performance in-flight, which optimises routing by avoiding poor weather and headwinds
- The use of engine washing to remove debris, which improves the air turbine efficiency. This year we carried out approximately 300 engine washes
- Reviewing and optimising the amount of discretionary fuel uplifted on each flight. This financial year we have reduced the amount of discretionary fuel on each flight by an average of 14kg compared to the 2019 financial year. Captains always have the final decision on the fuel required for flight and safety remains the highest priority
- Optimisation of the climb speed on takeoff to get to cruise altitude, which facilitates reaching a more fuel-efficient phase of flight sooner
- The use of ground power by our aircraft when on-stand at airports, reducing the use of the aircraft's auxiliary power unit (APU) to cut noise, fuel and emissions.

WORKING WITH AIRBUS ON ZERO-EMISSION AIRCRAFT

In 2019 we created a formal partnership with Airbus to discuss hydrogen and electric aircraft concepts, and how they might fit into the easyJet model. The project aims include promoting government and industry understanding of the operational and infrastructure opportunities and challenges of zero-emission aircraft.

We commenced a series of workshops with Airbus in early 2020 and this collaboration is continuing.

Airbus' ambition is to develop a zero-emission commercial aircraft for entry into service by 2035. In September 2020 they announced three concept aircraft under the name 'ZEROe': a 100-seat turboprop, a 200-seat turbojet and a futuristic-looking, blended wing design.

All three concept aircraft would be powered by hydrogen as a fuel, and will produce no carbon emissions. Propulsion may take the form of hydrogen combustion, hydrogen fuel cells, or a combination of the two.

To meet the ambitious 2035 target, Airbus will need to mature the ZEROe technology by 2025, to allow sufficient time to create a full-scale prototype by the end of the decade and then complete all airworthiness and certification trials.

SUPPORTING UNICEF'S WORK TO ERADICATE POLIO IN AFRICA

Since 2014, we have raised funds through onboard collections for our charity partner Unicef, which have supported the charity's work within the Global Polio Eradication Initiative. £14.8 million has been raised since the partnership started.

In August 2020 the World Health Organization officially declared Africa wild poliovirus-free. This is a significant achievement in the journey to the global eradication of polio.

The initiative has involved the immunisation of hundreds of millions of children across the 47 countries in the WHO African region with polio vaccines, as well as strengthened surveillance networks to detect and immediately respond to any lingering traces of the virus. Nigeria was the last country on the continent to be certified wild poliovirus-free.

Unicef and partners in the Global Polio Eradication Initiative – which include Rotary International and the Bill & Melinda Gates Foundation – have worked together to end polio worldwide. Since 1988, polio cases have decreased by 99.9%. With the African region's wild-polio-free certification, five of the six WHO regions are now free of the wild poliovirus.

The poliovirus continues to circulate in parts of Pakistan and Afghanistan, the last two polio-endemic countries in the world. Unicef and its partners continue to work towards the global eradication of the disease.

TACKLING CARBON EMISSIONS

OUR APPROACH

We have been focused on reducing our carbon emissions for a long time. We have been transitioning our fleet to increasingly more modern, fuel-efficient aircraft, flying them in ways which maximise fuel efficiency, and optimising passenger loads as much as possible.

We nevertheless believe that airlines need to take further action now, which is why last November we became the only major airline worldwide to offset all our organisational emissions (Scopes 1 and 2 emissions).

Carbon offsetting is an interim measure while new technologies are developed, but at the moment we believe it is the best way we have to address our carbon emissions and, through targeted messaging, to educate our customers about these issues.

CARBON OFFSETTING

We employ a rigorous process to select the schemes we buy credits from. Our portfolio of projects all meet either the Gold Standard or VCS (Verified Carbon Standard) certification, which are globally recognised and respected for their standards of offsetting. Their certifiers check projects to ensure the carbon reductions they are claiming would not have happened without the project, and that by reducing carbon emissions in one place they do not inadvertently increase them elsewhere.

In developing our carbon credit portfolio, we partnered with Climate Focus, an international advisory company with more than 20 years of experience in climate finance, carbon markets (supply and demand) and climate policy. Climate Focus acted as our adviser on selecting reliable projects and partners.

Since we began offsetting on 19 November 2019, we have retired 3.1 million carbon credits. This has included high-quality forest conservation projects in Peru and Ethiopia, and projects which deliver additional social and economic benefits for local communities.

'Retiring' a carbon credit means it is taken off the market – never to be traded again.

Carbon Clear Ltd (Eco Act) procured these credits on our behalf; and the related retirement certificates are available at http://corporate.easyjet.com/.

The introduction of offsetting has also enhanced our relationship with our customers. Between December 2019 and September 2020, those customers surveyed who were aware that their flight was carbon-offset were on average 6.8 percentage points more satisfied with easyJet than customers who were unaware of the offsetting initiative.

CARBON MAPPING

This year we also commissioned a global climate change and sustainability consultancy, The Carbon Trust, to complete a full carbon mapping and calculation exercise to retrospectively review our the 2019 financial year carbon footprint and to help us establish an enhanced process for the 2020 financial year and future footprinting.

Our measurement and reporting work are aligned to the European Union's Emissions Trading System (EU ETS), the Greenhouse Gas (GHG) Protocol and the recommendations of the The Task Force on Climate-Related Financial Disclosures (TCFD).

In the 2020 financial year, our carbon footprint is calculated and expressed as a suite of carbon dioxide equivalent (CO_2e) figures in metric tonnes.

The GHG Protocol categorises emissions in three scopes:

- Scope 1 – direct emissions from owned and leased assets (typically combustion of fossil fuels)
- Scope 2 – indirect emissions from imported energy used in owned assets (typically grid electricity)
- Scope 3 – all other indirect emissions resulting from upstream and downstream business activity, e.g. supply chain, business travel, aircraft, etc.

Our carbon footprint work included calculating Scope 3 (in addition to Scope 1 and 2) for the first time. We looked at every geographic location where we operate using the appropriate and up-to-date location-based emission factors issued by competent authorities (UK Government departments including DEFRA and BEIS). We used the operational control approach for the calculation of our greenhouse gas emissions.

The 2020 financial year carbon mapping work estimated that 99.96% (2019: 99.97%) of easyJet's organisational (Scopes 1 and 2) carbon emissions was as a result of the use of aircraft fuel.

In addition to our existing carbon emissions reporting included in previous years' Annual Reports and Accounts, we have this year extended our carbon emissions reporting to meet the additional requirements of the new Streamlined Energy and Carbon Reporting regulations, 2019.

> It is important today for companies to consider environmental impacts across their whole value chain. Our work with easyJet has helped them to understand and measure these impacts beyond those directly related to flying. Working to reduce these impacts will ensure a focus on sustainability is maintained across the Group and with its suppliers.

MYLES MCCARTHY
Director, Carbon Trust

GREENHOUSE GAS EMISSIONS

GHG performance summary	FY20 Global emissions	FY20 UK emissions*	FY20 Global emissions (excl. UK)	FY19 Global emissions	FY19 UK emissions*	FY19 Global emissions (excl. UK)
Scope 1 – tonnes of CO_2e	4,247,159	2,177,784	2,069,375	8,324,525	5,138,165	3,186,360
Scope 2 – tonnes of CO_2e	976	833	143	1,456	913	543
Total Scopes 1 & 2 – tonnes of CO_2e	4,248,135	2,178,617	2,069,518	8,325,981	5,139,078	3,186,903
Scope 3 – tonnes of CO_2e	1,145,845			2,112,047		
Total carbon footprint – Scopes 1, 2 & 3 tonnes of CO_2e	5,393,980			10,438,028		
Total energy use (kWh) – Scopes 1 &2	17,142,470,929	8,791,550,918	8,350,920,011	33,605,118,594	20,742,284,794	12,862,833,800
Carbon offsets** – tonnes of CO_2e	3,146,196			Not applicable		

*UK emissions in the GHG Table include those emissions from flights operated under our UK airline AOC, i.e. not just flights to and from the UK

**Carbon credits retired to account for the tonnes of CO_2e emitted by the use of aviation fuel and non-aviation fuels (scope 1 & 2) for the period 19. November 2019 to 30 September 2020

Intensity metric	FY20 easyJet plc gCO_2/RPK	FY20 easyJet plc gCO_2e/RPK	FY19 (restated) easyJet plc gCO_2/RPK	FY19 (restated) easyJet plc gCO_2e/RPK
Carbon emissions/revenue passenger km	70.77	71.48	70.41	71.12

INTENSITY METRIC

We use an intensity metric based on the carbon efficiency of our airline. This is expressed as grams of carbon dioxide equivalent (gCO_2e) per revenue passenger kilometre (RPK). However, for on-going comparability purposes, we have also included grams of carbon dioxide (gCO_2) per revenue passenger kilometre (RPK).

This year we have had our intensity metric verified by a third-party specialist auditor, Verifavia. Verifavia provided an independent verification audit using a reasonable assurance approach to review easyJet's 2020 financial year aircraft fuel burn, RPK and associated output CO_2 and CO_2e KPIs.

Verifavia's detailed assurance statement is available at http://corporate.easyjet.com/.

Whilst this verification approach only focuses on our airline emissions, these equate to 99.96% in the 2020 financial year of our Scopes 1 and 2 carbon footprint.

CARBON PERFORMANCE

The carbon intensity of our flying, based on carbon dioxide emissions per passenger kilometre, has remained relatively unchanged year on year, despite the impacts of the COVID-19 pandemic. Although lower load factors, as we have experienced in the 2020 financial year, would normally increase the emissions per passenger, we have been able to largely avoid this effect by prioritising the use of our more efficient A320 / A321 neo aircraft.

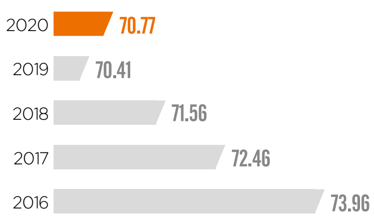
This year we reviewed and updated our carbon intensity calculation methodology, so that it aligns more closely with established industry methodologies (e.g. ICAO and EU ETS reporting). As a result we have restated our CO_2 per passenger kilometre KPI for the years of the target (2016 to 2019 financial year) and used the new methodology to calculate the 2020 financial year.

While the baseline number has changed from 80g to 74g, the target previously stated as 72g has now also been reduced to 66.6g. Therefore the target remains a 10% reduction in carbon dioxide emissions per passenger kilometre from our flights by 2022, compared to our 2016 figures.

In the 2020 financial year our carbon dioxide emissions per passenger kilometre was 70.77g, compared to 70.41g in 2019. In addition to the stable carbon intensity target, due to the significantly reduced flying this year our total carbon dioxide equivalent emissions from the fuel used in our flights was 4,264,435 tonnes. A reduction of 49% on the previous financial year primarily due to the reduction in flying as a result of COVID-19. Since 2000, we have improved our carbon emission per passenger kilometre efficiency by over one third.

The impact of the COVID-19 pandemic, including aircraft deferrals and future load factors, will affect progress towards our carbon intensity target. We will continue to monitor these effects and our trajectory towards the target.

EMISSIONS PER PASSENGER KILOMETRE SINCE 2016



ENERGY AND CARBON EFFICIENCY ACTIVITY

We have focused on a variety of ground-based energy efficiency schemes this year. We rolled out new, improved and upgraded lighting controls for the LED fittings (super-efficient lights), completing this work at our largest site, Hangar 89 at London Luton Airport. We also progressed the deployment of these controls at another of our large office premises that forms part of our Luton Campus.

We optimised the existing plant and equipment that provides heating/cooling at our Luton Campus and our London Gatwick Airport base with thermostatic controls and timers during the second half of the year. We will continue to roll these out across our base portfolio in the 2021 financial year.

We also updated our New Build and Retrofit Fit-Out Guide to include minimum energy-efficiency standards we expect our buildings to include.

This is in addition to our work to increase the operational fuel and carbon efficiency of our aircraft operations.

EFFICIENT AIRCRAFT

We operate a fleet of modern, efficient Airbus A320 family aircraft. In 2017 we started to operate our first Airbus A320neo (New Engine Option) aircraft, equipped with LEAP-1A engines and in 2018 we also started operating the larger Airbus A321neo aircraft.

The Airbus neo aircraft (A320 and A321) are 15% more fuel efficient per seat and 50% quieter during takeoff and landing than their equivalent previous generation aircraft (A320ceo and A321ceo – Current Engine Option).

These new generation aircraft currently make up over 15% (2019: 11%) of our overall fleet and will make up a larger proportion in the future as both older aircraft leave our fleet and the size of the fleet reduces. During the period of reduced utilisation due to the COVID-19 pandemic, storage and parking of aircraft has been focused on older A320ceo family aircraft, with the result that a higher proportion of the active aircraft in this period have been neo-type aircraft, our more fuel efficient aircraft.

All future aircraft deliveries from easyJet's order book will be new, more efficient A320neo and A321neo aircraft.

NUMBER OF AIRCRAFT BY TYPE

Aircraft type	Number	Percentage of fleet
A319	122	36%
A320	169	49%
A320neo	37	11%
A321neo	14	4%
Total	342	100%

SOME OF THE PROJECTS EASYJET HAS INVESTED IN TO OFFSET ITS ORGANISATIONAL CARBON FOOTPRINT

ACTIVITIES

UGANDA
TIST TREE PLANTING CERTIFICATIONS

A combined tree planting, development and carbon programme. Smallholder and subsistence farmers organise themselves into community groups to plant trees on their degraded land, improve their livelihoods and reverse environmental degradation.

CERTIFICATION

Verified Carbon Standard
The Climate, Community & Biodiversity Alliance certifications

SDGS

ETHIOPIA
BALE MOUNTAIN REDD+

Implementing a Participatory Forest Management framework for the Bale region, which is home to Africa's largest alpine forest, an area of high biodiversity and ecological importance. This helps local communities and government to manage the responsibility and benefits of the forest together and gain economic incentives from the sale of carbon credits for avoiding deforestation.

CERTIFICATION

Verified Carbon Standard
The Climate, Community and Biodiversity Alliance certifications

SUSTAINABLE AVIATION FUELS

We believe Sustainable Aviation Fuels (SAFs) will be part of our decarbonisation pathway, as and when they become more widely available and affordable. However, we do not see SAFs as a long-term decarbonisation solution for short-haul aviation, since current pathways are not zero carbon and total projected emissions savings remain limited.

In the long term they are best suited to long-haul flying where there may not be alternatives to using SAFs. We support the development of genuine zero emissions technologies for short-haul, such as electric or hydrogen-powered flight.

PUBLIC POLICY

We continue to engage with policy makers across Europe on how public policy can help airlines to address their carbon emissions.

We have been a long-term supporter of the EU Emissions Trading System (EU ETS) scheme and all easyJet flights within the European Economic Area, which make up the majority of all our flights, are covered by the scheme.

The new global framework for managing aviation carbon through offsetting is the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The baseline year for the scheme has recently been changed, which has reduced the likelihood of airlines having to pay to offset any CO_2 at all for the initial years (2021 to 2023 pilot phase).

We have therefore challenged all airlines to join us in offsetting their carbon dioxide emissions. Until this happens, easyJet's offsetting position is a strong differentiator during this crucial next decade for the planet and for aviation technology.

We also continue to engage with EU policy makers on the future of EU Emissions Trading System. We believe aviation within the EU should remain in the EU ETS and flights to destinations outside the EU should remain in CORSIA to support global efforts, but with an obligation equivalent to that of EU ETS.

We also believe that where aviation taxes exist or are introduced in the future, these should be designed to incentivise efficient flying. Currently taxes are often linked to individual passengers, which means a flight with more passengers – which will create less carbon per passenger journey – is taxed more highly. Instead any taxes should be linked to the overall emissions of a flight, including the length of the flight and the efficiency of the aircraft used.

PERU
MADRE DE DIOS

Dramatically reduces deforestation in the Peruvian Amazon, the threat of moving communities and illegal logging, by increasing surveillance in the conservation area and establishing sustainable forest management practices.

CERTIFICATION

Verified Carbon Standard
The Climate, Community and Biodiversity Alliance

BULGARIA
SVILOSA BIOMASS

A programme which demonstrates the viability of biomass as an alternative sustainable energy, improving local livelihoods and air quality, and stimulating sustainable energy technology in the region. The project uses available waste biomass residues; by-products of wood processing at the Svilosa pulp processing plant as an energy source.

CERTIFICATION

Gold Standard

INDIA
BREATHING SPACE IMPROVED COOKING STOVES

This programme reduces the greenhouse gas emissions from the burning of non-renewable biomass for cooking by enabling the distribution of fuel-efficient and improved cook stoves. The cook stoves reduce fuel consumption by circa 50 to 80%, helping families to cut their spending and to save time on collecting wood fuel and reduce indoor air pollution.

CERTIFICATION

Gold Standard

STIMULATING CARBON INNOVATION

OUR APPROACH

We remain committed to decarbonising aviation and helping the world achieve net-zero emissions before 2050. We are collaborating in several partnerships to support technological step change.

Wright

easyJet has been supporting Wright Electric over the last three years in its aim to produce an all-electric 186 seat commercial aircraft, the Wright 1, which could be used for short-haul flights.

Wright is currently engineering electrical systems at the megawatt scale which will be necessary for commercial aircraft. It is building a 1.5 MW electric motor and inverter at 3 kilovolts. These components will form the power plant of Wright's revolutionary Wright 1 aircraft. Wright intends to conduct ground tests of its motor in 2021 and flight tests in 2023.

The motor development program is the latest step towards building its narrow-body class aircraft. Wright will be simultaneously conducting aerodynamic tests on its fuselage, which will inform the propulsion design. The company expects entry into service of its flagship Wright 1 in 2030. A number of government agencies in the United States are aiding research by providing funding into electric aviation including US Department of Energy's Advanced Research Projects Agency

"Wright Electric is dedicated to bringing low-emissions 186 seat electric planes systems to market. Wright Electric's mission is to make commercial aviation greener, and our megawatt engine program is the next step in making our mission a reality. We are pleased to have easyJet as a partner to support this goal."

JEFFREY ENGLER
Chief Executive Officer of Wright Electric

AIRBUS

In 2019 we established a joint research project with Airbus. The project is intended to grow the industry's understanding of the operational and infrastructure opportunities and challenges of plug-in hybrid and full electric and hydrogen aircraft.

We are working with Airbus on three distinct work packages set to define the impacts and the requirements necessary for the large-scale introduction of next generation sustainable aircraft on infrastructure and everyday commercial aircraft operations. Airbus' ambition is to develop a zero-emission commercial aircraft by 2035.

"Airbus is delighted to be collaborating with easyJet in the ZEROe programme. easyJet's passion to decarbonise aviation and ultimately remain competitive in a changing world, is shared by Airbus. Together we have the opportunity to educate and challenge governments and industry to create supporting technology and infrastructure needed for the introduction of zero-emissions aircraft."

GLENN LLEWELLYN
VP Zero Emissions Technology
Airbus

CAPTAIN DAVID MORGAN

EASYJET'S LEAD ON CARBON INNOVATION

Captain David Morgan, Director of Flight Operations, is leading our work on innovation to support the development of new technologies to decarbonise aviation. This includes our partnerships with aerospace companies such as Airbus and Wright Electric on innovative aviation technology (see separate case studies).

David is currently part of a series of industry initiatives:

- Member of the Technology Advisory Group, Aerospace Technology Institute: promotes transformative technology in air transport, creates the technology strategy for the UK aerospace sector and funds research and development
- Member of the Advisory Group, UK Future Flight Challenge: aims to revolutionise the way people, goods and services fly; it will support the development of new technologies from freight-carrying drones to urban air vehicles to hybrid-electric regional aircraft; as well as develop the supporting ground infrastructure, regulation and control systems, required to use these new aircraft practically and safely
- Steering Committee Member, Airspace Change Organising Group: to coordinate the redesign of airspace in the UK, which is expected to reduce the carbon emissions of aviation in the UK

WORKING WITH PARTNERS TOWARDS NET ZERO

We are working with a range of other partners in leading the aviation industry towards net zero:

- UK Jet Zero Council – Our Chief Executive Officer, Johan Lundgren, has been appointed a member of the UK Government's Jet Zero Council, which has been tasked with making net-zero emissions possible for future flights
- Science-Based Targets Initiative – We are involved in a technical working group to develop a decarbonisation trajectory specific to aviation which aligns with The Paris Agreement. This is due to include the pilot testing of a new target setting tool for airlines. The process is being guided by Boston Consulting Group, WWF and ICCT (International Council for Clean Transportation)
- Sustainable Aviation – easyJet is a member of Sustainable Aviation, the UK body which aims to use the collective approach of UK aviation to achieve goals on climate change, noise and local air quality
- EU Clean Sky hydrogen project – We have contributed to a study led by McKinsey, on behalf of the EU Clean Sky hydrogen project, evaluating hydrogen as a decarbonisation option for aviation. Its clear conclusion is that hydrogen has the potential for a major role in aviation's future technology mix. The study will inform the EU on ways to achieve its objective of net carbon neutrality across all sectors and states by 2050

GOING BEYOND CARBON

OTHER ENVIRONMENTAL IMPACTS

AIRCRAFT NOISE

The noise from our aircraft can affect those who live near airports or under flight paths. We work with individual airports and air traffic control teams to implement noise mitigation activities that best fit each location. Our pilots also use flying techniques that reduce the impact of aircraft noise, such as continuous descent approaches.

The new generation Airbus A320neo and A321neo aircraft are 50% quieter during takeoff and landing than the equivalent previous generation aircraft.

We have also carried out a retrofit programme to address a sound, associated with A320 family aircraft of all airlines, due to the airflow under the wing.

PLASTICS REDUCTION

To help reduce the amount of single-use plastic used on our flights, we have focused on changes to our inflight food and drink products and service.

We have prioritised our actions using the following principles:

- Reduce the number of plastic items that are used
- Replace plastic items with non-plastic alternatives
- Reduce the amount of plastics used in items

The initial changes have been to the 'dry store' items which are used to serve food and drink products and by doing so we have already eliminated over 27 million individual items of plastic.

Changes made include:

- Replacing a plastics drinks stirrer with a wooden alternative – 9.2 million individual items of plastic eliminated
- Removing plastic spoons – 10.1 million individual items of plastic eliminated
- Introducing a new hot drinks cup which is now made of sustainably sourced cardboard, except for a plant-based plastic lining, and that is compostable
- Introducing a new hot drinks lid derived from plant sugars that is compostable – replacing over 5.8 million items of plastic
- Replacing the plastic cups given to customers to put their used tea bags in with a small plant-based bowl – saving over 2.4 million individual plastic items

WASTE MANAGEMENT

Management of onboard waste is complex and challenging due to waste handling and treatment regulations in different countries, varying capability to accept recycling at many airports, complexity of third parties involved in waste handling, restricted space within the cabin and short aircraft turnaround times. The interpretation and enforcement of International Catering Waste (ICW) legislation at both the local airport and national policy level often means that all waste generated is deemed as ICW upon arrival, meaning that materials are being sent to incineration or deep landfill when they could be recycled.

Over the next year we plan to work in partnership with our largest airports, ground handling and cleaning contractors and our cabin crew to improve our recycling rates.

ENVIRONMENTAL MANAGEMENT SYSTEM

To manage our environmental impacts, performance and compliance obligations, we will be implementing an Environmental Management System (EMS). This will assist us in meeting our Environment Policy commitments in a structured, systematic, and documented way.

We are joining the IATA Environmental Assessment Programme (IEnvA), an Environmental Management System specifically developed for the airline sector. The programme was developed by airlines, IATA, and leading experts in the aviation environmental sustainability industry. IEnvA follows the requirements set by ISO14001:2015, an international Environmental Management System standard. Over the next year we will be engaging with colleagues across the business to implement and embed the EMS into day-to-day activities.

WILDLIFE CONSERVATION

easyJet does not carry any commercial freight, which means we do not carry live animals – with the exception of assistance dogs travelling with customers – or any parts of deceased animals, including 'hunting trophies', on our flights. We also do not promote attractions with live mammal animals, such as oceanariums with dolphins and whales.

EMPLOYEE ENGAGEMENT ON SUSTAINABILITY

This year we have continued to discuss sustainability with our employees. This has included regular updates from our Chief Executive Officer and leadership team on sustainability initiatives, including the establishment of our Sustainability Strategy and the introduction of our carbon offsetting.

We have also used our internal online forum 'Workplace' to create a dedicated sustainability forum to ask for feedback and suggestions on sustainability issues, including from our cabin crew on ways to reduce plastics and waste from the inflight retail range.

CHARITABLE ACTIVITY

CHARITY COMMITTEE

Our Charity Committee makes donations to support charities nominated by easyJet employees. This is to ensure that the causes we support help the communities in which we operate and have personal meaning to easyJet employees.

Any employee can submit a nomination for an award for a charity of their choice. Nominations are considered anonymously and 12 charities are selected each month for a flight voucher for two people, or a financial donation of £250 / €300.

This financial year we made 40 awards between October and January, before the impact of COVID-19 which meant we had to pause these awards.

UNICEF

We have a pan-European charity partnership, Change for Good, with Unicef, the world's leading children's organisation. Our cabin crew make onboard appeals for customers to donate spare change and unwanted foreign coins at certain times of each year. Since 2012 the partnership has raised £14.8 million.

This year our collections on flights during December and January were again in support of Unicef's vaccination programmes, as part of the global initiative to eradicate polio, which has been running since 1988. Since it began, the initiative has contributed to protecting children against polio, decreasing cases by 99%. Today, the wild polio virus is found in only two countries: Afghanistan and Pakistan. (See separate case study on page 41 about Africa being certified as 'wild polio free' in August 2020).

By the end of 2019, the partnership had helped vaccinate 5.3 million mothers and babies against deadly diseases and protect more than 30 million children against polio, as well as supported the procurement and distribution of 2,600 cold boxes, 6,000 vaccine carriers and 22,280 ice packs, and the installation of 44 solar refrigerators to improve vaccine safety and storage capacity. In March 2020, owing to strict COVID-19 infection-control measures, polio vaccination campaigns were put on hold. Since July, vaccination campaigns have been slowly resuming, and Unicef anticipate that the funds already raised by easyJet will help protect more children against polio and reach more communities towards our goal of ending polio for good.

Our partnership with Unicef would normally include further collections on flights over the Easter and summer travel periods. However, we were not operating flights in April 2020, when our Easter collection would normally take place. As our focus for the summer was on the safe resumption of flying, we and Unicef agreed that the planned summer collection would also not take place.

This means that this year over £513,000 was raised for Unicef through the partnership, from the inflight collections on World Polio Day (October 2019) and during our winter collection period for 2019/20.

AUSTRALIAN FIRES 2020

In January 2020 we launched an emergency onboard collection to support the Australian Red Cross' response to the bushfires across Australia. The cause was particularly important to our cabin crew community, who led the collections onboard and were able to help raise over £231,000 for the charity.

DIVERSITY, INCLUSION & WELLBEING

This year we have made further progress on our new Diversity and Inclusion strategy, which was introduced in 2019.

FIRM FOUNDATIONS

Embedding Diversity & Inclusion into policies and processes

- We have completed functional engagement sessions across the business and our internal engagement measure for inclusion remains consistently strong
- We have launched a communication channel on our internal Workplace for colleagues to share experiences and stories, which has been hugely popular with significant levels of participation across our communities
- We ran several campaigns across the year to 'educate and celebrate' including our overarching 'You Matter' programme and a virtual 'Pride in Europe'
- We have worked on our Customer terms and conditions to ensure any type of discrimination is not tolerated, alongside our internal bullying and harassment policies

INCREASE THE MIX

Ensuring the employee mix reflects our customer base

- We have improved our performance in the Hampton Alexander report, year on year, our gender pay gap has reduced, and most recently increased our representation at Board level too
- We have made changes to our HR systems in order to be able to capture more diversity data, where our colleagues are comfortable to share this. In future this will enable us to have much more information about our people across our business to support better decision making

TRAINING AND DEVELOPMENT

Upskilling leaders to support cultural change and maintain a welcoming employee experience

- We have built and delivered 10 training modules (including e-learning) across our Management & Administration team
- We have rolled out frontline modules to support inclusive behaviours in our operating environments
- We have created a virtual hub with leader and colleague content to support health and wellbeing in a COVID-19 world

PARTNERSHIPS:

Sourcing expert input and support to help guide activities;

- In the UK Glassdoor Employee's Choice Awards, we were named amongst the Best Places to Work in 2020, ranked at 16th place, up from 26th in 2019
- Over the next year we plan to strengthen our partnership with Stonewall, to focus our practices and communications
- We also plan to sign up to the Race at Work Charter to help further improve our understanding how we can support our people

Our future focus is to deepen our foundation knowledge now, put action into practice across all teams through the Trailblazer team and line managers, and help our people thrive during this COVID-19 recovery period.

FEMALE PILOTS

Since 2015 we have been working to address the significant gender imbalance in the pilot community across aviation through the easyJet Amy Johnson Initiative, named after a pioneering British female pilot. Activity during the programme since 2015 has included:

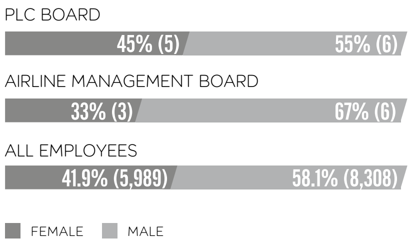
- Visits by pilots to schools, youth and aeronautical organisations
- Sponsorship of the Aviation Badge for Brownies, the UK Girlguiding organisation for 7 to 10 year old
- Offering loan underwriting for cadet pilot programmes working with training partners to offer scholarships
- Highlighting female easyJet pilots in the media and through customer communications such as the inflight magazine

We had reached our target that 20% of the new entrant co-pilots we attract should be female by 2020, up from 5% when we started the initiative in 2015. However our planned pilot recruitment and cadet pipeline was then affected by the COVID-19 pandemic.

Although the aviation industry is not predicted to reach previous levels of demand until at least 2024, which means we will not be recruiting in the same numbers as pre-pandemic, we are committed to looking at the best ways we can make the pipeline of future aviation talent more diverse.

GENDER

Gender makeup of easyJet employees as at 30 September 2020;



DISABILITY – RECRUITMENT AND EMPLOYMENT

As part of our commitment to Diversity and Inclusion, we treat every applicant in our recruitment processes equally, including disabled people. We also support employees who are or become disabled. This includes offering flexibility and making reasonable adjustments to the workplace to ensure they can achieve to their full potential. However, for easyJet's two largest communities, pilots and cabin crew, there are a range of regulatory requirements on health and physical ability with which all applicants and current employees must comply.

ACCESSIBLE TRAVEL

We believe that travel should be easy and affordable for everyone, including customers who need some additional help when they are travelling.

We continue to provide our special assistance service for customers, in partnership with airports and their special assistance providers on the ground. Customer satisfaction amongst special assistance customers this financial year was 83.6%, compared to 75.2% for all customers (2019: 82.3%, 74% for all customers). This is the seventh successive year that satisfaction is higher among customers who need special assistance than the average across all customers.

Since 2012 we have received expert advice on special assistance issues from the easyJet Special Assistance Advisory Group (ESAAG), made up of members from key easyJet markets with experience of special assistance issues. The Group continued its work through the first half of the 2020 financial year and met in December 2019. While the Group has not met since the pandemic began, we are working with the Chair of the Group, Lord David Blunkett, on the best way to resume the process of consultation and advice with the group.

Sophie Dekkers, our newly appointed Customer Director, will take responsibility for special assistance customer policy issues and will work closely with Lord Blunkett and ESAAG.

BUSINESS ETHICS AND SUPPLY CHAIN

ETHICS POLICIES AND OVERSIGHT

We have in place ethical and compliance policies, covering topics including bribery and corruption, gift giving, fraud, human rights and modern slavery. These policies and our commitment to the Human Rights statement are available to employees on the easyJet intranet.

All new entrants to easyJet receive mandatory ethics training during the onboarding process. All employees are also required to complete annual online refresher training on ethics, anti-bribery and corruption.

In 2019 a Business Integrity Committee was established as a management forum for ethics policies and management and this has continued to meet this year. The committee receives reports of suspected unethical behaviour, identifies Group-wide trends, and monitors follow up. The committee's remit includes disciplinary issues or grievances raised with HR, environmental concerns and suspected fraud.

WHISTLEBLOWING

All employees of easyJet and our suppliers should feel able to raise concerns about any safety, legal or ethical issues. If they feel unable to report these concerns to a manager, we also provide a whistleblowing process.

The 'Speak Up, Speak Out' service is run independently of easyJet and reports can be made confidentially and anonymously. The service is available by phone, website and using a mobile app.

All reports are investigated and followed up as necessary by an easyJet senior manager responsible for business integrity. The Board oversees the whistleblowing process with the assistance of the Audit Committee. In addition, the Business Integrity Committee is a management forum on whistleblowing. It receives summaries of all reported concerns; it monitors any ongoing concerns and ensures that the proposed outcomes of investigations are fair, transparent and robust, with root causes identified and remedial actions agreed.

The easyJet Amy Johnson Initiative has included Sponsorship of the Aviation Badge for Brownies, part of the UK Girlguiding organisation.

SUPPLIERS

We believe in open, constructive and effective relationships, ensuring that suppliers' rights and responsibilities are clearly set out.

Our supplier relationship management framework provides a toolkit and guidance for managers who lead relationships with key partners.

This year we have worked with our suppliers to build appropriate responses to COVID-19, including taking a risk-based approach to business continuity and maintaining safe operations.

ETHICAL SUPPLY CHAIN MANAGEMENT

Our Supplier Code of Conduct is based on easyJet's Code of Business Ethics and requires partners to comply with easyJet societal and environmental standards, and to ensure the compliance of any sub-contractors. In line with the UK Modern Slavery Act, it prohibits modern slavery and human trafficking.

easyJet holidays also encourages all its direct hotel partners to actively work towards certification that meets the Global Sustainable Tourism Council (GSTC) standards. easyJet Sustainability Director, Jane Ashton, is also a member of the GSTC Board.

MODERN SLAVERY

Our Modern Slavery Working Group is responsible for the development and implementation of our modern slavery strategy. The Working Group was established in 2016 and is composed of senior management representatives from relevant functions across the business. It continues to monitor and assess the effectiveness of the steps we are taking in addressing modern slavery.

The human rights and modern slavery clauses in our Supplier Code of Conduct Whistleblowing policy specifically require suppliers to respect internationally recognised human rights, including those expressed in the United Nations International Bill of human rights, and the internationally recognised rights and principles set out in the International Labour Organisation's Core Conventions and Declaration on Fundamental Principles and Rights at Work. Our suppliers are also required to have at all times a written policy in relation to such matters and to ensure the policy's effective implementation within their organisation.

More information is available in our latest Modern Slavery Act statement at https://corporate.easyjet.com/.

HUMAN TRAFFICKING

All airlines and transport providers are at risk that their services could be used by human traffickers. We have training for all our cabin and ground crew on how to identify and report possible human trafficking. Our Security team also work with authorities across our network on prevention activities and investigations.

OTHER RELEVANT INFORMATION

This year our Sustainability chapter is based on the three pillars of our new Sustainability Strategy. This means that some information which has previously been reported in this chapter is now included in the rest of this Annual Report.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

Thematic area	Progress in the 2020 financial year	Focus areas for the 2021 financial year
GOVERNANCE		
	Climate-related issues are addressed on a regular basis by the Airline Management Board (AMB), the equivalent of an Executive Committee (ExCo) that is led by our Chief Executive Officer. The AMB reports upwards to the plc (Main) Board on these matters. The AMB members are collectively responsible for driving the performance of the airline against strategic sustainability KPIs. For further information on easyJet's sustainability governance, see page 38.	Continued engagement and involvement of Board-level and senior managers across the business to increase the visibility, knowledge and performance of climate change issues.
STRATEGY		
	easyJet continued to work with external partners to inform development of climate change strategy. Collaborations included the Aerospace Technology Institute, Science Based Targets Initiative (SBTi), Taskforce on Scaling Voluntary Carbon Markets, the UK Prime Minister's Jet Zero Council initiative and the EU Clean Sky Joint Undertaking of Fuel Cells Hydrogen propulsion project. For further information on easyJet's sustainability strategy, see page 36.	Further develop these partnerships to address and enhance climate change strategy development.
SCENARIO ANALYSIS		
	During the 2020 financial year easyJet appointed an enterprise risk management specialist with whom we will partner to specifically address the business risk from climate change in both our direct and indirect operations, i.e. our value chain. This partner should help us to evaluate the potential financial costs and opportunities going forward. For further information on easyJet's climate-change related risks, see page 71.	The expert third-party partner will focus on two key elements – physical risks and transition risks and the outputs will help the business to further refine appropriate metrics and targets.
RISK MANAGEMENT		
	The new risk framework, which easyJet implemented in the 2020 financial year, uses a quantifiable metric '5-year Enterprise Value at Risk' to assess the impact of business risk, including climate related risks, on the company. This measures the overall change in the company's value over a 5-year timeframe, within a given confidence interval, e.g. 95%. The key risks identified using the risk framework by the business and subsequently reviewed by the Board fall into seven broad themes, totalling 17 specific risks – one of these thematic areas is environment and sustainability. For further information on easyJet's sustainability governance, see page 38.	The business will continue to roll out and embed the framework. easyJet will define thresholds for what constitutes a risk of 'major concern' (substantive financial or strategic level of impact) and 'above risk tolerance' against this metric.
METRICS AND TARGETS		
	easyJet became the only major airline worldwide to offset all our organisation's direct carbon emissions (scope 1 and 2), through programmes that plant trees or avoid the release of additional carbon dioxide easyJet documented a methodology for its approach to report on a headline KPI of emissions of carbon dioxide per revenue passenger kilometre (gCO_2/RPK) and get this KPI verified by a third-party. The business continues to have a target to achieve a 10% reduction in carbon dioxide emissions per passenger kilometre from flights by 2022, compared to 2016 figures. For further information on this target, see page 43.	The business will work to refine our trajectory towards net zero carbon emissions by 2050.

NON-FINANCIAL INFORMATION STATEMENT

We aim to comply with the new Non-Financial Reporting Directive requirements. The table below sets out where relevant information can be found in the report.

Policies	Due diligence & implementation	Relevant information
1. ENVIRONMENTAL MATTERS		
• Sustainability Strategy • Environment Policy	• Sustainability Steering Committee reviews implementation and progress against environmental policies and strategy which is reported to the AMB and PLC Board	• Chief Executive's introduction, page 36 • How we manage Sustainability, page 38 • Our Sustainability Strategy, page 37 • Tackling Carbon Emissions, page 42 • Stimulating Carbon Innovation, page 46 • Other environmental impacts, page 48 • Environment Policy available at http://corporate.easyjet.com/
2. EMPLOYEES		
• Safety Plan • People Handbook, which includes: Code of Ethics; employee consultation policy; whistleblowing policy • Diversity & Inclusion Strategy	• The People team are responsible for the majority of employee related policies • Whistleblowing processes are overseen by a Business Integrity Committee which also identifies any cross-company trends. Also reviewed by the plc Board and Audit Committee • The Safety Plan is overseen by the Safety team, the easyJet Safety Board and the plc Board Safety Committee	• Right People, page 28 • Engagement with employees, page 48 • Diversity and inclusion, page 49 • Disability – recruitment and employment, page 50 • UK Gender Pay Gap Report – on http://corporate.easyjet.com/
3. HUMAN RIGHTS		
• Supplier Code of Conduct, including the prohibition of modern slavery and human trafficking • Commitment on human rights statement • Modern slavery statement	• The Modern Slavery Working Group is responsible for the development and implementation of our modern slavery strategy • All supplier contracts include a clause requiring them to comply with the Supplier Code of Conduct and Modern Slavery Act • Suppliers must submit an annual slavery and human trafficking report setting out steps taken to ensure that slavery and human trafficking is not taking place in supply chains or in any part of their business	• Ethics policies and oversight, page 50 • Whistleblowing, page 50 • Ethical supply chain management, page 51 • Modern slavery statement – on https://corporate.easyjet.com/
4. SOCIAL MATTERS		
• easyJet and UNICEF charity partnership • Charity Committee • easyJet Special Assistance Advisory Group (ESAAG) • Regulatory Affairs Group	• Employees are employed on local contracts in compliance with local laws • ESAAG considers and monitors easyJet's special assistance service, including customer satisfaction amongst customers using special assistance • The Regulatory Affairs Group monitors the development of public policy and its impact on easyJet	• Customer accessibility, page 50 • Charity partnership with Unicef, page 49 • Charity Committee, page 48 • Aircraft noise, page 48
5. ANTI-CORRUPTION AND ANTI-BRIBERY		
• Ethical and compliance policies, covering topics that include bribery and corruption, gift giving and fraud • Mandatory ethics training during the on boarding process • Business Integrity Committee • 'Speak up Speak out' policy on whistleblowing • Supplier Code of Conduct	• All new joiners receive mandatory ethics training during the on boarding process. All employees are also required to complete annual online refresher training on ethics, anti-bribery and corruption • Monitored by the Business Integrity Committee and People team	• Ethics policies and oversight, page 50 • Whistleblowing, page 50

6. BUSINESS MODEL	7. PRINCIPAL RISKS AND IMPACT OF BUSINESS ACTIVITY	8. NON-FINANCIAL KEY PERFORMANCE INDICATORS
• Business model, page 10	• Safety risks, page 75 • People risks, page 74 • Compliance and regulatory risks, page 72 • Climate change risks, page 71	• Carbon emissions per passenger kilometre, page 33 • Customer satisfaction, page 33

REDUCING OUR COST BASE

SWIFT MANAGEMENT ACTIONS

We have taken significant actions to reduce costs and cash burn by undertaking a major restructuring and cost-out programme to drive down costs in all areas of the business.

Removing cost from the business is a key management priority and will position easyJet to emerge from the pandemic in an even more competitive position for the long term.

These actions include both those taken immediately on the date of our fleet grounding in March and a longer-term cost saving programme that is underway and is expected to deliver full benefits in the 2021 financial year.

OPERATING ACTIONS

Headcount costs

- Utilised furlough schemes across Europe
- Cut leadership team pay and removed bonuses
- Implemented a recruitment freeze
- Implemented voluntary redundancy scheme
- Agreed two year pay freezes in many jurisdictions
- Reduced overall crew ratios on aircraft to industry standards

Non-headcount

- Deferred non-essential maintenance
- Implemented operating cost initiatives
- Brought in-house time-critical maintenance tasks at a lower cost

Non-essential spend

- Stopped spend on non-mandatory training, travel, contractors and consultancy
- Stopped all non-essential project operating and IT spend
- Minimised selling and marketing spend to match new demand levels

ADDITIONAL CASH ACTIONS

Working Capital

- Negotiating payment term extensions and used all possible government tax payment extension schemes
- Renegotiation of our fleet deal with Airbus to defer aircraft deliveries
- Storing aircraft and deferring associated maintenance costs
- Negotiating lease term improvements with lessors
- Stopping all non-essential IT capital investment

Optimised revenue

- Releasing future flying schedules early
- Offering rebooking and voucher promotions

ACTIONS TAKEN

easyJet took advantage of staff furlough schemes, where available, in all countries we operate in. As furlough schemes started to wind down, it became clear that the trading landscape in which easyJet operates in has evolved, and the business needed to rightsize itself.

easyJet launched an employee consultation process on proposals to reduce staff numbers by up to 30%, including optimising our network and bases, improving productivity and promoting more efficient ways of working.

LONG TERM SAVINGS PROGRAMME

easyJet's long term savings programme will deliver significant savings across the business in the 2021 financial year and beyond. A benchmarking of easyJet's unit costs was performed to identify areas of cost saving opportunity as well as the scale of these cost saving opportunities. Safety spend is not in scope for cost reductions.

18 MAJOR COST INITIATIVES LAUNCHED. EACH INITIATIVE IS SPONSORED BY THE CHIEF EXECUTIVE OFFICER AND GOVERNED BY THE AIRLINE MANAGEMENT BOARD

COST REDUCTION TO BE DELIVERED IN THE 2021 FINANCIAL YEAR AND BEYOND

OUR FINANCIAL RESULTS

ANDREW FINDLAY
Chief Financial Officer

Due to the impact of COVID-19, in the 2020 financial year easyJet flew only 48.1 million passengers (2019: 96.1 million), down 50% on the prior year. As a result, Group headline loss before tax was £835 million for the year ended 30 September 2020 (2019: profit of £427 million) and Group total reported loss before tax for the year was £1,273 million (2019: profit of £430 million). Group total reported loss before tax included a £311 million net charge related to fuel and foreign exchange hedge discontinuation as a result of significantly reduced flying and a £123 million charge relating primarily to redundancy costs associated with a business-wide restructuring programme.

During November 2019, the easyJet holidays business was launched with the first holidays commencing in January 2020. easyJet holidays forms a separate operating segment to the Airline. Therefore all per seat metrics are for the Airline business only as the inclusion of hotel-related revenue and costs from the holidays business will distort the revenue per seat and cost per seat metrics as these are not directly correlated to the seats flown by the Airline business. The segmental note within the consolidated financial statements shows the contribution of each operating segment towards the Group's performance. All seats flown relate directly to the Airline business and are therefore included in total for the per seat metrics. The overall contribution of the holidays segment to the financial performance of the consolidated Group for the year ended 30 September 2020 was not significant. As a result, presenting the Airline-only financial performance metrics below does not materially distort the financial performance of the Group as a whole.

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

FINANCIAL OVERVIEW

£ million (Reported) - Group	2020	2019
Group revenue	3,009	6,385
Headline costs excluding fuel	(3,123)	(4,542)
Fuel	(721)	(1,416)
Group headline (loss)/profit before tax	(835)	427
Headline tax credit/(charge)	110	(78)
Group headline (loss)/profit after tax	(725)	349
Non-headline items	(438)	3
Non-headline tax credit/(charge)	84	(3)
Group total (loss)/profit after tax	(1,079)	349

£ per seat - Airline only	2020	2019
Airline revenue	54.35	60.81
Headline costs excluding fuel	(55.94)	(43.26)
Fuel	(13.09)	(13.48)
Airline headline (loss)/profit before tax	(14.68)	4.07
Headline tax credit/(charge)	1.92	(0.75)
Airline headline (loss)/profit after tax	(12.76)	3.32
Non-headline items	(7.98)	0.03
Non-headline tax credit/(charge)	1.52	(0.02)
Airline total (loss)/profit after tax	(19.22)	3.33

Group revenue for the full year decreased by 52.9% to £3,009 million (2019: £6,385 million), and Airline revenue per seat for the year fell 10.6% to £54.35 (2019: £60.81), and by 10.3% at constant currency.

During the first half of the year easyJet delivered strong underlying trading, benefitting from our own and market capacity consolidation from October to February, particularly in the UK and Germany, with yield initiatives and network optimisation further capitalising on strong demand for our routes. In spite of the initial impact of COVID-19 through March, first half results showed improved revenue performance with year-on-year Airline revenue per seat increasing 10.2% at constant currency, and load factors 0.2 percentage points higher at 90.3%.

However, the restrictions on travel imposed by governments in response to COVID-19 have had a devastating impact on air travel. Due to European-wide lockdowns we grounded our fleet for all but two weeks of the third quarter, and in the fourth quarter we were operating at less than 40% of our previously planned capacity.

As a result of reduced flying and the significantly softer macro-level demand in the second half of the year, Group revenue for the full year decreased by 52.9% to £3,009 million (2019: £6,385 million), and Airline revenue per seat for the year fell 10.6% to £54.35 (2019: £60.81), and by 10.3% at constant currency.

Group headline costs for the full year fell by 35.5% to £3,844 million (2019: 5,957 million), mainly as a result of the reduced flying. Airline headline cost per seat excluding fuel increased by 29.3% to £55.94 (2019: £43.26), and increased by 30.2% at constant currency, as a result of fixed operating costs being spread across less flying capacity.

During the year, easyJet took decisive action in order to remove cost and non-critical expenditure from the business at every level, which included stopping all non-essential investment, non-critical recruitment, promotion and pay freezes across the network. We also began the implementation of a major restructuring and cost-out programme. The costs associated with the restructuring programme have been recognised as a non-headline item, in line with our policy.

Group fuel costs of £721 million were £695 million lower than the 2019 financial year (2019: £1,416 million) primarily as a result of reduced flying. Airline fuel cost per seat of £13.09 (2019: £13.48) was 2.9% lower than last year and 0.7% lower at constant currency. Whilst there was an underlying decrease in the market price of fuel, due to the operation of easyJet's fuel and US dollar hedging this meant that the effective fuel price movement saw an increase of 7% to £489 per tonne (2019: £458 per tonne).

A Group non-headline loss of £438 million (2019: £3 million gain) was recognised in the year. This consisted of a £311 million net charge related to hedge discontinuation reflecting reduced flying in the financial year and reductions in planned flying in the following financial year; a £123 million charge in relation to our restructuring programme; a £37 million impairment charge as a result of placing 34 aircraft into storage until the end of their lease term; a £5 million loss on balance sheet foreign exchange revaluations; partially offset by a £38 million gain as a result of the sale and leaseback of 33 aircraft during the year.

The Group total tax credit for the year was £194 million (2019: £81 million charge). The effective rate for the year was 15.3% (2019: 18.9%). The rate is lower due to the impact of the cancellation of the previously announced Corporation Tax rate reduction and a restricted gain on the sale and leaseback of aircraft.

(LOSS)/EARNINGS PER SHARE AND DIVIDENDS PER SHARE

	2020	2019	
	Pence per share	Pence per share	Change in pence per share
Basic headline (loss)/earnings per share	(178.1)	88.7	(266.8)
Basic total (loss)/earnings per share	(264.9)	88.6	(353.5)
Diluted headline (loss)/earnings per share	(178.1)	87.8	(265.9)
Proposed ordinary dividend per share	–	43.9	(43.9)

Basic headline loss per share was 178.1 pence (2019: earnings per share 88.7 pence) and basic total loss per share was 264.9 pence (2019: earnings per share 88.6 pence) driven by the losses for the year. Weighted average shares in issue in the 2020 financial year were 407 million (diluted 412 million) (2019: 393 million, diluted 397 million).

easyJet paid a final dividend for the year ended 30 September 2019 of 43.9 pence per share on 20 March 2020. The payment of the dividend became legally binding following approval by shareholders at the Annual General Meeting on 6 February 2020, before the outbreak of COVID-19 in Europe.

In line with easyJet's dividend policy of a pay-out ratio of 50% of headline profit after tax, the Board is not recommending the payment of a dividend in respect of the year to 30 September 2020 due to the loss incurred in the year.

RETURN ON CAPITAL EMPLOYED (ROCE)

	2020	2019
Headline Return on capital employed	(19.9%)	11.4%
Total Return on capital employed	(23.0%)	11.4%

Headline ROCE for the period was (19.9)%, a decline of 31.3 percentage points on the prior year, driven by the loss for the year. Total ROCE for the period was (23.0)%, a decline of 34.4 percentage points against last year. The higher total ROCE decline is mainly driven by the non-headline restructuring charge impact on operating profit.

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

EXCHANGE RATES

The proportion of revenue denominated in currencies other than Sterling remained broadly consistent year on year. The proportion of costs by currency has changed significantly year on year as a result of lower fuel costs which are denominated in US dollars. Average effective exchange rates include the impact of hedging.

	Revenue 2020	Revenue 2019	Costs 2020	Costs 2019
Sterling	42%	43%	50%	30%
Euro	47%	46%	31%	38%
US dollar	1%	1%	13%	26%
Other (principally Swiss franc)	10%	10%	6%	6%

AVERAGE EXCHANGE RATES

	2020	2019
Euro – revenue	€1.13	€1.13
Euro – costs	€1.15	€1.13
US dollar	$1.39	$1.32
Swiss franc	CHF 1.26	CHF 1.27

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

As a result of the full grounding of the fleet within the year and a lower expected flying capacity for several months thereafter, easyJet was, and continues to be in an over-hedged position on its operating foreign exchange hedges. Over-hedged derivative amounts determined during the year and at 30 September 2020 have been discontinued from hedge accounting with their full fair valuation recorded in the income statement as a non-headline item.

To minimise the effects of over-hedging going forward, easyJet temporarily paused its normal rolling foreign exchange programme in March 2020 of hedging between 65% to 85% of the next 12 months and 45% to 65% of month's 13-24 forecast operating cash flows. Before the end of the financial year the hedging programme for future operating USD exposures had recommenced with the expectation over time that USD hedging levels will be gradually brought back to within normal policy levels. Once there is greater certainty on the expected exposures of other foreign currencies, easyJet's regular policy is anticipated to resume for these as well. Throughout the period easyJet has continued to hedge a proportion of its future lease liability payments using foreign exchange derivatives.

In addition, following an agreement with Airbus to defer aircraft deliveries, certain foreign exchange contracts used to hedge these purchases have also become ineffective and were discontinued during the year due to the delay. The Group will look to re-hedge these cash flows as appropriate a minimum of 12 months before delivery in line with existing hedging policy.

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

HEADLINE EXCHANGE RATE IMPACT

Favourable/(adverse)	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Total revenue	(9)	3	–	(3)	(9)
Fuel	2	–	14	–	16
Headline costs excluding fuel	23	(5)	(4)	8	22
Headline total before tax	16	(2)	10	5	29

NON-HEADLINE EXCHANGE RATE IMPACT

Favourable/(adverse)	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Non-headline costs excluding prior year balance sheet revaluations	(2)	–	(12)	(4)	(18)
Prior year balance sheet revaluations	3	1	(4)	(2)	(2)
Non-headline total before tax	1	1	(16)	(6)	(20)

There was a £9 million favourable (2019: £8 million adverse) impact on total loss due to the year-on-year changes in exchange rates. A £29 million favourable (2019: £14 million adverse) impact on headline profit was partially offset by a £20 million adverse (2019: £6 million favourable) impact on the non-headline items.

FINANCIAL PERFORMANCE

REVENUE

	2020 Group £ million	2020 Airline £ per seat	2019 Group £ million	2019 Airline £ per seat
Passenger revenue	2,303	41.78	5,009	47.71
Ancillary revenue	706	12.57	1,376	13.10
Total revenue	3,009	54.35	6,385	60.81

The total number of passengers carried decreased by 50.0% to 48.1 million (2019: 96.1 million), driven by a reduction in seats flown of 47.5% to 55.1 million seats (2019: 105.0 million) as a result of significant cancellations due to the outbreak of COVID-19. There were a total of 302,912 flight cancellations, of which 99.2% were as a result of COVID-19. This compares to 3,699 cancellations in 2019. Load factor decreased by 4.3 percentage points to 87.2% (2019: 91.5%).

During the first half of the year easyJet delivered strong underlying trading, benefitting from our own and market capacity consolidation from October to February, particularly in the UK and Germany. Our revenue 'self-help' initiatives carried over from 2019, such as our focus on leveraging data to optimise yield and load factor, and maximising late yield performance, meant that, in spite of the initial impact of COVID-19 through March, first half results showed improved revenue performance with Airline revenue per seat increasing 10.2% at constant currency, and load factors 0.2 percentage points higher at 90.3%.

However, the restrictions on travel imposed by governments in response to COVID-19 have had a devastating impact on air travel. We grounded our fleet for all but two weeks of the third quarter, and in the fourth quarter we operated less than 40% of our previously planned capacity.

During the fourth quarter, our dynamic capacity management and revenue forecasting allowed us to closely align to customer sentiment, whilst introducing market leading policies around flexibility and ability to change flights, giving customers the reassurance to book. Leveraging our focus on data, we were able to rapidly build new schedules, which allowed us to react to the latest demand trends. We also continued to adjust our ancillary models to optimise pricing in the COVID-19 environment.

However, as a result of the reduced flying and the significantly softer macro-level demand, Group revenue for the full year decreased by 52.9% to £3,009 million (2019: £6,385 million), and Airline revenue per seat for the year fell 10.6% to £54.35, and by 10.3% at constant currency.

HEADLINE COSTS EXCLUDING FUEL

Airline headline cost per seat excluding fuel increased by 29.3% to £55.94 (2019: £43.26) and increased by 30.2% at constant currency.

	2020		2019	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Operating costs and income				
Airports, ground handling and other operating costs	938	16.88	1,845	17.57
Crew	629	11.42	859	8.18
Navigation	206	3.74	409	3.89
Maintenance	278	5.04	302	2.88
Selling and marketing	107	1.70	157	1.50
Other costs	426	7.38	456	4.36
Other Income	(23)	(0.42)	(29)	(0.27)
	2,561	45.74	3,999	38.11
Ownership costs				
Aircraft dry leasing	1	0.02	5	0.05
Depreciation	485	8.81	484	4.61
Amortisation	18	0.30	15	0.14
Net finance charges	58	1.07	39	0.35
	562	10.20	543	5.15
Headline costs excluding fuel	3,123	55.94	4,542	43.26

OPERATING COSTS AND INCOME

Group headline costs excluding fuel were £3,123 million, a decrease of 31.2% or £1,419 million on the prior year. The new holidays business contributed £45 million to headline costs in 2020, mainly driven by marketing spend, headcount costs and costs directly related to holidays provided in the year.

Airline headline cost per seat excluding fuel increased by 29.3% to £55.94, and increased by 30.2% at constant currency. The majority of the headline cost per seat adverse variance was driven by the significantly reduced flown capacity in 2020 financial year resulting in fixed costs being spread over fewer flown seats. easyJet utilised the UK Coronavirus Job Retention Scheme, and similar schemes provided by governments across Europe, and this relief has been offset within employee costs. See note 27 for full details.

Group headline airports, ground handling and other operating costs decreased by 49.1% to £938 million. Airline cost per seat decreased by 4.0% to £16.88, and by 3.0% at constant currency driven by reduced load factors compared to last year.

Group headline crew costs decreased by 26.8% to £629 million, with Airline cost per seat increasing by 39.5% to £11.42, and by 40.1% at constant currency, partly driven by pre-agreed pay deals, but mainly reflecting significantly reduced productivity due to lower flying levels.

Group headline navigation costs decreased by 49.6% to £206 million, with Airline cost per seat decreasing by 4.0% to £3.74 and by 2.6% at constant currency, resulting from decreased rates.

Group headline maintenance costs decreased by 8% to £278 million, with Airline cost per seat increasing by 75.3% to £5.04, and by 76.9% at constant currency. In addition to the impact of reduced capacity, where fixed costs remain, there was a one-off catch up provision recognised in relation to future maintenance events required on our leased fleet, along with underlying increases in base maintenance costs.

Group headline other costs decreased by 7.2% to £426 million, with Airline cost per seat increasing by 70.0% to £7.38, and by 71.3% at constant currency. The significant driver in the increase in the cost per seat is a result of fixed costs being spread over lower flown capacity. In addition there was a loss on the sale of EU ETS (Emissions Trading System) assets in the year, and a number of write-offs as a result of ceasing certain projects to preserve cash in an uncertain macro environment.

OWNERSHIP COSTS

Group depreciation costs have remained broadly flat in the year at £485 million (2019: £484 million) primarily due to the application of the straight-line time-based deprecation policy on aircraft, which has not been impacted by our reduced flying in the year. Additional depreciation was incurred as a result of the annualisation of 22 new aircraft in the 2019 financial year and the acquisition of a further 14 aircraft in 2020. This was offset by lower maintenance related depreciation as a result of the reduction in flying volumes.

Group net finance charges have increased from £39 million in 2019 to £58 million in 2020, mainly due to increased interest payable from additional debt facilities and increased leased aircraft resulting in higher lease-related interest.

FUEL

	2020		2019	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Fuel	721	13.09	1,416	13.48

Group headline fuel costs of £721 million were £695 million lower than 2019. Airline fuel cost per seat of £13.09 was 2.9% lower than last year, and by 0.7% at constant currency.

During the year, the average market fuel price decreased by 11.8% to $575 per tonne from $652 per tonne last year. The operation of easyJet's fuel and US Dollar hedging meant that the effective fuel price movement saw an increase of 7% to £489 per tonne (2019: £458 per tonne).

The impact of the Sterling/US dollar exchange rate movement on fuel costs was £14 million favourable (2019: £54 million adverse).

The decrease in fuel costs also includes a benefit recognised in the year from settling the 2019 EU Emissions Trading System (EU ETS) liability primarily using free credits received during 2019 and 2020. easyJet participates in the EU ETS scheme which requires our carbon footprint to be offset by submitting carbon allowances to the relevant European Environment Agencies. easyJet receives certain free carbon allowances and purchases others from the market. In December 2019 easyJet purchased carbon credits with the intention of using these credits to settle the 2019 calendar year EU ETS liability. As a result of significantly reduced flying, easyJet sold some of these purchased carbon credits in March 2020 to realise cash, which resulted in an income statement loss on disposal of £12 million, recognised within Other costs. The sale of the assets resulted in a re-measurement of the liability which has reduced 2020 fuel costs in the income statement by £33 million.

The Group uses jet fuel derivatives to hedge against sudden and significant increases in jet fuel prices to mitigate volatility in the income statement in the short term. In order to manage the risk exposure, jet fuel derivative contracts are used in line with the Board approved policy to hedge between 65% and 85% of estimated exposures up to 12 months in advance, and to hedge between 45% and 65% of estimated exposures from 13 up to 24 months in advance.

As a result of the full grounding of the fleet and lower capacity flying experienced since, the Group's near term exposures for jet fuel and foreign currency were significantly reduced, causing a proportion of previously hedge accounted derivative financial instruments to be recorded as discontinued. These amounts have been recognised as a non-headline item.

During the year the Group paused jet fuel hedging for periods from April 2020 through to October 2021. Jet fuel hedging continues for later periods related to the 2022 financial year onwards.

NON-HEADLINE ITEMS

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

	2020		2019	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Impairment charge	(37)	(0.68)	–	–
Restructuring charge	(123)	(2.22)	–	–
Sale and leaseback gain	38	0.69	2	0.02
Brexit-related costs	–	–	(4)	(0.04)
Fair value adjustment	(311)	(5.69)	1	0.01
Commercial IT platform credit	–	–	2	0.02
Balance sheet foreign exchange (loss)/gain	(5)	(0.08)	2	0.02
Non-headline items before tax	(438)	(7.98)	3	0.03

Group non-headline loss before tax items of £438 million comprise:

- an impairment charge of £37 million as a result of placing 34 aircraft, which were nearing the end of their lease term, into storage and not using these again prior to their return to the lessor;
- a £123 million charge in relation to our restructuring programme launched in the second half of the year. The charge primarily relates to redundancy costs;
- a £38 million gain as a result of the sale and leaseback of 33 aircraft in the year (2019: £2 million gain as a result of the sale and leaseback of 10 A319 aircraft);
- a £0.4 million in relation to our Brexit-related preparation plans (2019: £4 million charge);
- a fair value adjustment relating to a £311 million net charge related to discontinued hedges (2019: £1 million gain due to hedge ineffectiveness); and
- a £5 million loss for balance sheet revaluations (2019: £2 million gain). This relates to foreign exchange gains or losses arising from the re-translation of monetary assets and liabilities held on the balance sheet.

SUMMARY NET DEBT RECONCILIATION

	2020 £ million	2019 £ million	Change £ million
Operating (loss)/profit	(899)	466	(1,365)
Depreciation and amortisation	503	499	4
(Decrease)/increase in unearned revenue	(455)	105	(560)
Other net working capital movement	263	13	250
Net capital expenditure	(695)	(984)	289
Net proceeds from sale and leaseback of aircraft	702	121	581
Repayment of capital element of leases	(230)	(174)	(56)
Increase in lease liabilities	(132)	(47)	(85)
Loss on disposal of intangibles, property, plant and equipment	(30)	–	(30)
Commercial IT platform credit	–	(2)	2
Net tax received/(paid)	13	(58)	71
Net (increase)/decrease in restricted cash	(15)	7	(22)
Other (including the effect of exchange rates)	(112)	112	(224)
Net proceeds from issue of ordinary share capital	409	–	409
Purchase of own shares for employee share schemes	(7)	(16)	9
Ordinary dividend paid	(174)	(233)	59
Net increase in net debt	(799)	(191)	(608)
Net (debt)/cash at closing of the prior year	(326)	396	(722)
IFRS 16 implementation impact at 1 October 2018	–	(531)	531
Net debt at the beginning of the year	(326)	(135)	(191)
Net debt at end of year	(1,125)	(326)	(799)

Net debt as at 30 September 2020 was £1,125 million (30 September 2019: net debt £326 million) and comprised cash and money market deposits of £2,316 million (30 September 2019: £1,576 million), debt of £2,731 million (30 September 2019: £1,324 million) and lease liabilities of £710 million (30 September 2019: £578 million).

Debt increased by £1,407 million (of which £987 million due within one year) mainly as a result of securing two term loans totalling circa £400 million, issuing £600 million of Commercial Paper through the Covid Corporate Financing Facility (CCFF), and fully drawing down on a $500 million Revolving Credit Facility.

Unearned revenue decreased by £455 million reflecting reduced forward flying capacity and softer macro-economic demand resulting in lower booking levels. Upon cancellation of a flight, the associated unearned revenue balance is transferred from unearned revenue into trade and other payables to be classified as a financial liability until it is refunded to, or rebooked by a passenger.

The movement in Other net working capital of £263 million primarily relates to the increase in trade payables due to the transfer of a proportion of the unearned revenue balance into trade and other payables, as explained above, the optimisation of supplier payments and movements in the value of derivative financial instruments.

Net capital expenditure decreased by £289 million, and includes final delivery payments for the acquisition of 14 aircraft (2019: 22 aircraft), the purchase of life-limited parts used in engine restoration, and pre-delivery payments relating to aircraft purchases. The number of aircraft in the fleet increased from 331 as at 30 September 2019 to 342 as at 30 September 2020, which includes the 34 leased aircraft placed into storage.

Net proceeds of £702 million were received as a result of the sale and leaseback of 33 aircraft in the year (2019: £121 million).

Lease liabilities and capital repayments on lease liabilities have both increased during the year. This is driven by the increased sale and leasebacks completed in the year of 33 (2019: 10).

easyJet received corporation tax repayments totalling £13 million during the period (2019: £58 million payments).

The £224 million movement in Other includes a £111 million movement in FX (£61 million loss in 2020 compared to a £50 million gain last year).

New ordinary shares were issued during the 2020 financial year which equated to around 14.99% of the existing share capital. This share issue was transacted via an equity placing and raised £409 million net of associated costs.

easyJet paid a final dividend for the year ended 30 September 2019 of 43.9 pence per share on 20 March 2020. The payment of the dividend became legally binding following approval by shareholders at the Annual General Meeting on 6 February 2020, before the outbreak of COVID-19 in Europe.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 £ million	2019 £ million	Change £ million
Goodwill and other non-current intangible assets	597	561	36
Property, plant and equipment (excluding RoU assets)	4,409	4,661	(252)
Right of use (RoU) assets	644	502	142
Derivative financial instruments	(327)	63	(390)
Equity investments	33	48	(15)
Other assets (excluding cash and money market deposits)	364	542	(178)
Unearned revenue	(614)	(1,069)	455
Trade and other payables	(1,242)	(1,050)	(192)
Other liabilities (excluding debt)	(840)	(947)	107
Capital employed	3,024	3,311	(287)
Cash and money market deposits*	2,316	1,576	740
Debt (excluding lease liabilities)	(2,731)	(1,324)	(1,407)
Lease liabilities	(710)	(578)	(132)
Net debt	(1,125)	(326)	(799)
Net assets	1,899	2,985	(1,086)

* Excludes restricted cash

Since 30 September 2019 net assets have decreased by £1,086 million. This reflects the loss for the year, the adverse mark-to-market movement in jet fuel forward contracts, and increased net debt.

Goodwill and other intangible assets have increase predominately due to the acquisition of ex-Thomas Cook slots at Gatwick Airport and Bristol Airport for £36 million.

The net book value of property, plant and equipment excluding right of use assets, has decreased by £252 million due to the sale and leaseback of 33 aircraft during the year and depreciation more than offsetting the acquisition of aircraft and pre-delivery payments relating to future aircraft purchases.

At 30 September 2020, right of use assets amounted to £644 million. Leases amounted to £710 million (2019: £578 million) which reflects additions during the year as a result of aircraft sale and leasebacks, as well as the impact of the impairment of 34 leased aircraft, lease payments and extensions.

There has been a £390 million movement on net derivative financial instruments with a closing net liability balance of £327 million (2019: £63 million asset). This movement is largely due to mark-to-market losses on jet fuel contracts and foreign exchange derivatives where a proportion of in-the-money USD trades have matured during the year. This loss was partially offset by a gain on cross-currency interest rate swaps.

The equity investment of £33 million (2019: £48 million) represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited, which has a shareholding of 41.9% in NATS Holdings Limited – the provider of UK air traffic control services for the UK. This investment is held at fair value, with movements recognised in other comprehensive income.

Other assets have decreased by £178 million, mainly driven by lower trade and other receivables as a result of less activity, and lower carbon credits which were used in the year to settle the 2019 Emissions Trading System (ETS) liability.

Unearned revenue decreased by £455 million reflecting reduced forward flying capacity and softer macro-economic demand resulting in lower booking levels. Upon cancellation of a flight, the associated unearned revenue balance is transferred from unearned revenue into trade and other payables to be classified as a financial liability until it is refunded to or rebooked by a passenger.

Trade and other payables have increased by £192 million mainly as a result of flight cancellations where the customer balance has been transferred from unearned revenue to be classified as a financial liability, as above, partially offset by lower volumes as a result of reduced flying.

Other liabilities have decreased by £107 million, mainly driven by a reduced deferred tax liability more than offsetting an increase to the maintenance and restructuring provision. Other liabilities also include a £45 million post-employment benefit obligation in relation to a Swiss retirement benefit scheme (2019: £47 million).

Debt has increased by £1,407 million mainly as a result of securing two term loans totalling circa £400 million, issuing £600 million of Commercial Paper through the Covid Corporate Financing Facility (CCFF), and fully drawing down on a $500 million Revolving Credit Facility.

KEY STATISTICS

OPERATING MEASURES	2020	2019	Increase/ (decrease)
Seats flown (millions)	55.1	105.0	(47.5%)
Passengers (millions)	48.1	96.1	(50.0%)
Load factor	87.2%	91.5%	(4.3ppt)
Available seat kilometres (ASK) (millions)	62,380	116,056	(46.3%)
Revenue passenger kilometres (RPK) (millions)	58,914	107,741	(45.3%)
Average sector length (kilometres)	1,132	1,105	2.4%
Sectors	311,477	605,899	(48.6%)
Block hours ('000)	613	1,184	(48.2%)
Number of aircraft owned/leased at end of year	342	331	3.3%
Average number of aircraft owned/leased during year	337	322	4.7%
Number of aircraft operated at end of year	157	317	(50.5%)
Average number of aircraft operated during year	237	297	(20.2%)
Operated aircraft utilisation (hours per day)	5.0	10.9	(54.1%)
Number of routes operated at end of year	981	1,051	(6.7%)
Number of airports served at end of year	154	159	(3.1%)

FINANCIAL MEASURES			
Total return on capital employed	(23.0%)	11.4%	(34.4ppt)
Headline return on capital employed	(19.9%)	11.4%	(31.3ppt)
Liquidity per 100 seats (£m)	4.0	3.6	11.1%
Airline total (loss)/profit before tax per seat (£)	(22.66)	4.10	(651.2%)
Airline headline (loss)/profit before tax per seat (£)	(14.68)	4.07	(460.7%)
Airline total (loss)/profit before tax per ASK (pence)	(2.04)	0.37	(651.4%)
Airline headline (loss)/profit before tax per ASK (pence)	(1.34)	0.37	(462.2%)
Revenue			
Airline revenue per seat (£)	54.35	60.81	(10.6%)
Airline revenue per seat at constant currency (£)	54.52	60.81	(10.3%)
Airline revenue per ASK (pence)	4.82	5.50	(12.4%)
Airline revenue per ASK at constant currency (pence)	4.84	5.50	(12.0%)
Airline revenue per passenger (£)	62.61	66.47	(5.8%)
Airline revenue per passenger at constant currency (£)	62.80	66.47	(5.5%)
Costs			
Per seat measures			
Airline headline cost per seat (£)	69.03	56.74	21.7%
Airline non-headline cost/(income) per seat (£)	7.98	(0.03)	–
Airline total cost per seat (£)	77.01	56.71	35.8%
Airline headline cost per seat excluding fuel (£)	55.94	43.26	29.3%
Airline headline cost per seat excluding fuel at constant currency (£)	56.33	43.26	30.2%
Airline total cost per seat excluding fuel (£)	63.92	43.23	47.9%
Airline total cost per seat excluding fuel at constant currency (£)	63.99	43.23	48.0%
Per ASK measures			
Airline headline cost per ASK (pence)	6.16	5.13	20.0%
Airline non-headline cost per ASK (pence)	0.70	–	0.0%
Airline total cost per ASK (pence)	6.86	5.13	33.7%
Airline headline cost per ASK excluding fuel (pence)	5.01	3.91	28.1%
Airline headline cost per ASK excluding fuel at constant currency (pence)	5.11	3.91	30.7%
Airline total cost per ASK excluding fuel (pence)	5.71	3.91	46.0%
Airline total cost per ASK excluding fuel at constant currency (pence)	5.79	3.91	48.1%

GOING CONCERN AND VIABILITY STATEMENT

ASSESSMENT OF PROSPECTS

The strategic report set out on pages 2 to 77 sets out the activities of the Group and the factors likely to impact its future development, performance and position. The Finance Review sets out the financial position of the Group, cash flows, liquidity position and borrowing activity as outlined on pages 36 to 62. The notes to the accounts include the objectives, policies and procedures for managing capital, financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk.

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

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

- The strategic plan – which takes into consideration market conditions, future commitments, cash flow, funding requirements and maturity of existing financing facilities
- The fleet plan – the plan retains some flexibility to adjust the size of the fleet in response to opportunities or risks
- Strength of the balance sheet and unencumbered assets – this sustainable strength gives us access to capital markets
- Brexit trade deal planning – with a multi-AOC structure already in place and a regular Brexit steering group, easyJet is well prepared for a no deal Brexit
- Risk assessment – see detailed risk assessment on pages 66 to 77

IMPACT OF COVID-19

The impact of the global COVID-19 pandemic has created a level of uncertainty in the airline industry which has been significant and far reaching. easyJet's response to the pandemic has been quick and decisive in order to reduce costs and maximise cash retention, with liquidity and cost control continuing to be a key focus. The easyJet flying programme continues to evolve, factoring in customer demand and travel restriction guidance, in order to target positive contribution. The long term easyJet business model is robust, as demonstrated by the strong financial position before the pandemic. The consolidated easyJet plc Group continues to maintain unencumbered aircraft worth in excess of £1.9 billion, and a large and valuable slot portfolio.

easyJet has taken several measures to preserve cash, reduce costs and generate liquidity. These include signing two secured term loans totalling circa £400 million, issuing £600 million of Commercial Paper through the Covid Corporate Financing Facility (CCFF), and fully drawing down on a $500 million Revolving Credit Facility, which is secured against aircraft assets. Between June and September 2020, easyJet raised £608 million through the sale and leaseback of 23 aircraft and continues to engage with an active lessor market interested in acquiring further aircraft from our fleet on a sale and leaseback basis. Since 30 September further sales and leasebacks have been undertaken raising a further £717 million. In June 2020, easyJet also successfully raised net proceeds of £409 million through an equity placing of new shares. In total, easyJet has now raised more than £3.1 billion of cash since April 2020 to protect against the impact of COVID-19. easyJet has also taken decisive action to remove cost and non-critical expenditure from the business at every level. This includes delaying delivery of 24 aircraft. To reflect the reduced fleet, and proposals relating to the optimisation of our network and bases, easyJet is well progressed in a process to reduce staff numbers by up to 30%.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. easyJet has modelled a base case representing management's best estimation of how the business plans to increase flying which assumes a phased increase to the schedule over the forecast period, returning to the 2019 financial year levels by the end of the 2023 financial year.

STRESS TESTING

The corporate risk management framework facilitates the identification, analysis, and response to plausible risk, including emerging risks as our business evolves, in an increasingly volatile environment. Through our corporate risk management process, a robust assessment of the principal risks facing the organisation has been performed (see pages 66 to 77 in the strategic report) along with the controls and mitigations.

Due to the extreme level of uncertainty created by the global COVID-19 pandemic, there remains a risk that multiple and prolonged waves of the pandemic could affect our markets, leading to travel restrictions being imposed at short notice and reducing customer confidence in travel. Accordingly, easyJet has considered severe but plausible downside scenarios based on the potential impact of risk factors on the Group's future performance and liquidity, including combinations of a prolonged recovery period, decrease in forecast yields, increase in forecast costs, planned initiatives not being fully achieved, cash collateralisation of unearned revenue by card acquirers, adverse variations in fuel price, and unfavourable foreign exchange rate movements (see overleaf for results).

Individually these potential risks are unlikely to require significant additional management actions to support the business. The combination of some or all of these potential risks, or if the impact of the pandemic is significantly more prolonged or severe than modelled by the Directors, will result in management action being required to secure ongoing liquidity for the business.

GOING CONCERN STATEMENT

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described below, and based on the current funding facilities outlined, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements.

Although the combination of severe but plausible downside potential risks are not considered likely, in the event that some or all of these occur the Group may need to secure additional funding to ensure the business meets its obligations for the next 12 months, which is not contractually committed at the date of this report. Sources of additional funding include the use of unencumbered aircraft to support further financing.

However, the occurrence of multiple downside potential risks, including cash collateralisation of unearned revenue by card acquirers and easyJet's ability to obtain additional funding represents a material uncertainty at 17 November 2020 that could cast significant doubt upon the Group's ability to continue as a going concern.

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

VIABILITY STATEMENT

Based on the assessment performed, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all liabilities as they fall due up to September 2023. In making this statement, the Directors have made the following key assumptions:

1. easyJet has access to a variety of funding options including capital markets, aircraft financing and bank or government debt. The downside stress testing demonstrates there are situations which could occur where easyJet will require additional funding or renew existing funding, which is not yet committed, in order to retain liquidity.
2. In assessing viability, it is assumed that the detailed risk management process as outlined on pages 66 to 77 captures all plausible risks, and that the mitigating actions are implemented on a timely basis and have the intended impact.
3. The impact of COVID-19 is not more prolonged or significant than the severe but plausible downside stress testing performed. More severe scenarios, either through multiple risks occurring concurrently or risks which are not able to be mitigated by management actions to the extent expected, do not occur.
4. There will not be another prolonged grounding of a substantial portion of the fleet.
5. The terms between the United Kingdom and the European Union are such that easyJet will be able to continue to operate over broadly the same network as at present.

Risk theme	Impact on viability	Risks considered	Management action and Board considerations
Asset efficiency and effectiveness	• Unavailability of slots or partial fleet • Supply chain challenges • Single fleet supplier	• Reduction in total revenue of 10% • Inefficient use of aircraft • Loss of market share	• Work closely with Airbus to retain some flexibility in fleet planning • Robust effective cross functional governance structures
Environment and sustainability	• Increased operational disruption caused by extreme weather patterns • Future environmental legislation • Reputational damage • Increased CO_2 emissions	• Closure of existing ETS scheme • Increase in disruption cost by 20% on forecast • Increased cost of carbon offsetting and introduction of eco-taxes	• Sustainability strategy and governance structure implemented • Disruption management measures • Emission reduction or offset programmes • Work with relevant industry bodies and stakeholders • More fuel efficient A320 and A321neo's and investing in electric plane initiatives
Legislative/ regulatory landscape	• Brand licence impact • Failure to comply with requirements	• Loss of brand licence • Sustained adverse media coverage leading to reduction in revenue of 10% • Significant spike in costs operationally	• Regular engagement with easyGroup holdings and proactive management of brand-related issues • Compliance framework in place including mandatory training
Macro-economic and geopolitical	• Supply/demand imbalance including slower recovery from COVID-19 • Refinancing risk and access to alternative financing • Market price risk: increase in fuel price, foreign exchange rates, carbon prices and inflation rates • Restrictions in Europe following Brexit • Loss of investment grade credit rating	• Revenue reduction of 10% representing a slower return to previous flying levels to beyond 2023 financial year. Impact of management initiatives • Modelling alternative funding options including access to capital markets, extension and replacement of existing financing based on maturity of borrowings • Fuel sensitivities from \$450 to \$650/MT, adverse foreign exchange rate movement by 30% and fluctuating carbon prices. Cost inflation estimates increased up to 3% • Brexit sensitivities modelling including reduction in revenue and increased costs • Access to capital markets, negative impact on working capital and higher financing costs	• Strategic planning to ensure flying schedules are responsive to demand and contribution positive • Consideration of various sensitivities and stress testing to the forecast presented to the Board on an on-going basis • Review funding requirements and opportunities in scenarios considered • Finance Committee regular monitoring of hedging policies to reduce exposure to market price exposures for fuel and foreign exchange • Brexit steering group in place, continually monitoring new developments and implementing actions where necessary • Regular reviews with credit rating agencies and strong relationships with suppliers
People	• Industrial action • Talent recruitment and retention within the Group	• Operation disruption and increase of costs • Sustained inability to deliver strategic initiatives by up to 100%	• Positive and on-going relationship with trade unions and employee workforce • Regular employee surveys and action groups to focus on wellbeing, talent and retention • Nominations committee considers the structure, size and composition of the Board including succession planning
Safety, security, and operations	• Major safety or security incident • Biosecurity measures	• Operational disruption and increase of costs • Significant media coverage and reduction in future revenue • Fines/regulatory sanctions • Reduction in revenue of 10%	• easyJet Safety Board meet monthly • Functional Safety Action Groups in place across the business • Hull and Liability insurance in place • Biosecurity measures are responsive to latest COVID-19 information and guidance
Technology and cyber	• Failure of critical technologies • A significant cyber attack • Data breach	• Material legal and settlement costs • Immediate loss of website and reduction in revenue • Reduction in revenue of 10%	• Regular Board updates on Cyber Security • Dedicated Information Security team • Ongoing monitoring of critical technologies and interdependencies • IT governance structure • IT major incident management team • Cross functional committee to address customers legal and regulatory concerns

RISK MANAGEMENT

OUR CORPORATE RISK MANAGEMENT FRAMEWORK

The Group faces a number of risks which, if they materialise, could impact its ability to meet its strategic objectives. Conducting risk assessments and implementing mitigating actions and controls is vital to achieving the Group's strategy. The easyJet Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, its risk appetite, and maintaining the Group's systems of internal control and risk management systems. The Board has delegated aspects of this to the Audit Committee. The team ensures a robust process is in place for assessing the company's emerging and principal risks.

Corporate risk management activities are coordinated by the Risk and Assurance team, which reports to the Chief Financial Officer, as well as having a direct reporting line to the Chair of the Audit Committee.

During 2020, a new corporate risk management framework was presented to and approved by the Airline Management Board. This built on the existing qualitative framework with the addition of quantitative assessments of both our Principal and Emerging Risks. The addition of a quantitative element will allow the Board to prioritise the allocation of capital effectively when addressing risk. There are three key components to this framework which are detailed below. Implementation of the relaunched framework will continue through to 2021.

SCENARIO ANALYSIS

Specific scenarios that are of the greatest concern to easyJet will be identified and analysed by the Board. This will include developing a set of associated metrics that will enable the Board to track the success of the programme. The analysis will be reviewed on a periodic basis to ensure it considers changes to the principal risks and identifies emerging risks.

QUANTIFICATION

As with any effective risk management process, it must be based on objective data and evidence. The Board will therefore use precedent based evidence to model and quantify the impact of each of these scenarios on the Group's strategy. This evidence will be used to consider the impact of emerging risks and will allow the Board to determine the most appropriate mitigations.

EVALUATION

In order to maintain and develop engagement, and align with the UK Civil Aviation Regulator, the Group will continue to adopt the bow-tie methodology to evaluate risks, mitigation strategies and controls. Bow-ties place the risk event at the centre, and users set out causes and consequences, along with the mitigations and controls that may limit the probability or effect of the risk event. The same bow-tie methodology will be applied to emerging risks, to ensure a standardised risk management approach is applied as the risk emerges, is treated and either ceases or forms part of our principal risks.

The Board carries out a detailed risk management process to ensure that risks are identified and mitigated where possible. Whilst easyJet can monitor risks and prepare for adverse scenarios, the ability to affect the core drivers of many risks is not within the Group's control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

OUR RISK PROFILE

The principal risks and uncertainties faced by the Group remain largely unchanged from 2019 and include the following types of risks:

- **Impact of COVID-19** – the impacts of government imposed travel restrictions in response to the COVID-19 pandemic, including their effects on consumer demand, the competitive landscape, and the financial markets (see page 67)
- **Asset efficiency and effectiveness** – making the best use of capacity/slots and fleet mix in the right airports at the right prices, and driving value through our supply chain
- **Environment and sustainability** – the impacts of climate change on our business and operations, carbon credit programmes, regulation/ taxation, and changing customer and people expectations
- **Legislative/regulatory landscape** – being aware of, and compliant with, legislation and regulation affecting our business
- **Macro-economic and geopolitical** – events that can affect our financial performance including supply/ demand imbalance, general economic trends, Brexit (see page 68), as well as impact of fuel cost, foreign exchange rates, and counterparty performance
- **People** – having the right people through talent acquisition, retention, engagement, and succession planning
- **Safety, security, and operations** – the delivery of a safe and secure operation which meets the needs and expectations of our customers
- **Technology and cyber** – the availability, security, compliance and performance of website and critical technologies, and the protection of company and customer data including the impact of the data breach announced in May 2020 (see page 68).

As with all businesses, our principal risks and uncertainties are continually evolving.

IMPACT OF COVID-19

The impact the COVID-19 pandemic continues to evolve. Travel restrictions continue to be imposed by governments across our markets. Due to these restrictions, a portion of the easyJet fleet has remained grounded since 30 March 2020. The risks and uncertainties, stated in the first half of our 2020 financial year results, remain and continue to be actively managed:

In order to manage both high levels of volatility in demand and to protect the business from the risk of heavily loss making flying, we have put into place a dynamic planning and capacity management process over summer 20 and winter 20/21. This allows the review of planned capacity at three key intervals:

1. Six weeks prior to departure: On sale capacity is reduced significantly to remove the majority of loss making capacity. This is the biggest capacity modification.
2. Four weeks prior to departure: A further check is conducted on the forecast performance of the capacity that is left with further underperforming capacity removed at this point.
3. Three weeks prior to departure any flights with a very low load factor are removed.

Ensuring the safety of our passengers and people is, and always will be, easyJet's highest priority. Whilst the rate of transmission of COVID-19 decreased from the peaks seen earlier in 2020, there continue to be new cases of infection in many countries and the rates have been increasing since the summer. The measures implemented by easyJet are based on our risk assessments and government, WHO, EASA, ICAO and public health guidance. easyJet has a comprehensive set of biosecurity standards in place to minimise the risk of transmission of infectious diseases which have been developed and are constantly under review by our Biosecurity Standards Group. These include all of our aircraft having industry leading filtration systems, to keep the cabin air as clean as possible. We have also implemented additional daily cleaning and disinfection of our aircraft. Furthermore, passengers and crew are required to wear masks on board all our flights.

Due to the extreme level of uncertainty created by the global COVID-19 pandemic, there remains a risk that multiple and prolonged waves of the pandemic could affect our markets, leading to further travel restrictions being imposed at short notice, which could reduce customer confidence in travelling at this time. Accordingly, easyJet has modelled severe but plausible downside scenarios based on further extended waves of the pandemic. These downside scenarios include combinations of a prolonged recovery period, decrease in yield, increased in forecast costs, planned cost initiatives not being achieved to the level forecast, adverse variations in fuel price, significant deterioration of relationships with card acquirers, cash collateralisation and unfavourable foreign exchange rate movements. Although these severe downside scenarios are not considered likely, in the event of some or all of these occurring, and to ensure the business meets its obligations for the next 12 months, the Group may need to secure additional funding, which is not contractually committed at 30 September 2020.

easyJet has taken several measures to preserve cash, reduce costs and generate liquidity. These include signing two secured term loans totalling circa £400 million, maturing in 2022. We have also successfully issued £600 million of Commercial Paper through the Covid Corporate Financing Facility (CCFF) as well as fully drawing down on a $500 million Revolving Credit Facility. This facility is secured against aircraft. In the second half of the financial year, easyJet raised £608 million through the sale and leaseback of 23 aircraft. Furthermore, during the 2021 financial year, easyJet continues to engage with an active lessor market interested in acquiring further aircraft from easyJet's fleet on a sale and leaseback basis, including a recently announced sale of 30 additional aircraft for proceeds of £717 million. In June 2020, easyJet also went to the equity market and successfully raised £409 million through a placing of new shares. In total, between March and September 2020, easyJet has secured more than £2.4 billion to protect it against the impact of COVID-19. easyJet continues to take decisive action to remove cost and non-critical expenditure from the business at every level. This includes reaching agreement with Airbus to delay the delivery of 24 aircraft, with easyJet now expecting its year end 2021 fleet size to be around 302 aircraft.

easyJet utilised Government support available across its network to furlough employees. To reflect the reduced fleet, and proposals relating to the optimisation of our network and bases, easyJet announced that it may need to reduce staff numbers by up to 30% subject to consultation with its employee representatives; several of those consultation processes are ongoing. During the organisation design process, the Group has considered the critical skills and capabilities needed to ensure it remains successful in the future. As easyJet progresses through the consultation process, there is a heightened risk of industrial action that may disrupt our operations.

In light of the global pandemic, the market for aircraft transactions has slowed significantly. However, asset recoverable amounts remain, based on value in use, in excess of the carrying values as at 30 September 2020. Management will continue to keep these valuations under review.

The significant increase in employees working at home has increased our IT and information security risks. We have an ongoing communication and awareness programme to remind all users of the associated risks, and have issued advice on secure home-working best practices. We have also changed our multi-factor authentication and password complexity controls to reflect changing IT Security threats. Furthermore a comprehensive wellbeing support microsite was launched to support people to work remotely as well as manage the personal impact of COVID-19.

To help mitigate the risks from working from home, and meet our duty of care obligations, our Occupational Health and Safety team has issued guidance and a method of self-assessment to support employees. This includes information on how to correctly set up a home working environment and the need to take regular breaks. Those who are identified through this process as needing additional support due to health and safety concerns are being supported, and provided with equipment, as required.

Further support is being given to employees as the Group moves to a position where working from home is regularly required via our Remote Working Policy. This includes a support package to help facilitate a better, more productive homeworking environment. The policy also details support given via our Employee Assistance Programme (EAP) and the #YOUMATTER initiative, which helps to support our employee's wellbeing.

BREXIT

easyJet preparations for the Brexit trade deal continue and the plan has not changed. The focus remains ensuring that our network is unaffected by Brexit and that our operations are uninterrupted by any eventual Brexit trade deal outcome, including a no deal exit. The cross functional Brexit programme continues to oversee Brexit planning, led by the Group General Counsel & Company Secretary. The Board has also had oversight of the preparations and is regularly briefed.

easyJet has in place a series of measures to protect our flying rights regardless of the Brexit trade deal outcome, these included:

- Implementing a new operating model, with easyJet operating as a pan-European airline group with three operating airlines: in Austria, Switzerland and the UK. This will ensure we can continue to maintain our network after Brexit
- Ensuring that we meet the requirements that EU airlines are majority EU27 owned and controlled, through our investor relations programme and, if needed, activating our contingency plan that could involve suspending a small number of shareholders' voting rights
- Ensuring that our operation is robust to the UK leaving EASA, the European Aviation Safety Agency, including transferring our EU27 based pilots to Austrian pilot licences and ensuring we have sufficient pilots and cabin crew of EU27 nationality
- Continuing to engage with European governments, aviation regulators and the European Commission on Brexit issues

Of particular focus has been ensuring that easyJet is robust to a no deal Brexit outcome and that flights are able to continue between the EU and the UK.

To further support the robustness of our operation to a no deal outcome we have invested in operational measures to ensure that there is no reliance on EU/UK trading links in case these are disrupted, including putting in place stores for spare parts within the EU27.

A no deal Brexit carries potential financial risks for instance from changes in airport and tax charging structures and any unexpected outcomes. Alongside this there remains uncertainty about the economic effects of a no deal Brexit.

IMPACT OF DATA BREACH

On 19 May 2020, easyJet announced that it had been the target of a cyber attack from a highly sophisticated source. The attacker had access to the email address and booking details which had been input by approximately nine million bookers and, for a very small subset of customers (2,208), payment card details. The Information Commissioner's Office (ICO) has opened an investigation into the cyber attack. A class action law firm has filed a group claim against easyJet in the English High Court and claims have also been commenced or threatened in certain other courts and jurisdictions. The likely outcome and potential impact on easyJet of the investigation by the ICO, and the claims, are subject to a number of significant uncertainties and, therefore, any assessment of the likely outcome or quantum cannot be made at the date of this disclosure.

ASSET EFFICIENCY AND EFFECTIVENESS

We maintain our competitive cost advantage by making the best use of capacity/slots and fleet mix in the right airports at the right prices, and driving value through our supply chain.

AIRPORT INFRASTRUCTURE

Flying to primary airports is an important element of our customer proposition. The airports to which we fly may already be or may become congested.

Potential causes

- Increased competitor capacity
- Environmental restrictions/ pressure restricting airport expansions
- Delays in airport infrastructure expansion
- Increase in airport charges
- Changes in regulation
- Ineffective slot management

Potential consequences

- Weakened customer proposition
- Loss of market share
- Inefficient use of crew/aircraft
- Significant increase in costs

Controls and mitigations

- Where easyJet is affected by industrial action or other service interruption by a key supplier, resources are deployed to manage this as effectively as possible
  See the significant operational disruption risk on page 76 for further details
- Sophisticated processes and systems to ensure slot transactions are made in an efficient and effective manner.
- Effective cross-functional governance to ensure optimal business decisions are made
- easyJet closely monitors airport capacity through a dedicated airport development team. The team works with airports to ensure the development of appropriate capacity for easyJet in a cost efficient and timely manner
- Managing aircraft gauge to improve our ability to grow

CONTINUITY OF SERVICES

easyJet is dependent on a mixture of critical IT systems and processes, employees, buildings/ facilities and third-party suppliers. A loss of one or more of the above components could lead to significant disruption to operations and could have an adverse reputational, financial or legal impact.

Potential causes

- Failure of critical IT system
- Destructive cyber-attack (i.e. ransomware)
- Significant external incident (terrorism, weather, activism)
- Failure of third-party
- Industrial action

Potential consequences

- System unavailability for customers and/or staff
- Inability to access key buildings/ facilities
- Unavailability of critical staff
- Reliance on inadequate supplier recovery plans
- Operational disruption
- Brand/ reputation impact
- Sustained adverse media coverage

Controls and mitigations

- The four key areas of business resilience (IT and processes, people, premises, and suppliers) all form part of easyJet's functional business and airport Business Continuity Plans
- Critical IT systems are identified with ongoing efforts to match the business needs with recovery capabilities. The risk of system unavailability is now mitigated further, thanks to the adoption of the cloud, in addition to easyJet's two data-centres
- Incident Management and Resilience teams are in place and ready to respond to any IT related incident
- Time-critical staff have been identified via Business Impact Assessments and Business Continuity Plans, with regularly tested recovery desks allocated at alternate locations should the usual place of work be unavailable. An increased provision of laptops and tablets also enables greater mobility and remote ways of working
- Enhanced procurement processes include risk assessments aligned with business objectives. These require relevant third parties to have their own Business Continuity/Disaster Recovery plans and we are implementing a process to review a sample of these each year
- Maintain close working relationships with key stakeholders including, but not limited to, airport authorities and slot coordinators lobbying where appropriate

CHANGE IN RISK

Increase No change Decrease

ASSET EFFICIENCY AND EFFECTIVENESS CONTINUED

NON-DELIVERY OF STRATEGIC INITIATIVES

The business continues to undertake a number of initiatives to support its strategy.

Potential causes
- Resource dedicated to change delivery and oversight
- Changes in organisation's priorities (may be driven by internal or external factors)
- Scope change/time available

Potential consequences
- Business benefits not realised
- Financial underperformance
- Inefficient use of resource

Controls and mitigations
- Complex, large-scale programmes have been initiated, prioritised and are managed through the Project Management Office
- A project management framework, which sets out approval processes, governance requirements, and key ongoing processes and controls, is followed by all projects and programmes, and reviews are undertaken to ensure continuous improvement in this approach
- Each strategic initiative has an executive sponsor from the AMB and its own steering group which provides oversight and challenge to the project, monitors progress against programme objectives and ensures that decisions are made at the appropriate level
- Key strategic initiatives are managed by experienced programme managers, complemented by appropriate subject matter specialist resource where appropriate
- A Project Management Office is in place to oversee delivery of projects and programmes, including the allocation of support resource, budget tracking and realisation of benefits
- The executive sponsor provides routine updates to the AMB and can use this as an escalation channel for any issue resolution
- The Board also receives updates on key strategic initiatives including any risks or issues associated with their delivery
- The Internal Audit function provides independent programme assurance over our most significant initiatives, drawing upon independent subject matter expertise where appropriate

SINGLE FLEET SUPPLIER

easyJet is dependent on Airbus as its sole supplier for aircraft. The Board considers that the efficiencies achieved by operating a single fleet type outweigh the risks associated with easyJet's single fleet strategy.

Potential causes
- Delays in the delivery of new aircraft
- Technical/mechanical issues
- Fluctuating second-hand market

Potential consequences
- Schedule reductions/cancellations
- Grounding of all/part of the fleet
- Loss of customer confidence
- Financial impact when aircraft leave the fleet

Controls and mitigations
- There are approximately 8,672 A320 family (A319, A320, A321) aircraft operating, with a proven track record for safety and reliability
- Introduction of the A320neo in part mitigates this single fleet supplier risk as the aircraft is equipped with a different engine type
- easyJet continues to work closely with Airbus to ensure full visibility of the delivery schedule for new aircraft. In the event that there are material delays, appropriate mitigation is put in place; for example short-term wet lease arrangements are used to minimise any operational impact
- easyJet operates a rigorous established aircraft maintenance programme. Maintenance schedules are approved by the relevant regulatory body
- easyJet regularly reviews the second-hand-market and has a number of different options when looking at fleet exit strategies. Sale and leaseback facilitates the exit of aircraft from the fleet by transferring residual value risk, and also provides flexibility in managing the fleet size

ENVIRONMENT AND SUSTAINABILITY

The impacts of climate change on our business and operations, carbon credit programmes, regulation/taxation, and changing consumer and colleague expectations. easyJet's promise in Our Strategy is to be a safe and responsible airline. This is what guides our approach to sustainability, whether that be related to climate change, health and safety, diversity, or employee engagement. More information is in the Sustainability section on page 36.

CARBON TRADING SCHEMES Adverse changes to carbon trading schemes, including the existence and/or cost of the scheme.	**Potential causes** • Political change • Uncertainty driven by Brexit • International alignment • External pressure groups **Potential consequences** • Closure of existing scheme • Loss of free allocations, leading to significant cost impact • Introduction of new schemes • Inability to hedge in line with fuel policy	**Controls and mitigations** • easyJet influences future and existing policy and regulations which affect the airline industry through a number of different channels, including working with relevant industry bodies to assist in this • easyJet looks to optimise fuel usage to reduce emissions and therefore reduce the potential impact of those schemes, for example ensuring optimal routings as well as using climb, descent and landing techniques to improve efficiency • easyJet has an appropriate hedging strategy (to the extent possible)
CLIMATE CHANGE Weather patterns including, but not limited to, winds, storms, extreme temperatures, are becoming increasingly difficult to predict.	**Potential causes** • Increased CO_2 emissions **Potential consequences** • Adverse customer experience • Injury to customers • Operational disruption (including airspace and runway closures) • Aircraft damage • Customers consider alternatives to air travel	**Controls and mitigations** • easyJet continues to bring Airbus neo aircraft into its fleet which are significantly more fuel efficient than the standard variant • easyJet offsets the carbon emissions from the fuel used on every plan flown • easyJet implements a range of fuel and carbon saving initiatives, for instance operating flights at high load factors and using only one engine when taxiing on the ground • Disruption management measures include advanced winter planning, standby crews and aircraft, as well as the continual review of flight plans to ensure the optimal routings. In addition, to reduce the time it takes to resolve aircraft technical faults, easyJet has a contract for two light aircraft and crew to transport engineers and spare parts around its network, with dedicated engineers on standby to travel
INCREASED TAXATION Future policy measures and regulation to tackle the impact of aviation on climate change could impact easyJet's business if they impose limitations and cost on how easyJet operates and the services it can provide.	**Potential causes** • Political change • External pressure groups • Customer demand **Potential consequences** • Significant increase in cost of existing aviation taxes/levies • Future expansion of taxes/levies • Policies to constrain growth/capacity • Increasing noise curfews • Pressure on margins	**Controls and mitigations** • By engaging with key stakeholders, easyJet seeks to reach a common understanding on the drive to impose policy measures and regulation to address the impact of aviation on climate change • easyJet continues to explain its environmental performance, and the further action it is taking, to its customers and other stakeholders. For example, this has included highlighting the introduction of the A320neo and A321neo aircraft and their reduced emissions compared to previous generation aircraft, and work with partners in regards to new technologies to radically reduce the carbon footprint of flying • easyJet is able to operate flexible routings in the event of constraints being brought in • The new generation Airbus A320neo and A321neo aircraft are 50% quieter during takeoff and landing than the equivalent previous generation aircraft

LEGISLATIVE/REGULATORY LANDSCAPE

The airline industry is heavily regulated and there is a continual need to keep well informed and adapt (as required) to any legislative or regulatory changes across the jurisdictions in which easyJet operates.

BRAND LICENSE AND MAJOR SHAREHOLDER

easyJet has two major shareholders (easyGroup Holdings Limited and Polys Holdings Limited) which, as a concert party, control approximately 28.69% of its ordinary shares. easyJet does not own its company name or branding, which is licensed from easyGroup Ltd. The licence includes certain minimum service levels that easyJet must meet in order to retain the right to use the name and brand.

Potential causes

- Shareholder activism
- Actions of easyGroup or other easyGroup licensees

Potential consequences

- Eventual loss of the brand licence

Controls and mitigations

- Active shareholder engagement programme
- Regular engagement with easyGroup Holdings Limited alongside other major shareholders
- Representatives from the Board and senior management take collective responsibility for addressing issues arising from any activist approach adopted by the major shareholder. The objective is to address issues when they arise and anticipate and plan for potential future activism
- Quarterly meeting of senior representatives from both sides, attended by the Chief Financial Officer and the Group General Counsel & Company Secretary, to actively manage brand-related issues as they arise
- easyJet makes contributions to the joint brand protection fund

LEGAL/ REGULATORY NON-COMPLIANCE

Failure to comply with legislation and regulation, such as local consumer laws, new case law or policy changes in relation to customer compensation, environmental or airport regulation, in the jurisdictions in which easyJet operates, or data protection/ information protection regulations could have an adverse reputational and financial impact.

Potential causes

- New or changes to existing legislation/regulation
- Employee/agent ignorance
- Rogue employee/agent behaviour

Potential consequences

- Sustained adverse media coverage
- Fines/regulatory sanctions
- Reduction in future revenue
- Operational disruption
- Loss of operating licence
- Significant spike in costs
- Share price movement
- Loss of colleague/customer trust

Controls and mitigations

- Compliance framework including, but not limited to, policies, procedures, and mandatory training programmes
- easyJet has an in-house team of Legal experts to advise on legal issues and developments, and to assist the business in interpreting any formal regulatory requirements. Where appropriate, this expertise is supplemented with specialist external support relevant to a specific discipline or jurisdiction
- Panel of external legal advisers, both in the UK and in key easyJet markets, are briefed to keep easyJet informed of any changes or new legislation and to assist easyJet in developing appropriate responses to such legislation
- easyJet influences future and existing policy and regulations which affect the airline industry through a number of different channels, including working with relevant industry bodies to assist in this
- easyJet adapts to new legislation and regulation, where possible adapting existing compliance frameworks (for example mandatory training programmes and clear policies and associated guidance)

MACRO-ECONOMIC AND GEOPOLITICAL

The airline industry can be sensitive to macro-economic and geopolitical conditions. These risk events can affect our financial performance including supply/demand imbalance, general economic trends, Brexit (discussed on page 22), as well as impact of fuel cost, foreign exchange rates, and counterparty performance.

SUPPLY/DEMAND IMBALANCE

easyJet's success in the highly competitive European short-haul aviation market is built on our key competitive advantages: our network, cost base, brand, digital innovation and efficient and robust capital structure. In FY20 the pandemic has impacted the balance, decreasing demand significantly.

Potential causes
- Increased capacity
- Industry consolidation
- Increased competition from other airlines and transport providers
- Government interventions
- Fall in consumer demand (including but not limited to macro-economic conditions and environmental concerns)
- Internal growth plans

Potential consequences
- Loss of market positions (relative market share)
- Pressure on margins
- Adverse financial position
- Share price movement

Controls and mitigations
- Enhancements to our Commercial organisation to provide even further focus on existing and new initiatives to optimise the revenue position
- Weekly trading meeting to review performance – attended by senior managers, including members of the AMB
- Relentless focus on maintaining easyJet's competitive advantages
- The Network Development Forum, a cross-functional panel of senior managers, including members of the AMB, approves the allocation of assets around the network in the context of expected market conditions
- Competitor and consolidation activity is monitored in detail by the Network team, enabling strategic decision making on key market positions
- Fleet framework arrangements, together with the Group's leasing policy, provide easyJet with significant flexibility in respect of scaling the fleet according to business requirements
- Implemented a dynamic planning and capacity management process of summer 20 and winter 20/21 to manage supply and demand fluctuations

VOLATILITY IN FINANCIAL MARKETS

easyJet is exposed to a variety of financial markets, volatility in which could give rise to adverse pressure on the cash flows of the Group.

Potential causes
- Market price risk: volatility in jet fuel prices, foreign exchange rates, carbon prices, inflation rates or interest rates
- Counter-party risk: default of counter parties used for depositing surplus cash and hedging
- Liquidity risk: inability to raise funds when required

Potential consequences
- Insufficient cash to meet financial obligations as they fall due and/or the inability to fund the business when needed leading to insolvency
- Significant increase in costs

Controls and mitigations
- The Finance Committee (a committee of the plc Board) oversees the Group's treasury and funding policies and activities. See page 107 for further details
- Treasury policy sets out plc Board approved strategies for market price risk management, counter-party credit risk management and liquidity risk management. Monthly reporting on all treasury activity including reporting on compliance with treasury policy
- Maintaining a liquidity buffer supported by cash and a business interruption insurance policy
- Ability to access diverse sources of funding to support liquidity requirements
- Rolling hedging programmes on jet fuel and foreign exchange market price exposure

PEOPLE

Having the right people is a key part of Our Strategy. In today's environment, we need to create an inclusive and energising environment that attracts the right people and inspires everyone to learn and grow.

INDUSTRIAL ACTION easyJet, and the aviation industry in general, has a significant number of employees who are members of trade unions. Each of the European countries in which easyJet operates has localised employment terms and conditions. As such its pilots, crew and engineers are members of 24 trade unions across eight countries. There are also an additional seven consultative bodies including five Works Councils and a European Works Council.	**Potential causes** • Adverse employee experience • Changes to terms and conditions • Political unrest **Potential consequences** • Sustained adverse media coverage • Operational disruption • Significant spike in costs • Reduction in future revenue • Share price movement • Loss of colleague/customer trust	**Controls and mitigations** • easyJet seeks to maintain positive working relationships with all trade unions and other representative bodies and has a framework in place for consulting and engaging with trade unions and consultative bodies • In the event of industrial action or expected disruption, easyJet has processes to mitigate the impact to our operations. The Operations department also has specific procedures to deal with such events • In summer 2020, agreement with BALPA that avoids involuntary redundancies by moving to part time working patterns
TALENT ACQUISITION AND RETENTION In today's shifting environment, we need to place even more focus on recruiting the right people and building the right talent.	**Potential causes** • Uncompetitive remuneration packages • Lack of career progression • Outdated ways of working **Potential consequences** • Sustained inability to deliver key strategic initiatives	**Controls and mitigations** • Benchmarking of reward packages • Quarterly employee listening tool with action plans to address issues raised • Talent mapping of senior employees to ensure continued investment and development of top talent • Succession planning of key roles • Diversity and inclusion strategy • Strategic programme to enhance ways of working for head office staff

SAFETY, SECURITY AND OPERATIONS

easyJet's number one priority is the safety and security of its customers, colleagues, and contractors. The delivery of a safe and secure operation which meets the needs and expectations of our customers is critical to our business.

SIGNIFICANT SAFETY OR SECURITY EVENT

easyJet's number one priority is the safety and security of its customers, colleagues, and contractors.

The Safety Committee (a committee of the Board) provides oversight of the management of easyJet's safety processes and systems. See pages 98 to 99 for further details.

The easyJet Safety Board, chaired by the Chief Executive and including the Chief Operating Officer and AOC Accountable Managers, are responsible for directing overall safety and security policy and governance. The Safety Board meets every month to review safety performance and any emerging security issues.

Potential causes
- Flight safety incident
- Health and safety incident including biosecurity incidents such as cases of COVID-19
- Major security threat

Potential consequences
- Significant injury/loss of life
- Sustained adverse media coverage
- Reduction in future revenue
- Fines/regulatory sanctions
- Operational disruption
- Significant spike in costs
- Share price movement

Controls and mitigations
- Functional Safety Action Groups from across the airline are chaired by the appropriate senior manager and are responsible for the identification, evaluation and control of safety-related risks
- The easyJet Safety Board meets monthly to review safety, security and compliance performance across all Air Operator Certificates (AOC) chaired by the Chief Executive Officer, attended by the three AOC Accountable Managers and periodically by AOC regulators
- Safety Review Boards are held locally, including at AOC level, and are open for the local regulator to attend
- A Safety Policy is published that promotes the incident reporting process and supports this safety culture
- easyJet operates a Safety Management System using leading software systems to:
  - report incidents and identify events;
  - identify hazards and threats and take appropriate risk-mitigating actions;
  - collect and analyse safety data (enabling potential areas of risk to be projected); and
  - enable learning from easyJet and industry events/incidents to be captured and embedded into future risk mitigations.
- Timely, credible and reliable information upon which to base operational decisions
- easyJet has an emergency response process and performs crisis management exercises
- Hull (all risks) and liabilities insurance (including spares) is held
- Security cleared specialists continually review geopolitical developments across the easyJet network in particular those countries deemed to be higher risk and report back to the Board any areas of concern
- easyJet maintains an inspection regime of all our airports to ensure the security elements are being effectively managed
- easyJet continually reviews and develops its safety management processes
- easyJet maintains a comprehensive set of biosecurity standards to minimise the risk of transmission of infectious diseases, such as COVID-19. Their efficacy is monitored by the Biosecurity Standards Group

SAFETY, SECURITY AND OPERATIONS CONTINUED

SIGNIFICANT OPERATIONAL DISRUPTION
Non-cancellation disruption events reduced significancy in 2020 due to reduced ATC and airport congestion.
Reduced flying in Europe, OTP Arrivals within 15 Minutes improved greatly: FY19 75% vs FY20 84%.
Pandemic related reduced traffic demand resulted in The European Air Traffic Control system seeing significant reduction in ATM delays.
	Potential causes
	• Adverse weather
	• Industrial action
	• Technology failure
	• Destructive cyber-attack (i.e. ransomware)
	• Supplier failure
	• Infrastructure failure
	• Airspace/airport restrictions/closure
	Potential consequences
	• Customer dissatisfaction
	• Compensation and welfare payable to customers
	• Inefficient use of crew/aircraft
	• Adverse media coverage
	• Share price movement
		Controls and mitigations
		• Key strategic project, Operational Resilience, focusing on:
		  • Building appropriate resilience into the flying schedule
		  • Aircraft and crew standby
		  • Operations Control Centre reporting on the day of operations, including customer communication
		  • Airport performance and strategic supply chain
		  • Air traffic control system lobbying and flight planning enhancements
		  • The use of data across the operation to predict and manage events and aid decision support
		• Liquidity buffer to better manage the impact of downturns in business or temporary curtailment of activities (see the volatility in financial markets risk outlined on page 73)
		• Business interruption insurance which provides some cover for very significant shock events such as extreme weather, air traffic management issues and loss of access to key airports. The policy would allow us to claim in the event of a very substantial number of cancellations. This is included within our definition of liquidity

TECHNOLOGY AND CYBER

The nature of these risks, easyJet's reliability on technology (particularly online devices) and the ever-increasing sophistication of serious organised crime groups, terrorists, nation states and even lone parties means that, despite all the mitigation detailed, easyJet will inevitably retain an element of vulnerability regarding the availability, confidentiality and integrity of its information and data.

DATA BREACH

A data breach involves the unauthorised access to customer or employee data. Protecting that data and its privacy remains a priority for easyJet.

Potential causes
- Cyber attack
- Third-party incident
- User error
- Misconfigured systems

Potential consequences
- Sustained adverse media coverage
- Fines/regulatory sanctions
- Third-party liability/class actions
- Reduction in future revenue
- Operational disruption
- Significant spike in costs
- Share price movement
- Loss of colleague/customer trust

Controls and mitigations
- A data and cyber risk governance structure exists to regularly review the data and cyber risk landscape and determine required action to take place in order to manage risk effectively
- Dedicated Information Security team who provide assurance over third parties, proactively monitor threats and respond to incidents
- Employee education and awareness programme including a network of champions, online training and awareness campaigns
- Security logging and monitoring
- Vulnerability scanning and penetration testing
- Digital Safety programme to ensure compliance with various and ensure data control and protection
- Credit card data is protected through PCI DSS compliance as a Level 1 Merchant. This is revalidated annually by an external body, which we (and they) attest to

FAILURE OF CRITICAL TECHNOLOGY

easyJet relies on a number of critical technologies that are key to the delivery of essential business processes. These include, but are not limited to, operational, commercial and financial systems. A critical technology failure includes any technical failure which is sufficient enough to interrupt critical business operations (which may include one or more systems). This includes system unavailability or a failure which results in the loss or corruption of data.

Potential causes
- Destructive Cyber attack (i.e. ransomware)
- Hardware failure
- Aged infrastructure
- Data Centre Outage
- Third-party Outage
- Technological Dependency Failure
- IT change

Potential consequences
- Sustained adverse media coverage
- Reduction in future revenue
- Fines/regulatory sanctions
- Operational disruption
- Significant spike in costs
- Share price movement

Controls and mitigations
- Monitoring and alerting of availability of critical technologies and their inter-dependencies
- Security logging and monitoring
- Vulnerability scanning and penetration testing
- Business Interruption Insurance in place
- IT Change Management Process embedded to assess risk of all changes to technology including changes made by third-party providers
- Critical technologies are either cloud hosted, hosted across two data centres or at third-party provider locations with necessary failover protocols and security perimeters in place
- IT Major Incident Management team is in place to respond rapidly to any unforeseen critical technology incidents including those of a security nature
- IT Supplier Relationship Management process to ensure that third-party services and associated risks are regularly reviewed and assessed
- easyJet are progressing the delivery of a hosting and network programme that will further improve the resiliency of core infrastructure and cloud connectivity capabilities
- Digital Safety Policies and Standards that set out the technical and organisational measures for keeping our data and systems safe
- As an Operator of Essential Services under the NIS regulation In the UK, we have to comply with the requirements laid out in the CAF for Aviation which focuses on critical systems availability

COMMITTED TO EFFECTIVE CORPORATE GOVERNANCE

JOHN BARTON
Non-Executive Chairman

> As a Board, we have been focused on taking the necessary steps to successfully guide easyJet through this period of uncertainty.

CONTENTS OF THE CORPORATE GOVERNANCE REPORT

INTRODUCTION

I am pleased to introduce this report, which describes the activities of your Board during the year, along with our governance arrangements.

Our purpose at easyJet is to make travel easy, enjoyable and affordable, whether it is for leisure or business, seamlessly connecting Europe with the warmest welcome in the sky. For a significant part of the year travel has been heavily impacted by the unprecedented impact of COVID-19. As a Board, we have been focused on taking the necessary steps to successfully guide easyJet through this period of uncertainty and ensure we are well positioned for the recovery, work which has been underpinned by our robust governance framework.

BOARD ACTIVITIES AND RESPONSE TO COVID-19

We began the year by taking the very positive step of approving our new Sustainability strategy, and in so doing we became the world's first major airline to offset carbon neutral flights by offsetting the carbon emissions from fuel and operations. We are clear this is only an interim step and that more must be done to support the development of new technology to re-invent aviation for the longer term. For more on our sustainability activities please see page 36.

We also oversaw the successful launch of easyJet holidays, which has been well received by customers, who recognise the great value, choice and ease that our holidays provide.

Unfortunately, we also experienced a cyber attack from a highly sophisticated source on our systems. The Board takes issues of security extremely seriously and we have sought to ensure that robust security measures are in place to protect our customers' personal information. We realise this is an evolving threat as cyber attackers get ever more sophisticated and we will continue to strengthen our cyber security defences.

Overall the Group delivered a strong performance in the first half, prior to the onset of the COVID-19 pandemic, which demonstrates the strength of our business model.

The second half of the year has been dominated by COVID-19 and the unprecedented challenges it has presented, which remain particularly acute for the aviation sector and are set out earlier in this report. The Board's immediate priority was to act quickly and decisively to reduce costs, including taking the step of grounding the entire fleet for almost three months, as well as deferring aircraft orders with Airbus and securing additional liquidity through various financing and an equity placing. Having managed through the grounding, our focus was then to ensure the safe resumption of flying and making sure that easyJet is well positioned for the recovery phase. This is itself uncertain, and the levels of market demand seen in 2019 are not expected to be reached again for a number of years. We have therefore had to take the difficult decision to right size the business for the new demand environment, which will sadly see up to 30% of our valued colleagues leave easyJet.

We have needed to call on the extensive skills and experience of the entire Board when navigating this uncertain period, and our robust governance framework has been fundamental to our ability to do this successfully. We have met more frequently than usual, both as a full Board but also within our various Committees, as set out on page 93, and with the additional challenge of doing so remotely. We also established a smaller sub-committee of the Board, to review and approve our financing activities in the year, given the focus on liquidity and need for us to act quickly. A number of Board members also formed specific working groups who met regularly to manage the response to both the cyber incident and shareholder-requisitioned General Meeting.

STAKEHOLDERS

We have sought to balance the needs of our numerous stakeholders throughout the year, be they customers, employees, suppliers, shareholders or regulators, while taking steps to secure the Group's longer term success. There has been a constant dialogue with all of the main stakeholder groups, and on behalf of the Board, I would like to take this opportunity to thank them all for their partnership during this very challenging period. Working together has been vital, and will continue to be so as we seek a sustainable future together.

The Board recognises however that there have been negative impacts for our customers. For example the pandemic led to unprecedented demand for our customer service teams to process booking changes and refunds. As a result of this, and the fact that many of our customer service teams are based in countries which were subject to their own significant restrictions, service levels fell short of where we like them to be. However, we have taken action to address those shortcomings, and are pleased that service levels continue to improve and customer satisfaction for those who have travelled with us since the restart of flying is now at an all-time high.

Details of the methods we have used to engage with stakeholders to understand their views can be found on pages 12 to 15. A statement on how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 can be found on page 90.

BREXIT

The Board continues to oversee the implementation of easyJet's planning for Brexit. We are confident that easyJet's operating model and network are unaffected by Brexit and that flying rights between the EU and the UK will be maintained.

DIVERSITY

We take the issue of diversity in the boardroom and throughout the entire Group very seriously and are mindful of important developments in this area. We remain focused on maintaining an inclusive and diverse culture. We believe this improves effectiveness, encourages constructive debate, delivers strong performance and enhances the success of the business. The Board has a Diversity and Inclusion Policy that sets our objectives in this area. You can read more about this, and our overall approach to diversity and inclusion in our other senior leadership positions and across easyJet, on page 101.

CHANGES TO THE BOARD

The Board keeps its balance of skills, knowledge, experience, independence and diversity under regular review. As a result there have been a number of Board changes since the last Annual Report. Appointments have been subject to a formal, rigorous and transparent procedure, led by the Nominations Committee.

We welcomed Catherine Bradley CBE to the Board on 1 January 2020, and Moni Mannings on 6 August 2020. Both Catherine and Moni strengthen the diverse mix of skills and experience on the Board and are already making significant contributions, including as Chairs of two Committees. More information on Catherine and Moni's induction can be found on page 96.

We also announced that after serving nine years on the Board, and in line with corporate governance best practice, Andy Martin and Charles Gurassa would be stepping down as Directors. Andy Martin stepped down on 31 August 2020 and was succeeded as Chair of the Finance Committee by Catherine Bradley CBE. Charles Gurassa agreed to stay on until the end of December 2020 to help provide continuity as the Group responds to the challenges of the COVID-19 pandemic. Julie Southern succeeded Charles as Senior Independent Director with effect from 5 August 2020. I would like to reiterate my thanks to both Andy and Charles for their very significant contribution to easyJet over the past nine years.

After three years on the Board, Moya Greene DBE has decided that she will not be standing for re-election at the Company's next AGM. Her strategic and commercial experience has been invaluable and we wish her well for the future. Moni Mannings succeeded Moya as Chair of the Remuneration Committee with effect from 8 October 2020. Moya's replacement as the Employee Representative Director will be announced in due course.

Andrew Findlay, our Chief Financial Officer, will be stepping down from the Board in February 2021. We are very grateful to Andrew for his significant contribution over the past five years and continued commitment and support in helping manage the airline through the unparalleled challenges of COVID-19, in which he has played a critical role. I am delighted that we have been able to attract a candidate of the calibre of Kenton Jarvis to succeed Andrew. He brings vast industry experience and highly relevant skills to the role and we look forward to him joining in February.

We also announced that David Robbie would be joining the Board on 17 November 2020 and become a member of the Audit, Finance and Remuneration Committees. David will stand for election at the Company's next AGM, and his biographical details will be included in the Notice of Meeting.

I would like to take this opportunity to express my gratitude to all of the Board members who served during this most challenging year for the Group.

BOARD EVALUATION

The Nominations Committee oversaw an internally facilitated review of the effectiveness of the Board this year, further details of which can be found on page 95.

UK CORPORATE GOVERNANCE CODE

I am pleased to report that we applied the principles and complied with the provisions of the 2018 UK Corporate Governance Code (the '2018 Code') during the year. Details of our compliance, the composition of our Board, its corporate governance arrangements, processes and activities during the year, and reports from each of the Board's Committees, are set out on the following pages.

John Barton

JOHN BARTON
Non-Executive Chairman

AN EXPERIENCED AND BALANCED BOARD

JOHN BARTON (76)
Non-Executive Chairman

Nationality:
British

Appointed:
May 2013

Key areas of expertise:
Finance, Governance

Skills and experience
John has significant board experience, having previously served as Chairman of Next plc, Catlin Group Limited, Cable & Wireless Worldwide plc, Brit Holdings plc and Wellington Underwriting plc. He was previously Senior Independent Director of Luceco plc, WH Smith plc, Hammerson plc and SSP Group plc. He was also the Chief Executive of insurance broker JIB Group plc. After JIB's merger with Lloyd Thompson, he became Chairman of the combined Group, Jardine Lloyd Thompson Group plc, until 2001. John is a qualified Chartered Accountant and has an MBA from Strathclyde University.

Current external appointments
Chairman of Ted Baker plc and Non-Executive Director of Matheson & Co Ltd.

CHARLES GURASSA (64)
Non-Executive Deputy Chairman

Nationality:
British

Appointed:
June 2011

Key areas of expertise:
Aviation, Travel and Tourism and Telecommunications

Skills and experience
Charles has extensive experience in the travel, tourism and leisure industries including having served as Chief Executive of Thomson Travel Group plc, Executive Chairman of TUI Northern Europe Limited and Director of Passenger and Cargo at British Airways plc. Charles retired in June 2003 to pursue a portfolio career. He was previously Non-Executive Chairman of Genesis Housing Association, LOVEFiLM International Ltd, Phones4U Ltd, Virgin Mobile plc, Alamo/National Rent a Car and 7Days Ltd, a Non-Executive Director at Whitbread plc, and Senior Independent Director at Merlin Entertainments plc. Charles has a bachelor's degree in Economics and an MBA from the International Management Centre at Buckingham (IMCB).

Current external appointments
Non-Executive Chairman of Channel 4 and member of its Remuneration, Ethics and Audit Committees. Chairman of Oxfam GB and Great Rail Journeys, and a member of the Board of Trustees at English Heritage and the Migration Museum.

JOHAN LUNDGREN (54)
Chief Executive Officer

Nationality:
Swedish

Appointed:
December 2017

Key areas of expertise:
Travel and Tourism

Skills and experience
Johan has more than 30 years' experience working in the travel industry, starting his career as a tour guide and occupying various roles in travel marketing and sales. Prior to joining easyJet in December 2017 as Chief Executive, Johan was the Group Deputy Chief Executive Officer and Chief Executive Officer of Mainstream Tourism at TUI AG. Prior to this Johan was the Managing Director for the Northern Region at TUI Travel plc from 2007 until 2011. From 2003 until 2007, he was the Managing Director and Chief Executive Officer of TUI Nordic. Johan led MyTravel's businesses out of Canada and Sweden between 1999 and 2003, prior to which he was Managing Director of Always Tour Operations from 1996.

Current external appointments
None.

BOARD COMMITTEES

- Committee Chair
- F Finance Committee
- R Remuneration Committee
- A Audit Committee
- N Nominations Committee
- S Safety Committee

ANDREW FINDLAY (51)

Chief Financial Officer

Nationality:
British

Appointed:
October 2015

Key areas of expertise:
Finance

Skills and experience
Andrew was previously Chief Financial Officer at Halfords Group plc from February 2011 to October 2015. Prior to this, Andrew was Director of Finance, Tax and Treasury at Marks and Spencer Group plc. He has also held senior finance roles at the London Stock Exchange and at Cable & Wireless, in the UK and the US. Andrew qualified as a Chartered Accountant with Coopers & Lybrand.

Current external appointments
Non-Executive Director of Rightmove plc, Chair of its Audit Committee and member of its Nomination Committee.

DR ANDREAS BIERWIRTH (49)

Independent Non-Executive Director

Nationality:
German

Appointed:
July 2014

Key areas of expertise:
Aviation, European Perspective

Skills and experience
Andreas previously served as a Director and Chief Commercial Officer at Austrian Airlines AG. Andreas also served as Vice President of Marketing at Deutsche Lufthansa AG (Frankfurt) and Chairman of the Supervisory Board at T-Mobile Polska SA. Prior to this, Andreas was firstly Deputy Managing Director and later Managing Director at Germanwings.

Current external appointments
Chief Executive Officer of Magenta Telekom (formerly T-Mobile Austria). Chairman of the Supervisory Board of Do&Co AG and member of the Supervisory Board of Telekom Deutschland GmbH.

CATHERINE BRADLEY CBE (61)

Independent Non-Executive Director

Nationality:
French and British

Appointed:
January 2020

Key areas of expertise:
Finance, Regulatory

Skills and experience
Catherine has held a number of senior finance roles for 33 years in investment banking and risk management, in the US, then the UK and finally Asia, starting with Merrill Lynch for 10 years. Latterly she joined Credit Suisse as Managing Director for nine years, first in London from 2003 as Head of Client Coverage and then in Hong Kong from 2008 to 2012 as Head of the Equity Linked Solutions Group for Asia-Pacific. She finished that phase of her career as Head of Advisory Global Markets with Societe Generale Asia until 2014. From 2014 until July 2020, she was a Non-Executive Director of the UK Financial Conduct Authority and Chair of its Audit Committee. She was also a Non-Executive Director of WS Atkins plc from 2015 until its delisting in 2017. Catherine graduated from HEC Paris with a major in Finance and International Economics, and was awarded a CBE in 2019.

Current external appointments
Member of the Supervisory Board, Chair of the Finance and Audit Committee, and member of the Appointments, Compensation and Governance Committee of Peugeot S.A. Non-Executive Director of Johnson Electric Holdings Limited and of Kingfisher plc.

MOYA GREENE DBE (66)

Independent Non-Executive Director and Employee Representative Director

Nationality: British and Canadian

Appointed: July 2017

Key areas of expertise: Logistics and Transport

Skills and experience

Moya has a wide range of strategic and leadership experience gained in both the private and public sectors. Moya served as Chief Executive of Royal Mail Group for eight years. Prior to joining Royal Mail, Moya was Chief Executive Officer of Canada Post. She also has a strong public sector background, developed over a 17 year period when she assumed progressively more senior roles in seven different Ministries of the Canadian Federal Public Service. She has previously served as a Non-Executive Director of Rio Tinto plc as well as Great-West Life Co and Tim Hortons Inc, both publicly quoted in Canada.

Current external appointments

Member of the Board of Trustees of the Tate Gallery.

DR ANASTASSIA LAUTERBACH (48)

Independent Non-Executive Director

Nationality: German

Appointed: January 2019

Key areas of expertise: Information Technology, Cyber

Skills and experience

Anastassia brings expertise in innovative technologies, including cyber security and artificial intelligence. She served as the Senior Vice President of Global Business Operations Europe at Qualcomm Incorporated, a world leader in 3G, 4G and next-generation wireless technologies. She also held several roles at Deutsche Telekom AG, including Senior Vice President, Business Development and Investments, Acting Chief Products and Innovation Officer, and Senior Vice President, Planning & Development; and served as a member of the Executive Operating Board. Prior to this, she served as Executive Vice President, Group Strategy at T-Mobile International AG and, prior to T-Mobile, she served in various operational and strategic roles at Daimler Chrysler Financial Services, McKinsey & Company and Munich Reinsurance Company. She has also served as a director of Dun & Bradstreet, Censhare AG and Wirecard AG.

Current external appointments

Chief Executive Officer and founder of Lauterbach Consulting & Venturing GmbH and a Director of Freight One, a rail transportation services B2B operator in Russia. She is also a professor of Artificial Intelligence, Data and Data Ethics at XU Exponential University in Potsdam.

NICK LEEDER (51)

Independent Non-Executive Director

Nationality: Australian and French

Appointed: January 2019

Key areas of expertise: Information Technology

Skills and experience

Nick has substantial leadership experience with deep expertise of print to digital business transformation within the media sector. Nick has spent the last eight years leading Google's businesses in Australia, New Zealand and France before moving to Ireland. Prior to Google, Nick was at News Corporation, firstly as Chief Operating Officer of News Digital Media and latterly as Deputy Chief Executive of national broadsheet newspaper, 'The Australian'. Before that he was Chief Operating Officer of newspaper group, Fairfax Digital. He has a degree in pure mathematics from the University of Sydney and an MBA from Insead.

Current external appointments

Vice President at Google Ireland, EMEA Headquarters.

BOARD COMMITTEES

- ◯ Committee Chair
- A Audit Committee
- F Finance Committee
- N Nominations Committee
- R Remuneration Committee
- S Safety Committee

MONI MANNINGS (57)

Independent Non-Executive Director

Nationality:
British

Appointed:
August 2020

Key areas of expertise:
Commercial, Legal

Skills and experience
Moni has held a number of non-executive positions, including as a Board member of the Solicitors Regulation Authority (chairing its Equality, Diversity and Inclusion Committee) and at Cranfield University. Until 2017, Moni was Chief Operating Officer of Aistemos Limited, a leading IP data analytics and strategy company. From 2000 until 2016, Moni was a Partner and Head of the International Banking and Finance Division of Olswang LLP, before which she held senior positions with Dewey & LeBoeuf LLP, Simmons & Simmons and Clifford Chance LLP. Moni also served as a Non-Executive Director of Polypipe Group plc (2014 to 2019) and Dairy Crest Group plc (2017 until their acquisition and delisting in 2019).

Current external appointments
Independent Non-Executive Director of Hargreaves Lansdown plc, Breedon Group plc and Investec Bank plc, and Deputy Chair of the charity Barnardo's.

JULIE SOUTHERN (60)

Senior Independent Non-Executive Director

Nationality:
British

Appointed:
August 2018

Key areas of expertise:
Finance, Aviation

Skills and experience
Julie has significant board experience and has held a number of commercially oriented finance and related roles during her career. She was Chief Commercial Officer of Virgin Atlantic Limited between 2010 and 2013, responsible for the commercial strategy of Virgin Atlantic Airways and Virgin Holidays. Prior to this, Julie was Chief Financial Officer of Virgin Atlantic Limited for 10 years. In addition, Julie was previously Group Finance Director at Porsche Cars Great Britain and Finance and Operations Director at WH Smith – HJ Chapman & Co. Ltd. She has previously been a Non-Executive Director of Stagecoach Group plc, Gategroup AG, Cineworld plc and DFS Furniture plc. Julie holds a BA (Hons) in Economics from the University of Cambridge and is a qualified Chartered Accountant.

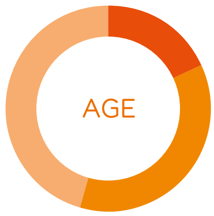
Current external appointments
Non-Executive Director and Chair of the Audit Committees of Rentokil Initial plc and NXP Semiconductors N.V. Non-Executive Director, Chair of the Audit Committee and member of the Remuneration Committee at Ocado Group plc.

DIVERSITY IN THE BOARD

easyJet recognises the benefits of having diversity across the Board to ensure effective engagement with key stakeholders and effective delivery of the business strategy.

- 0-3 years: 6 (1 exec)
- 3-6 years: 2 (1 exec)
- 6-10 years: 3

- Male: 6 (2 exec)
- Female: 5



- 40-49: 2
- 50-59: 4
- 60+: 5

CHANGES TO THE BOARD DURING THE YEAR AND UP TO 17 NOVEMBER 2020:

- Catherine Bradley CBE was appointed to the Board on 1 January 2020.
- Moni Mannings was appointed to the Board on 6 August 2020.
- Andy Martin stepped down from the Board on 31 August 2020.
- We have also announced that David Robbie will be appointed to the Board on 17 November 2020.

AN EXPERIENCED AND FOCUSED MANAGEMENT TEAM

PETER BELLEW
Chief Operating Officer

Nationality:
Irish

Appointed:
January 2020

Key areas of expertise:
Aviation, Flight Operations

Skills and experience
Peter has a wealth of experience across commercial and operational roles in both low-cost and full service airlines. Peter joined easyJet from Ryanair, where he was Chief Operations Officer responsible for all aspects of Ryanair's flight operations, leading an international workforce of 18,000 and working with HR to build relationships with European trade unions. Prior to this, Peter was at Malaysia Airlines for two years, latterly as the Chief Executive Officer, and before that he worked at Ryanair for nine years, where he held a number of roles including Head of Sales & Marketing and Director of Flight Operations.

ELLA BENNETT
Group People Director

Nationality:
British

Appointed:
May 2018

Key areas of expertise:
People, Reward and Digital Transformation

Skills and experience
Ella is a skilled Group HR Director with strong experience in the UK and internationally in lean and digital transformation, large scale change, and talent development and reward. Ella joined easyJet from Sainsbury's/Argos, where she led the integration of their non-food business to create a multi-product, multi-channel business with fast delivery networks. Ella was also Group HR Director at Home Retail Group, leading the people aspects of Argos' digital transformation. Prior to this she was a member of the executive management team at Fujitsu. She earned her BA (Hons) in English Literature from the University of Bristol and her Master's Degree from the University of London.

MAAIKE DE BIE
Group General Counsel and Company Secretary

Nationality:
Dutch and British

Appointed:
June 2019

Key areas of expertise:
Legal, Compliance and Regulatory

Skills and experience
Maaike is an experienced international lawyer with over 25 years' practical experience in a variety of sectors. Maaike joined easyJet in June 2019 from Royal Mail plc where she was Group General Counsel accountable for all legal, compliance, claims management, security and information governance matters. Prior to Royal Mail, Maaike was a Legal Director and part of the governance body of EY LLP. Maaike also spent six years with General Electric, of which five years were as General Counsel for one of its capital companies in EMEA, before being promoted to the headquarters of GE Capital in Europe to lead the improvement of enterprise risk management and corporate governance across EMEA. She has also held senior international legal positions at the European Bank for Reconstruction and Development LLP in London and White & Case LLP in New York.

ROBERT CAREY

Chief Commercial and Customer Officer

Nationality:
French and American

Appointed:
September 2017

Key areas of expertise:
Aviation and Strategy

Skills and experience
Robert joined from McKinsey & Company where he was a partner and leader in the Airline practice. Over 11 years, Robert assisted 20+ airline clients around the world on a range of strategy, revenue commercial and operational issues. Prior to McKinsey, Robert worked for Delta Airlines and America West Airlines in a variety of roles across revenue and operations functions.

THOMAS HAAGENSEN

Group Markets Director

Nationality:
Danish

Appointed:
May 2018

Key areas of expertise:
Commercial and Operations Management

Skills and experience
Thomas has over 20 years' experience in operations management gained in a variety of roles across Europe. Danish, born and educated in Switzerland, Thomas began his career with Tetra Pak working his way up to Regional Manager of the East Mediterranean where he developed and succeeded in implementing ambitious growth and profitability improvement plans. After joining easyJet in 2008, Thomas significantly grew the Swiss market, developed easyJet's market entry strategy for Germany, and developed the business traveller segment in Northern Europe. Most recently he was appointed Managing Director of easyJet Europe, establishing the Company's Austrian AOC – a key part of its Brexit migration plan – and managed the transition of 100 aircraft to easyJet Europe. Thomas holds a degree in Business Administration with a focus on management and marketing from the University of Lausanne.

SAM KINI

Chief Data and Information Officer

Nationality:
British

Appointed:
August 2019

Key areas of expertise:
Data and Information Technology

Skills and experience
Sam joined easyJet as Chief Data and Information Officer from Telenet, the largest provider of cable broadband services in Belgium, where she had been Chief Information Officer for three years. She was responsible for data, IT, digital, systems and services across the combined Telenet group. Before that, Sam held a number of positions at Virgin Media, including Director of Development, Delivery, Technology and Transformation. Sam brings with her significant experience of leading data, IT, transformation and change in complex organisations.

GARRY WILSON
Chief Executive, easyJet holidays

Nationality:
British

Appointed:
November 2018

Key areas of expertise:
Travel, Business Transformation and Global Markets

Skills and experience
Garry is highly experienced as a commercial leader working across international organisations, and has over 21 years' experience in the holiday and travel sector. He joined the business from TUI Group where he most recently held the role of Managing Director for Group Product and Purchasing, leading commercial strategies across a number of markets and heading a global team across 20 countries. Prior to this, Garry worked in a number of senior commercial roles at TUI Group. He also held the position of Director of Europe, Middle East and Africa for American travel group Orbitz Worldwide (now Expedia Inc.). Garry has worked extensively with overseas governments, PwC and the Travel Foundation to create sustainable tourism policies to promote major economic growth and positive social change whilst minimising negative environmental impact.
He holds a BCom (Hons) degree in Business Management and Languages from the University of Edinburgh.

JOHAN LUNDGREN
Chief Executive Officer

SEE BOARD OF DIRECTORS' PROFILES ON PAGE 80.

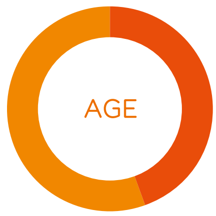
ANDREW FINDLAY
Chief Financial Officer

SEE BOARD OF DIRECTORS' PROFILES ON PAGE 81.

DIVERSITY IN THE AIRLINE MANAGEMENT BOARD

easyJet recognises the benefits of having diversity across the executive leadership team to inspire innovation and increase performance.

- Male: 6
- Female: 3



- 40-49: 4
- 50-59: 5

CHANGES TO THE AMB DURING THE YEAR AND UP TO 17 NOVEMBER 2020:

- Peter Bellew was appointed Chief Operating Officer in January 2020.
- Lis Blair stepped down as Chief Marketing Officer from 30 June 2020 and her responsibilities were assumed by Robert Carey.
- Flic Howard-Allen stepped down as Chief Communications Officer with effect from 30 June 2020 and her responsibilities were assumed on an interim basis by Thomas Haagensen and Ella Bennett.
- Stuart Birrell was appointed as Chief Data & Information Officer designate on 9 November 2020, replacing Sam Kini who is stepping down in December 2020.

GOVERNANCE FRAMEWORK

SHAREHOLDERS

CHAIRMAN

The Chairman is responsible for the leadership of the easyJet plc Board (the 'Board') and for ensuring that it operates effectively through productive debate and challenge.

THE BOARD

The Board is responsible for providing leadership to the Group. It does this by setting strategic priorities and overseeing their delivery in a way that is aligned with easyJet's culture and enables sustainable long-term growth, whilst maintaining a balanced approach to risk within a framework of effective controls and taking into account the interests of a diverse range of stakeholders. There are certain matters which are reserved for the Board's decision.

BOARD COMMITTEES

The terms of reference of each Committee are documented and agreed by the Board. The Committees' terms of reference are reviewed annually and are available in the Governance section of easyJet's corporate website at corporate.easyjet.com. The key responsibilities of each Committee are set out below.

SAFETY COMMITTEE

To examine specific safety issues as requested by the Board or any member of the Committee.

To receive, examine and monitor reports on actions taken by departments.

To review and monitor the implementation of easyJet's annual safety plan.

COMMITTEE REPORT ON PAGES 98 TO 99

NOMINATIONS COMMITTEE

To keep under review the composition, structure and size of, and succession to, the Board and its Committees.

To provide succession planning for senior executives and the Board, leading the process for all Board appointments.

To evaluate the balance of skills, knowledge, experience and diversity on the Board.

COMMITTEE REPORT ON PAGES 100 TO 101

AUDIT COMMITTEE

To monitor the integrity of the Group's accounts, and the adequacy and effectiveness of the systems of internal control.

To monitor the effectiveness and independence of the internal and external auditors.

COMMITTEE REPORT ON PAGES 102 TO 106

FINANCE COMMITTEE

To review and monitor the Group's treasury policies, treasury operations and funding activities, along with the associated risks.

COMMITTEE REPORT ON PAGE 107

REMUNERATION COMMITTEE

To set remuneration for all Executive Directors, the Chairman and the AMB, including pension rights and any compensation payments.

To oversee remuneration and workforce policies and practices and take these into account when setting the policy for Directors' remuneration.

COMMITTEE REPORT ON PAGES 108 TO 127

CHIEF EXECUTIVE

Responsible for the day-to-day running of the Group's business and performance, and the development and implementation of strategy.

AIRLINE MANAGEMENT BOARD ('AMB')

Led by the Chief Executive, the AMB members are collectively responsible for driving the performance of the Group against strategic KPIs and managing the allocation of central funds and capital.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code published in July 2018, (the Code or 2018 Code), sets out the standards of good practice in relation to how a company should be directed and governed.

As a listed company easyJet follows the principles set out in the Code, the full text of which is available at www.frc.org.uk, and is required to disclose whether it has complied with the provisions of the Code during the financial year. The Board is pleased to confirm that the Company complied with the Code throughout the year. Our compliance with key areas of the Code is summarised below, together with cross references, where applicable, to the relevant sections of this report where more information can be found. Further details are set out in this section of the Annual Report (together with the Directors' remuneration report on pages 108 to 127 and the Directors' Report on pages 128 to 131).

1 BOARD LEADERSHIP AND COMPANY PURPOSE

ROLE OF THE BOARD

The Board is collectively responsible for promoting the long-term sustainable success of the Group, generating value for shareholders as a whole and contributing to wider society by fulfilling its purpose. In exercising this responsibility, the Board takes into account all relevant stakeholders including customers, employees, suppliers, shareholders, regulators and governments, and the effect of the activities of the Group on the environment. Further details are set on pages 12 to 15.

The Board provides effective leadership by setting the strategic priorities of the Group and overseeing management's execution of the strategy in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of prudent and effective controls. Further information on easyJet's principal risks and uncertainties are set out on pages 66 to 77.

OUR PURPOSE

easyJet is a low-cost point to point airline that provides considerable choice and affordability for travel across a market-leading European network. The Board considers easyJet's purpose is to provide this vital connectivity, and in a way that is easy, enjoyable and affordable, seamlessly connecting Europe with the warmest welcome in the sky.

Air travel provides connectivity on a national, regional and international scale, enabling personal connections and economic growth and development. This connectivity is important for wider society for a number of reasons. It facilitates travel for leisure, such as holidays and tourism and reuniting family for important events. It also allows travel for business, providing connectivity between workplaces and allowing business relationships and networks to be built. While the pandemic has accelerated the use of virtual technologies, physical travel will remain an important part of the global economic recovery.

The way that easyJet uses its resources to fulfil this purpose and create sustainable value is set out in our business model on page 10.

OUR CULTURE AND VALUES

easyJet has an open and collaborative culture, underpinned by the values and behaviours which we call 'Our Promise':

- **Safe and responsible:** safety is our number one priority
- **On our customers' side:** we always think about the customer and see things from their point of view
- **In it together:** we are one team and work together in all we do
- **Always efficient:** we will always be efficient and focus on what matters most
- **Forward-thinking:** we anticipate what we need tomorrow and consider how what we do today might affect us in future.

The Board aims to ensure that these values are integrated into decision making and that the policies and procedures we put in place maintain this open and collaborative culture. Where behaviour is not aligned with these values, the Board and management seek to ensure that appropriate action is taken.

An example of this during the year was where management discovered a small number of breaches of the staff travel policy, and the actions taken were discussed at the Audit Committee with a view to preventing a reoccurrence. It also takes the form of ensuring that the Safety team are supported in promoting a 'just culture' within the airline, to ensure that any incidents are openly reported without negative repercussions for individuals, alongside operating an effective whistleblowing process.

The regular employee surveys can help identify key areas where employees feel that the reality diverges from the stated culture, but these are also identified in a number of informal ways, through the regional works councils and employee forums, through matters being raised directly with the Employee Representative Director, or through whistleblowing mechanisms.

ENGAGEMENT WITH SHAREHOLDERS

Understanding the views of our shareholders, and acting fairly between them, has been a priority for the Board during the year. In addition to the usual programme of engagement, including prior to the Annual General Meeting (AGM) in February 2020, the Board undertook extensive engagement with shareholders in the lead-up to the General Meeting (GM) in May 2020, requisitioned by our largest shareholder, and the equity placing in June 2020. The Chairman has updated the Board on the opinions of investors regularly and the views of shareholders and market perceptions are also communicated to the Board via presentations from the Head of Investor Relations at least every quarter.

Annual General Meeting

The AGM gives shareholders the opportunity to communicate directly with the Board and encourages their participation. Shareholders are given the opportunity to raise issues formally at the AGM or informally with Directors after the meeting. All Directors attend the AGM where possible and the Chairs of the Committees are available to answer questions. The 2020 AGM was held at easyJet's offices at Hangar 89, London Luton Airport, and all the resolutions were voted by way of a poll. A circular for the Company's next AGM, comprising a letter from the Chairman, Notice of Meeting and explanatory notes on the resolutions proposed, will be issued separately at the appropriate time and will also be published on easyJet's corporate website at corporate.easyjet.com/investors.

easyGroup

Sir Stelios Haji-Ioannou (SHI), easyJet's largest shareholder via easyGroup Holdings Limited, requisitioned resolutions to remove the Chairman, Chief Executive, Chief Financial Officer and Independent Non-Executive Director Dr Andreas Bierwirth, from the Board in April 2020. These resolutions were voted on at a general meeting held on 22 May 2020 (the May GM) and were overwhelmingly defeated, with over 99% of votes cast by independent shareholders being in support of the Board. The meeting was held virtually, with the Chairman and Company Secretary based at our Luton Airport office with shareholders able to vote via an app or website and to ask questions by conference call. Questions could also be submitted by shareholders in advance of the meeting, and responses to these questions were posted on our website.

The Chairman, Deputy Chairman, Chief Executive, Chief Financial Officer and the Investor Relations and Company Secretariat team, engaged extensively with shareholders in the lead-up to the May GM, setting out why supporting the Board was in the best interests of the Group and explaining this in the accompanying circular. They also engaged with the proxy advisory agencies in advance of the meeting and undertook a proxy solicitation campaign with the assistance of a third party.

Prior to the requisitioning of the May GM, the Chairman met or spoke with representatives of easyGroup Holdings Limited to discuss relevant matters. The Chief Executive, Chief Financial Officer and Group General Counsel and Company Secretary have also met separately with representatives of easyGroup Limited (an affiliate of easyGroup Holdings Limited) to discuss matters relating to the management and protection of the 'easyJet' and 'easy' brands.

Equity placing

easyJet consulted with a number of its major shareholders prior to the proposed equity placing announced on 24 June 2020, taking account of the statements issued by the FCA and the Pre-Emption Group in relation to targeted equity issuances during COVID-19 and the use of 'soft pre-emption'. The placing was structured as an accelerated bookbuild to minimise execution and market risk. The Board applied the principles of pre-emption when allocating the placing shares to those investors that participated in the placing.

The Company announced the successful placing of new equity on 25 June 2020, receiving commitments from its existing shareholders and new investors for the issuance of 59,541,498 ordinary shares, representing approximately 14.99% of existing issued share capital. Of the 14.99%, 5% was conditional on approval at a GM held on 14 July 2020, where 99.8% of the votes cast by independent shareholders were in favour.

The placing raised gross proceeds of approximately £419 million with the net proceeds of £409 million being used to enhance easyJet's liquidity position and credit metric's in order to underpin its balance sheet. The new ordinary shares were issued at a price of 703 pence which represented a discount of 5 per cent to the closing share price of 740 pence on 24 June 2020. There have been no non-pre-emptive issuances for cash over the three-year period prior to the placing.

Outside of the specific events highlighted above, the Group actively engages with investors and seeks their feedback. easyJet has an Investor Relations function which runs an active programme of engagement with actual and potential investors based on the financial reporting calendar. This year the programme has included one-to-one meetings with institutional investors, roadshows and conferences. easyJet has particularly targeted and engaged with European investors during the year as part of an enhanced programme related to potential future ownership changes. There is also regular communication with institutional investors on key business issues.

STAKEHOLDERS

Section 172 Statement

A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. This is not a new requirement, and the Board has always considered the impact of its decisions on stakeholders. We set out below some examples of how the Board has done so in relation to three decisions during the year. Details of who the Board considers the main stakeholders are, how we have engaged with them during the year and the outcomes of the process are set out on pages 12 to 15 and forms part of the Section 172 statement.

BOARD DECISION	STAKEHOLDERS	CONSIDERATIONS
Developing and approving the Sustainability Strategy, including the offsetting of emissions from all flights.	Customers Employees Investors Community	• The materiality matrix on page 39 indicates that climate change is a priority issue for all our stakeholders. The Board recognised that customers have a choice in how they travel and many are increasingly thinking about the carbon impact of different types of transport. The Board therefore endorsed management's proposal to introduce offsetting carbon emissions from the fuel used for all flights as a way of addressing concerns from existing customers, while recognising that it also had the potential to attract new customers who are concerned about their own environmental impact • The Board understood that investors would want to understand how the costs of the carbon offsets would be incorporated within the business model and generate further returns. The Board considered the trade-off between incurring the additional costs and retaining and attracting customers, which they decided would ultimately be in investors' best interests, and were able to reduce the cost exposure by securing long-term contracts • The Board explored the credibility of carbon offsetting and in response to feedback received requested that only offsets with the highest accreditation be used. The Board requested that Management establish a monitoring mechanism for ensuring they were effective, which has been done in partnership with Climate Focus • The Board also considered that, while necessary, offsetting was only an interim measure, and they would continue to support the development of new technologies to decarbonise aviation for the longer term.
Launching an employee consultation process with the aim of right sizing the business to the current demand environment.	Employees	• The Board acknowledged that launching a restructuring programme affecting up to 30% of the Group's employees would have a significant impact, both on those directly affected and the employees who remained with the business • The sudden and extensive reduction in demand meant that the future survival of the Group would depend on the ability to remove considerable cost. The reduced flying programme, optimisation of the network and bases, and more efficient ways of working also meant that the previous staffing level was no longer appropriate • In order to ensure that the Group was able to protect as many jobs as possible while emerging from the pandemic an even more competitive business than before, a comprehensive consultation process was initiated including with our unions. By working together and the exploration of alternative working structures, such as part-time and seasonal flying, we were able to minimise job losses in the short term and provide greater flexibility for pilots and crew in the longer term.
Deferring the purchase of aircraft under the Airbus contract and responding to the challenge by the largest shareholder seeking cancellation of the contract.	Suppliers Investors Employees	• The Group has a long-term supply agreement with Airbus that was last approved by shareholders in 2013. The contract provides for flexibility to defer deliveries, and the Board sought further deferrals during the year in order to significantly reduce the capex profile in the short term. • Deferring the deliveries allowed for capex to be reduced significantly while ensuring the Company is able to respond to the prevailing demand environment in the future, which the Board noted was important for the Group's longer term success. • easyJet has no right to unilaterally terminate the Airbus contract because of the COVID-19 crisis, and also includes warranties, required maintenance, avionics and other technical support which are critical to the operation of the easyJet fleet. The Board noted that cancelling the contract would not have been in the best interests of shareholders as a whole, and the independent shareholders overwhelmingly supported this position.

2 DIVISION OF RESPONSIBILITIES

INDEPENDENCE

The Board comprised 11 Directors at the year end: two Executive Directors and nine Non-Executive Directors. Over half of our Board (excluding the Chairman) are deemed independent Non-Executive Directors and the composition of all Board Committees complies with the Code. Additionally, the Chairman was considered independent on his appointment. More information about the Board members is available on pages 80 to 83.

The independence of the Non-Executive Directors is considered by the Board and reviewed on an annual basis, as part of the Board effectiveness review. The Board considers factors such as length of tenure and relationships or circumstances that are likely to affect, or appear to affect, the Directors' judgement, in determining whether they remain independent. Non-Executive Directors do not participate in any of the Group's share option or bonus schemes.

Following this year's review, the Board concluded that all of the Non-Executive Directors continue to remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement. The Board and Nominations Committee also review Committee membership annually to ensure that undue reliance is not placed on individuals.

ROLES AND RESPONSIBILITIES

The Board has a formal schedule of matters reserved for its decision. Certain governance responsibilities have been delegated by the Board to Board Committees, to ensure that there is independent oversight of internal control and risk management and to assist the Board with carrying out its responsibilities.

The Board Committees comprise Independent Non-Executive Directors and, in some cases, the Chairman. Each individual Committee's Chair reports to the Board on matters discussed at Committee meetings and highlights any significant issue that requires Board attention. For a summary of the roles of each Committee see the framework on page 87.

The matters reserved for the Board and the terms of reference of the Board Committees are available in the Governance section of easyJet's corporate website at corporate.easyjet.com. The roles of Chairman and Chief Executive are set out in writing, clearly defined and approved by the Board. They are also available on easyjet's corporate website at corporate.easyjet.com. Day-to-day management responsibility rests with the Airline Management Board ('AMB'), the members of which are listed on pages 84 to 86.

Chairman

The Chairman, John Barton, is responsible for leadership of the Board and ensuring effectiveness in all aspects of its role. He is responsible for setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items, including strategic issues. He is responsible for encouraging and facilitating active engagement by and between all Directors, drawing on their skills, knowledge and experience.

Senior Independent Director

Julie Southern succeeded Charles Gurassa as the Senior Independent Non-Executive Director in August 2020. She acts as a sounding board for the Chairman and acts as an intermediary for the other Directors when necessary. She is also available to address shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive or other Executive Directors. She is responsible for evaluating the performance of the Chairman in consultation with the other Non-Executive Directors.

Non-Executive Directors

The Non-Executive Directors provide an external perspective, sound judgement and objectivity to the Board's deliberations and decision making. With their diverse range of skills and expertise, they support and constructively challenge the Executive Directors and monitor and scrutinise the Group's performance against agreed goals and objectives. The Non-Executive Directors are also responsible for determining appropriate levels of executive remuneration, appointing and removing Executive Directors, and succession planning through their membership of the Remuneration and Nominations Committee. The Non-Executive Directors together with the Chairman meet regularly without any Executive Directors being present.

Chief Executive Officer

Johan Lundgren has specific responsibility for recommending the Group's strategy to the Board and for delivering the strategy once approved. In undertaking such responsibilities, the Chief Executive Officer takes advice from, and is provided with support by, his senior management team and all Board colleagues. Together with the Chief Financial Officer, the Chief Executive Officer monitors the Group's operating and financial results and directs the day-to-day business of the Group. The Chief Executive Officer is also responsible for recruitment, leadership and development of the Group's executive management team below Board level.

Company Secretary

Maaike de Bie as Company Secretary supports and works closely with the Chairman, the Chief Executive Officer and the Chairs of the Board Committees in setting agendas for meetings of the Board and its Committees. She supports accurate, timely and clear information flows to and from the Board and the Board Committees, and between Directors and senior management. In addition, she supports the Chairman in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations. She also advises the Board on corporate governance matters and Board procedures, and is responsible for administering the Share Dealing Code and the AGM.

BOARD MEETINGS IN 2020

The Board meets regularly and would typically hold 10 scheduled meetings during the year, including a strategy day. To co-ordinate the Group's response to the COVID-19 pandemic, the Board met remotely and on at least a weekly basis from the beginning of April to monitor the developing situation, and as a result the total number of Board meetings held during the year increased to 34. In addition, various Board Sub-Committees also held frequent meetings, which, on occasion, required multiple meetings within a week.

Generally each standard Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive Officer and Company Secretary. A typical meeting will comprise reports on current trading and financial performance from the Chief Executive Officer and Chief Financial Officer, legal and governance updates, safety and investor relations updates and 'deep dives' into areas of particular strategic importance.

A summary of the key activities covered during the year is set out on the following page.

BOARD ACTIVITY IN 2020

STRATEGY, OPERATIONS AND FINANCE

KEY ACTIVITIES

- Approved the Sustainability strategy to offset emissions from all flights from 19 November 2019
- Oversaw the launch of easyJet holidays in November 2019
- Approved the acquisition of Thomas Cook's slots at Gatwick and Bristol airports
- Received regular status updates on the impact of COVID-19 on the business of the Group and oversaw the response to the pandemic, including the grounding of the fleet
- Reviewed the Group's debt, capital and funding arrangements and sought additional liquidity through the CCFF, term loans, RCF drawdown, sale and leasebacks and approving the equity placing
- Considered fleet requirements and approved various key operational and fleet agreements, including the deferral of deliveries under the Airbus contract
- Received regular updates from management on the cyber incident and the Group's response
- Monitored and received regular updates on Brexit and the legislative landscape, including the potential impact of Brexit on both easyJet and the aviation sector as a whole
- Received updates on recent developments in the competitive landscape
- Received a presentation from management on customers and customer service improvements
- Received presentations from the Chief Executive Officer and Chief Financial Officer and senior management on strategic initiatives and trading performance
- Approved the annual budget, business plan and KPIs
- Reviewed and approved the Group's full-year 2019 and half-year 2020 results (including the final 2019 dividend), as well as its quarterly results
- Approved the Group's 2019 Annual Report (including a fair, balanced and understandable assessment) and 2020 AGM Notice
- Considered fleet and engineering requirements and approved various key operational and fleet agreements.

THE STRATEGIC AND FINANCIAL REVIEW EXPLAINS THIS IN MORE DETAIL ON PAGES 2 TO 77

INTERNAL CONTROL AND RISK MANAGEMENT

KEY ACTIVITIES

- Reviewed the Group's risk management framework and principal risks and uncertainties
- Reviewed and confirmed the Group's Viability Statement and going concern status
- Reviewed and validated the effectiveness of the Group's systems of internal controls and risk management
- Reviewed updates on the information and cyber security control environment.

OUR RISK MANAGEMENT FRAMEWORK AND PRINCIPAL RISKS ARE SET OUT ON PAGES 66 TO 77

SAFETY

KEY ACTIVITIES

- Received and discussed safety performance reports and updates presented by the Director of Safety, Security and Compliance
- Received updates from the Director of Safety, Security and Compliance on protecting employees and customers during the COVID-19 pandemic and easyJet's related industry-leading biosecurity measures, including during the grounding period and the preparations for the return to flying
- Received updates from the Chair of the Safety Committee on its activities.

SAFETY IS A KEY PRIORITY: READ MORE ABOUT HOW WE ARE ENSURING THIS ON PAGES 98 TO 99

LEADERSHIP AND PEOPLE

KEY ACTIVITIES

- Continued to focus on the composition, balance and effectiveness of the Board, including the appointment of Catherine Bradley CBE and Moni Mannings and related Committee changes
- Reviewed and approved the organisational restructure to right size the business, receiving regular updates on the views of employees and representative bodies
- Reviewed the key operational roles and identified gaps in experience needed to deliver the Group's strategy
- Reviewed and approved the proposals for the Chairman's and Non-Executive Directors' fees
- Held separate Non-Executive Director sessions with the Chairman to discuss leadership and other Board matters.

YOU CAN READ MORE ABOUT THIS ON PAGES 100 TO 101

GOVERNANCE AND LEGAL

KEY ACTIVITIES

- Managed the response to the requisition of resolutions by the largest shareholder to remove four directors from the Board, and related General Meeting
- Received and reviewed regular briefings on corporate governance developments and legal and regulatory issues
- Approved the Group's modern slavery statement for publication
- Received reports on engagement with institutional shareholders, investors and other stakeholders throughout the year
- Reviewed progress against the 2019 Board evaluation action plan
- Conducted an internally facilitated Board evaluation covering the Board's effectiveness, processes and ways of working, with the outcome discussed by the full Board
- Received regular reports from the Chairs of the Safety, Nominations, Audit, Finance and Remuneration Committees.

TO SEE HOW WE COMPLY WITH THE UK CORPORATE GOVERNANCE CODE PLEASE TURN TO PAGE 88

ATTENDANCE AT MEETINGS

The Directors' attendance at the Board and Committee meetings held during the year are shown in the table below. As explained on page 91, the Board would typically hold 10 scheduled meetings during the year, including a strategy day, but to co-ordinate the response to the COVID-19 pandemic, the Board met on at least a weekly basis from the beginning of April to monitor the developing situation, and as a result the total number of Board meetings held during the year increased to 34. As set out in the table, attendance rates during this unprecedented period remained very high.

The core activities of the Board and its Committees are covered in scheduled meetings held during the year. Additional ad hoc meetings are also held to consider and decide matters outside of the scheduled meetings. Non-Executive Directors are encouraged to communicate directly with each other and senior management between Board meetings.

In addition to the meetings set out below, the Board established a sub-committee to review and approve various financing activities in the period, given the Board's focus on liquidity. This was called the 'Covid Sub-Committee (Financing)' and comprised John Barton, Charles Gurassa, Johan Lundgren, Andrew Findlay, Andy Martin (until 31 August 2020), Catherine Bradley CBE (from 31 August 2020) and Julie Southern (from 9 November 2020). The Covid Sub-Committee (Financing) met on 12 occasions from the end of March 2020 to September 2020. A number of Board members also formed specific working groups who met regularly to manage the response to both the cyber incident and shareholder-requisitioned General Meeting. The Board would normally visit one of our European operations at least once a year; however due to the COVID-19 pandemic this was not possible but will be re-introduced as soon as it is practical to do so.

Directors are encouraged to attend all Board and Committee meetings, but in certain circumstances meetings are called at short notice and due to prior business commitments and time differences Directors may be unable to attend. If a Director is unable to attend a meeting because of exceptional circumstances, they continue to receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters on the agenda which they wish to raise. Feedback is provided to the Director on the decisions taken at the meeting.

For further information regarding when Board members joined or stepped down from Committees during and after the 2020 financial year, please refer to the 'Committee changes' sections in the relevant Committee reports (pages 98 to 127).

	Board (scheduled)	Board (ad hoc)	Audit	Finance	Nominations	Remuneration	Safety
Number of meetings	9	25	3	3	7	4	5
Executive Directors							
Johan Lundgren	9/9	25/25	–	–	–	–	–
Andrew Findlay	9/9	25/25	–	–	–	–	–
Non-Executive Directors							
John Barton[1]	9/9	24/25	–	–	7/7	–	–
Charles Gurassa[1]	9/9	25/25	–	3/3	7/7	4/4	–
Catherine Bradley CBE[2]	7/7	22/22	–	2/2	2/2	–	–
Dr Andreas Bierwirth[1]	8/9	23/25	–	3/3	–	–	5/5
Moya Greene DBE[1]	9/9	22/25	–	–	7/7	4/4	5/5
Dr Anastassia Lauterbach[1]	9/9	23/25	3/3	–	–	–	–
Nick Leeder[1]	9/9	21/25	–	–	1/2	–	5/5
Moni Mannings[3]	2/2	1/1	–	–	–	–	–
Andy Martin[4]	8/8	24/24	3/3	3/3	5/5	3/4	–
Julie Southern[1]	9/9	25/25	3/3	–	2/2	4/4	5/5

Notes:
1. Did not attend certain Board meetings due to unavoidable prior commitments and some meetings being called at short notice
2. Catherine Bradley CBE joined the Board on 1 January 2020
3. Moni Mannings joined the Board on 6 August 2020
4. Andy Martin stepped down from the Board on 31 August 2020

TIME COMMITMENT AND EXTERNAL APPOINTMENTS

Following the Board evaluation process, detailed further below, the Board has considered the individual Directors' attendance, their contribution, and their external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge his or her responsibilities effectively. As evidenced by the attendance table earlier this report, despite the considerable increase in the number of meetings during the year, the attendance remained high and demonstrates the Directors' ability to devote sufficient time even in times of crisis.

Contracts and letters of appointment with Directors are made available at the AGM or upon request. The standard terms and conditions of the appointment of Non-Executive Directors are also available in the Governance section of easyJet's corporate website at https://corporate.easyjet.com.

Executive Directors and the AMB are permitted to take up non-executive positions on the board of one other listed company so long as this is not deemed to interfere with the business of the Group.

Andrew Findlay has been a Non-Executive Director of Rightmove plc since June 2017, with his time commitment for this role being eight days per year. Executive Directors' appointments to such positions are subject to the approval of the Board which considers, amongst other things, the time commitment required.

In line with the Code, Non-Executive Directors are also encouraged to seek Board approval prior to taking on any additional external appointments, and this was the case during the year. In July 2020 the Chairman, John Barton, took on the additional position of Chair of Ted Baker plc. Prior to his appointment the Board considered the time required, including whether it would impact his ability to devote sufficient time to his current role. Given that the Chairman had recently reduced his external commitments by stepping down as Senior Independent Director of Luceco plc, the Board considered that the appointment would not interfere with his role as Chairman of the Company.

INFORMATION AND SUPPORT

All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings. The papers for each meeting are made available via an electronic Board portal along with a wealth of supporting and reference material.

Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Group, they are entitled to do so at the Group's expense. Directors also have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with.

The appointment and removal of the Company Secretary is a matter requiring Board approval.

3 COMPOSITION, SUCCESSION AND EVALUATION

The Nominations Committee leads the process for Board appointments and makes recommendations to the Board. The activities of the Nominations Committee and a description of the Board's policy on diversity and inclusion are on pages 100 and 101.

APPOINTMENTS TO THE BOARD

The Board has processes in place to appoint Non-Executive Directors who can apply their wider business skills, knowledge and experience to the oversight of the Group, and provide input and challenge in the boardroom to assist in the development and execution of the Board's strategy. Similarly, Executive Director appointments are made to ensure the effective formulation and implementation of the Group's strategy.

The Nominations Committee, on behalf of the Board, reviews the skills of Board members at least annually, identifying any areas of skills, experience and knowledge that can be strengthened further. All Director appointments are made by the Board and are subject to a formal, rigorous, and transparent process.

A number of changes were made to the composition of the Board and its Committees during the year. In making these changes, the Nominations Committee and Board took into account various considerations including Board diversity, independence and the combination of skills and experience of the Directors:

- Catherine Bradley CBE and Moni Mannings were appointed as Non-Executive Directors during the year. Both Catherine and Moni possess in-depth finance and regulatory experience and bring a diverse mix of skills to the Board. Details of their induction programme are set out on page 96
- Andy Martin stepped down from the Board after serving a nine-year term in August 2020, and Charles Gurassa will step down in December 2020, having also served nine years
- Catherine Bradley CBE succeeded Andy Martin as Chair of the Finance Committee on 31 August 2020, and Moni Mannings succeeded Moya Greene DBE as Chair of the Remuneration Committee with effect from 8 October 2020
- Julie Southern succeeded Charles Gurassa as Senior Independent Director on 5 August 2020
- Moya Greene DBE will step down from the Board at the next AGM after serving three years on the Board.

The Board plans to continue to execute against its succession plans as the longer-serving members step down and it is anticipated that there will be further changes to the Board in the coming year.

RE-ELECTION

All Board appointments are subject to continued satisfactory performance following the Board's annual effectiveness review. The Company's Articles of Association require the Directors to submit themselves for re-election by shareholders at every AGM. All continuing Executive and Non-Executive Directors will stand for election or re-election at the Company's next AGM.

TENURE

The lengths of tenure of the Chairman and Non-Executive Directors at 30 September 2020 are set out on page 83.

BOARD EVALUATION

2019 Board and Committee external evaluation

As reported in the 2019 Annual Report, having undertaken an external evaluation in 2018, an internal evaluation was undertaken during 2019. The review extended to all aspects of Board and Committee performance, including: composition and dynamics, the Chairman's leadership, agenda and focus, time management, strategic oversight, overview of risk, succession planning and priorities for change. The results were positive overall, with the culture of openness and transparency in the boardroom highlighted as a particular strength. The key areas identified for increased focus and development during the 2020 financial year were as set out below, which built on those raised in the previous evaluation.

AREAS OF FOCUS IDENTIFIED	ACTIONS TAKEN
Continued focus on succession planning – continue the positive progress made on succession planning at Board, AMB and ELT level, and share this with the full Board at least annually	The Nominations Committee continued to focus on this area to ensure it is strengthened further and kept updated. Non-Executive Directors are notified when succession planning is on the agenda for discussion at the Nominations Committee so that they can choose to attend if they wish, and a formal update on succession planning is provided to the full Board at least annually.
Stakeholder views – continue to enhance the integration of stakeholders' interests within Board decision making processes	As set out on page 12, stakeholder engagement was a key focus during 2020. The Board received updates on the views of major shareholders, employees, regulators, and customers throughout the year.
Board papers – improve the consistency and articulation of the Board 'ask' in papers	The quality of papers and improving the briefing process continued to be a focus for the Company Secretariat team in the year. There was an increased volume of information provided in response to the COVID-19 pandemic, and as referenced below the Board noted that the high quality of the papers prepared by management was maintained.

2020 Board and Committee internal evaluation

As set out earlier in this report, the Board's activities during the year were dominated by the unique challenges posed by the pandemic. As a result a shorter and more targeted evaluation was undertaken for 2020, seeking feedback from Board members on how they felt the Board had collectively responded to these challenges and how it should evolve its approach in future.

The review was conducted via an online questionnaire, which sought Directors' feedback on board room dynamics, board composition, meetings during the year, inductions and training, strategic oversight, and individual and Committee performance. The results were collated by the Company Secretary and anonymised before being discussed with the Chairman and the Board.

The results of this year's evaluation were positive overall. In particular the Board noted that:

- the additional meetings held during the year had worked well, allowing Board members to maintain an appropriate oversight role, receiving key information on a regular basis and taking timely decisions
- the relationships between the Board members was rated highly, and the Board felt they had come together successfully to navigate the initial crisis
- The exposure to management and their responsiveness had been positive given the additional pressures they faced during the year.

The key areas identified for increased focus and development during the 2021 financial year are set out below.

- A continued focus on succession planning for Board and senior management, to ensure that the Board are satisfied that appropriate plans are in place
- Whilst participating in remote meetings had worked well, it would be important for the Board and management to resume meeting in person when circumstances allowed, to help continue to build relationships particularly as new members joined the Board
- the Board would need to focus on the strategy of the business post the pandemic and ensuring the business was well placed to deliver a strong recovery.

Review of the Chairman's performance

Julie Southern, as Senior Independent Director, led a review of the Chairman's performance and held a private meeting of the Non-Executive Directors without the Chairman being present to discuss this. It was concluded that John Barton's performance and contribution remain strong and that he demonstrates effective leadership. The Executive Directors and the Non-Executive Directors also reviewed, and were satisfied with, the Chairman's time commitment to the Board and the business.

DEVELOPMENT

On joining the Board, new members receive a tailored induction organised by the Company Secretary which covers, amongst other things, the business of the Group, their legal and regulatory responsibilities as Directors, briefings and presentations from relevant executives, and opportunities to visit and experience easyJet's business operations. Details of the Board induction programme provided for Catherine Bradley CBE and Moni Mannings during the year are set out below.

To update the Directors' skills, knowledge and familiarity with the Group and its stakeholders and improve Directors' understanding of the operational issues that the business faces, periodic visits to operational bases were arranged for the Board. Base visits were not included as part of the new Director induction programme, nor did the full Board undertake a base visit during the year; but these will resume as soon as conditions allow.

In order to facilitate greater awareness and understanding of the Group's business and the environment in which it operates, briefings are provided to Board members to update them on relevant developments in law, regulation and best practice when appropriate. Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from further development as part of the annual Board evaluation process. Training opportunities are provided through internal meetings, workshops, presentations and briefings by internal advisers and business heads, as well as external advisers.

NON-EXECUTIVE DIRECTOR INDUCTION PROGRAMME 2020

Catherine Bradley CBE and Moni Mannings, who were appointed during the year, followed a tailored induction programme covering a range of key areas of the business, a sample of which is given below.

SAFETY

- Attended a session hosted by the Director of Safety, Security and Compliance which included briefings on the regulatory framework, compliance monitoring, health and human rights performance, and safety operations and security
- Met with the Chair of the Safety Committee to discuss the role of the Committee and key safety policies and procedures.

GOVERNANCE, LEGAL AND REMUNERATION

- Attended a briefing session with the Group People Director and Director of Reward to discuss our approach to reward, our remuneration policy and succession planning
- Met with the Chair of the Remuneration Committee to understand the remuneration framework
- Met with the Group General Counsel and Company Secretary to understand the Board and Committee procedures, brand licence, shareholder issues, cyber risk, and legal issues and Brexit planning.

FINANCE AND AUDIT

- Attended briefing sessions on key risks, costs and revenue, balance sheet and financial metrics with the Chief Financial Officer, Director of Risk and Assurance, and Director of Financial Planning & Analysis
- Met with the Chair of the Audit Committee to understand the role of the Committee.

BOARD AND SENIOR MANAGEMENT

- Met separately with the Chairman and Senior Independent Director to understand the role of the Board and the individual contribution required
- Met separately with the Chief Executive Officer and other key members of the Airline Management Board, including the Chief Commercial and Planning Officer, Chief Operating Officer, and Chief Data and Information Officer
- Received a Board induction pack to assist with building an understanding of the nature of the Group, its business, markets and people, and to provide an understanding of the Group's main relationships. The pack also included information to help facilitate a thorough understanding of the role of a Director and the framework within which the Board operates.

BUSINESS AND FUNCTIONS

- Met with the Director, Procurement and Airport Development, to understand the relationships with airports and status of our largest bases
- Met with the Director of Investor Relations to understand relationships with major shareholders and the market environment
- Met with one of the Company's brokers to understand easyJet from a market and broker's perspective
- Received a briefing from McKinsey which focused on key issues facing easyJet, and the dynamics of the low-cost airline market.

4 AUDIT, RISK AND INTERNAL CONTROL

The report of the Audit Committee, including details of its composition and activities in the year, is set out on pages 102 to 106.

FINANCIAL AND BUSINESS REPORTING

The strategic report on pages 2 to 77 explains the Group's business model and the strategy for delivering the objectives of the Group. The Statement on Directors' Responsibilities in relation to the Annual Report and Accounts being fair, balanced and understandable can be found on page 132 and a statement on the Group as a going concern and the viability statement is set out on pages 64 and 65.

RISK MANAGEMENT

The Board has overall responsibility for easyJet's risk management and systems of internal control. The Board has carried out a robust assessment of the principal risks facing the Group and how those risks affect the prospects of the Group. Please refer to pages 66 to 77 for further information on the risk management process and the Group's principal and emerging risks and uncertainties, and page 65 for their impact on the longer-term viability and prospects of the Group.

Ongoing risk management and assurance is provided through the various monitoring reviews and reporting mechanisms that are embedded in the business operations. The results of these reviews are reported to the Audit Committee and the Board, which consider whether these high-level risks are being effectively controlled.

Regular operational (including safety), commercial, financial and IT functional meetings are held to review performance and to consider key risks and issues (please refer to pages 98 and 99 for details of the Safety Committee).

Executive management meets regularly to consider significant risks, the status of risk mitigations and overall business performance; this ensures key issues are escalated through the management team and, if appropriate, ultimately to the Board. The Directors review the effectiveness of internal controls, including operating, financial and compliance controls.

The Audit Committee undertakes an annual review of the appropriateness of the risk management processes to ensure that they are sufficiently robust to meet the needs of the Group (please refer to pages 102 to 106 for details of the Audit Committee's responsibilities).

INTERNAL CONTROL

The Group's internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. By their nature, they can only provide reasonable, not absolute, assurance against material misstatement or loss. The overall responsibility for easyJet's systems of internal control and for reviewing their effectiveness rests with the Board. The Board has conducted an annual review of the effectiveness of the systems of internal control during the year under the auspices of the Audit Committee. Further information on the Group's internal control systems is set out on pages 104 and 105.

AUDIT

Details of the Internal Audit function and external auditors are provided within this report on page 104-106.

5 REMUNERATION

The responsibility for determining remuneration arrangements for the Chairman and Executive Directors has been delegated to the Remuneration Committee. For further information on the Group's compliance with the Code provisions relating to remuneration, please refer to the Directors' Remuneration Report on pages 108 to 127 for the level and components of remuneration; and page 119 (the Remuneration Committee Report) for procedures relating to remuneration.

BOARD COMMITTEES
SAFETY COMMITTEE REPORT

DR ANDREAS BIERWIRTH
Chair of the Safety Committee

> The Committee has continued to focus on ensuring the safety and wellbeing of our customers and crew.

MEMBERSHIP, MEETINGS AND ATTENDANCE

- Dr Andreas Bierwirth (Chair)
- Moya Greene DBE
- Nick Leeder
- Julie Southern

The Committee consists of the independent Non-Executive Directors listed above. All members of the Committee are independent Non-Executive Directors. There was no change to the membership of the Committee during the year. Member biographies can be found on pages 80 to 83.

The Committee met five times during the year. The Director of Safety, Security and Compliance has attended all Safety Committee meetings during the year. Other key invitees include the Chief Operating Officer, the Director of Flight Operations, Director of Engineering & Maintenance and Head of Safety. Subject Matter Experts in flight operations, engineering and other functions have attended as required.

Meeting attendance can be found in the table on page 93. The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com.

On behalf of the Board, I am pleased to present the Safety Committee (the 'Committee') report covering the work of the Committee for the year ended 30 September 2020. These pages outline how the Committee discharged the responsibilities delegated to it by the Board over the course of the year, and the key topics it considered in doing so.

easyJet takes the safety and security of its customers and people very seriously. With the outbreak of COVID-19 dominating the year, the Committee has continued to focus on ensuring the safety and wellbeing of all our customers and employees during this period.

In March 2020, as a result of the unprecedented travel restrictions imposed by governments in response to the pandemic, and the implementation of national lockdowns across many European countries, easyJet fully grounded its entire fleet of aircraft.

In June 2020, we were able to restart our flying programme, albeit at a lower level than previously. easyJet implemented enhanced biosecurity standards when doing so, which were developed in consultation with aviation authorities ICAO and EASA and in line with government and medical advice, and these have been regularly reviewed to ensure they remain in line with best practice. The Committee has reviewed these standards and related policies and procedures to make sure they are appropriate and continue to achieve the desired outcomes as we resumed our flying programme.

There were five meetings during the year and after each Committee meeting I provided an update to the Board on the key issues discussed during our meetings.

The Committee continues to oversee the quality and effectiveness of all of easyJet's safety strategies, standards, policies and initiatives, together with risk exposures, targets and performance, in order to ensure that safety consistently receives the highest level of Board attention.

DR ANDREAS BIERWIRTH
Chair of the Safety Committee

KEY ACTIVITIES DURING THE YEAR

The Safety Committee continues to ensure that we operate in the safest and most responsible way that protects our people, partners and customers. The Director of Safety, Security and Compliance reports regularly to the Chief Executive Officer and also has the right of direct access to Dr Andreas Bierwirth as Committee Chair and to the Board Chairman, which reinforces the independence of safety oversight. As Committee Chair, Andreas reports to the Board with his own assessment of safety management within the Airline throughout the year.

During the year the Committee undertook a number of significant activities. These included an overview of maintenance of safety, security and compliance during the COVID-19 pandemic, ensuring a safe resumption of flying, reviewing the biosecurity measures for employees, passengers, airline crew, ground crew, aircrafts and airports, and the re-introduction of essential employees and crew to the workplace. The importance of safety during this year was highlighted by the additional Committee meetings held prior to, and during, the restart of flying operations.

In addition, the Committee conducted deep dives into the incident and crisis management process, runway overrun protection system, A321neo reviews, the airport risk management programme, development of the integrated management system, and the operational resilience for both summer and winter seasons. The Committee also regularly reviewed other industry events to establish learning points that could be utilised within easyJet.

The Committee continued to monitor the progress of the annual safety plan, including reviewing the safety performance indicators for the financial year. Standing items at each meeting included progress against the 2019 safety plan, employee health and wellbeing, notable incidents and actions, and a report on compliance from the Head of Safety.

The Committee received regular reports from the Director of Safety, Security and Compliance to ensure the safety team had adequate resources and appropriate information to perform its function effectively and in accordance with the relevant professional standards.

The easyJet Safety Board (ESB), which reports to the Airline Management Board, supported the role of the Committee in ensuring the safety risks and issues are identified and prioritised and action plans are in place to mitigate any risks. The ESB met monthly throughout the year, including during the period of lockdown and when no easyJet flights were operating.

RESPONSE TO COVID-19

The Committee received an update on the areas affected by the outbreak of the COVID-19 pandemic and the management of risks to ensure operational readiness. To manage compliance with safety and regulatory aspects, a three phased approach was implemented (downsizing, minimum operations, and operational readiness) to maintain the validity of the approvals and manage compliance with the regulatory requirements during these three phases. The Committee's focus was on managing risk when making the temporary changes for downsizing, on maintaining a safe operation, and the ability to safely operate aircraft and maintain compliance on resumption of flying. This was achieved by monitoring the activities undertaken and ensuring necessary documentation was prepared.

BIOSECURITY STANDARDS

The Committee received an update on the COVID-19 infection and principles of biosecurity which would need to be followed before allowing and sustaining a safe return to operations in order to protect our people, customers and workplace. The principles included social distancing, screening and prevention measures, cleaning regimes, personal protective equipment, self-isolation and quarantine processes, and the approaches to testing and vaccination.

INCIDENT AND CRISIS MANAGEMENT

The Committee received a progress update on the incident and crisis management (ICM) framework launched in November 2019. The Crisis Leadership team and management team leaders were fully trained. The Station Emergency Response Plan (SERP) was fully developed to ensure maintenance of crisis management across the network.

OPERATIONS

The Committee received an update on successful downsizing of the operation whilst maintaining minimum flying. To fulfil the key requirements for maintaining the validity of regulatory licenses it was necessary to continue to manage the risk profile and maintain a safe operating environment enabling the Group to comply with regulatory requirements at all times. The Committee also discussed the progress and status of the implementation of the incident management system (formerly the regulatory management framework) in terms of safety, security and compliance across the network.

LOOKING FORWARD

Over the next year, the Committee will continue to monitor and review the structure, content and operation of the Group's safety, security and compliance activities. More generally, we will continue to provide support to management on embedding the strong safety culture which will ensure high standards of safety continue to be delivered across the Group and all its operating entities.

BOARD COMMITTEES
NOMINATIONS COMMITTEE REPORT

JOHN BARTON
Chair of the Nominations Committee

MEMBERSHIP, MEETINGS AND ATTENDANCE

- John Barton (Chair)
- Moya Greene DBE
- Charles Gurassa
- Andy Martin (until 31 August 2020)
- Julie Southern (from 31 August 2020)
- Catherine Bradley CBE (from 31 August 2020)
- Nick Leeder (from 31 August 2020)

The Committee consists of the independent Non-Executive Directors listed above. All members of the Committee are independent Non-Executive Directors. Member biographies can be found on pages 80 to 83.

The Chairman of the Board acts as Chair of the Committee with members of the executive management invited to attend meetings. The Company Secretary acts as Secretary to the Committee.

The Committee met seven times in the year. Meeting attendance can be found in the table on page 93. The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com.

The Committee monitors and maintains an appropriate balance of skills, experience, independence and diversity on the Board.

I am pleased to present the Nominations Committee (the 'Committee') report covering the work of the Committee during the 2020 financial year.

The main purpose of the Committee is to monitor and maintain an appropriate balance of skills, experience, independence and diversity on the Board whilst regularly reviewing its structure, size and composition. It is also responsible for ensuring there is a formal, rigorous and transparent process for the appointment of new Directors to the Board.

There were seven meetings during the year and after each Committee meeting I provided an update to the Board on the key issues discussed during our meetings.

There have been a number of changes to the Board and its Committees during the year. The Committee oversaw the appointment process which resulted in the appointment of Catherine Bradley CBE with effect from 1 January 2020 and Moni Mannings with effect from 6 August 2020. Andy Martin stepped down from the Board on 31 August 2020, and Charles Gurassa will be stepping down in December 2020, having both served for nine years and in line with corporate governance best practice. Moya Greene DBE has also notified the Board that she will not be standing for re-election at the Company's next AGM. I would like to reiterate my thanks to both Charles and Andy for their very substantial contribution to easyJet over the past nine years, and Moya over the last three years.

The Committee continues to review membership and composition of the Board and it is anticipated that there will be further changes in the coming year as it continues to execute against its succession plans.

With the Board's succession plans underway, the Committee has also reviewed succession planning for the Airline Management Board and Executive Leadership team during the year. Andrew Findlay, our Chief Financial Officer, will be stepping down from the Board and leaving the business in 2021. We are very grateful to Andrew for his significant contribution over the past five years. I am delighted that we have been able to attract a candidate of the calibre of Kenton Jarvis to succeed Andrew and look forward to him joining in due course.

Implementation of the annual Board evaluation process to assess the performance of individual Directors and the effectiveness of the Board and its Committees is also one of the key responsibilities of the Committee. The Committee led an internal evaluation process during the year. I am pleased to report that the Board was deemed to operate effectively, and the outcome of the evaluation and areas of focus are set out further on page 95.

JOHN BARTON
Chair of the Nominations Committee

KEY ACTIVITIES DURING THE YEAR

NON-EXECUTIVE DIRECTOR APPOINTMENTS

The Committee had previously identified the need for a number of non-executive appointments as part of its succession plans, and during the year it oversaw the process which led to the recommendation that Catherine Bradley CBE and Moni Mannings be appointed as additional Non-Executive Directors.

Having identified the desired skills and experience sought in the new Directors and having due regard to the Board Inclusion and Diversity policy, after a selection process the Committee engaged search consultants to act on behalf of easyJet: Heidrick & Struggles in the case of Catherine Bradley CBE, and Lygon Group in the case of Moni Mannings. Both Heidrick & Struggles and Lygon Group do not have any other connection with the Company nor individual Directors, except where they may have liaised with them as prospective candidates for other board positions.

The Committee considered a list of potential candidates provided by the search consultants, and took into account the balance of skills, knowledge, independence, diversity and experience of the Board together with an assessment of the time commitment expected.

Following an interview process, a shortlist of candidates was discussed by the Committee and Catherine and Moni's appointments were recommended to the Board. Their experience further strengthens the diverse mix of skills and experience on the Board. The Committee oversaw the induction programmes for Catherine and Moni, further details of which are set out on page 96.

The Committee continues to review membership and composition of the Board and it is anticipated that there will be further changes in the coming year as it continues to execute against its succession plans and ensure the mix of skills and experience remains appropriate.

BOARD COMMITTEE MEMBERSHIP

To ensure that the Board Committees retain the correct balance of skills and experience, the Committee monitors overall composition and membership. As a result of the changes to the Board during the year, a number of changes to the membership of Board Committees were recommended and approved by the Board:

- Andy Martin stepped down as the Chair of the Finance Committee and Catherine Bradley CBE was appointed in his place with effect from 31 August 2020
- Julie Southern, Nick Leeder and Catherine Bradley CBE joined the Nominations Committee with effect from 31 August 2020 to broaden the membership of the Committee and replace those directors stepping down
- Moya Greene DBE stepped down as Chair of the Remuneration Committee and Moni Mannings was appointed in her place with effect from 8 October 2020, having joined the Remuneration Committee on appointment and having served on a Remuneration Committee for at least one year, meeting the Code requirement, as set out on page 108.

SUCCESSION PLANNING

The Board continues to satisfy itself that plans are in place for orderly succession for appointments to the Board so that the right balance of appropriate skills and experience is represented, building on the work previously undertaken. During the year, the Committee reviewed the balance of skills, experience, diversity and independence of Board members, to ensure appropriate succession plans were in place. The Committee also seeks to ensure that there are succession plans and leadership development plans in place for the members of the AMB and ELT, noting that further initiatives are planned in this area.

ELECTION AND RE-ELECTION OF DIRECTORS

The effectiveness and commitment of each of the Non-Executive Directors is reviewed annually as part of the Board evaluation. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other external appointments and interests held.

The Board is recommending the election or re-election of all of the continuing Directors at this year's AGM. Details of the service agreements for the Executive Directors and letters of appointment for the Non-Executive Directors, and their availability for inspection, are set out in the Directors' Remuneration Report on page 125.

DIVERSITY AND INCLUSION

The Committee and Board are committed to ensuring that together the Directors possess the requisite diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company. In this regard, the role of diversity in promoting balanced and considered decision making which aligns with the Group's purpose, values and strategy is fully recognised. All Board appointments are made on an objective and shared understanding of merit, in line with required competencies relevant to the Company as identified by the Committee, and consistent with the Company's Board Inclusion and Diversity Policy, which further requires processes to be employed such that a diverse pool of candidates can be identified and considered.

Following the annual review of the Board, the Committee discussed the makeup of the Board and agreed annual objectives on diversity for proposal to the Board, taking into account the recommendations set out in the Hampton-Alexander Review (which recommends that at least 33% of board and executive committee members of FTSE 350 companies should be female), the McGregor-Smith Review and the Parker Review (which recommends at least one director from an ethnic minority background for FTSE 100 companies by 2021). At the year end, the Board had a 45% female representation, exceeding the 33% recommended by the Hampton-Alexander Review, and one director from an ethnic minority background. The Airline Management Board has 33% female representation, and 26% of their direct reports are female. Further details on diversity can be found on pages 49 to 50.

The Nominations Committee also oversees the development of a diverse pipeline for future succession to Board and senior management appointments, including reviewing the gender balance of senior management and its direct reports. Where there is a known desire to improve diversity at a certain level or in a certain function in the organisation, the recruiting team will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will always be on merit.

easyJet's People team monitors the Group's diversity on at least an annual basis and highlights any areas of concern to the AMB. The Sustainability section of the Annual Report on pages 36 to 53 reports in further detail on the approach being taken to diversity and inclusion, and the implementation of the policy across the Group.

BOARD EVALUATION

During the year an evaluation of the Board, its Committees and the Chairman was undertaken in line with the Committee's terms of reference. The evaluation process was internally facilitated by the Company Secretary, and details can be found on page 95.

BOARD COMMITTEES
AUDIT COMMITTEE REPORT

JULIE SOUTHERN
Chair of the Audit Committee

"The Committee continues to play a key role in assisting the Board in fulfilling its oversight responsibility."

MEMBERSHIP, MEETINGS AND ATTENDANCE

- Julie Southern (Chair)
- Dr Anastassia Lauterbach
- Andy Martin (until 31 August 2020)
- Catherine Bradley CBE (from 31 August 2020)

The Committee consists of the independent Non-Executive Directors listed above. All members of the Committee are independent Non-Executive Directors. Member biographies can be found on pages 80 to 83.

The Board has confirmed that it is satisfied that Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience including the travel sector in which the Company operates. The Board also confirmed that Julie Southern has recent and relevant financial experience.

Andy Martin stepped down as a member of the Committee on 31 August 2020 and Catherine Bradley CBE became a member of the Committee with effect from the same date. The Company Secretary acts as Secretary to the Committee.

The Committee met three times during the year, with members of senior management required to attend as and when appropriate. Meeting attendance can be found on page 93. The Committee also met with the internal and external auditors and Head of Risk and Assurance separately after each meeting. In addition, the Committee Chair holds regular private sessions with the Chief Financial Officer, the Head of Risk and Assurance and the External Audit team, to ensure that open and informal lines of communication exist should they wish to raise any concerns outside formal meetings.

I am pleased to present the Audit Committee (the 'Committee') report for the year ended 30 September 2020. During the year the Committee continued to play a key role in assisting the Board in fulfilling its oversight responsibility. Its activities included reviewing and monitoring the integrity of financial information, the Group's system of internal controls and risk management, the internal and external audit process and the process for compliance with laws, regulations and ethical codes of practice.

COVID-19 obviously had a major impact on the business as set out in the Chairman's Statement and this increased the degree and complexity of judgemental decisions that needed to be reflected in the financial statements. The finance team and our external auditors also had to quickly adapt to the restrictions that remote working imposed and I am pleased to report that both worked extremely hard to ensure that the financial control environment was maintained.

The Audit Committee played a key role in providing independent oversight of any impacts on the risk management processes and internal control frameworks and challenging management on the significant accounting judgements made as a part of our financial reporting and going concern statements.

As the business was effectively operationally shut down between March and the resumption of flying in June and staff were furloughed, the Internal Audit team suspended their normal programme of work. Work recommenced in September and the team are engaged in delivering a reprioritised audit plan.

We have considered the processes underpinning the production and approval of this year's Annual Report and accounts, to enable the Board to confirm that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee also assessed the viability of the Group over a three-year period.

There were three meetings during the year and after each Committee meeting I provided an update to the Board on the key issues discussed during our meetings. I have also met separately with the external audit partner and key management on a number of occasions during the year.

As mentioned in this report, Andy Kemp will be conducting his last audit this year as the external audit engagement partner, and I would like to take the opportunity to thank him for his diligence and constructive challenge during his tenure. I would also like to thank Andrew Findlay, who is stepping down as Chief Financial Officer in February 2021, for his significant contribution.

This report sets out details of the role of the Committee and how it has discharged its duties and responsibilities during the year.

JULIE SOUTHERN
Chair of the Audit Committee

ROLE OF THE COMMITTEE

The principal roles and responsibilities of the Committee are set out in its terms of reference, and include, but are not limited to:

FINANCIAL REPORTING	• monitor the integrity of the financial statements of the Company and the Group, preliminary results and announcements • review the appropriateness and consistency of significant accounting policies • review and report to the Board on significant financial issues and judgements
INTERNAL CONTROL AND RISK MANAGEMENT	• carry out a robust assessment of the Group's emerging and principal risks on an annual basis • review the effectiveness of the Group's risk management system and the assurance reports from management on the internal control and risk management system
COMPLIANCE, WHISTLEBLOWING AND FRAUD	• review the adequacy and security of the Group's arrangements for the employees to raise concerns about possible wrongdoing in financial reporting or other matters on behalf of the Board
INTERNAL AND EXTERNAL AUDIT	• review and approve the role and mandate of Internal Audit, monitor and review the effectiveness of its work and carry out a periodic assessment of the effectiveness of the Internal Audit function • consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM), in relation to the appointment, reappointment and removal of the Company's external auditor • oversee the relationship with the external auditor

The Committee's full terms of reference are approved annually and are available on the Company's website at https://corporate.easyjet.com.

KEY ACTIVITIES DURING THE YEAR

The main areas of Committee activity during the 2020 financial year included the planning, monitoring, reviewing and approval of the following areas:

FINANCIAL REPORTING

- The integrity of the 2019 full year and 2020 half year financial statements relating to the financial performance and governance of the Group, and considering the disclosures against the FRC guidance on reflecting the impact of COVID-19
- The material areas in which significant judgements were applied, based on reports from both the Group's management and the external auditor. Further information is provided in the Significant judgements section on page 105
- The information, underlying assumptions and stress-test analysis presented in support of the Viability Statement and Going Concern status
- The consistency and appropriateness of the financial control and reporting environment
- The availability of distributable reserves to fund the dividend policy and make dividend payments
- The fair, balanced and understandable assessment of the Annual Report and Accounts for the 2019 financial year and the 2020 half year statement.

INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT

- The adequacy and effectiveness of the Group's ongoing risk management systems and control processes, through an evaluation of: the risk and assurance plans; Internal Audit review reports; risk assessments; information and cyber security threats; and business continuity and control themes
- The Group's risk environment, including a robust review of the Company's principal risks and uncertainties and including appropriate consideration of emerging risks
- Business integrity measures including the 'Speak Up Speak Out' process, addressing any unethical behaviours, overseeing and conducting individual investigations into whistleblowing concerns
- Review of common themes and trends identified from internal audit and business integrity activity completed during the year
- Reviewing the controls and risk management processes for easyJet holidays

INTERNAL AUDIT EFFECTIVENESS AND REVIEW OF ACTIVITIES

- An assessment of the effectiveness and independence of the Internal Audit function, including consideration of:
  - key internal audit reports
  - stakeholder feedback on the quality of internal audit activity
  - Internal Audit's compliance with prevailing professional standards
  - the implementation of Internal Audit recommendations
  - the results of any independent External Quality Assessment (EQA).

RELATIONSHIP WITH EXTERNAL AUDITOR

- Reviewed the scope of, and findings from, the external audit plan undertaken by PricewaterhouseCoopers LLP ('PwC') as the external auditor
- The effectiveness of the external audit process
- The assessment of the performance, continued objectivity and independence of PwC
- The level of fees paid to PwC for permitted non-audit services
- The reappointment of PwC as external auditor

COMPLIANCE, WHISTLEBLOWING AND FRAUD

- Reviewing whistleblowing reporting, reports on anti-bribery and anti-corruption procedures, reports on procedures for fraud and loss prevention and reports on credit card fraud, together with monitoring and investigations.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee assessed and recommended to the Board that, taken as a whole, the 2020 Annual Report and Accounts (which the Board subsequently approved) are fair, balanced and understandable and provide the necessary information for shareholders to assess the Group and Company's position and performance, business model and strategy. In reaching this conclusion, the Committee considered the overall review and confirmation process around the Annual Report and Accounts, including:

- the input of subject-matter experts, the AMB and other senior management and, where applicable, the Board and its Committees
- the processes and controls which underpin the overall review and confirmation process, including the preparation, control process, verification of content, and consistency of information being carried out by internal financial controls specialist
- Review of the Annual Report and Accounts held by senior management and other subject-matter experts to focus solely on the reporting being fair, balanced and understandable.

The Committee was provided with, and commented on, a draft copy of the Annual Report and Accounts.

In carrying out the above processes, key considerations included ensuring that there was consistency between the financial statements and the narrative provided in the front half of the Annual Report, and that there was an appropriate balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and balanced manner including linkage between key messages throughout the document.

FINANCIAL AND BUSINESS REPORTING

Through its activities, the Committee focuses on maintaining the integrity and quality of our financial reporting, considering the significant accounting judgements made by management and the findings of the external auditors. The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviewed accounting papers prepared by management which provided details of significant financial reporting judgements. The Committee also reviewed the reports by the external auditors on the half-year and full-year results, which highlighted any issues arising from the work undertaken on the audit.

The Committee's process included the comprehensive review of financial issues through the challenge of management, consideration of the findings of the external auditors and comparison with other organisations. The significant issues considered in relation to the financial statements are detailed below.

REPORTING CONTROLS

Management is responsible for maintaining adequate internal control over the financial reporting of the Group. A summary of the Group's financial results and commentary on performance measures is provided to the Board each month. Controls are in place over the preparation of financial data including; balance sheet reconciliations, review meetings on key balances and commentary on variances to forecast and prior periods. On a monthly basis, senior management, including the Group Financial Controller and Chief Financial Officer, review the management reporting packs.

The Annual Report and Accounts are produced by the Group Financial Control team based on submissions from individual teams across the business including Investor Relations, Finance, Corporate Affairs, HR, Company Secretariat and Risk and Assurance. The report contributors are required to maintain supporting evidence for their submissions and ensure they are reviewed. The figures are then independently validated by the Group Financial Control team and the Risk and Assurance team perform sample tests of tying disclosures back to supporting evidence.

The Annual Report and Accounts are reviewed by the AMB, Board of Directors and Audit Committee for accuracy and to ensure a fair, balanced and understandable view is presented. Senior members of the Finance team including the Chief Financial Officer, Chief Accountant and Group Financial Controller meet with the Audit Committee to present key events and discuss areas of judgement or estimates as outlined below. In-depth presentations on significant areas are provided throughout the year as appropriate.

The Finance team have regular proactive conversations with the external auditors on topics which are of audit relevance. The external auditors perform audit procedures and challenge of the Annual Report and Accounts and present their findings to the Audit Committee.

The Going Concern and Viability Statements are on pages 64 and 65.

RISK AND ASSURANCE

Details of the risk framework and the principal risks and uncertainties are set out on pages 66 to 77.

The Audit Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the internal audit annual plan and assesses the quality of internal audit reports, along with management's actions relating to findings and the closure of recommended actions. The Audit Committee also considers stakeholder feedback on the quality of Internal Audit's work and the Internal Audit function is subject to an independent External Quality Assessment (EQA) every five years in line with the Institute of Internal Auditors Standards. The last EQA was conducted in 2017, with the next one planned for 2022.

During 2020, a carefully targeted internal audit plan was agreed and undertaken across easyJet's operations, systems and support functions, with subsequent reports, including management responses, recommended action plans and follow-up reviews being considered by the Audit Committee at each of its three meetings held during the year. As set out in the introduction, the Internal Audit team suspended their normal programme of work due to the pandemic but recommenced work in September to deliver a reprioritised audit plan.

In order to safeguard the independence of the Internal Audit function, the Head of Risk and Assurance (who heads up the Internal Audit function) is given the opportunity to meet privately with the Audit Committee without any other members of management being present.

SIGNIFICANT JUDGEMENTS

GOING CONCERN

Given the continued uncertain nature of the current economic environment, the Committee reviewed the assumptions made in reaching the going concern conclusion, including the financial forecasts, the output of the stress testing performed and the consideration of risks and uncertainties, as well as the enhanced going concern disclosure.

CARRYING VALUE OF ASSETS

The Committee considered whether the carrying value of goodwill, landing rights and aircraft assets held by easyJet should be impaired. There is judgement in the assumptions underlying the calculation of the value in use of the business being tested for impairment - primarily whether the forecasted cash flows are achievable and the overall macroeconomic assumptions. The Committee addressed these matters using reports received from management outlining the basis for assumptions used, the stress testing performed on the calculation of the value in use and other relevant information used to support the carrying value of assets.

The forecasted cash flows used in the calculation were presented to the Board.

TREASURY OPERATIONS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

As a result of the reduced flying programme, the Group's near term exposures for jet fuel and foreign currency were significantly reduced, causing a proportion of derivatives previously hedge accounted for to be discontinued. In addressing the appropriateness of this treatment, the Committee used reports received from management outlining the forecasts used and the basis for determining the calculation of the hedge discontinuation amounts recognised as non-headline.

KEY JUDGEMENTAL ACCRUALS AND PROVISIONS

The Committee reviewed the level and calculations of key accruals and provisions which are judgemental in nature, including customer claims in respect of flight delays and cancellations, maintenance provision and the restructuring provision.

The Committee addressed these matters using reports received from management which set out the key assumptions used and the judgements involved. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.

PENSION ACCOUNTING

The Committee considered the methodology for the financial and demographic assumptions used in the calculation of the Swiss net defined benefit obligation. Advice was sought from expert independent actuaries by the management team as part of the process.

DEFERRED TAX ASSETS

The Committee has considered the recoverability of the deferred tax asset based on the expected future taxable income of the Group. The Committee reviewed a report received from management outlining the basis of key assumptions used and the judgements involved.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole, including the Audit Committee members, considers the nature and extent of easyJet's risk management framework and the risk profile that is acceptable in order to achieve the Group's strategic objectives. The Audit Committee has reviewed the work undertaken by management, the Committee itself and the Board on the assessment of the Group's principal risks, including their impact on the prospects of the Group. As a result, it is considered that the Board has fulfilled its obligations under the Code in relation to risk management and internal controls. Further details on the Group's principal risks and uncertainties and their impact on the prospects of the Group are set out on pages 66 to 77.

easyJet's system of internal controls, along with its design and operating effectiveness, which includes the Group's financial reporting process, is subject to review by the Audit Committee, through reports received from management, along with those from both internal and external auditors. Any control deficiencies identified are followed up, with action plans tracked by the AMB and the Committee.

ANTI-BRIBERY AND WHISTLEBLOWING

The Code includes a provision that there should be a means for the workforce to raise concerns and that the Board should routinely review this mechanism and the reports arising from its operation. The Board and Audit Committee receive regular reports on this subject, and the Audit Committee assists the Board in ensuring that adequate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action, with the findings being regularly reported to the Board.

The Group is committed to the highest standards of quality, honesty, openness and accountability. The Group and all operating companies have whistleblowing policies in place. Employees are encouraged to raise genuine concerns under the policy and any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken. The Business Integrity Committee is a management forum on whistleblowing. It receives summaries of all reported concerns; it monitors any ongoing concerns and ensures that the proposed outcomes of investigations are fair, transparent and robust, with root causes identified and remedial actions agreed. Any matters of significance are reported to the Audit Committee and the Board, along with a comprehensive full year report. The Board supports the objectives of the Bribery Act 2010 and procedures have been established to ensure that compliance is achieved. These set out what is expected from our colleagues and stakeholders to ensure that they protect themselves, as well as the Group's reputation and assets. Training has been provided to the Board, senior management and all employees and is refreshed on a regular basis. Any breach of the Bribery Act will be regarded as serious misconduct, potentially justifying immediate dismissal.

EXTERNAL AUDITOR

PwC, as the external auditor, is engaged to conduct a statutory audit and express an opinion on the financial statements. Its audit includes the review of the systems of internal financial control and data which are used to produce the information contained in the financial statements. PwC was reappointed as auditor of the Group at the 2020 AGM. The last tender process was undertaken in 2015 for the year ended 30 September 2016.

The current external audit engagement partner is Andrew Kemp, Senior Statutory Auditor, who has held this role since 2016. He will be conducting his last audit this year, for the year ended 30 September 2020, and will be replaced by Owen Mackney.

The external audit plan and the £0.8 million fee proposal for the financial year under review (2019: £0.4 million) was prepared by PwC in consultation with management and presented to the Committee for consideration and approval.

EXTERNAL AUDITOR EFFECTIVENESS AND INDEPENDENCE

Senior management monitors the external auditor's performance, behaviour and effectiveness during the exercise of its duties, which informs the Audit Committee's decision on whether to recommend reappointment on an annual basis.

The Audit Committee also assesses the effectiveness, independence and objectivity of the external auditor by, amongst other things:

- considering all key external auditor plans and reports; in particular those summarising audit work performed on significant risks and critical judgements identified, and detailed audit testing thereon
- having regular engagement with the external auditor during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present
- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting
- understanding the extent to which the auditor challenges management's analysis
- considering FRC audit quality inspection reports
- following the end of the financial year, each Committee member completing an auditor effectiveness review questionnaire.

The Committee was satisfied that the external audit had provided appropriate focus to those areas identified as the key risk areas to be considered by the Audit Committee and that the auditors had challenged management as part of the process. It had also continued to address the areas of significant accounting estimates. On this basis, and considering the views of senior management, the Committee concurred that the external audit had been effective and that PWC remained independent.

EXTERNAL AUDITOR OBJECTIVITY

To preserve objectivity and independence, the external auditor does not provide consulting services unless this is in compliance with the Group's Non-audit Services Policy which reflects the EU audit reform regulations and the FRC's Revised Ethical Standard 2016. This policy is available in the Governance section of easyJet's corporate website at corporate.easyjet.com.

In the 2020 financial year, PwC undertook only audit-related non-audit services for the Company, as set out in note 3 to the financial statements.

EXTERNAL AUDIT TENDERING

PwC was first appointed to audit the Annual Report and Accounts for the year ended 30 September 2006, and has therefore served a 15 year term. Under EU audit reform legislation, companies are required to have a mandatory tender of auditors after 10 years, or 20 years if there is a competitive re-tender at 10 years. During the 2015 financial year, the Committee led a tender process for external audit services, following which the Audit Committee agreed to recommend that the Board reappoint PwC as, on balance, it performed best against the Committee's pre-agreed selection and assessment criteria. The Company confirms that it has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 relating to tendering and non-audit services.

LOOKING FORWARD

The Committee will continue to consider the financial reporting of the Group and review the Group's accounting policies and annual statements. In particular, any major accounting issues of a subjective nature will be discussed by the Committee.

The Committee will also continue to review internal and external audit activity and the effectiveness of the risk management process.

EXTERNAL AUDIT TENDERING TIMELINE

2006	2015	2020	2024/2025	2026
PwC appointed	Full competitive tender; PwC reappointed for year ending 30 September 2016	Mandatory appointment of new external audit lead partner after five years to sign off on the 2021 financial year (see the 'External Auditor' paragraph above)	Competitive tender to take place unless carried out earlier	PwC cannot continue beyond financial year end 30 September 2025 and a competitive tender will take place (if not already effected prior to this date)

BOARD COMMITTEES
FINANCE COMMITTEE REPORT

CATHERINE BRADLEY CBE
Chair of the Finance Committee

> The Committee's key role is to review and monitor the Group's treasury policies, treasury operations and funding activities along with associated risks.

MEMBERSHIP, MEETINGS AND ATTENDANCE

- Catherine Bradley CBE (Chair) (member from 1 January 2020, Chair from 31 August 2020)
- Dr Andreas Bierwirth
- Charles Gurassa
- Andy Martin (Chair until 31 August 2020)

The Committee consists of the independent Non-Executive Directors listed above. All members of the Committee are independent Non-Executive Directors. Member biographies setting out their skills and experience can be found on pages 80 to 83.

Catherine Bradley CBE became a member of the Committee on 1 January 2020 on joining the Board. Andy Martin stepped down from the Committee and the Board on 31 August 2020 and was succeeded by Catherine Bradley CBE as Chair with effect from the same date. The Company Secretary acts as Secretary to the Committee and members of the executive management are invited to attend meetings.

The Committee met three times during the year. Meeting attendance can be found in the table on page 93. The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com.

I am pleased to present my first Finance Committee (the 'Committee') report covering the work of the Committee for the year ended 30 September 2020, having taken over as Chair on 31 August 2020. I would like to thank Andy Martin for his previous Chairmanship of the Committee and supporting a smooth transition.

The Committee's key role is to review and monitor the Group's treasury policies, treasury operations and funding activities along with associated risks. It is responsible for regulating the treasury activities of the Company and controlling the associated risks, determining and approving material inter-company distributions, and changes to share warehousing policies and loan facility arrangements. The Committee is also responsible for providing approvals in relation to hedging, International Swaps and Derivatives Association (ISDA) arrangements, letters of credit, guarantees in line with the delegated authority and the Treasury Policy.

The Committee's key activities during the year are set out in the following section. There were three meetings during the year and after each Committee meeting Andy Martin provided an update to the Board on the key issues discussed during our meetings.

The immediate funding and liquidity matters that arose as a result of the COVID-19 pandemic were managed by the Board with the support of the Covid Sub-Committee (Financing) as set out on page 93. However, three of the Committee members were members of the Sub-Committee and the Board were kept appraised of these matters.

CATHERINE BRADLEY CBE
Chair of the Finance Committee

KEY ACTIVITIES DURING THE YEAR

During the year, the Committee continued to monitor activities by receiving regular reports from the Treasury function setting out details of cash and deposits, hedging positions for fuel, foreign exchange and carbon, debt maturity, interest rate analysis and monitoring of credit ratings, amongst other matters.

The Committee also considered aircraft financing prior to the outbreak of COVID-19, monitoring the number of aircraft in the fleet that are owned or leased and approving sale and leasebacks where appropriate to manage residual value risk and maintain flexibility. Following the outbreak of COVID-19 aircraft financing was considered by the Board via the Covid Sub-Committee (Financing), with the Committee kept appraised of the position.

The Committee was updated on the additional liquidity and funding that had been arranged to manage through the COVID-19 pandemic, including the Covid Corporate Financing Facility (CCFF), Revolving Credit Facility (RCF) and term loans.

The Committee approved the implementation of a dynamic hedging approach to hedge the Group's capital expenditure exposure, and approved the Company's policy on hedging jet fuel on a quarterly basis as part of effective oversight of the Group's treasury and funding policies, ensuring that treasury activities undertaken do not subject the Group to undesired levels of risk, and that these activities are appropriately aligned with the Group's strategy and financial performance.

The Group's hedging and investment strategy was also reviewed by the Committee to ensure it remained appropriate during the period of uncertainty posed by the pandemic, whilst cash management became a priority.

The Committee also considered and approved the easyJet holidays Treasury Policy for onward recommendation to the Board.

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

MOYA GREENE DBE
Chair of the Remuneration Committee until 8 October 2020

MEMBERSHIP, MEETINGS & ATTENDANCE

- Moni Mannings (Chair from 8 October 2020, member from 6 August 2020)
- Moya Greene (Chair until 8 October 2020)
- Charles Gurassa
- Andy Martin (until 31 August 2020)
- Julie Southern

There were two changes to the membership of the Committee during the year as set out above. Moya Greene DBE notified the Board that she would not be seeking re-election at the Company's next AGM and stood down as Chair of the Remuneration Committee with effect from 8 October 2020. Moya was succeeded as Chair by Moni Mannings, who joined the Board and the Remuneration Committee on 6 August 2020. Moni is an experienced Remuneration Committee chair and has served on Remuneration Committees for more than 12 years. She is currently Chair of the Remuneration Committee of Breedon Group plc and Investec Bank plc, having previously held the role at Polypipe Group plc. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, Reward Director and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 80 to 83. The Committee met four times during the year. Meeting attendance can be found in the table on page 93.

"The Remuneration Committee has responsibility for determining remuneration for the Executive Directors, the Chairman of the Board and members of the Airline Management Board."

On behalf of the Board, I am pleased to present the Directors' remuneration report for the year ended 30 September 2020 (the 'Report'). The Report sets out details of the remuneration policy for Executive and Non-Executive Directors, which was approved by shareholders at the 2018 Annual General Meeting, and describes how the remuneration policy was implemented in the year ended 30 September 2020, and explains how it will be implemented for the 2021 financial year.

PERFORMANCE AND REWARD OUTCOMES IN THE 2020 FINANCIAL YEAR

After delivering strong headline results in the first half of the year, the impact of COVID-19 meant the second half of the year was re-focused on cost reduction, deferring future fleet deliveries, securing additional funding and ensuring a gradual safe return to flying after the grounding of the entire fleet for a period of 11 weeks during the spring. To minimise the impact of the global pandemic on the business a number of difficult but necessary decisions to permanently reduce overall headcount were made to match the significantly reduced demand for flights going forward. At the same time from 1 April 2020 the board and senior management also voluntarily reduced their base salary by 20% for a three-month period whilst many employees remained on furlough. As a result of the financial consequences of COVID-19 on business performance and wider stakeholders the Committee decided to apply its discretion such that no annual bonuses will be paid out in respect of 2020. In addition, no LTIP will payout in respect of the three years ending 2020. This means the Chief Executive's total expected pay for the year was reduced by over 70% compared with how the business was performing prior to the impact of COVID-19. Similarly, the Chief Executive's total pay opportunity will most likely remain materially reduced due to the extended impact of the pandemic on his outstanding LTIP awards that would have potentially vested in 2021 and 2022.

REVIEW OF THE REMUNERATION POLICY DURING 2020

In advance of the expiry of the Group's remuneration policy at the next AGM, the Committee has undertaken a thorough review of the current arrangements, and concluded for now they should remain consistent as it directly aligns with the strategic priorities set out on pages 25 to 31. However, the Committee intends to keep the current policy under review in 2021 given the continued uncertainty and very limited future visibility on demand across the sector.

The Committee also reviewed current policies against best practice and corporate governance developments and is proposing a number of amendments. The key changes are in relation to increasing the share ownership guidelines to 250% of base salary for the Chief Executive and 200% for the future Chief Financial Officer (from 200% and 175%, respectively), and the introduction of a post-cessation share ownership guideline. Executive Directors will be expected to maintain a minimum shareholding equal to the new in-post share ownership guideline, (or their actual shareholding if lower) for two years following cessation of employment as an Executive Director.

IMPLEMENTATION OF THE REMUNERATION POLICY IN THE 2021 FINANCIAL YEAR

Based on the continuation of the existing approach the Committee intends to take the following approach to the implementation of the remuneration policy for the year ending 30 September 2021.

SALARY

In light of the continuing business uncertainty the Committee has agreed that executive salaries will remain unchanged for the year ahead, in line with the wider workforce and the need to remain tightly focused on cost control.

BONUS

The Committee has decided to delay the finalisation of the metrics and setting of targets for bonus purposes until later in the year once the wider impact of COVID-19 on the business is clearer. Nevertheless, in keeping with the current remuneration policy the intention is that the majority of the bonus will continue to be based on financial measures and the remainder on non-financial or strategic goals. The bonus maximum and target levels will remain unchanged and the metrics and targets will be disclosed in the normal way in the Annual Report for the year ending 30 September 2021. One-third of any bonus earned will continue to be subject to compulsory deferral into shares for three years.

LTIP

Similar to the annual bonus, the LTIP awards will continue to be based on the current approach, with the selection of metrics and targets delayed until later in year. It is the Committee's intention that the metrics selected will be re-aligned with the priorities of delivering a sustainable recovery over the three-year performance period. The final LTIP metrics and targets, therefore, will be disclosed in full in the Annual Report for the year ending 30 September 2021, and retain the normal December grant date and 3 year vesting period from grant. In addition, the final vesting of any awards will be considered carefully by the Committee at that time to ensure the value delivered to participants remains appropriate relative to the performance of the Group, shareholder experience, and wider workforce impact over the entire period. In particular the Committee will ensure that no undue windfall gains are made as a result of share price movements.

CHANGES TO THE BOARD

We announced on 26 May 2020 that our Chief Financial Officer, Andrew Findlay, had advised the Board of his intention to leave easyJet and continue to work through his notice period to 25 May 2021. We then further announced on 18 September 2020 the appointment of Kenton Jarvis to the position of Chief Financial Officer and confirmed on 14 October 2020 that this appointment would take effect from 3 February 2021. Details of his new remuneration arrangements are set out in the remuneration report and are all in accordance with our current remuneration policy.

Until then, Andrew Findlay will continue in his position as Chief Financial Officer, following which he will provide a short handover to ensure a smooth transition. Andrew Findlay will continue to receive his current salary and benefits on a monthly basis for the duration of his notice period. These payments will be reduced in the event that alternative employment is taken up during this period. All of his unvested LTIP awards will lapse along with any deferred bonus shares that are yet to vest beyond the termination of his employment.

I have stepped down as Chair of the Committee, and been succeeded by Moni Mannings with effect from 8 October 2020. I am sure Moni will continue to productively engage with our investors to ensure our remuneration policy going forwards remains appropriate for the challenging environment ahead.

On behalf of the Committee I would like to thank you for your continued support during 2020 and ahead of the next AGM.

Moya Greene

MOYA GREENE DBE

GOVERNANCE

WHAT IS IN THIS REPORT?

This Report sets out easyJet's remuneration policy for Executive and Non-Executive Directors, describes the implementation of that policy and discloses the amounts earned relating to the year ended 30 September 2020. The Report complies with the provisions of the Companies Act 2006 and supporting regulations. The Report has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UK Listing Authority Listing Rules.

The Directors' remuneration policy (set out on page 112 to 118) will be put to shareholders in a binding vote at the forthcoming AGM and, if approved, will formally supersede the current policy with immediate effect. The Annual Statement by the Chair of the Remuneration Committee (set out on pages 108 to 109) and the Annual Report on Remuneration (set out on pages 119 to 127) will together be subject to an advisory vote at the forthcoming AGM.

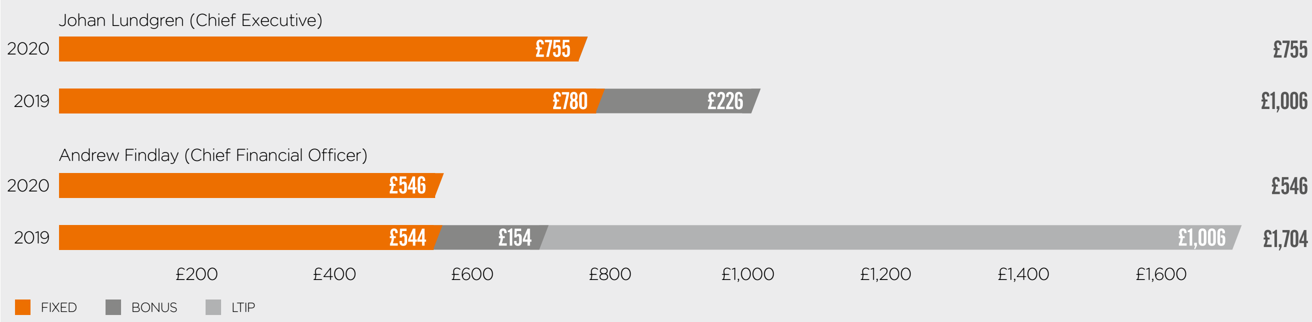
REMUNERATION AT A GLANCE

REWARD PRINCIPLES

The Remuneration Committee's primary objective is to design a remuneration framework which promotes the long term success of the Group. For some time we have been guided by the following reward principles:

Principle	Application in remuneration framework
Simple and cost effective	To establish a simple and cost effective reward package in line with our low-cost and efficient business model. For example, our Executive Directors do not receive the level of benefits that can be found in the majority of listed companies and instead are aligned with those in the wider employee population.
Aligned with business strategy	To support the achievement of our business strategy of long-term growth and returns, performance is assessed against a range of financial, operational, and longer-term targets. This ensures that value is delivered to shareholders and that Executive Directors are rewarded for the successful and sustained delivery of the key strategic objectives of the Group.
Pay for performance	Total remuneration closely reflects performance and is therefore more heavily weighted towards variable pay than fixed pay. This ensures that there is a clear link between the value created for shareholders and the amount paid to our Executive Directors.
Mindful of the wider stakeholder experience	Notwithstanding the financial performance of the business overall remuneration outcomes will be mindful of the wider stakeholder experience to ensure Executive Director remuneration remains fair, responsible and sustainable.

SINGLE TOTAL FIGURE OF REMUNERATION (£'000)



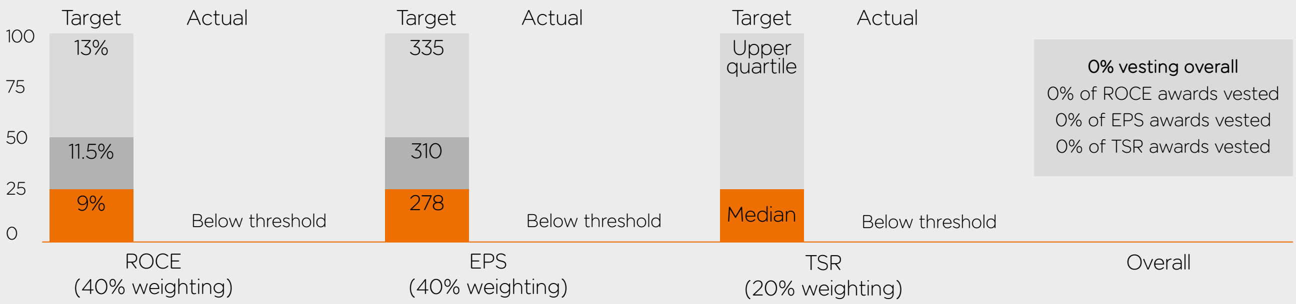
CEO & CFO ANNUAL BONUS – FY2020 PERFORMANCE

Annual bonus – performance for the 2020 financial year

Metrics	Weighting	Threshold	On-target	Maximum	FY20 result	Achieved (% of max)	% of maximum bonus achieved
Headline profit before tax at budgeted constant currency (£m)	60%	£368m	Below threshold £409m	£450m	(865)	0%	n/a
Customer satisfaction	10%	71.0%	75.0%	79.0%	75.2%	53%	n/a
Headline cost per seat at budgeted constant currency excluding fuel	10%	£45.23	Below threshold £44.78	£44.33	£56.33	0%	n/a
Individual[1]	20%	0%	n/a 50%	100%	(CEO)	n/a	n/a
					(CFO)	n/a	n/a
Total	100%	0%			(CEO)		n/a
					(CFO)		n/a

1. Due to the pandemic the Committee determined the departmental and personal goals to be no longer relevant given the revised focus of executive directors in response to the pandemic

LTIP – Performance for the three years to 30 September 2020



EXECUTIVE DIRECTOR REMUNERATION POLICY – AT A GLANCE

Element	Policy	Implementation of Policy for the 2021 financial year
Base salary	Increase normally up to the average workforce level (though may be increased at higher rates in certain circumstances, for example where salary is set below market on recruitment and is being transitioned to a competitive level in a series of planned stages).	In line with the wider workforce pay freezes the base salaries for Johan Lundgren and Andrew Findlay will not be increased during the 2021 financial year. Kenton Jarvis salary, who joins on 3 February 2021 as Chief Financial Officer, is set out on page 120.
Benefits and pension	Modest benefits with pension provision aligned to the wider workforce.	Pension of 6.15% of salary (being the cash alternative to a 7% employer contribution less UK employers' national insurance contributions); plus modest benefits.
Annual bonus	Maximum opportunity is 200% of base salary (Chief Executive) and 175% of base salary (Chief Financial Officer). One-third of bonus is deferred into shares for three years. Majority based on financial metrics. Withholding and recovery provisions apply.	Maximum will remain at 200% of base salary for the Chief Executive and at 175% of base salary for the Chief Financial Officer. The Committee will disclose full details of performance metrics and the achievement against each metric in the 2021 Annual Report. The metrics will continue to be a combination of financial and non financial measures with the majority based on financial as per the current policy.
Long term incentive plan	Normal maximum awards of 250% of base salary (Chief Executive) and 200% of base salary (Chief Financial Officer). Up to 300% of salary in exceptional circumstances. Three-year performance period plus two-year post-vesting holding period. Based on metrics aligned with business strategy and long-term investor interests. Withholding and recovery provisions apply.	Award to the Chief Executive will remain 250% of base salary. No awards will be made to Andrew Findlay. An award of 200% of base salary will be made to new Chief Financial Officer Kenton Jarvis shortly after joining. The performance targets for the 2021 awards will be disclosed in full in the 2021 Annual Report. The Committee will apply its discretion on the vesting outcome of these LTIP awards to ensure the Executive Directors are fairly rewarded and do not unduly benefit from windfall gains taking into consideration performance across the whole period.
Share ownership guidelines	Expanded for 2021 250% of base salary (Chief Executive) and 200% of base salary (Chief Financial Officer). Requirement to retain 50% of post-tax LTIP vesting and 100% of post-tax deferred bonus shares until guideline is met (and maintained).	250% of base salary for the Chief Executive and 200% of base salary for the Chief Financial Officer. These expanded guidelines will apply to all new director appointments and all current directors not under notice.
Post cessation share ownership guidelines	Introduced for 2021 Chief Executive and Chief Financial Officer required to hold up to 100% of their shareholding requirement for two years after leaving office.	Executive Directors will be expected to maintain a minimum shareholding equal to the new guideline (or their actual shareholding if lower) for two years following stepping down as an Executive Director. These new guidelines will only apply to any shares from incentive awards for all new and current directors not under notice.

DIRECTORS' REMUNERATION POLICY

This part of the Directors' remuneration report sets out easyJet's Directors' remuneration policy. This revised policy will be put to shareholders for approval in a binding vote at the AGM in December 2020, and become effective on this date. The Committee's current intention is that the policy will operate for the three-year period to the AGM in early 2024.

A copy of the Directors' remuneration policy can be found online, within the 2020 Annual Report and Accounts, at http://corporate.easyjet.com/.

ROLE OF OUR REMUNERATION COMMITTEE

The Remuneration Committee has responsibility for determining remuneration for the Executive Directors, the Chairman of the Board and members of the Airline Management Board. The Committee takes into account the need to recruit and retain executives and ensure that they are properly motivated to perform in the long term interests of the Company and its shareholders, while paying no more than is necessary. In addition, the Committee will review and be appraised on the application of the remuneration policy for senior management and all employee populations across the Group to ensure decisions remain mindful of the wider employee experience.

CONSIDERATIONS WHEN DETERMINING THE REMUNERATION POLICY

The primary objective of the Group's remuneration policy is to promote the long-term success of the business through the operation of competitive pay arrangements which are structured so as to be in the best interests of shareholders. When setting the policy for Executive Directors' remuneration, the Committee takes into account total remuneration levels operating in companies of a similar size and complexity as well as companies in the wider aviation and travel & leisure sector, the responsibilities of each individual role, individual performance and an individual's experience. Our overall policy, having given due regard to the factors noted, is to weight remuneration towards variable pay. This is typically achieved through setting base pay at a competitive level, offering modest benefits with pension provision at similar levels to the wider UK workforce, and giving the potential to earn above-market variable pay subject to the achievement of demanding performance targets linked to the Group's strategic objectives.

In setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Group. Base salary increases will ordinarily be (in percentage of salary terms) no higher than those of the wider workforce.

Effective 1 January 2019, the Group appointed an Employee Representative Director to further enhance the voice of the employee in the Boardroom. This role is filled by a Non-Executive Director and chairs the Employee Liaison Committee, engaging with the two main employee engagement bodies at easyJet, the European Works Council ('EWC') and Management & Administration Consultative Group ('MACG') – meeting regularly with both groups and reporting any concerns that arise to the relevant service head or corporate function, if necessary. The Employee Representative Director reports to the Board at least twice a year on these activities and brings the employee voice into conversations in the boardroom whenever possible including any matters that may contribute to the decision making of the Committee.

The Committee also considers developments in institutional investors' best practice expectations and the views expressed by shareholders during any dialogue when making executive remuneration decisions during the year.

CONSIDERING THE VIEWS OF SHAREHOLDERS WHEN DETERMINING THE REMUNERATION POLICY

easyJet remains committed to shareholder dialogue and takes an active interest in voting outcomes. We consult extensively with our major shareholders when setting our remuneration policy or when considering any significant changes to our remuneration arrangements. The Committee also considers shareholder feedback received in relation to the Directors' remuneration report each year following the AGM. This, plus any additional feedback received from time to time, is then considered as part of the Committee's annual review of remuneration policy and its implementation.

REMUNERATION STRUCTURE

The table below sets out the main components of easyJet's remuneration policy for Executive Directors:

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Base salary To provide the core reward for the role. Sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy.	Base salaries are normally reviewed annually, with changes typically effective from 1 January. Base salaries are typically set after considering base salary levels in companies of a similar size and complexity as well as companies in the wider aviation and travel & leisure sector, the responsibilities of each individual role, progression within the role, individual performance and an individual's experience. Our overall policy, having given due regard to the factors noted, is normally to target salaries at a broadly market competitive level in the context of the total package. Base salaries may be adjusted and any increase will ordinarily be no higher than those of the wider workforce (in percentage of salary terms). Increases beyond those granted to the wider workforce (in percentage of base salary terms) may be awarded in certain circumstances such as where there is a material increase in the size, progression or market rate for the role as identified during periodic reviews or in accordance with planned transition where set below market on recruitment.	The Committee considers individual base salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to base salary.
Benefits In line with the Company's policy to keep remuneration simple and consistent.	Executive Directors are entitled to a combination of modest benefits such as life assurance and a range of voluntary benefits including the purchase of additional holiday. Where required a car allowance or the use of a driver for company business and other reasonable business related expenses (including the tax thereon) can be reimbursed if determined to be a taxable benefit. Executive Directors will also be eligible for other benefits which are introduced for the wider workforce on broadly similar terms.	Not applicable. No recovery provisions apply to benefits.
Pension To provide employees with long-term savings via pension provisions in line with the Company's strategy to keep remuneration simple and consistent.	Defined contribution plan with the same monthly employer contributions as those offered to eligible employees in the wider UK workforce (i.e. up to 7% of base salary); or a cash alternative to the equivalent value less employer's National Insurance contribution costs. easyJet operates a pension salary sacrifice arrangement whereby all UK employees can exchange part of their base salary for Company-paid pension contributions. Where employees exchange salary this reduces employer National Insurance contributions. easyJet credits half of this reduction (currently 6.9% of the base salary exchanged) to the individual's pension plan.	Not applicable. No recovery provisions apply to employer pension contributions.

SUMMARY OF THE REMUNERATION STRUCTURE CONTINUED

Element, purpose and link to strategy	Operation (including maximum levels where applicable)	Framework used to assess performance and provisions for the recovery of sums paid
Annual bonus To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational goals. Compulsory deferral provides alignment with shareholders.	Maximum opportunity of 200% of base salary for Chief Executive and 175% of base salary for other Executive Directors. One-third of the pre-tax bonus earned is subject to compulsory deferral into shares (or equivalent), typically for a period of three years, and is normally subject to continued employment. The remainder of the bonus is typically paid in cash. Dividend equivalent payments may be made on the deferred bonus at the time of vesting, and may assume the reinvestment of dividends. All bonus payments are at the discretion of the Committee, as shown following this table.	Bonuses are based on stretching financial and non-financial measures, including personal or strategic performance measures, set and assessed by the Committee in its discretion, with performance normally measured over a one-year period. Financial measures will normally represent the majority of the bonus, with other non-financial measures representing the balance. A graduated scale of targets is set for each measure with 10% of each element being payable for achieving the relevant threshold hurdle. Safety underpins all of the operational activities of the Group and the bonus plan includes a provision that enables the Committee to scale back the bonus earned (including to zero) in the event that there is a safety event which it considers warrants the use of such discretion. The annual bonus plan includes provisions which enable the Committee (in respect of both the cash and the deferred elements of bonuses) to recover or withhold value in the event of certain defined circumstances.
LTIP award To incentivise and recognise execution of the business strategy over the longer term. Rewards strong financial performance and sustained increase in shareholder value.	Each year LTIP awards may be granted subject to the achievement of performance targets. Awards normally vest over a three-year period. The maximum opportunity contained within the plan rules for LTIP awards is 250% of base salary (with awards up to 300% of base salary eligible to be made in exceptional circumstances). The normal maximum face value of annual awards will be 250% of base salary for the Chief Executive and 200% of base salary for other Executive Directors. Dividend equivalent awards may be made on LTIP awards that vest, and may assume the reinvestment of dividends. A holding period applies to LTIP awards which requires the Executive Directors to retain the after-tax value of shares for 24 months from the vesting date – including post cessation of employment.	LTIP awards will normally only vest based on performance against a challenging range of financial and other strategic targets assessed by the Committee in its discretion. Financial targets will determine vesting in relation to at least 50% of awards. The selection of measures and weightings may be varied for future award cycles as appropriate to reflect the strategic priorities of the business at that time. Performance is normally measured over a three-year period. A maximum of 25% of each element vests for achieving the threshold performance target with 100% of the awards being earned for maximum performance. The LTIP includes provisions which enable the Committee to recover or withhold value in the event of certain defined circumstances.
Share ownership To ensure alignment between the interests of Executive Directors and shareholders.	The Chief Executive and other Executive Directors are expected to build and maintain a holding equivalent to 250% and 200% of base salary respectively over a period of five years from appointment. This represents an increase on previous requirements of 50% and 25% of salary for the Chief Executive and Chief Financial Officer, respectively. Executive Directors are expected to retain 50% of the post-tax shares vesting under the LTIP and 100% of the post-tax deferred bonus shares until the guideline is met and keep it maintained thereafter.	Not applicable.
Post-employment share ownership guideline	In keeping with recent best practice developments, Executive Directors are now required to hold up to 100% of their shareholding requirement for two years after leaving office in respect of shares from incentive awards.	Not applicable.

DISCRETION RETAINED BY THE COMMITTEE IN OPERATING THE INCENTIVE PLANS

The Committee will operate the annual bonus plan and LTIP according to their respective rules (or relevant documents) and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. In relation to the annual bonus plan, the Committee retains discretion over:

- the participants
- the timing of grant of a payment
- the determination of the bonus payment
- dealing with a change of control
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- the annual review of performance measures and weighting, and targets for the annual bonus plan from year to year.

In relation to the LTIP and annual bonus deferred in shares the Committee retains discretion on the following:

- the participants
- the timing of grant of an award
- the size of an award
- the determination of vesting
- the payment vehicle of the award/payment
- discretion required when dealing with a change of control or restructuring of the Group
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)
- the annual review of performance measures and weighting, and targets for the LTIP from year to year.

In relation to both the Group's LTIP and the annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur which cause it to determine that the conditions are no longer appropriate (e.g. material acquisition and/or divestment of a Group business), and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would be explained in the Annual Report and Accounts in the Directors' Remuneration Report and may be the subject of consultation with the Company's major shareholders.

The use of discretion in relation to the Group's Save As You Earn and Share Incentive Plans will be as permitted under HMRC rules and the Listing Rules.

Details of share awards granted to existing Executive Directors are set out in note 21. These remain eligible to vest based on their original award terms.

PERFORMANCE METRICS AND TARGET SETTING

The choice of the performance metrics applicable to the annual bonus plan reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of a blend of key financial and non-financial measures. These bonus measures are intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. Financial measures will be used for the majority of the bonus and will be selected in order to provide a clear indication of how successful the Group has been in managing operations effectively overall. The remainder of the bonus may be based on key operational or strategic objectives which are set annually.

Since safety is of central importance to the business, the award of any bonus is subject to an underpin that enables the Committee to reduce the bonus earned (including to zero) in the event that there is a safety event that it considers warrants the use of such discretion.

LTIP awards are earned for delivering performance against an appropriate balance of key long-term financial, operational or strategic targets. These typically seek to assess the long-term underlying financial performance of the business, maintain clear alignment with long-term shareholder interests and make progress against key long-term strategic goals. To the extent possible targets are set based on a sliding scale where only modest awards are available for delivering threshold performance levels, with maximum awards requiring substantial outperformance of challenging plans.

The Committee has retained flexibility on the specific measures which can be used for the annual bonus plan and the LTIP to ensure that they will be fully aligned with the strategic imperatives prevailing at the time they are set.

No performance targets are set for Save As You Earn awards since these are purposefully designed to encourage employees across the Group to purchase shares in the Company. A measure of Group performance is used in determining awards under the Share Incentive Plan.

HISTORICAL AWARDS

All historical awards that were granted under any current or previous share schemes operated by the Group, and which remain outstanding, remain eligible to vest on the basis of their original award terms.

DIFFERENCES IN PAY POLICY FOR EXECUTIVE DIRECTORS COMPARED TO OTHER EASYJET EMPLOYEES

The remuneration policy for the Executive Directors is more heavily weighted towards variable and share-based pay than for other employees, to make a greater part of their pay conditional on the successful delivery of business strategy.

This aims to create a clear link between the value created for shareholders and the remuneration received by the Executive Directors. However, in line with the Group's policy to keep remuneration simple and performance-based, the benefit and pension arrangements for the current Executive Directors are broadly on the same terms as those offered to eligible UK employees in the wider workforce. All employees have the opportunity to participate in a number of broad-based share plans.

ILLUSTRATION OF HOW MUCH THE EXECUTIVE DIRECTORS COULD EARN UNDER THE REMUNERATION POLICY

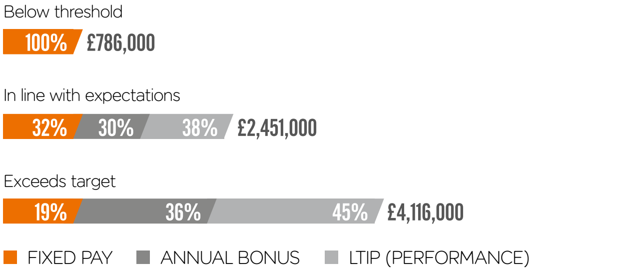
A significant proportion of remuneration is linked to performance, particularly at maximum performance levels. The charts below show how much the Chief Executive and Chief Financial Officer could earn through easyJet's remuneration policy under different performance scenarios in the 2021 financial year. The following assumptions have been made:

- Minimum (performance below threshold) – fixed pay only, with no vesting under any of easyJet's incentive plans
- In line with expectations – fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity) and vesting of 50% of the maximum under the LTIP
- Maximum (performance meets or exceeds maximum) – fixed pay plus maximum bonus and maximum vesting under the LTIP.

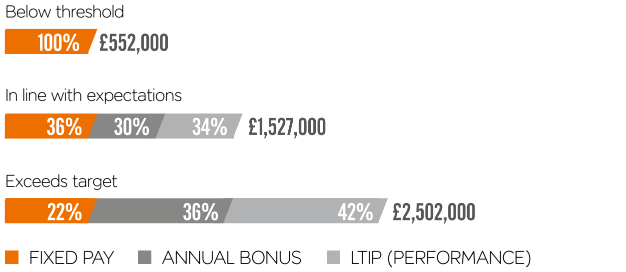
Fixed pay comprises:

- Base salaries – base salary effective as at 1 January 2021
- Benefits – amount received in the 2020 financial year
- Pension – employer contributions or cash-equivalent payments received in the 2020 financial year
- Matching Shares under the all-employee share incentive plan.

CHIEF EXECUTIVE (JOHAN LUNDGREN)[1]



CHIEF FINANCIAL OFFICER (KENTON JARVIS)[2]



1. Were easyJet's share price to increase by 50%, Johan Lundgren's total remuneration would increase to £5,041,000 under an 'exceeds target' scenario – driven by the increased value of the LTIP awards
2. Illustration reflects earning potential for a full year. Kenton Jarvis will join on 3 February 2021 and actual earnings for the 2021 financial year will therefore be lower. Were easyJet's share price to increase by 50%, Kenton Jarvis's total remuneration would increase to £3,022,000 under an 'exceeds target' scenario – driven by the increased value of the LTIP awards
3. Andrew Findlay will continue in his position as Chief Financial Officer and will continue to receive his current salary and benefits on a monthly basis for the duration of his notice period. These payments stop in the event his notice period is brought forward in the event that alternative employment is taken up during this period. All of his unvested LTIP awards will lapse along with any deferred bonus shares that are yet to vest beyond the termination of his employment

The scenarios do not include any dividend assumptions. It should be noted that since the analysis above shows what could be earned by the Executive Directors based on the remuneration policy described above (ignoring the potential impact of share price growth), these numbers will differ to values included in the table on page 110.

EXECUTIVE DIRECTORS' TERMS OF EMPLOYMENT

The Group's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party.

The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

APPROACH TO LEAVERS

If notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension for the duration of their notice period, during which time the business may require the individual to continue to fulfil their current duties or may assign a period of garden leave.

A payment in lieu of notice may be made and, in this event, the Committee's normal policy is to make the payment in up to 12 monthly instalments which may be reduced if alternative employment is taken up during this period.

Bonus payments may be made on a pro-rata basis, but only for the period of time served from the start of the financial year to the date of termination and not for any period in lieu of notice. Any bonus paid would be subject to the normal bonus targets, tested at the end of the financial year.

In relation to a termination of employment, the Committee may make any statutory entitlements or payments to settle or compromise claims in connection with a termination of any existing or future Executive Director as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any outplacement costs if deemed necessary.

The rules of the Group's share plans set out what happens to awards if a participant ceases to be an employee or Director of easyJet before the end of the vesting period. Generally, any outstanding share awards will lapse on such cessation, except in certain circumstances.

If an Executive Director ceases to be an employee or Director of easyJet as a result of death, injury, retirement, the sale of the business or company that employs the individual, or any other reason at the discretion of the Committee, then they will be treated as a 'good leaver' under the relevant plan's rules. Under the deferred bonus, the shares for a good leaver will normally vest in full on the normal vesting date (or on cessation of employment in the case of death) and if the award is in the form of an option, there is a 12 month window in which the award can be exercised. Awards structured as options which have vested prior to cessation can be exercised within 12 months of cessation of office or employment.

Under the LTIP, a good leaver's unvested awards will vest (either on the normal vesting date or the relevant date of cessation, as determined by the Committee) subject to achievement of any relevant performance conditions, with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has the discretion to dis-apply time pro-rating if it considers it appropriate to do so. A good leaver may exercise their vested awards structured as options for a period of 12 months following the individual's cessation of office or employment, whereas unvested awards may be exercised within 12 months of vesting.

In determining whether an Executive Director should be treated as a good leaver, and the extent to which their award may vest, the Committee will take into account the circumstances of an individual's departure.

In the event of a takeover or winding-up of easyJet plc (which is not part of an internal reorganisation of the easyJet Group, in circumstances where equivalent replacement awards are not granted) all awards will vest subject to, in the case of LTIP awards, the achievement of any relevant performance conditions with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has discretion to disapply time pro-rating if it considers it appropriate to do so. In the event of a takeover, the Committee may determine, with the agreement of the acquiring company, that awards will be exchanged for equivalent awards in another company.

POLICY ON EXTERNAL APPOINTMENTS

Executive Directors are permitted to accept appropriate outside Non-Executive Director appointments so long as the overall commitment is compatible with their duties as Executive Directors and is not thought to interfere with the business of the Group. Any fees received in respect of these appointments are retained directly by the relevant Executive Director.

APPROACH TO DETERMINING REMUNERATION ON RECRUITMENT

Base salary levels will normally be set in accordance with easyJet's remuneration policy as well as taking into account the experience and calibre of the individual. Benefits will normally be provided in line with those offered to other employees. The Committee may provide an allowance and/or reimbursement of any reasonable expenses including the relocation of an Executive Director. easyJet may also offer a cash amount on recruitment, payment of which may be staggered, to reflect the value of benefits a new recruit may have received from a former employer.

Should it be appropriate to recruit a Director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved policy detailed above, i.e. at an aggregate maximum of up to 450% of base salary (200% annual bonus and 250% under the LTIP), taking into account annual and long-term variable pay. This limit does not include the value of any buy-out arrangements. Any incentive offered above this limit would be contingent on the Company receiving shareholder approval for an amendment to its approved policy. Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. LTIP awards can be made shortly following an appointment (assuming the Company is not in a closed period).

The above policy applies to both an internal promotion to the Board or an external hire.

In the case of an external hire, if it is necessary to buy out base salary, incentive pay or benefit arrangements (which are forfeited on leaving the previous employer), this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration that is forfeited. Replacement share awards, if used, will be granted using easyJet's share plans to the extent possible, although awards may also be granted outside these schemes if necessary and as permitted under the Listing Rules without prior shareholder approval.

In the case of an internal promotion, any outstanding variable pay awarded in relation to the previous role will be paid according to its terms of grant (adjusted as relevant to take into account the Board appointment).

On the appointment of a new Chairman or Non-Executive Director, fees will be set taking into account the experience and calibre of the individual. Where specific cash or share arrangements are delivered to Non-Executive Directors, these will not include share options or other performance-related elements.

The Board evaluation and succession planning processes in place are designed to ensure there is the correct balance of skills, experience and knowledge on the Board. The activities of the Nominations Committee overseeing these matters are disclosed in the Nominations Committee report on pages 100 to 101.

NON-EXECUTIVE DIRECTOR FEES

The Non-Executive Directors receive an annual fee (normally paid in monthly instalments). The fee for the Non-Executive Chairman is set by the Committee and the fees for the other Non-Executive Directors are approved by the Board, on the recommendation of the Chairman and Chief Executive.

TERMS OF APPOINTMENT OF THE NON-EXECUTIVE DIRECTORS

The terms of appointment of the Chairman and the other Non-Executive Directors are recorded in letters of appointment. The required notice from the Company is three months. The Non-Executive Directors are not entitled to any compensation on loss of office.

The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

Element	Purpose and link to strategy	Operation (including maximum levels where applicable)
Fees	To attract and retain a high calibre Chairman, Deputy Chairman and Non-Executive Directors by offering market-competitive fee levels	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional Board Committee responsibilities. The Chairman and Non-Executive Directors do not participate in any of the Group's incentive arrangements. Fee levels are reviewed on a regular basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Flexibility is retained to exceed current fee levels if it is necessary to do so in order to appoint a new Chairman or Non-Executive Director of an appropriate calibre. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees to recognise the additional workload. Necessary expenses incurred undertaking Group business will be reimbursed so that the Chairman and Non-Executive Directors are not worse off, on a net of tax basis, as a result of fulfilling Company duties. No other benefits or remuneration are provided to the Chairman or Non-Executive Directors.

ANNUAL REPORT ON REMUNERATION

ROLE OF THE REMUNERATION COMMITTEE

The key role of the Committee is to make recommendations to the Board on executive remuneration packages and to ensure that remuneration policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance. The Committee's terms of reference can be found on the Company's website at http://corporate.easyjet.com/.

MEMBERSHIP, MEETINGS AND ATTENDANCE

- Moni Mannings (Chair from 8 October 2020, member from 6 August 2020)
- Moya Greene (Chair until 8 October 2020)
- Charles Gurassa
- Andy Martin (until 31 August 2020)
- Julie Southern

There were two changes to the membership of the Committee during the year as set out above. Moya Greene DBE notified the Board that she would not be seeking re-election at the Company's next AGM and stood down as Chair of the Remuneration Committee with effect from 8 October 2020. Moya was succeeded as Chair by Moni Mannings, who joined the Board and the Remuneration Committee on 6 August 2020. Moni is an experienced Remuneration Committee chair and has served on Remuneration Committees for more than 12 years. She is currently Chair of the Remuneration Committee of Breedon Group plc and Investec Bank plc, having previously held the role for Polypipe Group plc. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, Reward Director and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 80 to 83. The Committee met four times during the year. Meeting attendance can be found in the table on page 93.

KEY RESPONSIBILITIES

- To set the remuneration policy for all Executive Directors and the Company's Chairman
- To set the remuneration packages for the AMB and monitor the principles and structure of remuneration for other senior management
- To oversee remuneration and workforce policies and practices, and take these into account when setting the policy for Director and AMB remuneration
- To approve the design of, and determine targets for, all employee share schemes operated by the Group
- To oversee any major changes in employee benefit structures throughout the Company or Group
- To review and monitor the Group's compliance with relevant gender pay reporting requirements

KEY ACTIVITIES DURING THE YEAR

- Reviewed the external advisors to the Committee and appointed Willis Towers Watson
- Reviewed and approved the revised remuneration policy in advance of the renewal at the 2021 AGM. As part of this review the Chair of the Committee and members of management engaged with major shareholders and investor representative bodies to discuss remuneration arrangements and listen to feedback before finalising the policy
- Assessed the level of performance in respect of the bonus for the 2020 financial year, and LTIP awards set in December 2017 and vesting in December 2020, to determine appropriate payouts
- Determined the suitability of setting bonus and LTIP targets for the 2021 financial year after considering and debating alternative targets, investor expectations and internal business plans
- Monitored the developments in the internal and external environment and in relation to the impact of COVID-19
- Reviewed and approved the remuneration packages for the new Chief Financial Officer and AMB members
- Reviewed the total packages and service contracts of the AMB and senior management
- Considered the results and implications of the UK gender pay gap report and reviewed and commented on recommendations to address the gap and challenges faced by the aviation sector
- Reviewed and approved no payment of the all-employee Performance Share Award in respect of the 2020 financial year and cessation of selected other all employee share scheme features

On balance having taken into account a number of internal and external measures as well as the pay ratio analysis, the Committee believes the proposed remuneration decisions in this report appropriately reflect the needs of the business and long term interests of shareholders. The Committee also believes the remuneration policy operated as intended in terms of reflecting company performance and the overall level of quantum delivered was considered appropriate given the business context.

APPLICATION OF THE REMUNERATION POLICY FOR THE 2021 FINANCIAL YEAR

BASE SALARY

The current and proposed base salaries of the Executive Directors are:

	1 January 2021 base salary[1]	1 January 2020 base salary	Change vs 1 January 2020
Johan Lundgren	£740,000	£740,000	0%
Andrew Findlay	£550,000	£550,000	0%
Kenton Jarvis[2]	£520,000	n/a	n/a

1. During 2020 both Johan Lundgren and Andrew Findlay voluntarily reduced their base salaries by 20% during April, May and June
2. Effective on joining 3 February 2021

For comparison, the typical rate of base salary increase to be awarded to our wider UK workforce will also be 0%.

ANNUAL BONUS IN RESPECT OF PERFORMANCE IN THE 2021 FINANCIAL YEAR

The maximum bonus opportunity remains at 200% of base salary for the Chief Executive and at 175% for the Chief Financial Officer. There will be no change to bonus maximum levels and the metrics and targets will be set by the Committee once the current situation has stabilised and will be disclosed in the normal way in the Annual Report for year ending 30 September 2021, unless they remain commercially sensitive at that time. The safety of our customers and people underpins all of the operational activities of the Group and the bonus plan includes a provision that enables the Committee to scale back (including to zero) the bonus awarded in the event that a safety event has occurred, which it considers warrants the use of such discretion. One-third of the pre-tax bonus earned will be deferred into shares for a period of three years and will be subject to continued employment.

Bonus payments may be withheld or recovered if, within a period of three years from the date of payment or at vesting in the case of the deferred bonus, there is: a case of serious personal misconduct; a misstatement of accounts; an error in calculation of results; an instance of corporate failure; or material damage to the Company's reputation as a result of a safety event.

LTIP AWARDS IN RELATION TO THE 2021 FINANCIAL YEAR

We intend to maintain the maximum LTIP awards to the Chief Executive and Chief Financial Officer at 250% and 200% of base salary, respectively, for the 2021 financial year. The Committee is however cognisant of the current market volatility and negative impact on shareholders of the recent COVID-19 outbreak.

While we do not believe it is possible at this stage to make a sensible and informed adjustment to the incentives, the Committee will use the discretion available to it under the remuneration policy when determining the final LTIP outcomes. The Committee will make any necessary adjustments to ensure that the Executive Directors do not benefit unduly from windfall gains when the market recovers and determine a fair outcome based on the performance of easyJet over the entire performance period.

The Committee are committed to continuing to set stretching targets, but due to prevailing uncertainty the decision has been made to delay target setting and disclosing of LTIP targets until 2021 when the long-term economic situation is clearer. We would expect this to be within 6 months of granting the award. We intend to disclose details of the agreed LTIP targets, once determined as well as include them in the year Annual Report for year ending 30 September 2021.

A post-vesting holding period requiring the Executive Directors to retain the post-tax value of any shares for two years from the vesting date will continue to apply.

LTIP payments may be withheld or recovered if, within a period of three years from the date of vesting, there is: a case of serious personal misconduct; a misstatement of accounts; an error in calculation of results; an instance of corporate failure; or material damage to the Company's reputation as a result of a safety event.

REMUNERATION FOR NEW CHIEF FINANCIAL OFFICER

The new Chief Financial Officer will commence in role on the 3 February 2021 with a base salary of £520,000, an annual bonus opportunity of up to 175% of base salary and a maximum LTIP opportunity of 200% of base salary. In addition a combination of buy-out awards matching the awards forfeited on his resignation as well as other benefits have been provided in line with the current policy. Further details will be provided in the 2021 annual report.

NON-EXECUTIVE DIRECTOR FEES

The fees for the Chairman and Non-Executive Directors from 1 January 2021 will remain as:

Chairman	£314,568
Basic fee for other Non-Executive Directors	£62,914
Fees for Senior Independent Director role[1]	£25,000
Chair of the Audit, Safety and Remuneration Committees[1]	£15,000
Chair of the Finance Committee[1]	£10,000
Employee Representative Non Executive Director (ERNED)[1]	£10,000

1. Supplementary fees

Fees payable to the Non-Executive Directors are reviewed annually. The basic fee will not increase from 1 January 2021, which aligns with the wider UK workforce pay freezes.

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 30 SEPTEMBER 2020

The table below sets out the amounts earned by the Directors (£'000) (audited)

2020

£'000	Fees and Salary[6]	Benefits[7]	Bonus	LTIP[8]	Pension[9]	Total	Total Fixed	Total Variable
Executive								
Johan Lundgren	698	14	–	–	43	755	755	–
Andrew Findlay	513	–	–	–	32	545	545	–
Non-Executive								
John Barton	297	–	–	–	–	297	297	–
Charles Gurassa	84	–	–	–	–	84	84	–
Dr Andreas Bierwirth	74	–	–	–	–	74	74	–
Andy Martin[1]	63	–	–	–	–	63	63	–
Julie Southern[2]	78	–	–	–	–	78	78	–
Moya Greene DBE[3]	81	–	–	–	–	81	81	–
Dr Anastassia Lauterbach	59	–	–	–	–	59	59	–
Nicholas Leeder	59	–	–	–	–	59	59	–
Catherine Bradley[4]	45	–	–	–	–	45	45	–
Moni Mannings[5]	10	–	–	–	–	10	10	–
Total	2,061	14	–	–	75	2,150	2,150	–

2019

£'000	Fees and Salary[6]	Benefits[7]	Bonus	LTIP[8]	Pension[9]	Total	Total Fixed	Total Variable
Executive								
Johan Lundgren	717	19	226	–	44	1,006	780	226
Andrew Findlay	508	5	154	1,006	31	1,704	544	1,160
Non-Executive								
John Barton	305	–	–	–	–	305	305	–
Charles Gurassa	101	–	–	–	–	101	101	–
Dr Andreas Bierwirth	76	–	–	–	–	76	76	–
Andy Martin[1]	71	–	–	–	–	71	71	–
Julie Southern[2]	72	–	–	–	–	72	72	–
Moya Greene DBE[3]	68	–	–	–	–	68	68	–
Dr Anastassia Lauterbach	46	–	–	–	–	46	46	–
Nicholas Leeder	46	–	–	–	–	46	46	–
Total	2,010	24	380	1,006	75	3,495	2,109	1,386

1. Stepped down from the Board on 31 August 2020
2. Appointed Senior Independent Director on 5 August 2020
3. Not standing for re-election at the next AGM. During the 2020 financial year, Moya Greene also received £9,218 in respect of services for a previous period which was not previously disclosed in the 2019 Annual Report and Accounts.
4. Appointed to the Board on 1 January 2020
5. Appointed to the Board on 6 August 2020
6. All salary and fees were voluntarily reduced by 20% between April-June 2020 in response to the COVID-19 crisis
7. Benefits relate to the cost to the Company of life assurance cover and the value of all employee shares received during the year under the Company's Share Incentive Plan, as well as reimbursements made to the Chief Executive for business-related travel expenses in respect of domestic car travel to the value of £13,637
8. Johan Lundgren and Andrew Findlay were granted LTIP awards in December 2017, the performance conditions for which were not met and the awards have therefore lapsed. Andrew Findlays 2019 LTIP restated based on actual closing price as at 19 December 2019 of £14.30.
9. Johan Lundgren and Andrew Findlay both received a cash alternative to pension contributions equivalent to 7% of salary earned less UK employer's NICs, resulting in a gross cash allowance of 6.15% of base salary

ANNUAL BONUS OUTTURN FOR PERFORMANCE IN THE 2020 FINANCIAL YEAR (AUDITED)

A sliding scale of financial and operational bonus targets was set at the start of the 2020 financial year. 10% of each element is payable for achieving the threshold target, increasing to 50% for on-target performance and 100% for achieving maximum performance. Achievements between these points are calculated on a straight-line basis.

Measure	CEO & CFO	Threshold	On-Target	Maximum	Actual	Payout
Headline profit before tax at budgeted constant currency	60%	£368	£409m	£450m	£(865)m	0%
Customer satisfaction targets[1]	10%	71%	75%	79%	75.2%	0%
Headline cost per seat (ex. fuel) at constant currency	10%	£45.23	£44.78	£44.33	£56.33	0%
Individual[2]	20%	n/a	n/a	n/a	n/a	0%

1. Customer satisfaction measures the percentage of our passengers that are 'Quite satisfied', 'Very satisfied' or 'Completely satisfied' at last contact. In the case of the 2020 financial year whilst the target was exceeded the Committee has exercised its discretion and deemed that no bonus will be payable
2. Due to the impact of the pandemic on the individual goals agreed at the outset of the year, the Committee determined that they were no longer relevant and that no bonus was payable in respect of this element of the bonus. As a result of the impact of COVID-19 on performance in the second half of the financial year the Committee agreed that no bonus was payable in relation to the non-financial or individual performance elements of the 2020 bonus

LTIP (AUDITED)

The awards vesting in respect of the performance years to 30 September 2020 were subject to a combination of performance conditions based on three-year average headline ROCE and relative TSR compared to FTSE 51-150 companies measured over the prior three financial years. The percentage which could be earned was determined using the following vesting schedule:

	Below threshold (0% vesting)	Threshold (25% vesting)	On Target (50% vesting)	Maximum (100% vesting)	Actual	Vesting (% of element)
ROCE awards (40% of total)	<9.0%	9.0%	11.2%	13.0%	Below Threshold	0%
EPS awards (40% of total)	<278p	278p	310p	335p	Below Threshold	0%
TSR awards (20% of total)	< Median	Median	n/a	Upper quartile	< Median	0%

Three-year average headline EPS and ROCE performance along with TSR performance was below threshold due to the impact of COVID-19 on the business. The Committee considered this outcome and determined that no payment was an appropriate outcome given the current business context.

PAYMENTS FOR LOSS OF OFFICE AND PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments for loss of office or any other payments have been made to any former Directors during the year.

EXECUTIVE DIRECTORS' SHARE AWARDS OUTSTANDING AT THE FINANCIAL YEAR END (AUDITED)

Details of share options and share awards outstanding at the financial year end are shown in the following tables:

JOHAN LUNDGREN

Scheme	No. of shares/ options at 30 September 2019	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2020**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	134,350	–	–	–	**134,350**	19 Dec 2017[3]	–	–	19 Dec 2020	19 Dec 2027
A	167,003	–	–	–	**167,003**	19 Dec 2018[5]	–	–	19 Dec 2021	19 Dec 2028
A	–	129,461	–	–	**129,461**	19 Dec 2019[6]	–	–	19 Dec 2022	19 Dec 2029
B	26,871	–	–	–	**26,871**	19 Dec 2018	–	–	19 Dec 2021	19 Dec 2028
B	–	5,282	–	–	**5,282**	19 Dec 2019	–	–	19 Dec 2022	19 Dec 2029
C	283	–	–	–	**283**	5 Apr 2019	–	–	5 Apr 2022	n/a
E	1,571	–	–	–	**1,571**	14 Jun 2019	8.02	–	1 Aug 2022	1 Feb 2023

ANDREW FINDLAY

Scheme	No. of shares/ options at 30 September 2019[1]	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2020[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry Date
A	88,686	–	(26,606)	(62,080)	0	19 Dec 2016[2]	–	–	19 Dec 2019	19 Dec 2026
A	72,621	–	(72,621)	–	0	19 Dec 2017[3]	–	–	19 Dec 2020	17 Dec 2027
A	14,585	–	(14,585)	–	0	4 Jun 2018[4]	–	–	4 Jun 2021	4 Jun 2028
A	94,619	–	(94,619)	–	0	19 Dec 2018[5]	–	–	19 Dec 2021	19 Dec 2028
A	–	76,976	(76,976)	–	0	19 Dec 2019[6]	–	–	19 Dec 2022	19 Dec 2029
B	4,985	–	–	(4,985)	0	19 Dec 2016	–	–	19 Dec 2019	19 Dec 2026
B	12,789	–	–	–	**12,789**	19 Dec 2017	–	–	19 Dec 2020	19 Dec 2027
B	20,086	–	(20,086)	–	0	19 Dec 2018	–	–	19 Dec 2021	19 Dec 2028
B	–	3,586	(3,586)	–	0	19 Dec 2019	–	–	19 Dec 2022	19 Dec 2029
C	182	–	(182)	–	0	5 Apr 2018	–	–	5 Apr 2021	n/a
C	283	–	(283)	–	0	5 Apr 2019	–	–	5 Apr 2022	n/a
D	462	56	(340)	–	**178**	–	–	Note 7	–	n/a
E[1]	557	–	–	–	**557**	15 Jun 2017	9.69	Note 8	1 Aug 2020	1 Feb 2021

1. SAYE will lapse on leaving

The closing share price of the Company's ordinary shares at 30 September 2020 was £5.02 and the closing price range during the year ended 30 September 2020 was £4.75 to £15.52.

Key:

A Long Term Incentive Plan – Performance Shares
B Deferred Share Bonus Plan
C Share Incentive Plan – Performance (Free) Shares
D Share Incentive Plan – Matching Shares
E Save As You Earn Awards (SAYE)

Note 1: Number of share awards granted
The number of shares is calculated according to the scheme rules of individual plans based on the middle-market closing share price of the day prior to grant. As is usual market practice, the option price for SAYE awards is determined by the Committee in advance of the award by reference to the share price on the day immediately preceding the date the invitations are sent.

Note 2: LTIP awards made in December 2016
Details of this award are set out on page 122.

The face value of the award granted to Andrew Findlay was £924,995 (200% of base salary). Three-year average ROCE (based on a 7x operating lease expense adjustment) was 13.5%, and the Company did not meet the threshold TSR performance target, such that 70% of the award vested in December 2019. On vesting, 8,275 dividend equivalent shares were granted, reflecting the value of dividends which would have been earned had Andrew Findlay held shares over the vesting period.

Note 3: LTIP awards made in December 2017
Details of this award are set out on page 122.

40% of vesting is based on three-year average headline ROCE (including lease adjustment) performance for the three financial years ending 30 September 2020, 40% is based on aggregate headline EPS over the three financial years ending 30 September 2020, and 20% is based on relative TSR performance compared to companies ranked FTSE 51-150. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period. The following targets apply for these awards:

Vesting in December 2020	Below threshold (0% vesting)	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
ROCE awards (40% of total award)	<9.0%	9.0%	11.2%	13.0%
EPS awards (40% of total award)	< 278p	278p	310p	335p
TSR awards (20% of total award)	< Median	Median	n/a	Upper quartile

The face value of the awards granted was £1,850,000 (250% of base salary) to Johan Lundgren and £1,000,000 (200% of base salary) to Andrew Findlay.

Note 4: LTIP awards made in June 2018
As disclosed in the 2018 Annual Report, in June 2018 Andrew Findlay received an additional award of £249,914 (50% of base salary).

Note 5: LTIP awards made in December 2018
40% of vesting is based on three-year average headline ROCE (using the new IFRS 16 lease accounting standard) performance for the three financial years ending 30 September 2021, 40% is based on aggregate headline EPS over the three financial years ending 30 September 2021, and 20% is based on relative TSR performance compared to companies ranked FTSE 51-150. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period. The following targets apply for these awards:

Vesting in December 2021	Below threshold (0% vesting)	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
ROCE awards (40% of total award)	< 12.5%	< 12.5%	14.5%	16.5%
EPS awards (40% of total award)	< 383p	< 383p	414p	446p
TSR awards (20% of total award)	< Median	< Median	n/a	Upper quartile

The face value of the awards granted was £1,800,300 (250% of base salary) to Johan Lundgren and £1,020,000 (200% of base salary) to Andrew Findlay The value of the awards was determined based on the closing share price on the day prior to the date of grant of £10.78.

Note 6: LTIP awards made in December 2019
40% of vesting is based on three-year average headline ROCE (using the new IFRS 16 lease accounting standard) performance for the three financial years ending 30 September 2022, 40% is based on aggregate headline EPS over the three financial years ending 30 September 2022, and 20% is based on relative TSR performance compared to companies ranked FTSE 51-150. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period. The following targets apply for these awards:

Vesting in December 2022	Below threshold (0% vesting)	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
ROCE awards (40% of total award)	<9.5%	< 9.5%	11.5%	13.5%
EPS awards (40% of total award)	<288p	<288p	310p	335p
TSR awards (20% of total award)	< Median	< Median	n/a	Upper quartile

The face value of the awards granted was £1,850,00 (250% of base salary) to Johan Lundgren and £1,100,000 (200% of base salary) to Andrew Findlay.
The value of the awards was determined based on the closing share price on the day prior to the date of grant of £14.29.

Note 7: Buy As You Earn
Participants buy Partnership Shares monthly under the Share Incentive Plan. The Company provides one Matching Share for each Partnership Share purchased, up to the first £1,500 per year. These Matching Shares are first available for vesting three years after purchase. Matching shares were suspended from April 2020 in response to the COVID-19 crisis.

Note 8: SAYE will lapse on leaving
The closing share price of the Company's ordinary shares at 30 September 2020 was £5.02 and the closing price range during the year ended 30 September 2020 was £4.75 to £15.52.

SHAREHOLDING GUIDELINES IN THE 2020 FINANCIAL YEAR (AUDITED)

The shareholding guidelines in 2020 operated in the same way as 2019. For 2021 subject to approval of the policy by shareholders, the shareholding guidelines will increase with the Chief Executive and new Chief Financial Officer expected to build up a shareholding of 250% and 200% of base salary respectively (from 200% and 175%), over the first five years from appointment to the Board. Until the guideline is met, Executive Directors are required to retain 50% of net vested shares from the LTIP and 100% of net vested deferred bonus shares. Similarly, the Non-Executive Directors, including the Chairman of the Board, are required to build up a shareholding of 100% of annual fees over a period of five years from appointment.

DIRECTORS' CURRENT SHAREHOLDINGS AND INTERESTS IN SHARES (AUDITED)

The following table provides details on current Directors' interests in shares at 30 September 2020.

			Interests in share schemes[6]				
	Unconditionally owned shares[1]	Shareholding guidelines achieved[2]	Deferred bonus[3]	SAYE	LTIP[4]	SIP[5]	Total interest in share schemes
John Barton	45,000	100%	–	–	–	–	–
Charles Gurassa	108,439	100%	–	–	–	–	–
Johan Lundgren	40,000	45%	32,153	1,571	430,814	283	464,821
Andrew Findlay	70,987	100%	12,789	557	–	–	13,346
Dr Andreas Bierwirth	5,251	63%	–	–	–	–	–
Dr Anastassia Lauterbach	–	0%	–	–	–	–	–
Nicholas Leeder	972	24%	–	–	–	–	–
Andy Martin[7]	7,000	100%	–	–	–	–	–
Moya Greene DBE[8]	14,439	100%	–	–	–	–	–
Julie Southern	2,547	26%	–	–	–	–	–
Catherine Bradley CBE[9]	1,500	29%					
Moni Mannings[10]	–	0%					

1. Includes SIP Partnership Shares, vested SIP Performance (Free) Shares, vested SIP Matching Shares and any shares owned by connected persons
2. Based on unconditionally owned shares and post-tax value of share interests under the deferred bonus plan as per the Committee's policy on shareholding guidelines. Once the guideline has been met, the number of shares counting towards the guideline is fixed, regardless of any change in share price, with the Director only needing to invest in additional shares to the value of any increase in salary or fees awarded during the year in order to maintain satisfaction of the guideline
3. Johan Lundgren received 5,282 deferred bonus awards on 19 December 2019
4. LTIP shares are granted in the form of nil-cost options subject to performance. Includes 129,461 LTIP awards granted in the year to Johan Lundgren
5. Consists of unvested SIP Performance (Free) Shares and unvested SIP Matching Shares
6. Of these schemes, the LTIP is subject to performance conditions and continued service. All other schemes are subject to continued service only
7. Stepped down from the Board on 31 August 2020
8. Not standing for re-election at next AGM
9. Appointed 1 January 2020
10. Appointed 6 August 2020

As at 17 November 2020, the unconditionally owned shares of Andrew Findlay had increased by 30 shares since 30 September 2020 to 71,017 shares.

Changes in share ownership levels throughout the year may be found on our corporate website http://corporate.easyjet.com/.

Executive Directors are deemed to be interested in the unvested shares held by the easyJet Share Incentive Plan and the easyJet plc Employee Benefit Trust. At 30 September 2020, ordinary shares held in the Trusts were as follows:

	Number of ordinary shares
easyJet Share Incentive Plan Trust	2,046,391
easyJet plc Employee Benefit Trust	73,401
Total	2,119,792

POSITION AGAINST DILUTION LIMITS

easyJet complies with the Investment Association's Principles of Remuneration with regard to dilution limits. These principles require that commitments under all of the Company's share incentive schemes must not exceed 10% of the issued share capital in any rolling 10-year period. Share awards under all current incentive plans are within the Company's maximum 10% dilution limit.

EMPLOYEE SHARE PLAN PARTICIPATION

A key component of easyJet's reward philosophy is to provide share ownership opportunities throughout the Group by making annual awards of performance-related shares to all eligible employees. In addition, easyJet operates a voluntary discounted share purchase arrangement for all employees via a Save As You Earn scheme and a Buy As You Earn arrangement with matching shares in the UK under the tax-approved Share Incentive Plan. In response to the COVID-19 crisis no discount was offered on Save As You Earn 2020 and matching shares were suspended from April 2020.

DETAILS OF DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Details of the service contracts and letters of appointment in place as at 30 September 2020 for Directors are as follows:

	Date of appointment	Date of current service contract	Unexpired term at 30 September 2020
John Barton	1 May 2013	3 May 2016	Letters of appointment for the Non-Executive Directors do not contain fixed term periods; however, they are appointed in the expectation that they will serve for a maximum of nine years, subject to satisfactory performance and re-election at AGMs.
Charles Gurassa	27 June 2011	19 June 2017	
Johan Lundgren	1 December 2017	10 November 2017	
Andrew Findlay	2 October 2015	10 April 2015	
Dr Andreas Bierwirth	22 July 2014	19 July 2017	
Moya Greene DBE[1]	19 July 2017	18 July 2017	
Dr Anastassia Lauterbach	1 January 2019	14 December 2018	
Nicholas Leeder	1 January 2019	14 December 2018	
Andy Martin[2]	1 September 2011	19 July 2017	
Julie Southern	1 August 2018	7 June 2018	
Catherine Bradley[3]	1 January 2020	9 December 2019	
Moni Mannings[4]	6 August 2020	5 August 2020	

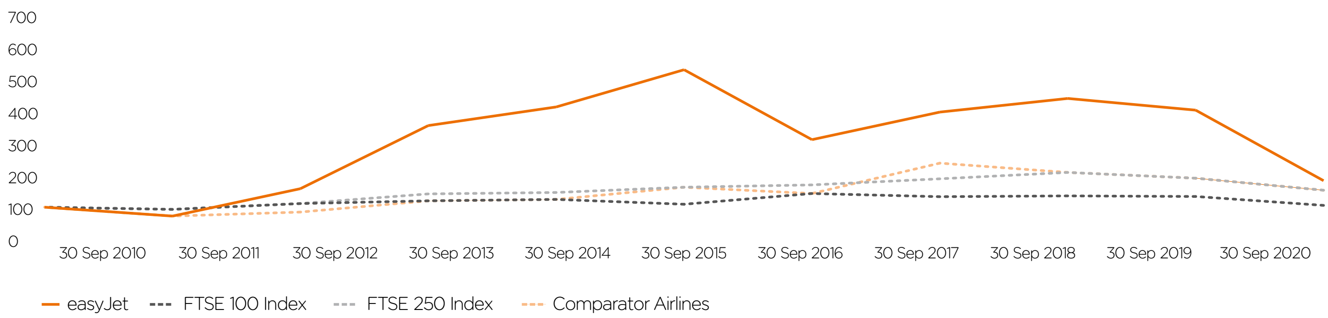
1. Will not be standing for re-election at the next AGM
2. Stepped down on 31 August 2020
3. Appointed 1 January 2020
4. Appointed 6 August 2020

REVIEW OF PAST PERFORMANCE

The chart below sets out the TSR performance of the Company relative to the FTSE 250, FTSE 100 and a group of European airlines[1] since 2010. The FTSE 100 and FTSE 250 were chosen as easyJet has been a member of both indices during the period.

This graph shows the value, by 30 September 2020, of £100 invested in easyJet on 30 September 2010, compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices or a comparator group of airlines on the same date.

The other points plotted are the values at intervening financial year ends. Overseas companies have been tracked in their local currency, i.e. ignoring exchange rate movements since 30 September 2010.



1. British Airways, Lufthansa, Ryanair, Air France-KLM and Iberia and Wizz Air have all been included in the comparative European airlines group. British Airways and Iberia have been tracked forward from 2011 onwards as IAG. Wizz Air has been tracked from listing

CHIEF EXECUTIVE TOTAL REMUNERATION TABLE

The table below shows the total remuneration figure for the Chief Executive over the same 10-year period. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years.

The annual bonus and LTIP vesting percentages show the payout for each year as a percentage of the maximum.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single total figure of remuneration (£'000)	1,552	3,694	7,777	9,209[5]	6,241[4]	1,453[3]	757	1,625[2]	1,006	755[1]
Annual Bonus (%)	63%	96%	87%	76%	66%	13%	0%	73%	16%	0%
LTIP vesting (%)	n/a	92%	100%	100%	100%	32%	0%	n/a	n/a	0%

1. This amount is after the voluntary 20% reduction in base salary during April, May and June 2020
2. Includes remuneration for the current Chief Executive, Johan Lundgren, of £1,500,000, and £125,000 paid to his predecessor, Carolyn McCall DBE (who was not eligible for a bonus payment in 2018)
3. Includes 48,509 LTIP shares (inclusive of dividend equivalents) at the vesting date share price of £10.43, a decrease of 30% on the share price at grant of £14.99
4. Includes 266,899 LTIP shares vesting for the period, share price is £17.15 (the actual share price at vesting) an increase of 133% on the share price at grant of £7.37
5. Includes 445,575 LTIP shares vesting for the period, share price was £16.71 (the actual share price at vesting) an increase of 325% on the share price at grant of £3.93

CHANGE IN DIRECTORS PAY FOR THE YEAR IN COMPARISON TO THAT FOR EASYJET EMPLOYEES

The table below shows the year-on-year percentage change in salary, benefits and annual bonus earned between the year ended 30 September 2020 and the year ended 30 September 2019 for the Chief Executive, compared to the average earnings of all other easyJet UK employees.

	Salary	Benefits[9]	Annual bonus[10]
Chief Executive[1]	(2.6)%	0%	(100)%
Chief Financial Officer[2]	1.0%	0%	(100)%
John Barton[3]	(2.6)%	–	–
Charles Gurassa[3]	(16.8)%	–	–
Dr. Andreas Bierwirth[3]	(2.6)%	–	–
Dame Moya Greene[3,4]	19.1%	–	–
Andy Martin[3]	(11.3)%	–	–
Julie Southern[3,5]	8.3%	–	–
Anastassia Lauterbach[3,6]	28.3%	–	–
Nicholas Leeder[3,6]	28.3%	–	–
Catherine Bradley[7]	–	–	–
Moni Mannings[7]	–	–	–
Average pay based on easyJet's UK employees[8]	2.0%	0%	(100)%

1. Chief Executive figures present actual 2020 financial year base salary earned after the voluntary 20% reduction between April to June 2020
2. Chief Financial Officer figures present actual 2020 financial year base salary earned after the voluntary 20% reduction between April to June 2020
3. NEDs figures present actual 2020 financial year fee after the voluntary 20% reduction between April to June 2020
4. Appointed ERNED in January 2019 and as Chair of Remuneration Committee in October 2019 and received appropriate fees, subject to the voluntary 20% reduction between April to June 2020
5. Appointed SID in August 2020 and received appropriate fees, subject to the voluntary 20% reduction between April to June 2020
6. Appointed to the Board 1 January 2019 and received pro-rata fees in the 2019 financial year. The 2020 financial year received full year fees subject to the voluntary 20% reduction between April to June 2020
7. Appointed to the Board in the 2020 financial year therefore no prior year comparison
8. The Committee decided to use the average for all UK employees as the appropriate comparator group given they comprise over 50% of total employees and therefore this is considered to be the most representative for comparison. UK Cabin Crew and head office employees received an average 2.0% increase in January 2020. Subsequently actual base salary earned for a significant proportion of UK employees has been reduced to a varying degree while on furlough in 2020
9. Chief Executive benefits include reimbursements for business-related travel expenses in respect of domestic car travel which were lower in 2020 than 2019. UK employee benefits remained unchanged versus the prior year
10. The zero bonus outcome, both for the Chief Executive and for all employees, has resulted from easyJet's missing its profit threshold in 2020 as a result of COVID-19. Excludes the impact of LTIPs

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the total pay for all of easyJet's employees compared to other key financial indicators.

	Year ended 30 September 2020	Year ended 30 September 2019	Change %
Employee costs (£million)	862	944	(9)%
Ordinary dividend (£million)	–	174	(100)%
Average monthly number of employees	14,566	14,751	(1)%
Revenue (£million)	3,009	6,385	(53)%
Headline (loss)/profit before tax (£million)	(835)	427	(296)%

1. Additional information on the number of employees, total revenue and profit has been provided for context. The majority of easyJet's employees (around 90%) perform flight and ground operations, with the rest performing administrative and managerial roles

CHIEF EXECUTIVE PAY RATIO

The table below sets out the Chief Executive pay ratios as at 30 September 2020. The report will build up over time to show a rolling ten-year period. The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) employees.

We have used the 'Option A' methodology which uses actual earnings for the Chief Executive Officer and UK employees over the financial year to provide the most accurate comparison. The total FTE remuneration paid during the year for each employee in each of the groups was then calculated, on the same basis as the information set out in the 'single figure' table for the Chief Executive on page 110.

In calculating the figures, the following considerations were made:

- The single total figure of remuneration of our UK colleagues was calculated as at 30 September 2020
- The 2018/19 bonus was excluded as this does not relate to the 2019/20 year
- No bonus will be paid or LTIPs vest in relation to the 2019/20 year
- Earnings for those who are part time or joined during the year have been annualised on an FTE basis
- This data then identified those employees at the 25th, 50th (median) and 75th percentile points.

2020 CEO pay ratio Base salary	Base Salary FTE	Base Salary CEO Pay Ratio	Total Pay FTE	Total Pay CEO Pay Ratio
Chief Executive	£698,000	–	£755,000	–
Upper Quartile Employee	£51,823	13:1	£64,810	12:1
Median Employee	£18,196	38:1	£32,926	23:1
Lower Quartile Employee	£14,071	50:1	£25,085	30:1

Unlike the total remuneration for the majority of employees, total remuneration for the Chief Executive is mostly dependent on business performance and share price movements over time. As a result the ratios may fluctuate significantly from year to year. In the case of the pay ratios for the 2020 financial year, the calculations reflect both the impact of the reduced total pay levels for employees during the furlough period and the corresponding voluntary salary decreases and significant total pay opportunity reductions for the Chief Executive Officer and senior management.

The Committee have agreed that the ratio reflects easyJet's wider policies on pay and reward in line with market, experience and skills.

EXTERNAL APPOINTMENTS

Andrew Findlay received fees of £65,333 in the year to 30 September 2020 for his role as Non-Executive Director of Rightmove plc.

STATEMENT OF SHAREHOLDERS' VOTING AT AGM

The table below provides details of shareholder voting in respect of the Directors' Remuneration Policy (approved in February 2018), and the Annual Report on Remuneration (in February 2020).

	Policy (February 2018 AGM)		Annual Report on Remuneration (February 2020 AGM)	
Votes cast in favour	299,660,093	99.06%	183,893,438	94.5%
Votes cast against	2,831,491	0.94%	10,626,149	5.5%
Total votes cast in favour or against	302,491,584	100%	194,519,587	100%
Votes withheld	40,212		132,447,695	

ADVISERS TO THE REMUNERATION COMMITTEE

In 2020, the Committee carried out a tender process to select a new independent advisor and selected Willis Towers Watson (WTW) with effect from May 2020. WTW advises the Committee on developments in executive pay and on the operation of easyJet's incentive plans. Other than to the Committee, advice is also provided to easyJet in relation to, for example, senior management pay practices and the fees of the Non-Executive Directors. Total fees (excluding VAT) paid to Aon and WTW in respect of services to the Committee during the 2020 financial year were £80,385 and £47,375 respectively. WTW is a signatory to the Remuneration Consultants Group Code of Conduct and any advice received is governed by that code. The Committee has reviewed the operating processes in place at WTW and is satisfied that the advice it receives is independent and objective.

DIRECTORS' REPORT

The Directors present their Annual Report and Accounts together with the audited consolidated financial statements for the year ended 30 September 2020. This Directors' Report and the strategic report, which includes the trends and factors likely to affect the future development, performance and position of the business and a description of the principal risks and uncertainties of the Group (which can be found on pages 66 to 77 and is incorporated by reference), collectively comprise the management report as required under the Disclosure Guidance and Transparency Rules ('DTRs').

RESULTS AND DIVIDEND

The loss for the financial year after taxation amounts to £1,079 million (last year: profit of £349 million).

The Company's dividend policy is to pay shareholders 50% of headline profit after tax. In line with that policy, the Board is not recommending the payment of a dividend in respect of the year ended 30 September 2020.

BOARD

BOARD OF DIRECTORS AND THEIR INTERESTS

Details of the Directors who held office at the end of the year and their biographical details are set out on pages 80 to 83. Changes to the Board during the year and up to the date of this report are set out on page 83. The Directors' interests in the ordinary shares and options of the Company are disclosed within the Directors' Remuneration Report on pages 108 and 127.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The Directors may from time to time appoint one or more additional Directors. Any such Director shall hold office only until the next Annual General Meeting (AGM) and shall then be subject to appointment by the Company's shareholders. It is the current intention that at the Company's next AGM all continuing Executive and Non-Executive Directors will retire and offer themselves for reappointment in compliance with the 2018 Code.

DIRECTORS' CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of easyJet, unless that conflict is first authorised by the Board. The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law. Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with easyJet, he or she should notify the Board in line with the Company's Articles of Association. Directors have a continuing duty to update any changes to their conflicts of interest.

DIRECTORS' INDEMNITIES

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. A deed was executed in 2007 indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2020 financial year and remain in force for all current and past Directors of the Company.

SHARES

SHARE CAPITAL AND RIGHTS ATTACHING TO SHARES

The Company's issued ordinary share capital as at 30 September 2020 comprised a single class of ordinary shares. Further details of the Company's share capital during the year are disclosed in Note 20 to the consolidated financial statements.

All of the issued ordinary shares are fully paid and rank equally in all respects. The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meeting
- attend, speak and exercise voting rights at general meetings, either in person or by proxy
- participate in any distribution of income or capital

DIRECTORS' POWERS IN RELATION TO ISSUING OR BUYING BACK SHARES

Subject to applicable law and the Company's Articles of Association the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in a general meeting and any conditions attaching to such authority).

At the 2020 AGM, the Directors were given the following authority:

- to allot shares up to a nominal amount of £10,838,107, representing approximately 10% of the Company's then issued share capital
- to allot shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum nominal value of £5,419,053 representing approximately 5% of the Company's then issued share capital
- to purchase in the market a maximum of 39,720,813 shares representing approximately 10% of the Company's share capital.

In light of the unforeseen and exceptional circumstances posed by the COVID-19 pandemic, and having consulted with a number of its major shareholders, on 24 June 2020 the Board announced a proposed non-pre-emptive equity placing of 59,541,498 new ordinary shares, representing approximately 14.99% of the Company's existing share capital on that date. On 25 June 2020 the Company announced that it had successfully priced the placing at 703 pence per share raising gross proceeds of approximately £419 million.

Of the 59,541,498 new ordinary shares issued under the placing, 39,681,092 new ordinary shares (representing approximately 9.99% of the Company's ordinary share capital as at 24 June 2020) were allotted on 29 June 2020 under the Company's share capital authority obtained at the Company's 2020 AGM. 19,860,406 new ordinary shares (representing approximately 5% of the Company's ordinary share capital as at 24 June 2020) were allotted on 15 July 2020 following shareholder approval being obtained at a general meeting held on 14 July 2020.

No additional shares were allotted or brought back under the above authorities during the year and up to the date of this report. The standard authorities will expire on 31 March 2021 or at the conclusion of the next AGM, whichever is earlier. The Directors will seek to renew the authorities at the next AGM.

VOTING RIGHTS AND RESTRICTIONS ON TRANSFER OF SHARES

None of the ordinary shares carry any special rights with regard to control of the Company. There are no restrictions on transfers of shares other than:

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing
- pursuant to the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares
- where a proposed transferee of the Company's shares has failed to provide to the Directors a declaration of nationality (together with such evidence as the Directors may require) as required by the Company's Articles of Association
- the powers given to the Directors by the Company's Articles of Association to limit the ownership of the Company's shares by non-UK nationals or, following a decision of the Directors, by non-EU nationals, and powers to enforce this limitation, including the right to force a sale of any affected shares.

There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such a restriction (for example under the Articles of Association where an Affected Shares Notice has been served, amounts remain unpaid in the shares after request, or the holder is otherwise in default of an obligation to the Company). The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

VARIATION OF RIGHTS

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of such class.

EMPLOYEE SHARE SCHEMES – RIGHTS OF CONTROL

The trustees of the easyJet UK Share Incentive Plan, which is used to acquire and hold shares in the Company for participants in the UK Share Incentive Plan, does not seek to exercise voting rights on shares held other than on direction of the underlying beneficiaries. The trustees take no action in respect of ordinary shares for which they have received no direction to vote, or in respect of ordinary shares which are unallocated.

The trustee of the easyJet plc Employee Benefit Trust ('the Trust'), which is used to acquire and hold shares in the Company for the benefit of employees, including in connection with the easyJet Long Term Incentive Plan, the International Share Incentive Plan and Save As You Earn plans, has the power to vote or not vote, at its absolute discretion, in respect of any shares in the Company held unallocated in the Trust. However, in accordance with good practice, the trustee adopts a policy of not voting in respect of such shares.

The trustees of both the easyJet UK Share Incentive Plan and the easyJet plc Employee Benefit Trust have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.

ANNUAL GENERAL MEETING

The venue and timing of the Company's next AGM will be detailed in the Notice convening the AGM at the relevant time.

ARTICLES OF ASSOCIATION

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. The Company's Articles of Association were last amended at the 2018 AGM to ensure the Company was able to remain EU-owned and controlled at all times after the UK has left the EU as required under the EU law.

BRANCHES

The Group, through various subsidiaries, has established branches in France, Germany, Italy, Netherlands, Portugal and Spain, in which the business operates.

FINANCIAL INSTRUMENTS

Details of the Group's use of financial instruments, together with information on its financial risk management objectives and policies, hedging policies and our exposure to financial risks, can be found in Notes 24 to 26 to the consolidated financial statements.

ADDITIONAL INFORMATION

SUBSTANTIAL INTERESTS

In accordance with DTR 5, as at 30 September 2020 the Company had been notified of the following disclosable interests in its issued ordinary shares:

	Number of shares as notified to the Company	% of issued share capital as at 30 September 2020
The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Limited (holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holdings Limited)	131,057,821	28.694%
NinetyOne UK Limited	19,470,807	4.90%
Phoenix Asset Management Partners Limited	16,568,042	3.7923%

The Company was not notified of any changes between the 30 September 2020 and 17 November 2020.

GOING CONCERN AND VIABILITY STATEMENT

The Company's going concern and viability statement are detailed on pages 64 to 65 of the strategic report.

INDEPENDENT AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors have taken all reasonable steps to ensure any audit-related information has been brought to the attention of the Group's auditor. The Directors are not aware of any relevant information which has not been disclosed to the auditor. A resolution to reappoint PricewaterhouseCoopers LLP as auditor of the Group will be put to shareholders at the forthcoming AGM.

POLITICAL DONATIONS AND EXPENDITURE

easyJet works constructively with all levels of government across its network, regardless of political affiliation. easyJet believes in the rights of individuals to engage in the democratic process; however it is easyJet's policy not to make political donations. There were no political donations made or political expenditure incurred during the 2020 financial year.

EMPLOYEES WITH A DISABILITY

The Company's approach to providing support to disabled applicants and employees is detailed in our Diversity and Inclusion Strategy on page 50.

STAKEHOLDER ENGAGEMENT

Details of our key stakeholders (customers, suppliers, employees, communities, shareholders, regulators and government) and how we engage with them are given on pages 12 to 15 of the strategic report. The Section 172 Statement is available on page 90.

RELATIONSHIP AGREEMENT WITH CONTROLLING SHAREHOLDERS

Any person who exercises or controls on their own, or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a Company are known as 'controlling shareholders'. The Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement which is intended to ensure that the controlling shareholder complies with certain independence provisions. The agreement must contain undertakings that:

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

From 14 November 2014 to 30 June 2020, the Company had such an agreement with Sir Stelios Haji-Ioannou (easyJet's founder) and easyGroup Holdings Limited, an entity in which Sir Stelios holds a beneficial interest and which holds shares in the Company on behalf of Sir Stelios (the 'Relationship Agreement'). Under the terms of the Relationship Agreement, Sir Stelios and easyGroup Holdings Limited agreed to procure the compliance of Polys and Clelia Haji-Ioannou with the independence obligations contained in the Relationship Agreement. Sir Stelios, easyGroup, Polys and Clelia Haji-Ioannou (the 'Haji-Ioannou Concert Party') together comprised controlling shareholders of the Company due to their combined total holding of approximately 33% of the Company's voting rights.

On 30 June 2020, the Company was notified by the Haji-Ioannou family concert party that as a result of the non-pre-emptive placing announced on 24 June 2020, the Haji-Ioannou Concert Party no longer held 30% or more of the issued share capital of the Company. Accordingly the Relationship Agreement terminated in accordance with its terms.

The Board confirms that, from the entry into the Relationship Agreement on 14 November 2014 until 30 June 2020, being the date the agreement terminated:

- the Company complied with the independence provisions included in the Relationship Agreement
- so far as the Company is aware, the independence provisions included in the Relationship Agreement were complied with by Sir Stelios, easyGroup, and Clelia and Polys Haji-Ioannou and their associates
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement had been complied with by Sir Stelios and easyGroup Holdings Limited.

SIGNIFICANT AGREEMENTS – CHANGE OF CONTROL

The Company also licenses the easyJet brand from easyGroup Limited. Further details are set out in note 28 to the financial statements.

The following significant agreements which were in force at 17 November 2020 take effect, alter or terminate on a change of control of the Company.

EMTN Programme and Eurobond issue

On 7 January 2016, the Group established a Euro Medium Term Note Programme (the 'EMTN Programme') which provides the Group with a standardised documentation platform to allow for senior unsecured debt issuance in the Eurobond markets. The maximum potential issuance under the EMTN Programme is £3 billion. The EMTN Programme was subsequently updated on 4 June 2019 with the issue of further Eurobonds.

Under the EMTN Programme, the following notes (the 'Notes') have been issued by the Company:

- February 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.75% interest and maturing in February 2023
- October 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.125% interest and maturing in October 2023
- June 2019: Eurobonds consisting of €500 million guaranteed Notes paying 0.875% interest and maturing in June 2025.

Pursuant to the final terms attaching to the Notes, the Company will be required to make an offer to redeem or purchase its Notes at its principal amount plus interest up to the date of redemption or repurchase if there is a change of control of the Company which results in a downgrade of the credit rating of the notes to a non-investment grade rating or withdrawal of the rating by both Moody's and Standard & Poor's.

Revolving Credit Facility
The Group is party to a Revolving Credit Facility (RCF) which contains change of control provisions. The current RCF amounts to $500 million, supported equally by a consortium of twelve banks, and has a maturity date of February 2022. On 6 April 2020 easyJet issued a utilisation request to fully draw down on its $500 million Revolving Credit Facility, secured against aircraft assets. On 2 October 2020 easyJet issued a further utilisation request to rollover its $500 million Revolving Credit Facility for a further 6 months commencing 9 October 2020.

Term loans
On 16 April 2020 easyJet announced that it signed two term loans totalling circa £400 million, each secured against aircraft assets. Both loans contain change of control provisions.

OTHER AGREEMENTS

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

The Annual Report and Accounts have been drawn up and presented in accordance with UK company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

easyJet plc is incorporated as a public limited company and is registered in England under number 3959649. easyJet plc's registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

The strategic report (comprising pages 2 to 77) and Directors' Report (comprising pages 128 to 131) were approved by the Board and signed on its behalf by the Company Secretary.

By order of the Board

MAAIKE DE BIE
Company Secretary

London, 17 November 2020

DISCLOSURES REQUIRED UNDER LISTING RULE 9.8.4

The information to be included in the 2020 Annual Report and Accounts under LR 9.8.4, where applicable, can be located as set out below.

	Page
Amount of interest capitalised and tax relief	n/a
Publication of unaudited financial information	n/a
Details of long term incentive schemes	171-173
Waiver of emoluments by a director	n/a
Waiver of future emoluments by a director	n/a
Non pre-emptive issue for cash	n/a
Non pre-emptive issue for cash to major unlisted subsidiary undertaking	n/a
Parent participation in a placing by a listed subsidiary	n/a
Contracts of significance	130
Provision of services by controlling shareholder	n/a
Shareholder waiver of dividends	129
Shareholder waiver of future dividends	129
Agreements with controlling shareholder	130

Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

	Page
Membership of Board during 2020 financial year	80-83
Directors' service contracts	125
Financial instruments and financial risk management	175-183
Carbon emissions, energy consumption and energy efficiency	43
Corporate governance report	78
Future developments of the business of the Group	20-33
Employee equality, diversity and inclusion	49-50
Employee engagement	13, 48-50

DIRECTORS' RESPONSIBILITIES AND STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts ('accounts') in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the Group and Company accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company. This enables them to ensure that the accounts and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group accounts, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 80 to 83, confirm that, to the best of their knowledge:

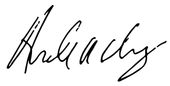
- the Group and Company accounts, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group and profit of the Company
- the strategic report, included in the Annual Report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with section 418 of the Companies Act 2006, each Director in office at the date the Directors' Report is approved, confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

The Annual Report on pages 1 to 132 was approved by the Board of Directors and authorised for issue on 17 November 2020. and signed on its behalf by:

JOHAN LUNDGREN
Chief Executive



ANDREW FINDLAY
Chief Financial Officer

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, easyJet plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2020 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 30 September 2020; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the accounts, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

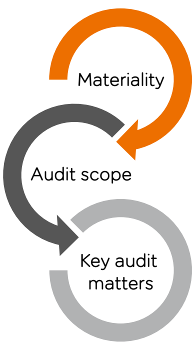
Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 October 2019 to 30 September 2020.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN – GROUP AND COMPANY

In forming our opinion on the Group and Company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements and on page 64 of the Annual Report concerning the Group's and Company's ability to continue as a going concern. The Group's forecast and projections assume a continued phased increase in flying which represents a significant reduction to historic revenue levels, along with cost saving measures and reductions in capital expenditure. After making enquiries and considering the uncertainties described on page 64, the directors have a reasonable expectation that the Group and Company has access to adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements. In the event there are further waves of the pandemic, or the implementation or continuation of local lockdown periods, leading to further travel restrictions being imposed in the markets easyJet operates in, or in the event of cash collateralisation by credit card acquirers of the unearned revenue balance, the Group and Company may require further financing. As described on page 64, the occurrence of such severe but plausible events and the availability of additional financing represents a material uncertainty which may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The Group and Company financial statements do not include the adjustments that would result if they were was unable to continue as a going concern.

OUR AUDIT APPROACH

Overview



- Overall Group materiality: £21.5m, based on 5% of headline loss before tax, capped at £21.5m (2019: £21.5m, based on 5% of profit before tax).
- Overall Company materiality: £19.4m (2019: £21.3m), based on 1% of total assets, capped at 90% of Group materiality.

- We performed full scope audit procedures over the Company and one individually significant component in the Group. Procedures over material financial statements lines were performed for two further components.
- Separate audit procedures were performed in relation to consolidation adjustments.
- This provided coverage of 97% of both external revenue and loss before tax

- Aircraft maintenance provision (Group).
- Discontinuation of hedge accounting (Group).
- Impairment assessment in respect of intangible and aircraft related assets (Group).
- Valuation of restructuring provisions (Group).
- Risk of fraud arising from cyber-attack (Group and Company).
- Impact of the Covid-19 pandemic (Group).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES, INCLUDING FRAUD

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to easyJet's Air Travel Organiser's Licence being revoked, breaches of the current EU Emissions Trading System requirements or other environmental regulations, adherence to data protection requirements in the jurisdictions in which easyJet operates and holds data, UK and overseas tax legislation not being adhered to and non-compliance with employment regulations in the UK and other jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, either in the underlying books and records or as part of the consolidation process, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditor so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditor included:

- Discussions with management, internal audit and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence from the FRC;
- Challenging assumptions and judgements made by management in it's significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the valuation of the maintenance provision, the assessment of the magnitude of discontinuation of hedge accounting, the assessment of impairment of intangible and tangible assets and the valuation of the restructuring provisions (see related key audit matters below);
- Assessment of the scope and results of the investigation carried out by management in responding to the risks arising from the cyber-attack announced in May 2020;
- Consideration of recent correspondence with the Group's legal advisors to ensure that it aligned with the conclusions drawn on obligations recognised in respect of uncertain legal matters;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or those posted by unexpected users; and
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Valuation of restructuring provisions, discontinuation of hedge accounting, risk of fraud arising from cyber-attack and impact of the Covid-19 pandemic are new key audit matters this year. Our impairment assessment key audit matter has been expanded to include aircraft-related assets, in addition to intangible assets which were considered in the prior year. Fair value of derivative instruments, EU 261 provision, accounting for the liabilities associated with the Swiss pension scheme, accounting for the adoption of new accounting standards (IFRS 9, 15 and 16), which were key audit matters last year, are no longer included because of the relative level of audit risk associated with them. Otherwise, the key audit matters below are consistent with last year.

Key audit matter | **How our audit addressed the key audit matter**

AIRCRAFT MAINTENANCE PROVISION (GROUP)

The Group operates aircraft which are held under lease arrangements and for which it incurs liabilities for maintenance costs during the term of the lease. These arise from legal and contractual obligations relating to the condition of the aircraft when they are returned to the lessor. Maintenance provisions of £597m (2019: £526m) for aircraft maintenance costs in respect of leased aircraft were recorded in the financial statements at 30 September 2020. At each statement of financial position date, the calculation of the maintenance provision includes a number of variable factors and assumptions including: likely future utilisation of the aircraft; the expected cost of the heavy maintenance check at the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts. We focused on this area because of the inherent level of management judgement required in calculating the amount of provision needed as a result of the complex and subjective elements around these variable factors and assumptions.

Refer to the Accounting policies, judgements and estimates note (note 1c.ii) and note 18, on page 167, for management's disclosures of the relevant judgements and estimates involved in assessing this provision valuation. Refer to the Audit Committee report on page 105 for a description of its assessment of significant judgements.

- We evaluated the maintenance provision model and tested the calculations therein. This included assessing the process by which the variable factors within the provision are estimated, evaluating the reasonableness of the assumptions, testing the input data and re- performing calculations. In particular, we challenged the key assumptions using the Group's internal data, such as business plans, forecasts and maintenance contract terms and pricing. We also performed sensitivity analysis in respect of the key drivers of the model. We also assessed what the impact of the fleet being grounded would be on the closing provision. We found no material exceptions from these assessments and comparisons.
- Having ascertained the magnitude of movements in those key assumptions, that either individually or collectively would be required for the provision to be misstated, we considered the likelihood of such movements arising and any impact on the overall level of aircraft maintenance provisions recorded in the financial statements. Our assessment as to likelihood and magnitude did not identify any material exceptions.

Based on the work performed, as summarised above, we have concluded the Group's valuation of maintenance provisions on leased aircraft is materially appropriate.

DISCONTINUATION OF HEDGE ACCOUNTING (GROUP)

The Group utilises derivative financial instruments to hedge its exposure to transaction currency risk, jet fuel price risk and interest rate risks arising from its highly probable forecast payments in foreign currencies, purchases of jet fuel and debt repayments. In accordance with IFRS 9, the Group has elected to apply cash flow hedge accounting for its foreign exchange and jet fuel derivatives. As a result of the Covid-19 outbreak, operations during the year have been significantly lower than initial forecasts. Based on reforecast activity levels, the Group no longer expects to incur foreign currency payments or to consume jet fuel at the volumes that were initially forecast. Based on the latest Board approved forecast, management identified over hedged derivative positions where the 'highly probable' forecast criteria was not met and the discontinuance of hedge accounting was therefore required in accordance with the requirements of IFRS 9. The associated net loss (due to hedge discontinuation where cash flows are no longer expected to occur) of £305m has been charged to the consolidated income statement as a non-headline expense.

We have focused on this area because of the significant level of judgement required to be exercised by management in determining the revised estimates of foreign currency payments and jet fuel usage and the subsequent impact on the quantum of assessment of whether the hedge is required to be discontinued, as well as their materiality to the financial position and financial performance of the Group for the year ended 30 September 2020.

Refer to the Accounting policies, judgements and estimates note (note 1c.ii) and note 5, on page 160, for management's disclosures of the relevant judgements and estimates involved in assessing the hedge discontinuation of hedging instruments. Refer to the Audit Committee report on page 105 for a description of its assessment of significant judgements.

We reviewed the processes, procedures and controls in respect of treasury and other management functions which directly impact the relevant account balances and transactions. Our testing has focussed on the most material elements of the net charge, being the discontinuation charges arising on de-designation of hedges for jet fuel and payments in foreign currencies totalling £300m.

- We agreed that the revised forecasts used by easyJet for the assessment of future hedge effectiveness were consistent with Board approved forecasts used for other judgements and that sufficient and appropriate trades related to over hedged positions have been discontinued based on the original forecast cash flows and the reforecast cash flows reflecting the impact of the ongoing pandemic.
- We assessed the method by which management identified the specific trades to be de-designated from the total portfolio in each month for the period to August 2021. We determined that the difference which would arise from using other alternative methodologies is not material. We also reconciled the amounts recycled from the cash flow hedge reserve to the income statement based on the trades which were de-designated.
- We performed independent sensitivity testing in respect of future periods where the level of hedging exposure is still significant. The impact of applying reasonable alternative cash flow assumptions in these periods was not material.

We independently obtained third-party confirmations from counterparties of the year end derivative positions and agreed the fair values of a sample of those derivative positions to independent data feeds.

Based on the work performed, as summarised above, we have concluded the Group's accounting for hedge discontinuation and ineffectiveness is materially appropriate.

Key audit matter	How our audit addressed the key audit matter
IMPAIRMENT ASSESSMENT IN RESPECT OF INTANGIBLE AND AIRCRAFT RELATED (GROUP)	
At 30 September 2020, the aggregate value of goodwill and landing rights, which are both assessed to have indefinite lives, amounted to £533 million (2019: £497 million). Under IAS 36 Impairment of Assets', goodwill must be tested for impairment at least annually. At 30 September 2020, the aggregate value of aircraft and spares, the principal tangible assets utilised by the business in its operations, amounted to £4,963m (2019: £5,053m). All goodwill, landing rights and aircraft and spares belong to a single cash-generating unit ("CGU"), being easyJet's route network, and a single value in use ("VIU") calculation is performed in order to assess their recoverability. A £37m impairment has been recognised in respect of leased aircraft that will no longer be utilised by the business in its continuing operations. We focused on the risk of impairment as the impairment test involves a number of subjective judgements and estimates by management, many of which are forward-looking. These estimates include key assumptions underpinning the strategic five-year plan, fuel prices, exchange rates, long-term economic growth rates and discount rates. Refer to the Accounting policies, judgements and estimates note (note 1c.ii), note 10 and note 11, on page 163 and 164, for management's disclosures of the relevant judgements and estimates involved in assessing goodwill and landing rights for impairment. Refer to the Audit Committee report on page 105 for a description of its assessment of significant judgements.	We obtained management's annual impairment assessment and ensured the calculations were mathematically accurate. • We evaluated and challenged the future cash flow forecasts of the CGU, and the process by which the forecasts were drawn up, and we tested the underlying value in use calculations. In doing this, we compared the forecast used for the impairment test to the latest Board-approved plans. We challenged the key assumptions for fuel prices, exchange rates, short-term flying assumptions and long-term growth rates in the forecasts by comparing them to third party economic and industry forecasts. For discount rates applied by management we reviewed management's methodology and assessed the cost of capital for the Group to comparable organisations. We found no material exceptions from this work. • We recalculated management's own sensitivity analysis of key assumptions used in the VIU assessment and also performed our own independent sensitivity analysis by replacing key assumptions with alternative scenarios in order to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill and landing rights to be impaired. We found no material exceptions from this analysis. • We assessed the basis by which management identified the leased assets that will no longer be utilised by the business and re-calculated the impairment. Through review of the future flying forecasts we assessed whether there were any further assets that should be impaired as a result of contraction of the business. We identified no such assets from the work we performed. • For engineering spares, we challenged management in respect of assets which appeared to have low utilisation levels that may be at risk of being impaired. We found no material exceptions from this analysis. Based on the work performed, as summarised above, we have concluded that the carrying value of goodwill, landing rights, aircraft and spares at 30 September 2020 is materially correct.
VALUATION OF RESTRUCTURING PROVISIONS (GROUP)	
The Group has recorded a provision of £101m in respect of its estimate of the costs of redundancy and restructuring as at 30 September. We focused on this area because there is an inherent level of complexity in management's calculation of this provision owing to its uncertain nature given the current open status of the consultation process in a number of territories. Refer to the Accounting policies, judgements and estimates note (note 1c.ii) and note 18, on page 167, for management's disclosures of the relevant judgements and estimates involved in assessing the valuation of restructuring provisions. Refer to the Audit Committee report on page 105 for a description of its assessment of significant judgements.	We have reviewed the evidence supporting the appropriateness of recognising this provision at 30 September 2020, including reviewing the detailed formal plan, and determining whether a valid expectation had been established for those impacted by the plan. On the basis of our work, we concluded it was appropriate to reflect this provision at 30 September 2020. We understood the processes and procedures in place for calculating the estimate of the provision required. We challenged the reasonableness of the key assumptions used in calculating the provision for each territory where a significant provision was recognised and not yet settled. This included the number of employees affected and rates or nature of costs to be incurred and varied based on the local requirements in place within each territory. On a sample basis we reperformed the underlying calculations and tested the inputs, including employee information, back to supporting evidence in order to validate its accuracy. We also tested any settled elements of the associated restructuring costs to actual cash settlements with employees to ensure that element of the liability has been appropriately extinguished. Based on the work performed, as summarised above, we have concluded the Group's valuation of the restructuring provisions is materially appropriate.

Key audit matter	How our audit addressed the key audit matter
RISK OF FRAUD ARISING FROM CYBER-ATTACK (GROUP AND COMPANY)	
During the year the Group was the target of a cyber-attack where its network was infiltrated by an external party and large amounts of passenger data was accessed from some operational systems. We focused on this area as there is a risk that the Group's financial systems have been accessed and that their integrity has therefore been compromised with the consequent possibility of fraudulent misstatement of financial information in the financial statements. Refer to the Risk Management section of the Annual Report on page 68 and note 26 to the financial statements where the contingent liability disclosures are provided.	Together with our internal cyber security experts we performed enquiries of the members of management responsible for the coordination of the incident response activities and of the third party experts who were engaged by easyJet to help support the business response. As part of these enquiries we have understood the processes and procedures which were put in place by management as part of the containment exercise following the breach. With the assistance of our cyber security experts we assessed the scope, methodology and overall approach of management's forensic investigation into the matter. We obtained the results of management's investigation, including the conclusions reached and understood the basis for those conclusions. We discussed the findings with management and the Audit Committee, as well as management's experts and legal counsel, and we consider the conclusions to be appropriate based on the results of the investigation and evidence obtained. We have corroborated that there is no evidence to indicate that the systems relevant to the audit of the financial statements were impacted beyond the precise nature of the activities undertaken by the perpetrators. We have also assessed whether, based on the current status of the Information Commissioner's Office investigation and ongoing matters of litigation, there is any means to reliably estimate any fines and penalties which may arise as a result of this incident. We have concluded that, based on the significant uncertainty in respect of the outcome of these matters, it is not currently feasible for a lability to be reliably measured and that appropriate disclosures in respect of contingent liabilities have been made in the notes to the financial statements. Based on the work performed, as summarised above, we have concluded that there is no indication that the integrity of the financial statements has been compromised for the year ended 30 September 2020 as a result of the cyber-attack.

Key audit matter	How our audit addressed the key audit matter
IMPACT OF THE COVID-19 PANDEMIC (GROUP AND COMPANY)	
Since the outbreak of Covid-19 the Group and Company have continued to operate and trade, albeit including a period when the entire fleet was grounded and with extended periods of significantly reduced flying when compared to historic levels. This reduction in flying has continued into the first quarter of the year ended 30 September 2021. Management has considered the impact of Covid-19 on the Group and Company financial statements. Primarily these considerations related to the possible impairment of intangible and tangible assets, the recoverability of deferred tax assets, the recognition of income from furlough and temporary government unemployment support schemes, the appropriate accounting for sale and leaseback transactions and the Board's going concern assessment. There is a risk that the financial impact arising from Covid-19 which has been recorded by management is inappropriate or that we might not able to obtain sufficient audit evidence in order to support our conclusions in respect of this assessment. Our audit focused on those areas where management identified potential financial impacts arising as a result of the pandemic which, based on our independent risk assessment, could have given rise to a risk of material misstatement. Refer to Accounting Policies note (note 1), note 6, note 27, note 3 and note 5 as well as the Directors' Report and Strategic Report for management's disclosures of the relevant judgements, estimates and impacts related to these items.	In advance of the year end and throughout the course of the audit we continued to assess the risks arising from the Covid-19 pandemic. We focussed on areas where significant additional audit effort might be required as well as those areas which might be susceptible to a material financial impact on the performance and position of the Group or Company for the year ended 30 September 2020. Other than as already described in the key audit matters above, we noted the following key material impacts on the financial statements, arising from Covid-19: • Where relevant, suitable downside scenarios were modelled by management in the cash flow models used to assess for possible impairments of intangible and tangible assets impairment. We evaluated management's assumptions in light of both historical and post year end performance and concluded these to be reasonable and consistent with other evidence obtained during the course of our audit work. • We reviewed management's models supporting the Board's going concern assessment, ensuring appropriate stress test scenarios were considered. We challenged management's key cash flow assumptions by performing our own sensitivity analysis. We concur with the Board's conclusion to adopt the going concern basis of preparation for the financial statements at 30 September 2020. • We have assessed deferred tax assets for recoverability based on projected future forecasts which are aligned with the Board approved five-year plan. Based on our work, which included performing sensitivities, we concluded that these assets appear to be recoverable within a reasonable time horizon. • We verified furlough receipts have been received through inspection of statements and confirmed that easyJet has met the required eligibility criteria in respect of schemes in territories where claims or receipts were outstanding at the year end date. • We challenged management in respect of the fair valuation of aircraft which were subject to sale and leaseback transactions and we agreed these valuations to third party data. As a result of our work we concluded the accounting treatment was appropriate. • Despite undertaking most of our year end work remotely, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions We reviewed the disclosures in the financial statements in respect of the impact of Covid-19 and concluded that these are appropriate. Based on the work performed, as summarised above, we have concluded that the Group's conclusions in respect of the impact of Covid-19 are appropriate.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates through the Company and its thirteen subsidiary undertakings of which eight were actively trading through the year. The remaining subsidiaries are either holding companies, dormant or have been newly established during the year and not yet started to actively trade. The accounting for these subsidiaries, each of which is considered to be a separate component in the way we scope our audit, is largely centralised in the UK.

We determined the most effective approach to scoping was to perform full scope procedures over two components registered in the UK, together with performing procedures over all material financial statement line items for easyJet Switzerland SA and easyJet Leasing Limited. Under our direction and supervision some financial statement line items identified in our scope were audited by a component team from PwC Switzerland.

We determined the appropriate level of our involvement in the underlying work of our component auditor in Switzerland to ensure we could conclude that sufficient appropriate audit evidence had been obtained for the Group financial statements as a whole. We issued written instructions to the component auditor and had regular communications with them throughout the audit cycle. Additional audit procedures were performed in relation to consolidation adjustments by the UK Group team. The testing approach ensured that appropriate audit evidence was obtained over all financial statement line items in order to support our opinion on the Consolidated financial statements as a whole. Based on the detailed audit work performed across the Group, we have obtained coverage of 97% of both external consolidated revenue and loss before tax.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£21.5m (2019: £21.5m).	£19.4m (2019: £21.3m).
How we determined it	Based on 5% of headline loss before tax, capped at £21.5m.	Based on 1% of total assets, capped at 90% of Group materiality.
Rationale for benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group and therefore an approach to materiality based on 5% of the headline loss before tax has been applied. However, given the context of this year's headline loss before tax, we capped the level of overall materiality at £21.5m, in line with the level used in the previous year. In determining this benchmark, we also considered other approaches to materiality which could have reasonably been applied including the use of thresholds based on revenue or net asset measures. We concluded that the level of materiality applied remained appropriate when considering these possible alternative approaches. In the previous year, a benchmark set at 5% of statutory profit before tax was used to determine overall materiality. This was due to the insignificance of the non-headline items which arose during the previous financial year. No cap to materiality was applied in the previous year.	We have applied this benchmark of total assets, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate given that the Company does not generate revenues of its own. The value is capped at 90% of the Group overall materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,285,000 and £19,350,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £16.1m for the Group financial statements and £14.5m for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,075,000 (Group audit) (2019: £1,075,000) and £1,075,000 (Company audit) (2019: £1,065,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to other than the material uncertainty we have described in the Material uncertainty related to going concern section above. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group
We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 97 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 64 and 65 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 132, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 103 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the audit committee, we were appointed by the members on 22 February 2006 to audit the financial statements for the year ended 30 September 2006 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 30 September 2006 to 30 September 2020.

Andrew Kemp

ANDREW KEMP
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

17 November 2020

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30 September 2020 Headline £ million	Year ended 30 September 2020 Non-headline £ million	Year ended 30 September 2020 Total £ million	Year ended 30 September 2019 Headline £ million	Year ended 30 September 2019 Non-headline £ million	Year ended 30 September 2019 Total £ million
Passenger revenue		2,303	–	2,303	5,009	–	5,009
Ancillary revenue		706	–	706	1,376	–	1,376
Total revenue	8	3,009	–	3,009	6,385	–	6,385
Fuel		(721)	–	(721)	(1,416)	–	(1,416)
Airports, ground handling and other operating costs		(938)	–	(938)	(1,845)	–	(1,845)
Crew		(629)	–	(629)	(859)	–	(859)
Navigation		(206)	–	(206)	(409)	–	(409)
Maintenance		(278)	–	(278)	(302)	–	(302)
Selling and marketing		(107)	–	(107)	(157)	–	(157)
Other costs		(426)	(85)	(511)	(456)	–	(456)
Other income		23	–	23	29	–	29
EBITDAR		(273)	(85)	(358)	970	–	970
Aircraft dry leasing		(1)	–	(1)	(5)	–	(5)
Impairment		–	(37)	(37)	–	–	–
Depreciation	11	(485)	–	(485)	(484)	–	(484)
Amortisation of intangible assets	10	(18)	–	(18)	(15)	–	(15)
Operating (loss)/profit		(777)	(122)	(899)	466	–	466
Interest receivable and other financing income		12	105	117	21	3	24
Interest payable and other financing charges		(70)	(421)	(491)	(60)	–	(60)
Net finance (charges)/income	2	(58)	(316)	(374)	(39)	3	(36)
(Loss)/profit before tax	3	(835)	(438)	(1,273)	427	3	430
Tax credit/(charge)	6	110	84	194	(78)	(3)	(81)
(Loss)/profit for the year		(725)	(354)	(1,079)	349	–	349
(Loss)/earnings per share, pence							
Basic	7			(264.9)			88.6
Diluted	7			(264.9)			87.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 September 2020 £ million	Year ended 30 September 2019 £ million
(Loss) / profit for the year		(1,079)	349
Other comprehensive (expense)/income			
Items that may be reclassified to the income statement:			
Cash flow hedges			
Fair value losses in the year		(628)	(214)
Losses/(gains) transferred to income statement		39	(165)
Losses transferred to property, plant and equipment		–	14
Hedge discontinuation losses transferred to income statement		284	–
Related tax credit	6	55	68
Cost of hedging		(8)	4
Related tax credit	6	1	1
Items that will not be reclassified to the income statement:			
Remeasurement gain/(loss) of post-employment benefit obligations	19	3	(17)
Related deferred tax credit	6	–	3
Fair value loss on equity investment		(15)	(6)
		(269)	(312)
Total comprehensive (loss)/income for the year		(1,348)	37

Fair valuation losses in the year primarily due to large decreases in the market price of jet fuel, along with movements in foreign exchange rates used when valuing derivatives held in the hedging reserve.

The accumulated losses in the 2020 financial year transferred to property, plant and equipment are recognised as a basis adjustment directly out of the Hedging reserves in equity and not as a reclassification adjustment.

For capital expenditure cash flow hedges, the accumulated gains and losses recognised in other comprehensive income will be transferred to the initial carrying amount of the asset acquired, within property, plant and equipment.

Losses/(gains) on cash flow hedges reclassified from other comprehensive income in income statement captions are as follows:

	2020 £ million	2019 £ million
Revenue	(16)	(10)
Fuel	43	(150)
Maintenance	(6)	(5)
Other costs	18	–
	39	(165)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2020 £ million**	30 September 2019* £ million
Non-current assets			
Goodwill	10	365	365
Other intangible assets	10	232	196
Property, plant and equipment	11	5,053	5,163
Derivative financial instruments	24	89	126
Equity investment		33	48
Restricted cash	14	5	4
Other non-current assets	12	133	142
		5,910	6,044
Current assets			
Trade and other receivables*	13	193	302
Intangible assets*		12	70
Derivative financial instruments	24	21	147
Current tax assets		7	24
Restricted cash	14	14	–
Money market deposits	14	32	291
Cash and cash equivalents	14	2,284	1,285
		2,563	2,119
Current liabilities			
Trade and other payables	15	(1,242)	(1,050)
Unearned revenue		(614)	(1,069)
Borrowings	16	(987)	–
Lease liabilities	17	(224)	(219)
Derivative financial instruments	24	(352)	(138)
Provisions for liabilities and charges	18	(407)	(192)
		(3,826)	(2,668)
Net current liabilities		(1,263)	(549)
Non-current liabilities			
Borrowings	16	(1,744)	(1,324)
Lease liabilities	17	(486)	(359)
Derivative financial instruments	24	(85)	(72)
Non-current deferred income		(5)	(6)
Post-employment benefit obligation	19	(45)	(47)
Provisions for liabilities and charges	18	(332)	(397)
Deferred tax	6	(51)	(305)
		(2,748)	(2,510)
Net assets		1,899	2,985
Shareholders' equity			
Share capital	20	125	108
Share premium		1,051	659
Hedging reserve		(236)	(4)
Cost of hedging reserve		1	8
Translation reserve		(2)	(1)
Retained earnings		960	2,215
Total equity		1,899	2,985

* Please refer to note 1 for details of our voluntary change in accounting policy.

The accounts on pages 142 to 183 were approved by the Board of Directors and authorised for issue on 17 November 2020 and signed on behalf of the Board.

JOHAN LUNDGREN
Director

ANDREW FINDLAY
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2019	108	659	(4)	8	(1)	2,215	2,985
Loss for the period	–	–	–	–	–	(1,079)	(1,079)
Other comprehensive loss	–	–	(250)	(7)	–	(12)	(269)
Total comprehensive loss	–	–	(250)	(7)	–	(1,091)	(1,348)
Transferred to property, plant and equipment	–	–	18	–	–	–	18
Dividends paid (note 9)	–	–	–	–	–	(174)	(174)
Proceeds from shares issued	17	392	–	–	–	–	409
Share incentive schemes							
Value of employee services	–	–	–	–	–	18	18
Related tax (note 6)	–	–	–	–	–	(1)	(1)
Purchase of own shares	–	–	–	–	–	(7)	(7)
Currency translation differences	–	–	–	–	(1)	–	(1)
At 30 September 2020	125	1,051	(236)	1	(2)	960	1,899

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2018	108	659	292	4	1	2,117	3,181
Profit for the period	-	-	-	-	-	349	349
Other comprehensive income/(loss)	-	-	(296)	4	-	(20)	(312)
Total comprehensive income/(loss)	–	–	(296)	4	–	329	37
Dividends paid (note 9)	–	–	–	–	–	(233)	(233)
Share incentive schemes							
Value of employee services	–	–	–	–	–	18	18
Purchase of own shares	–	–	–	–	–	(16)	(16)
Currency translation differences	–	–	–	–	(2)	–	(2)
At 30 September 2019	108	659	(4)	8	(1)	2,215	2,985

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end. Included within the hedging reserve are amounts totalling a £46 million gain related to derivative hedge trades that were mutually early terminated with counterparty banks in the year, as these trades had an effective hedge relationship at the point of termination, the fixed fair value is held in the hedging reserve and recycled to the income statement in line with when the original hedge item also impacts the income statement, see section related to 'Foreign Currency Risk Management on note 25 for further details.

Amounts held in the cost of hedging reserve relates to specific fair value elements of derivatives in a hedge accounting relationship where allowable through specific designation. At 30 September 2020 amounts in the reserve comprised of £4 million gain related to cross-currency basis offset by a £3 million loss related to the time value of options.

Details of the restatement made to the opening retained earnings as at 1 October 2018 can be found in the Annual Report and Accounts for the year ended 30 September 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 30 September 2020 £ million**	Year ended 30 September 2019 £ million
Cash flows from operating activities			
Cash (used)/generated from operations	22	(542)	1,098
Ordinary dividends paid	9	(174)	(233)
Interest and other financing charges paid		(71)	(58)
Interest and other financing income received		12	12
Net tax received/(paid)		13	(58)
Net cash (used)/generated from operating activities		(762)	761
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(659)	(954)
Purchase of non-current intangible assets	10	(36)	(30)
Net decrease in money market deposits	23	259	52
Net proceeds from sale and leaseback of aircraft		702	121
Net cash generated/(used) by investing activities		266	(811)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		409	–
Purchase of own shares for employee share schemes		(7)	(16)
Proceeds from debt financing	23	1,399	443
Repayment of capital element of leases	23	(230)	(174)
(Increase)/decrease in restricted cash	14	(15)	7
Net cash generated from financing activities		1,556	260
Effect of exchange rate changes		(61)	50
Net increase in cash and cash equivalents		999	260
Cash and cash equivalents at beginning of year		1,285	1,025
Cash and cash equivalents at end of year	14	2,284	1,285

1. ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

STATEMENT OF COMPLIANCE

easyJet plc (the 'Company') and its subsidiaries ('easyJet' or the 'Group' as applicable) is a low-cost airline carrier operating principally in Europe. The Company is a public limited company (company number 03959649) whose shares are listed on the London Stock Exchange under the ticker symbol EZJ and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

BASIS OF PREPARATION

The accounts are prepared based on the historical cost convention except for certain financial assets and liabilities including derivative financial instruments that are measured at fair value.

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the strategic report on pages 2 to 80. Principal risks and uncertainties are described on pages 66 to 68. Note 25 to the accounts sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

The accounts have been prepared on a going concern basis. As outlined on page 64, the occurrence of multiple downside potential risks, including cash collateralisation of unearned revenue by card acquirers and easyJet's ability to obtain additional funding represents a material uncertainty at 17 November 2020 that could cast significant doubt upon the Group's ability to continue as a going concern.

The use of critical accounting estimates and management judgement is required in applying the accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are highlighted on pages 154 to 156.

1A. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied are summarised below. Unless otherwise stated they have been applied consistently to both years presented. The explanations of these policies focus on areas where judgement is applied or which are particularly significant in the financial statements.

BASIS OF CONSOLIDATION

The consolidated accounts incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2019 and 2020. A full list of subsidiaries can be found in the Notes to the Company accounts on page 187.

A subsidiary is an entity controlled by easyJet plc. Control is achieved when easyJet is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intragroup balances, transactions and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated accounts.

FOREIGN CURRENCIES

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated accounts of easyJet are presented in Sterling, rounded to the nearest £million, 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. Exchange differences arising on the translation of these foreign operations are taken to shareholders' equity until all or part of the interest is sold, when the relevant portion of the accumulated exchange gains or losses is recognised in the income statement. Profits and losses of foreign operations are translated into Sterling at average rates of exchange during the year, since this approximates the rates on the dates of the transactions.

Transactions arising in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling using the rate of exchange ruling at the end of a reporting period and (except where the asset or liability is designated as a cash flow hedge) the gains or losses on translation are included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into Sterling at foreign exchange rates ruling at the dates the transactions were effected.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over easyJet's interest in the net fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less any accumulated impairment losses. It has an indefinite expected useful life and is tested for impairment at least annually or where there is any indication of impairment.

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided minimum utilisation requirements are observed, and are tested for impairment at least annually or where there is any indication of impairment.

When assessing for impairment or reassessing useful economic lives easyJet consider significant future changes including in relation to market, technological, economic and legal developments. This includes assessing the potential future impacts of climate change where this can be reliably estimated.

Other intangible assets are stated at cost less accumulated amortisation, which is calculated to write off their cost, less estimated residual value, on a straight-line basis over their expected useful lives. Expected useful lives and residual values are reviewed annually.

	Expected useful life
Computer software	3-7 years

FINANCIAL STATEMENTS

1A. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight-line basis over their expected useful lives. Expected useful lives and residual values are reviewed annually.

	Expected useful life
Aircraft*	23 years
Aircraft spares	14 years
Aircraft – prepaid maintenance	7-10 years
Leasehold improvements	5-10 years or the length of lease if shorter
Freehold Land	Not depreciated
Fixtures, fittings and equipment	3 years or length of lease of property where equipment is used if shorter
Computer hardware	3-5 years

* Aircraft held as right of use assets are depreciated over the lease term, see leases section. Additional capitalised maintenance associated with leased aircraft is depreciated based on usage over its expected period of utilisation.

Residual values, where applicable, are reviewed annually against prevailing market rates at the end of the reporting period for equivalently aged assets and depreciation rates are adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. For aircraft, easyJet is dependent on Airbus as its sole supplier. This gives rise to a valuation risk which crystallises when aircraft exit the fleet, where easyJet is reliant on the future demand for second-hand aircraft. Future developments, such as the impact of climate change on the technological, market, economic or legal environment, are considered when assessing residual values and impairment where they can be reliably measured.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is depreciated over a period ranging from seven to ten years from the date of manufacture. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines, are capitalised and depreciated over the length of the period benefiting from these enhancements. All other maintenance costs for owned aircraft are charged to the income statement as incurred.

Pre-delivery and option payments made in respect of aircraft are recorded in property, plant and equipment at cost. These amounts are not depreciated. Interest attributed to pre-delivery and option payments made in respect of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned.

Gains and losses on disposals (other than aircraft sale and leaseback transactions) are determined by comparing the net proceeds with the carrying amount and are recognised in the income statement.

Freehold land is recorded at cost and not depreciated as it is considered to have an indefinite useful life. It is tested for impairment at least annually or where there is any indication of impairment.

LEASES

When a contractual arrangement contains a lease easyJet recognises a lease liability and a corresponding right of use asset at the commencement of the lease.

At the commencement date the lease liability is measured at the present value of the future lease payments, discounted using the Group's incremental borrowing rate where the interest rate in the lease is not readily determined. Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease term is determined from the commencement date of the lease and covers for the non-cancellable term. If easyJet has an extension option, which it considers it reasonably certain to exercise, then the lease term will be considered to extend beyond that non-cancellable period. If easyJet has a termination option, which it considers it reasonably certain to exercise, then the lease term will be considered to be until the point the termination option will take effect.

At the commencement date the right of use asset is measured at an amount equal to the lease liability plus any lease payments made before the commencement date and any initial direct costs, less any lease incentive payments. An estimate of costs to be incurred in restoring an asset, in accordance with the terms of the lease, is also included in the right of use asset at initial recognition. Subsequently, the right of use asset is measured in accordance with the accounting policy for property, plant and equipment. Adjustment is also made to the right of use to reflect any remeasurement of the corresponding lease liability. The right of use assets are also subject to impairment testing under IAS 36.

Short-term leases and low value leases are not recognised as lease liabilities and right of use assets, but are recognised as an expense straight line over the lease term.

easyJet enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft to a third party and immediately leases them back. Where sale proceeds received are judged to reflect the aircraft's fair value, any gain or loss arising on disposal is recognised in the income statement, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the aircraft's fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

easyJet have applied the practical expedient under COVID-19 Related Rent Concessions – Amendment to IFRS 16 Leases to account for all rent concessions agreed with lessors as a result of COVID-19. Concessions took the form of delayed payments for leased aircraft. The impact of deferring rental payments on the interest expense in the income statement was not material.

OTHER NON-CURRENT ASSETS

Payments for aircraft and engine maintenance, as stipulated in the respective lease agreements, have historically been made to some lessors as security for the performance of future heavy maintenance works. The payments are recorded within current and non-current assets (as applicable) as receivables from the lessors until the respective maintenance event occurs and the reimbursement with the lessor is finalised. Any payment that is not expected to be reimbursed by the lessor is recognised immediately within operating expenses in the statement of comprehensive income. Amounts due to easyJet from lessors for maintenance related to use before easyJet acquired aircraft is also recognised in this category.

IMPAIRMENT OF NON-CURRENT ASSETS

An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's or cash generating unit's fair value less cost to sell and its value in use. Impairment losses recognised on goodwill are not reversed. Impairment losses recognised on assets other than goodwill are only reversed where changes in the estimates used result in an increase in recoverable amount.

easyJet has two operating cash-generating units, being its airline route network and easyJet holidays. easyJet holidays is a new cash-generating unit following the creation of the holidays business during the financial year. During the year, 34 leased aircraft have been permanently stored and will not be used again prior to their return to their lessors. As no further economic benefit will be gained from these aircraft they have been separated from the airline operational cash-generating unit and impaired to nil value.

FINANCIAL GUARANTEES

If a claim on a financial guarantee given to a third party becomes probable, the obligation is recognised at fair value. For subsequent measurement, the carrying amount is the higher of initial measurement and best estimate of the expenditure required to settle the obligation at the reporting date.

TAX

Tax expense in the income statement consists of current and deferred tax. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or shareholders' equity. The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax is provided in full on 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:

- where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit; and
- deferred tax arising on investments in subsidiaries is not recognised where easyJet is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which recovery of assets and settlement of liabilities are expected to take place, based on tax rates or laws enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets represent amounts recoverable in future periods in respect of deductible temporary differences, losses and tax credits carried forwards. Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which they can be deducted.

Deferred tax liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

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.

PROVISIONS

Provisions are recognised when a present legal or constructive obligation arises as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Amounts provided for represent the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account all related risks and uncertainties.

CUSTOMER CLAIMS

Provisions for customer claims comprise amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges. Provisions are measured based on known eligible events, passengers impacted and historical claim rates.

MAINTENANCE

easyJet incurs liabilities for maintenance costs in respect of aircraft leased during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. On recognition of a right of use asset under IFRS 16 a provision is made in full for maintenance not dependent on use of the aircraft, plus maintenance relating to previous use, based on hours or cycles flown, to provide for the cost of these obligations. Contractual obligations which are dependent on the ongoing use of the aircraft will be provided over the term of the lease based on the estimated future costs, discounted to present value. This will be capitalised to the right of use asset rather than recognised in maintenance in the income statement. This asset will be depreciated immediately as the obligation has arisen as a result of flying hours already undertaken.

OTHER

Other provisions include amounts in respect of potential liabilities for employee related matters and restructuring.

1A. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

EMPLOYEE BENEFITS

easyJet contributes to defined contribution pension schemes for the benefit of employees (see below for the Swiss scheme treatment). The assets of the schemes are held separately from those of easyJet in independently administered funds. easyJet's contributions are charged to the income statement in the year in which they are incurred. easyJet has no further payment obligations once the contributions have been paid for defined contribution schemes.

The expected cost of compensated annual leave and other employee benefits is recognised at the time that the related employees' services are provided.

SWITZERLAND PENSION SCHEME

easyJet contributes to an independently administered post-employment fund for employees in Switzerland. The final benefit is contribution-based with certain minimum guarantees required by Swiss law. Due to these minimum guarantees, the Swiss pension plan meets IAS 19 *Employee Benefits* requirements to be treated as a defined benefit plan for the purposes of these consolidated financial statements.

The easyJet portion of the current service costs and the net interest cost are charged to the consolidated income statement in the year in which they relate. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated balance sheet reflects the net surplus or deficit at the balance sheet date.

The actuarial assumptions used to calculate the defined benefit obligation are based on the requirements set out in IAS 19. They are set by management, based on advice from independent actuaries. The defined benefit obligation is calculated using the projected unit credit method. Cost of managing the plan assets are deducted as incurred in determining the return on plan assets and the present value of projected future general administration expenses that are a direct consequence of past service are included as part of the retirement benefit obligation.

SHARE CAPITAL AND DIVIDEND DISTRIBUTION

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company or employee benefit trust purchases the Company's equity shares, the consideration paid and any directly attributable incremental costs are deducted from retained earnings until the shares are cancelled or reissued. Proceeds from re-issue are shown as a credit to retained earnings.

easyJet settles share awards under the Long Term Incentive Plan, the Save As You Earn scheme, Restricted Share Plan and Share Incentive Plans by purchasing its own shares on the market through employee benefit trusts. The cost of such purchases is deducted from retained earnings in the period that the transaction occurs.

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

SHARE-BASED PAYMENTS

easyJet has a number of equity-settled share incentive schemes. The fair value of share options granted under the Save As You Earn scheme is measured at the date of grant using the Binomial Lattice option pricing model. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black-Scholes model for awards based on ROCE performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on TSR performance targets. The fair value of all other awards is the share price at the date of grant.

The fair value of the estimated number of options and awards that are expected to vest is expensed to the income statement on a straight-line basis over the period that employees' services are rendered, with a corresponding increase in shareholders' equity. Where non-market performance criteria (such as ROCE) attached to the share options and awards are not met, any cumulative expense previously recognised is reversed. For awards with market-related performance criteria (such as TSR), an expense is recognised irrespective of whether the market condition is satisfied.

The social security obligations payable in connection with grant of the share options are an integral part of the grant itself and the charge is treated as a cash-settled transaction.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when easyJet becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Financial assets are also derecognised (written-off) when the Group has no reasonable expectation of recovering the financial asset.

With the exception of trade receivables that do not contain a significant financing component, financial instruments are initially measured at fair value plus or minus (in the case of a financial asset or financial liability not at fair value through profit or loss), directly attributable transactions costs. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Where market values are not available, the fair value of financial instruments is calculated by discounting expected cash flows at prevailing interest rates and by applying period end exchange rates.

The equity investment in The Airline Group Limited is measured at fair value. Movements in fair value are assessed at each reporting period and recorded in other comprehensive income. The fair value is measured using a combination of income and market valuation techniques in line with IFRS 13 requirements. See note 24 for further details.

NON-DERIVATIVE FINANCIAL ASSETS

Non-derivative financial assets are classified and measured according to easyJet's business model for managing a specified group of financial assets, and the nature of the contractual cash flows arising from that group of financial assets.

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Subsequent to initial recognition, this classification of financial asset is measured at amortised cost using the effective interest rate method.

Financial assets are measured at amortised cost when both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Financial assets measured at amortised cost include refundable lease deposits and other refundable lease contributions, restricted cash, trade and other receivables, money market deposits and cash and cash equivalents (excluding money market funds).

Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction.

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and bank term deposits and tri-party repos repayable on demand or maturing within three months of inception.

Money market deposits comprise of term deposits and tri-party repos maturing greater than three months from inception.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On initial recognition, equity investments, excluding interests in associates, are irrevocably designated as measured at fair value through other comprehensive income. Subsequently they are measured at fair value with changes recognised in other comprehensive income with no recycling of these gains and losses.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are measured at fair value through profit or loss when they do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

Subsequent to initial recognition, this classification of financial asset is measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss comprise solely of money market funds at 30 September 2020.

IMPAIRMENT OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

At each reporting date easyJet recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

In establishing the appropriate amount of loss allowance to be recognised, easyJet applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

GENERAL APPROACH – IMPAIRMENT ASSESSMENT

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents.

Under the general approach easyJet recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

SIMPLIFIED APPROACH – IMPAIRMENT ASSESSMENT

The simplified approach is applied to the impairment assessment of trade and other receivables.

Under the simplified approach easyJet always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables and borrowings. Interest expense on borrowings is recognised using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period date.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Subsequent to initial recognition, this classification of financial liability is measured at amortised cost using the effective interest rate method.

Financial liabilities measured at amortised cost include trade and other payables, lease liabilities and borrowings.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are measured at fair value through profit or loss with the exception of derivative financial instruments that are designated as a hedging instrument in a cash flow for hedge relationship.

easyJet uses foreign currency forward exchange contracts to hedge foreign currency risks on transactions denominated in US dollars, Euros, Swiss francs and South African rand. These transactions primarily affect revenue, fuel, fixed costs, and the carrying value of owned aircraft. easyJet also uses cross-currency interest rate swaps to hedge currency and interest rate risk on certain borrowings, and jet fuel forward swap and option contracts to hedge fuel price risks. Hedge accounting is applied to those derivative financial instruments that are designated as cash flow hedges or fair value hedges.

1A. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FAIR VALUE HEDGES

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk. Any differences between the hedge item and hedge instrument fair valuation is recorded as hedge ineffectiveness as a non-headline item within the income statement.

Fair value changes in the derivative instrument attributable to currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as cost of hedging, and are recycled to profit or loss on a rational basis, according to the nature of the underlying hedged item.

CASH FLOW HEDGES

Gains and losses arising from changes in the fair value of foreign exchange forward, jet fuel forward swaps, jet fuel options and cross-currency interest rate swap contracts designated as a cash flow hedge are recognised in other comprehensive income and deferred in the hedging reserve to the extent that the hedges are determined to be effective.

All foreign exchange contracts in a cash flow hedge relationship are designated on a forward basis with the full fair value as the hedge instrument. Jet fuel option contracts in a cash flow hedge relationship are designated using the intrinsic value of the derivative as the hedge instrument only. The time value element of the full fair value for these derivatives is recognised through other comprehensive income as a Cost of Hedging and recycled to profit or loss as the same time as hedge item also impacts profit and loss.

Fair value changes in foreign currency derivative instrument attributable to currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as a Cost of Hedging, and are recycled to profit or loss on a rational basis, according to the nature of the underlying hedged item. All other changes in fair value are recognised immediately in the income statement.

When the hedged forecast transaction relates to an item of property, plant and equipment, the relevant accumulated gains and losses are transferred from the hedging reserve and included in the initial carrying amount of that purchased asset. Otherwise they are recognised in the income statement in the same period in which the hedged transaction affects the income statement and against the same line item.

In the event that a hedged forecast transaction is no longer expected to occur, any related gains and losses are immediately transferred from the hedging reserve and recognised in the income statement. Derivative instruments that have been derecognised from hedge relationships are classified as Fair Value Through Profit or Loss thereafter with subsequent fair valuation movements impacting profit and loss.

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. Where the hedged item continues to be expected to occur, the related gains and losses remain deferred in the hedging reserve until the transaction takes place.

HEDGE RELATIONSHIP

The Group determines that the criteria for each hedge accounting relationship are met due to:

- All relationships demonstrate a strong economic correlation;
- The effects of credit do not dominate the change in value of the associated hedged risk; and
- All Group hedge relationships have a hedge ratio of one to one, aligning to the Groups risk management strategy.

1B. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING POLICY FOR REVENUE

The revenue recognition policy has been updated to include revenue generated by the holidays business. There is no change to the previous accounting policy in relation to existing Airline revenues.

easyJet categorises total revenue earned on the face of the income statement between passenger and ancillary revenue. Passenger revenue arises from the sale of flight seats and administration fees and is measured as the price paid by the customer. Passenger revenue is recognised when the performance obligation has been completed. This is when the flight takes place. Amounts paid by 'no-show' customers are recognised as passenger revenue when the booked service is provided, as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Ancillary revenue includes revenue from the provision of checked baggage, allocated seating and change fees, package holidays revenue (excluding flights which are recognised as passenger revenue) and revenue arising from commissions earned from services sold on behalf of partners and inflight sales. It is measured as the price paid by the customer for the service booked. Ancillary revenue is recognised when the performance obligation is complete, which is generally when the related flight takes place, with the following exceptions:

- cancellation fees which are recognised when the cancellation requested by the customer is processed;
- in the case of commission earned from travel insurance, revenue is recognised at the time of booking as easyJet acts solely as appointed representative of the insurance company; and
- for practical reasons non-flight elements of package holiday revenue and related costs are recognised at the end of the holiday, on the inbound flight date as opposed to over time. The impact of this is not material.

Airline flights and package holiday deposits are paid for at the point of booking. Package holiday balances due from customers are offset against the customers deferred revenue until paid in full, due 60 days before departure. Unearned revenue from flights not yet flown is held in the statement of financial position until it is realised in the income statement when the performance obligation is complete. Unearned revenue also includes non-flight elements of package holidays for which the customer has paid but has not yet taken place, and is held in the statement of financial position until it is realised in the income statement when the performance obligation is complete. Vouchers issued by easyJet in lieu of refunds are held on the balance sheet in other payables until they are redeemed against a new booking, at which point they are recognised as unearned revenue.

If easyJet cancels a flight or holiday, unless a customer immediately re-books on an alternative flight or holiday, at the point of the cancellation the amount paid for the flight is derecognised from unearned revenue and a financial liability is recognised within Trade and other payables to refund the customer.

Some of the compensation payments made to customers (in respect of flight delays) are offset against revenues recognised up to the amount of the flight, with the excess compensation being recorded within expenses.

Revenue from easyJet plus cards is recognised evenly over time in line with when the performance obligations are expected to arise. Revenue from easyJet plus cards for the current financial year totalled £22 million (2019: £23 million).

INCOME STATEMENT COST PRESENTATION

A cost line has been a in the consolidated income statement for airports, ground handling and other operating costs, which now merges the existing airport and ground handling costs with holidays direct operating costs. The holidays direct operating costs represent all direct operating costs relating to package holidays excluding flight costs, which are eliminated on consolidation. Holidays direct costs are recognised at the end of the holiday, on the inbound flight date which is consistent with the non-flight elements of package holiday revenue. The impact of this is not material.

SEGMENTAL REPORTING

easyJet previously had one operating segment, being its route network, under the direction of the Airline Management Board. In the 2020 financial year easyJet created a holidays business with a separate holidays Management Board. Under the new structure the Chief Operating Decision Maker has been assessed as the easyJet plc Board, which receives regular reporting on the Airline and Holidays results in order to make resource allocation decisions. The holidays business has been identified as a separate operating segment meaning the Group now has two operating segments, being the Airline business which operates easyJet's route network and the holidays business, which sells holiday packages. Presentation of separate segmental reporting is included in note 8.

Geographic revenue is allocated on the following bases:

- revenue earned from customers is allocated according to the location of the first departure airport on each booking; and
- commission revenue earned from partners is allocated according to the domicile of each partner.

Passenger revenue recognised within the Airline segment includes intra-segment sales of flights to the holidays segment. Passenger revenue is recognised in the Airline segment when the flight takes place.

ACCOUNTING POLICY FOR CARBON OFFSETTING AND VERIFIED EMISSION REDUCTIONS

In November 2019 easyJet announced a voluntary policy to compensate for every tonne of carbon and carbon equivalents (collectively 'carbon') emitted from fuel used for all its flights, by investing in projects which will mean there is one tonne less in the atmosphere – whether by reducing carbon by physically removing it from the air or by avoiding the release of additional carbon.

easyJet purchases Verified Emission Reductions (VERs) arising from Gold Standard or Verified Carbon Standard (VCS) accredited projects to offset the carbon emitted from flights. The cost of purchasing VERs is recognised in the income statement when the flight occurs with a corresponding carbon offsetting liability. This is measured using the purchase price of VERs on a First In First Out basis, then a weighted average of expected future purchases where all purchased VERs have been allocated. VERs are recorded as an asset at historic cost when delivery into the easyJet registry account has taken place. At regular intervals the VERs are retired to settle the obligation, at which point the VER asset and carbon offsetting liability are derecognised.

VOLUNTARY CHANGE IN ACCOUNTING POLICY – PRESENTATION OF CARBON ASSETS

With the introduction of the voluntary carbon offset policy, easyJet has reviewed the most appropriate presentation for assets held to settle this liability, and the presentation of assets purchased and held to settle the requirements under the EU Emissions Trading System (ETS). It has been concluded that due to the nature of these assets, they would be more appropriately presented as current intangible assets in the statement of financial position. The prior year ETS asset balance of £70 million has therefore been reclassified from trade and other receivables to current intangible assets in the comparative statement of financial position as at 30 September 2019 to be consistent with this new presentation.

The cash flows associated with the purchase of carbon credit assets are classified as operating cash flows, as these are cash outflows for an activity which is treated as an operating expense in the consolidated income statement. This has resulted in a similar reclassification of the reconciliation of operating loss to cash generated from operations seen in note 22. The amount moved from changes in trade and other receivables to change in current intangible assets was £86 million.

The underlying accounting treatment remains unchanged for carbon assets. Free allocations received from the government under the EU ETS scheme are recognised at fair value on the date received with a corresponding liability. Purchased carbon credits are recognised at the purchase price and are not subsequently revalued as they are held for own use. Carbon assets are derecognised when they are used to offset the corresponding liability.

The impact on the 1 October 2018 balance sheet is as follows:

	As reported £m	Adjustment £m	Restated £m
Non-current assets	4,994	–	4,994
Trade and other receivables	406	(27)	379
Intangible assets	–	27	27
Current assets	1,999	–	1,999
Current liabilities	(2,060)	–	(2,060)
Non-current liabilities	(1,700)	–	(1,700)
Net assets	3,233	–	3,233
Equity	3,233	–	3,233

1B. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES CONTINUED

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within Borrowings. All existing loans are considered to be at market value. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised to present the net expense to the Group.

NEW AND REVISED STANDARDS AND INTERPRETATIONS

IFRIC 23 has been adopted as at 1 October 2019 with no material impact. There are no standards that are issued but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

easyJet have applied the practical expedient under COVID-19 Related Rent Concessions – Amendment to IFRS 16 Leases which has been early adopted. See leases accounting policy for further details.

IFRS 9 AND IFRS 7 AMENDMENTS – INTEREST RATE BENCHMARK REFORM

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

This amendment is mandatory for accounting periods beginning on or after 1 January 2020. The Group has elected to early adopt this amendment, applying it retrospectively to accounting relationships that existed before the start of the current reporting period. The impacts of IBOR reform on the Group is assessed as being limited, with this amendment only applicable to one hedge relationship as at 30 September 2020.

Specifically the amendment impacts the fair value hedge relationship on one of the Group's Eurobond's, where a cross-currency interest rate swap (with a sterling notional of £379 million, maturity of February 2022 and a fair value of £82 million in an asset position) is used to swap the fixed interest coupon of the euro denominated debt into a floating interest rate, reset quarterly using future expected GBP LIBOR. In assessing hedge effectiveness on a prospective basis for this relationship, the Group has assumed that the GBP-LIBOR related interest cash flows on the swap are not altered by IBOR reform and the hedge continues to be highly effective.

Furthermore, hedge accounting did not need to be discontinued during the period of IBOR-related uncertainty as the Group has taken the relief available in Phase 1 to separately identify the risk component at the initial hedge designation and not on an ongoing basis. In preparation of the reform transition date, (expected at the end of 2021) the Group anticipates being required to make amendments to the contractual terms of this swap and to update its hedge designation as appropriate.

In August 2020, IASB also issued Phase 2 amendments which are effective from 1 January 2021. The Group is not early adopting these amendments as the current hedge relationship is continuing and no amendments have been made to the hedged item and/or hedging instruments in the 2020 financial year.

No other standards issued but not yet effective have been early adopted, including; Amendments to IAS 1 and IAS 8, Amendments to IFRS 3 and Revised Conceptual Framework for Financial Reporting.

1C. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1C.(I) CRITICAL ACCOUNTING JUDGEMENTS

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

CLASSIFICATION OF INCOME OR EXPENSES BETWEEN HEADLINE AND NON-HEADLINE ITEMS (NOTE 5)

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

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

Judgement is required in determining the classification of items between headline and non-headline. In line with Financial Reporting Council (FRC) guidance, easyJet have not attempted to identify additional non-headline items as a direct or indirect result of COVID-19, other than those items which clearly meet our existing definition of non-headline, such as the fuel and currency hedge ineffectiveness, fair value movements on non-hedged derivatives, restructuring and asset impairment.

CONSOLIDATION OF EASYJET SWITZERLAND

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

VOUCHERS ISSUED

Due to the amount of cancelled flights in the year easyJet offered customers the option to accept vouchers in lieu of cash refunds. The liability for vouchers is classified as other payables until the voucher is redeemed against a future booking when it is reclassified to unearned revenue. The liability has been recorded in full as there is no historic information on which to estimate potential breakage. Applying breakage at 10% would result in a material change.

SALE AND LEASEBACK TRANSACTIONS

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

1C.(II) CRITICAL ACCOUNTING ESTIMATES

The following critical accounting estimates involve a higher degree of judgement or complexity, or are areas where assumptions are significant to the financial statements. The critical accounting estimates concerned are the major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

AIRCRAFT MAINTENANCE PROVISIONS – £597 MILLION (NOTE 18)

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

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

The bases of all estimates are reviewed at least annually, and when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or changes in the cost of heavy maintenance services. Given the much increased uncertainty in forecasting future maintenance requirements, and the associated judgemental nature of the assumptions applied in determining the maintenance provision, management believe that a reasonable combination of changes to these estimates could result in a material movement to the carrying value of the provision. A 5% movement in the estimated cost of final maintenance events would result in a £15 million movement to the provision.

PROVISIONS FOR CUSTOMER CLAIMS – £39 MILLION (NOTE 18)

easyJet incurs liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges. Estimates include passenger claim rates, the value of claims made and the period of time over which claims will be made. The bases of all estimates are reviewed at least annually and also when information becomes available that is capable of causing a material change to the estimate.

The staggered travel restrictions implemented by governments across Europe in response to the COVID-19 pandemic resulted in a large number of easyJet passengers requiring additional support to be repatriated. Assumptions are required to estimate the cost of providing welfare payments for those customers impacted. These include the number of passengers who would have eligible claims as well as the estimated expenses that would be payable under the regulatory framework in place. Reasonable changes to those assumptions could have a significant impact on the valuation of the provision recognised. A 5% movement in the estimated passenger claim rates would result in a £4 million movement to the provision.

RESTRUCTURING PROVISION – £101 MILLION (NOTE 18)

As a result of the COVID-19 pandemic easyJet have implemented a major co-ordinated restructuring programme to reduce the number of bases, and the number of employees. Estimations have been made regarding the outcome of ongoing consultations with staff including pilots and crew. Where specific individuals at risk have not been identified, estimations have been based on information available such as average payroll data, employee age and length of service. The final outcome of these estimates could be different when the consultation process is concluded.

GOODWILL AND LANDING RIGHTS – £533 MILLION (NOTE 10)

The recoverable amount of goodwill and landing rights has been determined based on value in use calculations for the airline route network cash generating unit. The value in use is determined by discounting future cash flows to their present value. When applying this method, easyJet relies on a number of key estimates including the ability to meet its strategic plans, future fuel prices and exchange rates, long-term economic growth rates for the principal countries in which it operates, and its pre-tax weighted average cost of capital. Strategic plans include estimations of the future impact of climate change on easyJet to the extent these can be forecast. This includes, for example, estimates made for the future cost to easyJet of emitting carbon. The impact of longer term future developments such as electric aircraft development or availability of sustainable aviation fuels have been considered as part of easyJet's strategic planning process to the extent they can be reliably measured. Fuel price and exchange rates continue to be volatile in nature, and the assumptions used are sensitive to significant changes in these rates. In addition, assumptions over the recovery of customer demand levels could have a significant effect on the impairment assessment performed. Due to the uncertainty created by the COVID-19 pandemic, there remains a risk that further waves of the pandemic could affect our markets, leading to further travel restrictions being imposed. These uncertainties could have an effect on future impairment or useful economic life assessments performed.

1C.(II) CRITICAL ACCOUNTING ESTIMATES CONTINUED

DEFINED BENEFIT PENSION ASSUMPTIONS – £45 MILLION (NOTE 19)

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

DERIVATIVE FINANCIAL INSTRUMENTS – (NOTE 24)

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

HEDGE DISCONTINUATION AND INEFFECTIVENESS – (NOTE 5)

As a result of the fleet grounding during the year and expected reduced flying programme as at 30 September 2020, the Group's near term exposures for jet fuel and foreign currency were significantly reduced, causing a proportion of derivatives previously hedge accounted for to be discontinued from a hedge relationship. A net charge of £311 million has been recognised as a non-headline item in the income statement primarily due to the discontinuation of hedge accounting for impacted derivatives. In assessing whether future exposures are still expected to occur, easyJet made estimates as at 30 September 2020 regarding our jet fuel consumption requirements and expected future foreign currency cash flows. These estimates used assumptions based on the expected recovery of customer demand and subsequent flying schedule as at that date.

AIRCRAFT CARRYING VALUES – (NOTE 11)

As a result of the reduced customer demand, 34 leased aircraft were permanently stood down from commercial service and will be returned to the lessors at the end of the lease term. The recoverable value of the right-of-use assets related to these aircraft have been assessed as nil and the assets impaired on this basis. No goodwill has been allocated to these impaired aircraft as they are not able to operate independently.

The remaining aircraft asset recoverable amounts have been tested for impairment based on value in use at the airline route network cash generating unit level as described in the goodwill section above. Strategic plans include estimations of the future impact of climate change on easyJet to the extent these can be reliably estimated. The recoverable amounts exceed the carrying values as at 30 September 2020.

Aircraft are depreciated over their useful economic life to their residual values in line with the property plant and equipment accounting policy. A review has been performed and the existing residual value amounts have been determined to be appropriate.

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

RECOVERABILITY OF DEFERRED TAX ASSETS – £275 MILLION (NOTE 6)

The deferred tax asset balances include £275 million in relation to losses carried forward for easyJet Airline Company Limited and easyJet holidays Limited at the statement of financial position date. The Group has concluded that the deferred tax assets will be recoverable against the unwind of the taxable temporary differences and the future taxable income based on the strategic plans of the Group and taxable temporary differences at the statement of financial position date. The forecast includes the expected impact of future climate change to the extent this can be reliably forecast. The losses can be carried forward indefinitely and have no expiry date. If forecast profits were 7% lower than current forecasts then it is still expected that the deferred tax asset would be recovered within a five year time horizon.

1D. NEW AND REVISED STANDARDS AND INTERPRETATIONS NOT APPLIED

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

2. NET FINANCE CHARGES

	2020 £ million	2019 £ million
Interest receivable and other financing income		
Interest income	(11)	(22)
Hedge discontinuation	(106)	–
Net exchange gains on monetary assets and liabilities	–	(2)
	(117)	(24)
Interest payable and other financing charges		
Hedge discontinuation	411	–
Interest payable on bank and other borrowings	36	23
Interest payable on lease liabilities	24	26
Other interest payable[1]	15	11
Net exchange losses on monetary assets and liabilities[2]	5	–
	491	60
Net finance charges	374	36

1. Included within Other interest payable is a £5 million loss relating to fair value loss on jet fuel derivatives entered into to offset fair value movements on discontinued hedges.
2. Included within net exchange gains on monetary assets and liabilities is a £13 million loss (2019: £24 million gain) relating to the fair value loss on USD foreign exchange derivatives designated as fair value through profit and loss. There is also a £1 million loss relating to other FX derivatives designated as fair value through profit and loss entered into to offset fair value movements on discontinued hedges. See Note 24 for details.

3. LOSS / PROFIT BEFORE TAX

The following have been included in arriving at loss / profit before tax:

	2020 £ million	2019 £ million
Depreciation of property, plant and equipment		
Owned assets	256	236
Right of use assets	229	248
Loss/(gain) on disposal of intangibles	19	(1)
Loss on disposal of property, plant and equipment	11	2
Gain on sale and leaseback	(38)	(2)
Gain on re-measurement of EU ETS liability	(33)	–
Dry leased aircraft and other low value rentals	6	11
Wet leased aircraft rentals	17	22

AUDITORS' REMUNERATION

During the year easyJet incurred fees payable for the audit of the Group and individual accounts from easyJet's auditors and their associates (including foreign partners) totalling £0.8 million (2019: £0.4m). In addition, easyJet incurred audit related non-audit services fees of £111,000 (2019: audit related fees of £123,500) from its auditors. This includes the fee of £0.1 million (2019: £0.1 million) in respect of the half year review performed.

4. EMPLOYEES

The average monthly number of people employed by easyJet was:

	2020 Number	2019 Number
Flight and ground operations	13,581	13,839
Sales, marketing and administration	985	912
	14,566	14,751

Employee costs for easyJet were:

	2020 £ million	2019 £ million
Wages and salaries	690	743
Social security costs	77	95
Pension costs	77*	87
Share-based payments	18	19
	862	944

*Included in the pension costs is £6 million related to pension schemes treated as a defined benefit scheme under IAS 19.

Included in employee costs for 2020 are £123 million of restructuring costs. Refer to note 5 for further details.

The amounts received under government 'Furlough' schemes offset the employee costs in the Income statement.

Refer to note 27 for further details.

Key management compensation was:

	2020 £ million	2019 £ million
Short-term employee benefits	6	6
Share-based payments	–	3
	6	9

The Directors of easyJet plc and the other members of the Airline Management Board are easyJet's key management as they have collective authority and responsibility for planning, directing and controlling the business.

Emoluments paid or payable to the Directors of easyJet plc were:

	2020 £ million	2019 £ million
Remuneration	2	3
	2	3

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 108 to 127.

5. NON-HEADLINE ITEMS

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

	Year ended 30 September 2020 £ million	Year ended 30 September 2019 £ million
Commercial IT platform credit	–	(2)
Sale and leaseback gain	(38)	(2)
Brexit-related costs	–	4
Restructuring	123	–
Impairment	37	–
Recognised in operating loss/profit	122	–
Fair value adjustment	311	(1)
Balance sheet foreign exchange charge/(gain)	5	(2)
Total non-headline charge/(credit) before tax	438	(3)
Tax (credit)/charge on non-headline items	(84)	3
Total non-headline charge/(credit) after tax	354	–

COMMERCIAL IT PLATFORM CREDIT

During 2019, only £2 million of the close down accrual of £4 million for our FCP commercial platform was utilised, mainly due to staff being redeployed and anticipated compromise agreements not being required. Therefore the remaining £2 million was released back to the Income Statement.

SALE AND LEASEBACK GAIN

During the period, easyJet completed the sale and leaseback of 17 A319 (2019: 10), 9 A320 (2019: nil) and 7 A321 (2019: nil). The net Income Statement impact of the 33 sale and leasebacks was a £38 million gain (2019: £2 million gain).

BREXIT-RELATED COSTS

Following the UK's referendum vote to leave the EU easyJet has established an Austrian AOC, helping to secure flying rights for the portion of our network that remains wholly within and between EU states, excluding the UK. This work concluded last year and resulted in minimal expenses in the current year (2019: £4 million). The main costs in the 2019 financial year were re-registering aircraft and pilot licences, as well as legal costs.

RESTRUCTURING

Due to the change in demand environment as a result of COVID-19 the business has undertaken a restructuring process. As a result of this, the related costs of £123 million (2019: nil) have been classified as non-headline. This charge includes unpaid amounts of £101 million for those consultations which have not been finalised and settled and includes a curtailment on the Swiss pension scheme.

IMPAIRMENT

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

FAIR VALUE ADJUSTMENT

This relates to hedge accounting ineffectiveness for items currently held in fair value and cash flow hedge relationships, amounts that have been discontinued from a previous hedge relationship and amounts relating to derivatives specifically transacted to economically close out discontinued hedges.

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

Additionally, fair value adjustments may also be recorded related to hedge relationships that continue to be effective. This arises as the value of hedged items are adjusted for changes in fair value attributable to the hedged risks, which are not perfectly offset by the fair value change on the hedging instruments due to factors such as in counterparty credit risk, cash flow timing or amount changes.

Due to the reduced commercial flying as a result of COVID-19, easyJet was in a significantly over-hedged position from both a jet fuel and FX perspective. Primarily as a result of this, a £305 million loss was recognised in the period for fair value adjustments related to discontinuation of hedge accounting.

In addition, following the discontinuation of hedge accounting easyJet entered into derivatives to close out select over-hedged positions. These derivatives were traded in an 'equal and opposite' notional direction to discontinued trades to economically close out these positions where appropriate from subsequent fair valuation movements. As these amounts specifically offset discontinued hedges they are included as a fair value adjustment and totalled a £6 million loss in the year.

Total fair value adjustments for the year ended 30 September 2020 were a £311 million loss (2019: £1 million gain).

5. NON-HEADLINE ITEMS CONTINUED

BALANCE SHEET FOREIGN EXCHANGE CHARGE/(GAIN)

This relates to foreign exchange gains or losses arising from the re-translation of monetary assets and liabilities held in the Statement of Financial Position.

The income/charge from balance sheet revaluations fluctuates each month, and is driven by exchange rate movements which are unrelated to the trend in the underlying performance of our ongoing business, so are excluded from headline costs.

6. TAX CREDIT/(CHARGE)

Tax on loss on ordinary activities	**2020 £ million**	2019 £ million
Current tax		
United Kingdom corporation tax	–	16
Foreign tax	6	9
Adjustments in respect of prior years	(1)	–
Total current tax charge	5	25
Deferred tax		
Temporary differences relating to property, plant and equipment	41	49
Other temporary differences	(275)	7
Adjustments in respect of prior years	(1)	–
Remeasurement due to enacted rate cancellation	36	–
Total deferred tax (credit)/charge	(199)	56
Total tax (credit)/charge	(194)	81
Effective tax rate	15.3%	18.9%

RECONCILIATION OF THE TOTAL TAX (CREDIT)/CHARGE

The tax for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK as set out below:

	2020 £ million	2019 £ million
(Loss)/profit before tax	(1,273)	430
Tax (credit)/charge at 19.0% (2019: 19.0%)	(242)	82
Income not chargeable for tax purposes	–	(1)
Expenses not deductible for tax purposes	1	1
Share-based payments	(1)	3
Adjustments in respect of prior years – current tax	(1)	–
Adjustments in respect of prior years – deferred tax	(1)	–
Difference in applicable rates for current and deferred tax	–	(6)
Attributable to rates other than standard UK rate	1	1
Change in tax rate from financial year 2020 to 17%	36	–
Movement in provisions	(1)	–
IFRS 16 restricted gain	14	–
Early adoption of accounting standards not impacting taxation	–	1
Total tax (credit)/charge	(194)	81

The reconciliation includes the impact of the previously enacted UK tax rate reduction being cancelled. Current tax recoverable at 30 September 2020 amounted to £7 million (2019: £24 million). This related to £17 million of tax recoverable in the UK (2019: £29 million) and £10 million (2019: £5 million) of tax payable in other European jurisdictions.

During the year ended 30 September 2020, net cash tax received amounted to £13 million (2019: £58 million net tax paid).

TAX ON ITEMS RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME OR SHAREHOLDERS' EQUITY

	2020 £ million	2019 £ million
Credit to other comprehensive income		
Deferred tax on change in fair value of cash flow hedges	56	69
Deferred tax on post-employment benefit	–	3

DEFERRED TAX

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

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

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value gains/ (losses) £ million	Share-based payments £ million	Post-employment benefit obligation £ million	Total £ million
At 1 October 2018	259	(8)	83	(8)	(5)	321
Charged to income statement	49	7	–	–	–	56
Credited to other comprehensive income	–	–	(69)	–	(3)	(72)
At 30 September 2019	308	(1)	14	(8)	(8)	305

It is estimated that deferred tax assets of approximately £3 million (2019: deferred tax assets of £6 million) will reverse during the next financial year.

It is estimated that deferred tax liabilities of approximately £nil (2019: deferred tax liabilities of £3 million) will reverse during the next financial year.

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.

7. (LOSS)/EARNINGS PER SHARE

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

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

Headline basic and diluted (loss)/earnings per share are also presented, based on headline (loss)/profit for the year. For details on share capital and the equity placing in the year, please refer to note 20.

(Loss)/earnings per share is based on:

	2020 £ million	2019 £ million
Headline (loss)/profit for the year	(725)	349
Total (loss)/profit for the year	(1,079)	349

	2020 £ million	2019 £ million
Weighted average number of ordinary shares used to calculate basic earnings per share	407	393
Weighted average number of dilutive potential shares	5	4
Weighted average number of ordinary shares used to calculate diluted earnings per share	412	397

(Loss)/earnings per share	**2020 pence**	2019 pence
Basic	(264.9)	88.6
Diluted	(264.9)	87.8

Headline (loss)/earnings per share	**2020 pence**	2019 pence
Basic	(178.1)	88.7
Diluted	(178.1)	87.8

8. SEGMENTAL AND GEOGRAPHICAL REVENUE REPORTING

Segmental Analysis:

	Year ended 30 September 2020			
	Airline £ million	Holidays £ million	Eliminations £ million	Group £ million
Revenue	2,995	18	(4)	3,009
Operating costs excl fuel	(2,520)	(43)	4	(2,559)
Fuel	(721)	–	–	(721)
Ownership costs	(562)	(2)	–	(564)
Headline loss before tax	(808)	(27)	–	(835)
Non-headline items	(441)	3	–	(438)
Total loss before tax	(1,249)	(24)	–	(1,273)

The elimination column represents sales from airline to holidays which are recorded at arm's length and eliminated on consolidation. Individual cost lines are not reported separately as these are not key metrics reported to the Chief Operating Decision Maker (CODM). Assets and liabilities are not allocated to individual segments and are not separately reported to or reviewed by the CODM, and therefore these have not been disclosed. Interest income and expenditure are not allocated to segments as this activity is driven by the central treasury function which manages the cash position of the Group. Comparative information is not provided as the holidays segment was created in the current year.

Geographical revenue:

	2020 £ million	2019 £ million
United Kingdom	1,154	2,546
Southern Europe	1,065	2,169
Northern Europe	740	1,558
Other	50	112
	3,009	6,385

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

easyJet's non-current assets principally comprise its fleet of 215 (2019: 232) owned and 127 (2019: 99) leased aircraft, giving a total fleet of 342 at 30 September 2020. 29 aircraft (2019: 28) are registered in Switzerland, 125 (2019: 136) are registered in Austria and the remaining 188 (2019: 167) are registered in the United Kingdom.

9. DIVIDENDS

In line with easyJet's dividend policy of a pay-out ratio of 50% of headline profit after tax, the board is not recommending the payment of a dividend in respect of the year to 30 September 2020.

An ordinary dividend of 43.9 pence per share, or £174 million, in respect of the year ended 30 September 2019 was paid in the year ending 30 September 2020. An ordinary dividend of 58.6 pence per share, or £233 million, in respect of the year ended 30 September 2018 was paid in the year ended 30 September 2019.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £ million	Other intangible assets Landing rights £ million	Other intangible assets Computer software £ million	Other intangible assets Total £ million
Cost				
At 1 October 2019	365	132	100	232
Additions	–	36	–	36
Transfers	–	–	37	37
Disposals	–	–	(41)	(41)
At 30 September 2020	365	168	96	264
Amortisation				
At 1 October 2019	–	–	36	36
Charge for the year	–	–	18	18
Disposals	–	–	(22)	(22)
At 30 September 2020	–	–	32	32
Net book value				
At 30 September 2020	365	168	64	232
At 1 October 2019	365	132	64	196

	Goodwill £ million	Other intangible assets Landing rights £ million	Other intangible assets Computer software £ million	Other intangible assets Total £ million
Cost				
At 1 October 2018	365	129	86	215
Additions	–	3	27	30
Disposals	–	–	(13)	(13)
At 30 September 2019	365	132	100	232
Amortisation				
At 1 October 2018	–	–	34	34
Charge for the year	–	–	15	15
Disposals	–	–	(13)	(13)
At 30 September 2019	–	–	36	36
Net book value				
At 30 September 2019	365	132	64	196
At 1 October 2018	365	129	52	181

The recoverable amount of goodwill and other assets with indefinite expected useful lives has been determined based on value in use calculations for the airline route network cash generating unit, which holds these assets.

Pre-tax cash flow projections have been derived from the strategic plan presented to the Board for the period up to 2025, using the following key assumptions:

	2020	2019
Pre-tax discount rate (derived from weighted average cost of capital)	8.5%	7.2%
Fuel price (US dollars per metric tonne)	450	650
Long-term economic growth rate	2.0%	2.0%
Exchange rates:		
US dollar	1.29	1.30
Euro	1.10	1.13
Swiss franc	1.19	1.30

The discount rate has been calculated based on the capital asset pricing model using external inputs where relevant and the current debt structure of the Group. The change year on year reflects the reduction in share price and change in gearing of the group. Both fuel price and exchange rates are volatile in nature. Exchange rates are based on spot rates as at 30 September 2020 and the fuel assumption used represent management's view of reasonable average rates, using the fuel spot price would significantly increase headroom. The reduction year on year reflects the change in underlying fuel prices. Operating margins are sensitive to significant changes in these rates.

Cash flow projections beyond the forecast period have been extrapolated using an estimated average of long-term economic growth rates for the principal countries in which easyJet operates. The future impact of climate change on the business has been incorporated into strategic plans where this can be reliably estimated. Stress testing has been performed on key inputs to the value in use calculation, including the assumptions listed above and the strategic plan used as the base for the calculation. The impairment model is sensitive to a sustained significant adverse movement in foreign currency exchange rates and forecast operating profits to the extent that no other compensating action is taken. It has been assumed that any significant future fuel price increase would be recovered through revenue pass through.

11. PROPERTY, PLANT AND EQUIPMENT

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

	Owned assets			Right of use assets held under leasing arrangements under IFRS 16		
	Aircraft and spares £ million	Land and Buildings £ million	Other £ million	Aircraft and spares £ million	Other £ million	Total £ million
Cost						
At 1 October 2018	4,964	–	67	1,125	32	6,188
Additions	905	34	15	125	2	1,081
Aircraft sold and leased back	(149)	–	–	48	–	(101)
Disposals	–	–	(6)	–	–	(6)
At 30 September 2019	5,720	34	76	1,298	34	7,162
Depreciation						
At 1 October 2018	946	–	18	575	12	1,551
Charge for the year	232	–	5	243	4	484
Aircraft sold and leased back	(31)	–	–	–	–	(31)
Disposals	–	–	(5)	–	–	(5)
At 30 September 2019	1,147	–	18	818	16	1,999
Net book value						
At 30 September 2019	4,573	34	58	480	18	5,163
At 1 October 2018	4,018	–	49	550	20	4,637

The net book value of aircraft includes £281 million (2019: £286 million) relating to advance and option payments for future deliveries. This amount is not depreciated.

As at 30 September 2020, easyJet was contractually committed to the acquisition of 101 (2019: 110) Airbus 320 family aircraft, with a total estimated list price* of US$12.16 billion (2019: US$ 13.0 billion) before escalations and discounts for delivery in financial years 2021 (zero aircraft), 2022 (13 aircraft), 2023 (29 aircraft) and 2024 (13 aircraft).

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

Included in additions in the period is £15 million previously recognised in prepayments, which has been reclassified to property, plant and equipment.

Assets of £1.066 million are pledged as security for the Revolving Credit Facility and term loans listed in note 16.

Refer to note 5 for details on the right of use asset impairment recognised in the year for leased aircraft no longer in commercial service.

* Airbus no longer publishes list prices. The estimated list price is based on the last available list price published in January 2018 and escalated by Airbus' standard escalation from January 2018 to January 2019 of 3.7% and from January 2019 to January 2020 of 2.96%

12. OTHER NON-CURRENT ASSETS

	2020 £ million	2019 £ million
Lessor maintenance contributions	92	107
Deferred consideration and deposits held by aircraft lessors	41	25
Recoverable supplemental rent (pledged as collateral)	–	9
Other	–	1
	133	142

Lessor maintenance contribution assets arise to compensate easyJet for the delivery of a mid-life aircraft, where a lessor has agreed to make a contribution to easyJet's maintenance costs to reflect the cycles already flown by the aircraft at the point it is delivered to easyJet. Depending on the contract terms, payment will be made either at the maintenance event date or at the lease return date.

13. TRADE AND OTHER RECEIVABLES

	2020 £ million	2019 £ million
Trade receivables	22	80
Less provision for loss allowance	(4)	(1)
	18	79
Prepayments and accrued income*	85	177
Recoverable supplemental rent (pledged as collateral)	10	1
Other receivables	80	45
	193	302

* Please refer to note 1 for details of our voluntary change in accounting policy.

Within the provision for loss allowance, £4 million (2019: £1 million) has been charged to the income statement, with £1 million (2019: £1 million) being utilised in the 2020 financial year.

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 25.

14. CASH AND MONEY MARKET DEPOSITS

	2020 £ million	2019 £ million
Cash and cash equivalents (original maturity less than three months)	2,284	1,285
Money market deposits (original maturity more than three months)	32	291
Current restricted cash	14	–
Non-current restricted cash	5	4
	2,335	1,580

Restricted cash comprises:

	2020 £ million	2019 £ million
Amount held in escrow accounts for legal cases	5	4
ATOL Licence non-pooled account	14	–
	19	4

15. TRADE AND OTHER PAYABLES

	2020 £ million	2019 £ million
Trade payables	323	339
Accruals	379	598
Taxes and social security	33	27
Other payables	507	86
	1,242	1,050

Upon cancellation of a flight, the unearned revenue balance is transferred into other payables to be classified as a financial liability. Due to the cancellation of flights, £383 million has been transferred into other payables from unearned revenue which is the primary reason for the year on year reduction in unearned revenue balance from £1,069 million to £614 million. The majority of the prior year balance has been recognised as revenue in the current financial year as flights have flown.

16. BORROWINGS

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

	Current £ million	Non-current £ million	Total £ million
At 30 September 2019			
Eurobond	–	1,324	1,324
	–	1,324	1,324

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

The maturity profile of borrowings is set out in note 25.

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

The €500 million Eurobond issued on 9 February 2016 was designated as the hedged item in an effective fair value hedging relationship. The Group used cross-currency interest rate swaps to convert the fixed rate Eurobond to a Sterling floating rate exposure. The cross-currency interest rate swaps have the same maturity and common terms as the Eurobond that they are hedging. The carrying value of the fixed rate Eurobond net of cross-currency interest rate swaps at 30 September 2020 was £379 million. See note 25 for additional details.

The €500 million Eurobond issued on 18 October 2016 was designated as the hedged item in an effective cash flow value hedging relationship. The Group used cross-currency interest rate swaps to convert the fixed rate Eurobond to a Sterling fixed rate exposure. The cross-currency interest rate swaps have the same maturity and common terms as the Eurobond that they are hedging. The carrying value of the fixed rate Eurobond net of cross-currency interest rate swaps at 30 September 2020 was £451 million. See note 25 for additional details.

The €500 million Eurobond issued on 11 June 2019 was designated as the hedged item in an effective cash flow value hedging relationship. The Group used cross-currency interest rate swaps to convert the fixed rate Eurobond to a Sterling fixed rate exposure. The cross-currency interest rate swaps have the same maturity and common terms as the Eurobond that they are hedging. The carrying value of the fixed rate Eurobond net of cross-currency interest rate swaps at 30 September 2020 was £448 million. See note 25 for additional details.

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

On 6 April 2020 easyJet issued a £600 million Commercial Paper through the Covid Corporate Financing Facility (CCFF). This is an unsecured, short term paper issued at a discount and repayable in March 2021.

On 16 April 2020 easyJet secured two term loans with separate counterparty banks for £200 million and $245 million respectively. Both loans are secured against aircraft assets and mature in February 2022.

17. LEASES

easyJet holds aircraft under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to nine years. easyJet is contractually obliged to carry out maintenance on these aircraft, and the cost of this is provided based on the number of flying hours and cycles operated. Further details are given in note 1.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 11 to these financial statements. Information in respect of the carrying value and interest arising on lease liabilities is set out in note 24 and note 2 respectively. A maturity analysis of lease liabilities is set out below.

easyJet also enters into short term leases and low value leases which are not recognised as right of use assets and lease liabilities. The expense recognised in the period in relation to these leases is disclosed in note 3.

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

	Year ending 30 September 2020 £ million	Year ending 30 September 2019 £ million
Total payment on lease liabilities	(250)	(195)

Lease liabilities	**30 September 2020 £ million**	30 September 2019 £ million
Maturity analysis – contractual undiscounted cash flows		
Less than one year	(238)	(230)
One to five years	(382)	(343)
More than five years	(160)	(64)
	(780)	(637)

Lease liabilities included in the Statement of Financial Position	**30 September 2020 £ million**	30 September 2019 £ million
Current	(224)	(219)
Non-current	(486)	(359)
Total	(710)	(578)

Amounts recognised in Income Statement	**Year ending 30 September 2020 £ million**	Year ending 30 September 2019 £ million
Interest on lease liabilities	24	26
Expenses relating to short term and low value leases (excluding wet leases)	6	11
Expenses relating to short term wet leases	17	22
	47	59

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Maintenance provisions £ million	**Provisions for customer claims £ million**	**Restructuring £ million**	**Other provisions £ million**	**Total provisions £ million**
At 1 October 2019	526	50	–	13	589
Exchange adjustments	(20)	1	–	–	(19)
Charged to income statement	90	62	123	(11)	264
Related to aircraft sold and leased back	49	–	–	–	49
Unwinding of discount	10	–	–	–	10
Utilised	(58)	(74)	(22)	–	(154)
At 30 September 2020	597	39	101	2	739

Provisions for customer claims comprise amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges. Other provisions include amounts in respect of potential liabilities for employee-related matters.

	2020 £ million	2019 £ million
Current	407	192
Non-current	332	397
	739	589

The split of the current / non-current maintenance provision as at 30 September is based on the current expected maintenance event timings. If actual aircraft usage varies from expectation the timing of the utilisation of the maintenance provision could result in a material change in the classification between current and non-current. Maintenance provisions are expected to be utilised within ten years. Provisions for customer claims, restructuring and other provisions are generally expected to be utilised within one year.

19. PENSIONS

Due to the minimum guarantees in place under Swiss law, the Swiss pension plan meets IAS 19 requirements to be treated as a defined benefit plan under IAS 19 despite the scheme having many attributes akin to a defined contribution scheme. The Swiss Federal Council requires that a guaranteed minimum interest rate must be achieved (currently 1%), plus a guaranteed minimum conversion rate to be applied to accumulated pension on retirement (currently 6.8%). These guarantees mean that the scheme is accounted for as a defined benefit scheme under IAS 19. The scheme remains open to new employees.

The easyJet portion of the current service costs and the net interest cost are charged to the consolidated income statement in the year in which they relate. Net interest is determined by multiplying the net defined benefit liability by the discount rate at the start of the annual reporting period, adjusted for any contributions and benefit payments in the period. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated balance reflects the net surplus or deficit at the balance sheet date.

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the dates of valuation and incorporates actuarial assumptions including discount rates used in determining the present value of benefits, projected rates of remuneration growth and mortality rates. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields of high-quality corporate bonds. Management base the discount rate on the bond yield on the Swiss bond market over 15 to 20 years, reflecting the currency in which the benefits will be paid, and maturity terms approximating to the terms of the related pension obligation.

The key financial assumptions used to calculate the Swiss scheme liabilities under IAS 19 as at 30 September were:

	2020	2019
Discount rate	0.15%	0.05%
Salary increase	1.00%	1.00%
Demographic assumptions	BVG 2015 GT	BVG 2015 GT

DEMOGRAPHIC ASSUMPTIONS

The demographic assumptions including mortality assumptions used for the liability calculation are based on the most recent BVG 2015 tables. These tables are based on the experience during the period 2010 to 2014 on 15 of the largest autonomous Swiss pension plans and are considered to be the best estimate available to management.

SENSITIVITIES

The scheme asset values are sensitive to market conditions. The scheme liabilities are sensitive to actuarial assumptions used to determine the scheme obligations. Changes in these assumptions could have a material impact on the consolidated balance sheet. The main assumptions are the discount rate, the rate of salary increase and the life expectancy rate. The following table provides an estimate of the potential impact on the pension scheme of changing these assumptions:

		Increase / decrease in defined benefit obligation	
		2020	2019
Discount rate	+0.5%	(7.3%)	(7.6%)
	-0.5%	8.5%	8.8%
Salary increase	+0.5%	1.1%	1.2%
	-0.5%	(1.0%)	(1.1%)
Life expectancy	+1 year	0.6%	0.6%
	-1 year	(0.7%)	(0.7%)

easyJet has an affiliation contract with Swiss Life Collective BVG Foundation. The assets of all affiliated companies are pooled which diversifies the associated risk and the scheme assets represent the share in this Collection Foundation. The Collective controls the asset management, is exposed to the risk and guarantees the savings capitals under the contract in place. The Board of Trustees with the elected employees' and employers' representatives decide the investment strategy. The current agreement is "fully insured" by Swiss Life, which means that all underfunding, investment and longevity risks are transferred from easyJet to Swiss Life over the term of the policy i.e. over the term of the policy when members retire, all payments are the liability of the pension scheme.

The amounts recognised in the consolidated income statement are as follows:

	2020 £million	2019 £million
Current service costs – defined benefit	9	7
Interest cost on net defined benefit obligation	1	1
Interest income on defined benefit asset	(1)	(1)
Plan curtailment gain*	(3)	–
Net defined benefit cost recognised in the income statement	6	7

* The curtailment has been recognised as a result of restructuring and has been presented as a non-headline item in the income statement

Amounts recognised in other comprehensive income:

	2020 £million	2019 £million
Actuarial (gain)/loss	(2)	18
Return on plan assets	(1)	(1)
Recognised in the statement of other comprehensive income	(3)	17

Movement in net deficit in the year:

	2020 £million	2019 £million
Net deficit of the plan at 1 October	47	29
Net defined benefit cost recognised in the Income Statement	6	7
Net defined benefit (gain)/cost recognised in Other Comprehensive Income	(3)	17
Company contributions	(7)	(7)
Foreign exchange	2	1
Balance sheet net deficit as at 30 September	45	47

The prepayment represents cash paid over to Swiss Life in advance and not yet utilised in the pension scheme, this amount is consistent year on year.

Expected employer cash contribution from the company in the 2021 financial year is expected to be CHF 8 million.

Changes in the present value of the defined benefit obligation are as follows:	2020 £million	2019 £million
Present value of obligation at 1 October	147	118
Current service cost	9	7
Member contributions	4	4
Interest costs on defined benefit obligation	1	1
Contributions paid by plan participants	2	2
Benefit payments from scheme assets	(5)	(6)
Plan Curtailment	(3)	–
Plan Settlement	(5)	–
Actuarial (gain)/loss arising from financial adjustments	(2)	16
Actuarial (gain)/loss arising from experience adjustments	–	2
Foreign exchange	5	3
Present value of obligation at 30 September	153	147

Changes in the fair value of the scheme assets are as follows:	2020 £million	2019 £million
Fair value of the scheme asset as at 1 October	100	89
Interest income on the defined benefit plan assets	1	1
Contributions paid by company	7	7
Contributions paid by employees	4	4
Contributions paid by plan participants	2	2
Benefits paid from plan assets	(5)	(6)
Return on plan assets	1	1
Plan Settlement	(5)	–
Foreign exchange	3	2
Fair value of the pension assets as at 30 September	108	100

	2020	2019
Number of active participants	1,043	1,067
Average age of active insured members in years	39	38
Average time remaining before active employees reach final age in years	10	10
Average active life expectancy in years	54	55
Average years of service in years	8	8

The weighted average duration of the defined benefit obligation of the Swiss pension scheme is 16 years (2019: 16 years).

19. PENSIONS CONTINUED

MATURITY PROFILE OF DEFINED BENEFIT OBLIGATION

Expected benefit payments during fiscal year ending 30 September:	2020 £million	2019 £million
1 year	7	7
2 year	8	6
3 year	9	8
4 year	7	8
5 year	9	7
6 up to 10 years	38	38

20. SHARE CAPITAL

	Number		Nominal value	
	2020 £million	2019 £million	2020 £million	2019 £million
Authorised				
At 30 September				
Ordinary shares of 27 2/7 pence each	458	458	125	125
Allotted, called up and fully paid				
At 30 September	457	397	125	108

59,541,498 new ordinary shares were issued during financial year 2020 which equated to around 14.99% of the existing share capital. This share issue was transacted via an equity placing and raised £419 million less fees of £10 million.

easyJet's employee benefit trusts hold the following shares. The cost of these has been deducted from retained earnings:

	2020	2019
Number of shares (million)	2	2
Cost (£ million)	27	30
Market value at year end (£ million)	11	27

21. SHARE INCENTIVE SCHEMES

easyJet operates the following share incentive schemes, all of which are equity settled. The change in the number of awards outstanding and weighted average exercise prices during the year, and the number exercisable at each year end were as follows:

Grant date	1 October 2019 million	Granted million	Forfeited million	Exercised million	30 September 2020 million
Long Term Incentive Plan					
17 December 2013	0.1	–	–	–	0.1
19 December 2014	0.1	–	–	–	0.1
19 December 2016	0.4	–	(0.1)	(0.2)	0.1
19 December 2017	0.6	–	(0.1)	–	0.5
19 December 2018	1.3	–	(0.2)	–	1.1
19 December 2019	–	0.9	(0.1)	–	0.8
Restricted Share Plan					
19 December 2016	0.1	–	–	–	0.1
Save As You Earn scheme					
1 July 2015	0.1	–	(0.1)	–	–
1 July 2016	0.5	–	(0.2)	(0.2)	0.1
1 July 2017	1.5	–	(0.8)	–	0.7
1 July 2018	0.4	–	(0.2)	–	0.2
1 July 2019	4.4	–	(2.2)	–	2.2
1 August 2020	–	5.0	(0.1)	–	4.9
Share Incentive Plans	5.1	0.2	(0.2)	(0.3)	4.8
	14.6	6.1	(4.3)	(0.7)	15.7

Weighted average exercise prices are as follows:

	1 October 2019 £	Granted £	Forfeited £	Exercised £	30 September 2020 £
Save As You Earn scheme	9.09	6.65	9.02	11.98	7.54

The exercise price of all awards save those disclosed in the above table is £nil.

The number of awards exercisable at each year end and their weighted average exercise price is as follows:

	Price £ 2020	Price £ 2019	Number million 2020	Number million 2019
Long Term Incentive Plan	–	–	0.3	0.2
Restricted Share Plan	–	–	0.1	0.1
Save As You Earn scheme	6.65	11.98	0.8	0.6
			1.2	0.9

The weighted average remaining contractual life for each class of share award at 30 September 2020 is as follows:

	Years
Long Term Incentive Plan	8.0
Restricted Share Plan	6.2
Save As You Earn scheme	2.8

LONG TERM INCENTIVE PLAN

The plan is open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares worth up to 250% of salary each year. The vesting of these shares is dependent on return on capital employed (ROCE), earnings per share (EPS) and total shareholder return (TSR) targets compared to FTSE-ranked companies at the start of the performance period. All awards have a three year vesting period. 2020 awards are assessed on performance conditions measured over the three financial years ended 30 September 2022.

RESTRICTED SHARE PLAN

This the plan is open by invitation to new AMB members. The vesting of these shares is dependent on remaining in employment for varying periods.

SAVE AS YOU EARN SCHEME

The scheme is open to all employees on the UK payroll. Participants may elect to save up to £500 per month under a three year savings contract. An option is granted by the Company to buy shares at a discount of 20% from market price at the time of the grant. At the end of the savings period, the option becomes exercisable for a period of six months. Employees who are not paid through the UK payroll may participate in the scheme under similar terms and conditions, albeit without the same tax benefits. The 2020 scheme did not offer the discount of 20% in light of the cash constraints as a result of the COVID-19 pandemic.

SHARE INCENTIVE PLAN

The plan is open to all employees on the UK payroll. Participants may invest up to £1,800 of their pre-tax salary each year to purchase partnership shares in easyJet. For each partnership share acquired, easyJet purchases a matching share up to a maximum value of £1,500 per annum. Employees must remain with easyJet for three years from the date of purchase of each partnership share in order to qualify for the matching share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. With effect from 1 April 2020, easyJet ceased contributing a matching share to the scheme as a result of the cash constraints on the business.

Subject to Company performance, easyJet also issues free shares to UK employees under an approved share incentive plan of up to £3,000 per annum in value. There is a similar unapproved free shares scheme for international employees.

21. SHARE INCENTIVE SCHEMES CONTINUED

The fair value of grants under the Save As You Earn scheme are calculated by applying the Binomial Lattice option pricing model. The fair value of grants under the TSR based Long Term Incentive Plan is estimated under the Stochastic model (also known as the Monte Carlo model). The fair value of grants under all other schemes is the share price on the date of grant. The following assumptions are used:

Grant date	Share price £	Exercise price £	Expected volatility %	Option life years	Risk-free interest rate %	Fair value £
Long Term Incentive Plan						
18 December 2012 – ROCE	7.37	–	–	–	–	6.92
18 December 2012 – TSR	7.37	–	33%	3.0	0.44%	5.16
17 December 2013 – ROCE	14.99	–	–	–	–	14.99
17 December 2013 – TSR	14.99	–	31%	3.0	0.76%	9.83
19 December 2014 – ROCE	16.52	–	–	–	–	16.52
19 December 2014 – TSR	16.52	–	29%	3.0	0.78%	11.65
18 December 2015 – ROCE	17.13	–	–	–	–	17.13
18 December 2015 – TSR	17.13	–	29%	3.0	0.81%	9.69
19 December 2016 – ROCE	10.43	–	–	–	–	10.43
19 December 2016 – TSR	10.43	–	35%	3.0	1.40%	5.21
19 December 2017 – ROCE	13.77	–	–	–	–	13.77
19 December 2017 – EPS	13.77	–	–	–	–	13.77
19 December 2017 – TSR	13.77	–	34%	3.0	1.15%	6.89
19 December 2018 – ROCE	10.78	–		–		10.78
19 December 2018 – EPS	10.78	–		–		10.78
19 December 2018 – TSR	10.78	–	47%	3.0	1.27%	5.39
19 December 2019 – EPS	14.29					14.29
19 December 2019 – TSR	14.29		53%	3.0	0.80%	7.15
Restricted Share Plan						
19 December 2016	10.43	–	–	–	–	10.43
Save As You Earn scheme						
1 July 2014	16.62	13.30	33%	3.5	1.64%	5.03
1 July 2015	16.54	13.23	31%	3.5	0.95%	4.42
1 July 2016	14.98	11.98	35%	3.5	0.20%	4.28
1 July 2017	12.11	9.69	31%	3.5	0.42%	2.84
1 July 2018	17.43	13.94	30%	3.5	0.88%	4.41
1 July 2019	10.03	8.02	33%	3.5	0.67%	2.70
1 July 2020	6.65	6.65	49%	3.5	(0.07%)	1.95

Share price for LTIPs is the closing share price from the last working day prior to the date of grant.

Exercise price for the Save As You Earn scheme is set at a 0% (2019: 20%) discount from the share price at grant date.

Expected volatility is based on historical volatility over a period comparable to the expected life of each type of option.

Levels of early exercises and forfeitures are estimated using historical averages unless this is deemed unreasonable, in which case judgement is used.

The weighted average fair value of matching shares granted under the Share Incentive Plan during the year was £12.51 (2019: £10.97).

For grants under the Save As You Earn scheme, the dividend yield assumption is calculated based on the actual yield at the date of grant. For the options granted in 2020, the dividend yield assumption was 2.5% (2019: 4.5%, 2018: 3.2%, 2017: 4.2%; 2016: 3.5%; 2015: 2.75%).

The total share based payment expense recognised for the year was £18 million (2019: £19 million). The share based payment liability as at 30 September 2020 was £42 million (2019: £31 million).

22. RECONCILIATION OF OPERATING (LOSS) / PROFIT TO CASH (USED IN) / GENERATED FROM OPERATIONS

	2020 £ million	2019 £ million
Operating (loss)/profit	(899)	466
Adjustments for non-cash items:		
Depreciation	485	484
Commercial IT platform credit	–	(2)
Loss on disposal of property, plant and equipment and intangibles	30	–
Gain on sale and leaseback	(38)	(2)
Amortisation of intangible assets	18	15
Share-based payments	17	19
Impairment	37	–
Changes in working capital and other items of an operating nature:		
Decrease/(increase) in trade and other receivables	101	(5)
Decrease in current intangible assets	46	42
Increase in trade and other payables	173	43
(Decrease)/increase in unearned revenue	(455)	105
Increase/(decrease) in provisions	150	(3)
Decrease/(increase) in other non-current assets	9	(20)
Decrease in derivative financial instruments	(215)	(32)
Decrease in non-current deferred income	(1)	(12)
Cash (used in)/generated from operations	(542)	1,098

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1 October 2019 £ million	Fair value and foreign exchange £ million	New debt raised in the year £ million	Other loan issue costs £ million	Net cash flow £ million	**30 September 2020 £ million**
Cash and cash equivalents	1,285	(63)	–	–	1,062	2,284
Money market deposits	291	–	–	–	(259)	32
	1,576	(63)	–	–	803	2,316
Eurobond	(1,324)	(31)	–	(1)	–	(1,356)
Drawn down amounts on Revolving Credit Facility	–	–	(387)	–	–	(387)
Commercial Paper (Covid Corporate Financing Facility)	–	–	(600)	–	–	(600)
Bank loans	–	–	(389)	1		(388)
Lease Liabilities	(578)	28	(390)	–	230	(710)
	(1,902)	(3)	(1,766)	–	230	(3,441)
Net debt	(326)	(66)	(1,766)	–	1,033	(1,125)

24. FINANCIAL INSTRUMENTS

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

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

	Amortised cost		Held at fair value					
At 30 September 2019	Financial assets £ million	Financial liabilities £ million	Fair value hedge £ million	Cash flow hedge £ million	Other financial instruments £ million	Other[1] £ million	Carrying value £ million	Fair value £ million
Other non-current assets	141	–	–	–	–	1	142	142
Trade and other receivables*	139	–	–	–	–	163	302	302
Trade and other payables	–	(919)	–	–	–	(131)	(1,050)	(1,050)
Derivative financial instruments	–	–	73	(30)	20	–	63	63
Restricted cash	4	–	–	–	–	–	4	4
Money market deposits	291	–	–	–	–	–	291	291
Cash and cash equivalents	872	–	–	–	413	–	1,285	1,285
Eurobonds[2]	–	(1,324)	–	–	–	–	(1,324)	(1,368)
Lease liabilities	–	(578)	–	–	–	–	(578)	(580)
Equity investments[3]	–	–	–	–	48	–	48	48

*Please refer to note 1 for details of our voluntary change in accounting policy.

Information presented for the current year ended 30 September 2020 and comparative year ended 30 September 2019, is presented in accordance with IFRS 9 and IFRS 7, as modified by IFRS 9.

1. Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position
2. For further information see Capital, Financing and Interest risk management section below in note 25
3. The equity investment of £33 million represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited. Valuation movements are designated as being fair valued through other comprehensive income due to the nature of the investment being held for strategic purposes. A dividend of £2 million (2019: £3 million) was received during the year

FAIR VALUE CALCULATION METHODOLOGY

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

The fair values of the three Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as on 30 September 2020). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

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

The equity investment is classified as level 3 due to the use of forecast dividends which are discounted to present value. Though there are other level 2 inputs to the valuation, the discounted cash flow is a significant input which is not based on observable market data. The fair value is assessed at each reporting date based on the discounted cash flows and two other valuations calculated using a market approach and level 2 inputs. The fair value of £33 million was determined on this basis by an external valuation firm as at 30 September 2020, representing a reduction of £15 million from the prior year which was recognised in other comprehensive income. If the level 3 forecast cash flows were 10% higher or lower the fair value would not increase / decrease by a significant amount.

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

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

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2020	**Quantity million**	**Non-current assets £ million**	**Current assets £ million**	**Current liabilities £ million**	**Non-current liabilities £ million**	**Total £ million**
Designated as cash flow hedges						
US dollar	376	1	2	(2)	(2)	(1)
Euro	668	1	5	(6)	(7)	(7)
Swiss franc	188	–	–	(4)	(2)	(6)
South African Rand	26	–	–	–	–	–
Jet fuel	2	1	–	(228)	(71)	(298)
Cross-currency interest rate swaps	888	3	–	–	–	3
Designated as fair value hedges						
Cross-currency interest rate swaps	379	82	–	–	–	82
Designated as fair value through profit or loss						
US dollar	600	1	1	(8)	(3)	(9)
Euro	432	–	11	(3)	–	8
Swiss Francs	197	–	–	(4)	–	(4)
Jet	1	–	2	(97)	–	(95)
		89	21	(352)	(85)	(327)

At 30 September 2019	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	2,740	43	108	–	(2)	149
Euro	2,338	4	15	(11)	(3)	5
Swiss franc	492	1	–	(9)	(5)	(13)
South African Rand	134	–	2	–	–	2
Jet fuel	3	–	7	(118)	(55)	(166)
Cross-currency interest rate swaps	888	–	–	–	(7)	(7)
Designated as fair value hedges						
Cross-currency interest rate swaps	379	73	–	–	–	73
Designated as fair value through profit or loss						
US dollar	345	5	15	–	–	20
		126	147	(138)	(72)	63

For foreign currency forward exchange contracts, quantity represents the absolute gross nominal value of currency contracts held, disclosed in the contract foreign currency. The cross-currency interest rate swap contracts are presented at the sterling notional. For jet fuel derivative contracts quantity represents absolute contracted metric tonnes.

The majority of foreign exchange and jet fuel transactions designated as a cash flow hedge are expected to occur on various dates within the next 24 months. Accumulated gains and losses resulting from these transactions are deferred in the hedging reserve. They will be recognised in the income statement in the periods that the hedged transactions impact the income statement. Where the gain or loss is included in the initial amount recognised following the purchase of an aircraft, recognition in the income statement is over a period of up to 23 years in the form of depreciation of the purchased asset.

Amounts related to USD foreign exchange derivatives held at fair value through profit and loss (e.g. not held in a hedge accounting relationship) form part of the Group's balance sheet retranslation risk management strategy. Fair valuation movements on these derivatives are recognised in the income statement and offset foreign exchange movements on the corresponding notional amount of balance sheet liabilities held in USD. These trades are all expected to occur on various dates within the next 36 months.

24. FINANCIAL INSTRUMENTS CONTINUED

Other amounts designated as fair value through profit or loss primarily relate to Euro, Swiss Francs and jet fuel derivatives discontinued from a hedge accounting relationship during the year as a result of the reduction in forecast exposures caused by the impacts associated with COVID-19. Additionally included within these amounts are derivatives transacted in an 'equal and opposite' notional direction to trades discontinued from hedge accounting. This was to economically close out these positions where appropriate and reduce volatility from fair valuation movements in profit and loss going forward. All trades related to EUR, Swiss Francs and Jet designated as fair value through profit or loss are expected to settle on various dates within the next 12 months.

The Group maintains cross-currency interest rate swap contracts on fixed rate debt issuance as part of the approach to currency and interest rate risk management. The cross-currency interest rate swap contracts are designated and qualify as either fair value or cash flow hedges to minimise volatility in the income statement.

The following derivative financial instruments are subject to offsetting, enforceable master netting agreements:

At 30 September 2020	**Gross amount £ million**	**Amount not set off £ million**	**Net amount £ million**
Derivative financial instruments			
Assets	110	(71)	39
Liabilities	(437)	71	(366)
	(327)	–	(327)

At 30 September 2019	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	273	(143)	130
Liabilities	(210)	143	(67)
	63	–	63

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS32 'Financial Instruments Presentation' are not met.

25. FINANCIAL RISK AND CAPITAL MANAGEMENT

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. easyJet's policy is not to speculatively trade derivatives but use the instruments to hedge anticipated exposure and gain cash flow certainty. Ordinarily, easyJet is not exposed to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged. However, as a result of COVID-19 and the significant reduction in future flying schedule easyJet is in an over-hedged position for jet and foreign exchange derivatives in the short term.

In addition to market risks, easyJet is exposed to credit and liquidity risk.

The Board is responsible for setting financial risk and capital management policies and objectives which are implemented by the treasury function on a day to day basis. The policy outlines the approach to risk management and also states the instruments and time periods which the treasury function is authorised to use in managing financial risks. The policy is regularly reviewed to ensure best practice. During the year the policy was updated to reflect the inclusion of jet fuel options as an allowable hedging instrument with the Group's commodity price risk management strategy. Additionally, the policy was also updated to include foreign exchange risk management relating to easyJet holidays costs. Further information on both of these can be found in the relevant sections below.

In March 2020 easyJet's normal rolling foreign exchange and commodity hedging polices were temporarily paused as a result of the significant reduction in forecast exposures caused by COVID-19 in order to mitigate the potential for further over hedging. However, where appropriate the hedging of jet fuel has continued for periods related to the 2022 financial year onwards. As at 30 September 2020 easyJet had resumed its rolling operating USD foreign exchange hedging programme, although it is anticipated to take several months to build up to standard policy hedge levels. Throughout the period easyJet has continued to hedge a proportion of its future lease liability payments using USD foreign exchange derivatives.

Capital employed comprises shareholders' equity, borrowings (including amounts related to IFRS 16 lease liability), cash and money market deposits (excluding restricted cash).

Consequently, the capital employed at the end of the current and prior year and the return earned during those years were as follows:

	2020			2019	
	Headline £ million	**Non-headline £ million**	**Total £ million**	Headline £ million	Total £ million
Shareholders' equity	1,899	–	1,899	2,985	2,985
Borrowings	2,731	–	2,731	1,324	1,324
Lease Liabilities	710	–	710	578	578
Cash and money market deposits (excluding restricted cash)	(2,316)	–	(2,316)	(1,576)	(1,576)
Capital employed	3,024	–	3,024	3,311	3,311
Reported operating (loss)/profit	(777)	(122)	(899)	466	466
Tax rate			19%		19%
Adjusted operating profit after tax	(629)	(99)	(728)	377	377
Return on capital employed	(19.9)%		(23.0)%	11.4%	11.4%

Return on capital employed is calculated by dividing the adjusted operating (loss)/profit after tax by the average of the opening and closing capital employed.

LIQUIDITY RISK MANAGEMENT

The objective of easyJet's liquidity risk management is to ensure sufficient cash is available to meet future liabilities as they fall due and ensure access to cost effective funding in various markets.

easyJet's policy has consistently been to hold significant cash and liquid funds to mitigate the impact of potential business disruption events. As a consequence of the unprecedented situation caused by COVID-19 easyJet has undertaken swift and decisive action to raise over £2.4 billion in cash since the beginning of the pandemic, from a diversified range of funding sources including debt and equity.

Liquidity raised in the year includes:

- During the course of the year sale and leaseback transactions were conducted on 33 aircraft generating gross proceeds of £723m (£609m raised since the start of the pandemic)
- On 8 April 2020 easyJet raised £600 million in unsecured commercial paper through the UK Government's Covid Corporate Financing Facility (CCFF)
- On 9 April 2020 easyJet fully drew down on its $500 million Revolving Credit Facility, secured against aircraft assets
- On 16 April 2020 easyJet secured two term loans with separate counterparty banks for £200 million and $245 million respectively. Both loans are secured against aircraft assets and mature in February 2022
- During the year gross proceeds of £419 million was raised through the issuance of equity shares

The Group continues to evaluate raising further liquidity as and when it is deemed appropriate to ensure it maintains adequate levels of cash. easyJet continues to have access to various funding markets and a large fleet of unencumbered aircraft assets as sources of additional liquidity.

On 1 December 2017 easyJet also entered into a bespoke Business Interruption Insurance product that pays out up to £150 million in the event of specific liquidity stress scenarios (with standard insurance exclusions such as pandemics).

easyJet has a target minimum liquidity requirement to cover unearned revenue with a minimum of £2.6 million per 100 seats in the fleet. In assessing this liquidity metric, any undrawn revolving credit facilities and Business Interruption Insurance need to be taken into consideration. At 30 September 2020 the revolving credit facility had been fully drawn down. Total cash (excluding restricted cash) and money market deposits at 30 September 2020 was £2,316 million (2019: £1,576 million). Surplus funds are invested in high quality short-term liquid instruments, mainly money market funds, bank deposits and tri-party repos.

25. FINANCIAL RISK AND CAPITAL MANAGEMENT CONTINUED

The maturity profile of financial liabilities based on undiscounted cash flows and contractual maturities is as follows:

At 30 September 2020	**Within 1 year £ million**	**1-2 years £ million**	**2-5 years £ million**	**Over 5 years £ million**
Borrowings – principal and interest	1,018	418	1,384	–
Trade and other payables	837	–	–	–
Lease Liabilities	278	174	332	160
FX & Jet Derivative contracts – receipts	(1,482)	(493)	(89)	–
FX & Jet Derivative contracts – payments	1,871	657	93	–
Cross-currency Swap contracts – receipts	(17)	(17)	(1,392)	–
Cross-currency Swap contracts – payments	33	33	1,396	–

At 30 September 2019	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings – principal and interest	17	17	929	447
Trade and other payables	(919)	–	–	–
Lease Liabilities	230	195	148	64
FX & Jet Derivative contracts – receipts	(3,344)	(1,577)	(82)	–
FX & Jet Derivative contracts – payments	3,292	1,523	80	–
Cross-currency Swap contracts – receipts	(17)	(17)	(929)	(447)
Cross-currency Swap contracts – payments	32	32	898	453

The maturity profile has been calculated based on spot rates for the US dollar, Euro, Swiss franc, South African rand and jet fuel at close of business on 30 September each year.

CREDIT RISK MANAGEMENT

easyJet is exposed to credit risk arising from cash and money market deposits, derivative financial instruments and trade and other receivables. Credit risk management aims to reduce the risk of default by setting limits on credit exposure to counterparties based on their respective credit ratings. Credit ratings also determine the maximum period of investment when placing funds on deposit. The maximum exposure to credit risk at the reporting date is equal to the carrying value of its financial assets, excluding tri-party repo's, which are securitised by high quality, investment grade financial assets.

Counterparties for cash investments and derivatives contracts are required to have a long-term credit rating of A- or better at contract inception with from either Moody's, Standard & Poor's or Fitch (except where there is a specific regulatory, contractual requirement or a bank guarantee from an A- rated entity). Exposures to these counterparties are regularly reviewed and, if the long-term credit rating falls below A- management will make a decision on remedial action to be taken.

The credit rating of counterparties that easyJet holds financial assets with are as follows:

At 30 September 2020	**A- and above £ million**	**Below A- £ million**	**Unrated/ Other £ million**	**£ million**
Financial Assets				
Trade receivables	–	–	53	53
Other non-current assets	–	–	133	133
Derivative Financial Instruments	39	–	–	39
Restricted cash	19	–	–	19
Money market deposits	32	–	–	32
Cash and cash equivalents	2,281	3	–	2,284
Total	2,374	3	186	2,560

At 30 September 2019	A- and above £ million	Below A- £ million	Unrated/ Other £ million	£ million
Financial Assets				
Trade receivables	–	–	302	302
Other non-current assets	–	–	142	142
Derivative Financial Instruments	130	–	–	130
Restricted cash	4	–	–	4
Money market deposits	291	–	–	291
Cash and cash equivalents	1,282	3	–	1,285
Total	1,707	3	444	2,154

At the end of each reporting date easyJet recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, easyJet applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents (excluding money market funds held at fair value through profit or loss).

Under the general approach easyJet recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

At 30 September 2020 this was considered immaterial. This is due to easyJet's strict policy of investing only with counterparties who hold a high, investment grade credit standing (except in specific circumstances) as detailed in the tables above.

The simplified approach is applied to the impairment assessment of trade and other receivables.

Under the simplified approach easyJet always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses using the historic loss methodology to calculating an impairment provision.

At 30 September 2020 trade receivables had a total loss allowance of £4 million. The exposure to individual customer's credit risk is reduced as no individual customer accounts for a substantial amount of the total revenue and most payments for flight tickets are collected in advance of the service being provided.

FOREIGN CURRENCY RISK MANAGEMENT

The majority of easyJet's exposure to currency arises from fluctuations in the US dollar, Euro and Swiss franc exchange rates which can significantly impact easyJet's financial results and cash flows. The aim of the foreign currency risk management is to reduce the impact of these exchange rate fluctuations.

Significant currency exposures in the income statement are managed through the use of currency forward contracts entered into a cash flow hedge relationships, in line with the board approved policy. The policy states that easyJet hedges between 65% – 85% of the next 12 months forecast surplus operating cash flows on a rolling basis, and 45% – 65% of the following 12 months forecast surplus operating cash flows on a rolling basis (excluding those related to easyJet holidays).

Following the launch of easyJet holidays in the year the Group separately manages foreign exchange risk related to forecast cash out flows on package holiday costs. The Group's policy is hedge up to 90% of forecast EUR costs on these items before the start of the relevant holiday season.

Due to the impact of COVID-19 normal policy levels of foreign exchange hedging were not always reached at year end. Operating foreign exchange hedge activity was temporarily paused in March 2020 due to the uncertainty of future exposures and to mitigate the risk of further over-hedging. Additionally during the year easyJet mutually agreed to terminate amounts of USD and EUR FX forward contracts with counterparties in order to receive cash settlement early on favourable 'in the money' trades. Whilst this temporarily reduced hedge levels on the amount of future USD exposures, easyJet restarted its rolling hedge programme on USD in September and is anticipating being back within stated policy levels within the coming months. Operating foreign exchange hedge activity in other currencies continues to be paused until there is greater certainty on forecast exposure levels when normal policy is expected to resume.

Significant currency exposures relating to the acquisition cost or sale proceeds of aircraft are also managed through the use of FX forward contracts and FX swap contracts where up to 90% of the next 18 months forecast requirement may be hedged.

Significant currency exposures relating to foreign currency denominated Eurobond issuances are managed through the use of cross-currency interest rate swap contracts, where deemed appropriate. These hedges are designated as either fair value hedges or cash flow hedges.

easyJet has substantial borrowings and other monetary liabilities denominated in US dollars and Euros, which are largely offset by holding US dollar and Euro cash and money market deposits. FX forward contracts are used for the purposes of managing the foreign exchange risk created as a result of the adoption of the IFRS 16. The majority of lease liability amounts on balance sheet are denominated in USD. Lease liability amounts are classified as monetary financial instruments, with retranslation amounts resulting from movements in foreign exchange rates in the period (into the functional currency of GBP) going through the income statement. FX Forward contracts classified as Fair Value through Profit or Loss (e.g. not designated in a hedge relationship) are used as part of the Groups risk management strategy to reduce this foreign exchange risk in the income statement.

Management may take action to hedge other currency exposures as deemed appropriate.

The gross notional of transactions in a hedge relationship that occurred during the financial year to manage the foreign currency risk and the resulting gains and losses were as follows:

	Notional	Gain/(loss)
USD	642	41
EUR	1,324	(4)
CHF	126	(1)
ZAR	4	1

Notional value reflects the GBP contractual leg amount

Due to the impact of COVID-19 and the resultant reduction in anticipated exposures during the financial year an amount of £68 million gain was recognised within Interest Expense and Interest Income related to the discontinuation of hedge accounting for foreign currency hedges. This related to trades that matured or were terminated in the period (£63 million gain) and those maturing in future periods related to hedging exposures in the 2021 financial year no longer expected to occur (£5 million gain)

25. FINANCIAL RISK AND CAPITAL MANAGEMENT CONTINUED

CAPITAL FINANCING AND INTEREST RATE RISK MANAGEMENT

The objective of capital management is to ensure that easyJet is able to continue as a going concern whilst delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders.

On the 30 September 2020, easyJet held long-term, investment grade, corporate credit ratings from both Standard & Poor's (BBB-) and Moody's (Baa3).

easyJet plc established a £3,000 million Euro Medium Term Note programme on January 7th 2016, with any debt issuances under this scheme being guaranteed by easyJet Airline Company Limited. Subsequently easyJet plc has issued three bonds under this programme

In February 2016, easyJet Plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling floating rate exposure. All three swaps pay floating interest (three-month LIBOR plus a margin) quarterly, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a fair value hedge of the interest rate and currency risks on the €500 million Eurobond. The swaps are measured at fair value through profit or loss with any gains or losses being taken immediately to the income statement (except where related to timing differences related to-cross-currency basis amortisation). The carrying value of the Eurobond is adjusted for changes in fair value attributable to the risks being hedged. This net carrying value differs to the swap's fair value depending on movements in the Group's credit risk and cross-currency basis. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2020 was £379 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

The lifetime fair value adjustment to the bond hedge item on balance sheet was £(82) million. During the year, fair value adjustments totalled £(10) million which was offset by materially equal and opposite movements on the hedging instruments. Movements related to the hedging of foreign exchange in the year were £12 million loss with the remaining fair value movements relating to the hedging of interest risk.

In October 2016 easyJet plc issued €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.125%. Shortly after the issuance of the €500 million bond the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure. The cross-currency interest rate swaps were executed on 8 November 2016 with settlement and notional exchange occurring on 14 November 2016. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2020 was £451 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

In June 2019 easyJet plc issued €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2020 was £448 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

The weighted average GBP interest rate hedged for the three bonds was 2.46% with a weighted average GBP/EUR foreign exchange hedge rate of 1.19.

easyJet plc established a £3,000 million Euro Commercial Paper programme on 31 March 2020, with any paper issuances under this scheme being guaranteed by easyJet Airline Company Limited. Subsequently on 8 April 2020 easyJet plc issued a £600 million note under the UK government's Covid Commercial Financing Facility Scheme. The issuance was a zero coupon note with a maturity of 5 March 2021 and an effective interest rate of 0.49%.

During the year easyJet plc transacted a share issue via an equity placing and raised £419 million less fees of £10 million. For details on share capital and the equity placing in the year, please refer to note 20.

Interest rate cash flow risk arises on floating rate borrowings and cash investments.

Interest rate risk management policy aims to provide certainty in a proportion of financing while retaining the opportunity to benefit from interest rate reductions. Borrowings are issued at either fixed or floating interest rates repricing every three to six months. Operating leases are a mix of fixed and floating rates. Of the 124 aircraft operating leases in place at 30 September 2020 (2019: 94), 90% were based on fixed interest rates and 10% were based on floating interest rates (2019: 87% fixed, 13% floating).

COMMODITY PRICE RISK MANAGEMENT

The Group is exposed to commodity risk in the form of jet fuel and Carbon EU Emissions Trading System (EU-ETS) price risk.

The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in both cash and the income statement in the short-term. In order to manage the risk exposure, forward swap and options contracts are used in line with the Board approved policy to hedge between 65% and 85% of estimated exposures up to 12 months in advance, and to hedge between 45% and 65% of estimated exposures from 13 up to 24 months in advance.

Due to the impact of COVID-19 normal policy levels of jet fuel hedging was not always reached at year end. Due to the uncertainty of future exposures and to mitigate the risk of further over-hedging, post March 2020 jet fuel hedge activity only continued for periods related to the 2022 financial year onwards.

Jet fuel derivatives are entered into a cash flow hedge relationship against the future forecasted jet fuel usage. Specific decisions may require consideration of a longer term approach. Treasury strategies and actions will be driven by the need to meet treasury, financial and corporate objectives.

Additionally during the year easyJet mutually agreed to early terminate select amounts of jet fuel swap contracts with counterparties where the 'out of the money' position could be netted against 'in the money' foreign exchange trades terminated at the same time and with the same counterparty.

The volume of effective hedge transactions that occurred during the financial year to manage the jet commodity price risk was 1 million metric tonnes. This resulted in a £77 million loss in the fuel line within the income statement. Due to the full grounding of the fleet during the year and the lower capacity expected for several months thereafter a further £373 million loss was recognised in interest expense related to jet hedges that were discontinued from a hedge accounting relationship. This related to jet fuel trades that matured or were terminated in the period (£276 million loss) and those maturing in future periods related to hedging exposures in the 2021 financial year no longer expected to occur (£97 million loss).

The Group has a regulatory requirement to surrender EU-ETS carbon credits on an annual basis to the relevant environmental agencies, relative to the amount of carbon emissions in the period. easyJet is required to purchase EU-ETS credits on the open market to fulfil this requirement and is exposed to price movements that can introduce cash flow volatility. To mitigate this exposure, forward contracts are used in line with board approved policy to hedge up to 95% of anticipated exposure up to 24 months out. easyJet is fully hedged for its carbon exposures related to its EU-ETS obligations for calendar year 2020.

These contracts are not classified as a financial instruments as they fall within the own use provision under IFRS 9.

MARKET RISK SENSITIVITY ANALYSIS

Financial assets and liabilities affected by market risk include borrowings, deposits, trade and other receivables, trade and other payables and derivative financial instruments. The following analysis illustrates the sensitivity of changes in relevant foreign exchange rates, interest rates and fuel prices. It should be noted that the analysis reflects the impact on profit and loss after tax for the year and other comprehensive income on financial instruments in a cash flow hedge relationship held at the reporting date. The sensitivities are calculated based on all other variables remaining constant. The analysis is considered representative of easyJet's exposure over the next 12 month period.

The sensitivity analysis is based on easyJet's financial assets and liabilities and financial instruments held as at 30 September 2020.

The currency exchange rate analysis assumes a +/-10% change in both US dollar and Euro exchange rates.

The interest rate analysis assumes a 1% increase in interest rates over the next 12 months.

The fuel price analysis assumes a 10% increase in fuel price over the next 12 month.

	Currency rates					
At 30 September 2020	**US dollar +10%[1] £ million**	**US dollar - 10%[2] £ million**	**Euro +10%[1] £ million**	**Euro -10%[2] £ million**	**Interest rates 1% increase £ million**	**Fuel price 10% increase £ million**
Income statement impact: gain/(loss)	(13)	10	11	(9)	18	8
Impact on other comprehensive income: increase / (decrease)	(1)	1	(48)	39	–	46

	Currency rates					
At 30 September 2019	US dollar +10%[1] £ million	US dollar -10%[2] £ million	Euro +10%[1] £ million	Euro -10%[2] £ million	Interest rates 1% increase £ million	Fuel price 10% increase £ million
Income statement impact: gain/(loss)	87	(71)	5	(4)	11	–
Impact on other comprehensive income: increase / (decrease)	180	(147)	4	(3)	–	136

1. GBP Weakened
2. GBP Strengthened

The Market risk sensitivity analysis has been calculated on spot rates for the US dollar, EUR and jet fuel at close of business on 30 September each year.

IMPACT ON THE FINANCIAL STATEMENTS DURING THE PERIOD ENDED 30 SEPTEMBER 2020

Details of major hedging arrangements at the reporting date are set out below broken down by the notional maturity of hedge instruments and average rates.

Hedge Instrument (notional in millions)	Within one year	Greater than one year
Jet fuel Hedged Notional	1	1
Average Hedge Rate	630	500
USD Foreign Exchange Hedged Notional	167	109
Average Hedge Rate	1.29	1.28
EUR Foreign Exchange Hedged Notional	418	175
Average Hedge Rate	1.12	1.14
CHF Foreign Exchange Hedged Notional	107	46
Average Hedge Rate	1.23	1.22
ZAR Foreign Exchange Hedged Notional	1	–
Average Hedge Rate	29.54	

Notional expressed in the GBP contractual leg for currencies and metric tonnes for jet fuel

25. FINANCIAL RISK AND CAPITAL MANAGEMENT CONTINUED

HEDGE DISCONTINUATION AND INEFFECTIVENESS

Hedge effectiveness testing on all relationships is performed at each reporting date. Whilst the critical terms matching of the Group's hedge relationships means that any ineffectiveness should be minimal it can be driven by factors such as material changes in credit risk, price fixing basis (in the case of jet fuel) or changes in the timings of the hedged cash flows.

Due to the full grounding of the fleet in the year and the lower capacity expected for several months thereafter, easyJet became significantly over-hedged from a jet fuel and, to a lesser extent, FX perspective. Where the forecast future exposure is no longer expected to occur, the hedge relationship was discontinued and all gains or losses related to the hedge instrument transferred immediately to the income statement. These amounts totalled £353 million loss and £68 million gain related to jet fuel and foreign exchange hedges respectively in the year.

Additionally during the year a small amount of jet fuel hedge contracts were discontinued from a hedge relationship as a result of a difference between the fixing of the underlying fuel price and the derivative. This was caused as a consequence of the full grounding of the fleet in March 2020 and is anticipated to be a one off event. As the hedge exposure was still expected to occur at the point of hedge discontinuation the fair valuation amounts were held in Other Comprehensive Income and recycled to the income statement when the underlying hedge exposure transpired. Subsequent fair valuation movements following the point of discontinuation on these derivatives was recognised in interest expense as a non-headline item totalling £20 million loss.

Discontinued hedge amounts in the year was a net £305 million loss recorded as a non-headline item between interest expense (£411 million) and Interest Income (£106 million). In addition, following the discontinuation of hedge accounting easyJet entered into derivatives to close out select over-hedged positions. These derivatives were traded in an 'equal and opposite' notional direction to discontinued trades to economically close out these positions where appropriate from subsequent fair valuation movements. As these amounts (£6 million loss) specifically offset discontinued hedges these have been included within the total non-headline fair adjustment value related to hedge discontinuation of a £311 million loss.

All hedge relationships where the underlying exposure is still anticipated to occur 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.

26. CONTINGENT LIABILITIES AND COMMITMENTS

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

On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email address and travel details of approximately 9 million customers were accessed and for a very small subset of customers (2,208), credit card details were accessed. Discussions continue to be held with the Information Commissioner's Office (ICO) and no provision has been recognised in the financial year. The merit, likely outcome and potential impact on easyJet of the investigation by the ICO, and legal claims, including potential class actions, are still subject to a number of significant uncertainties and, therefore, any assessment of the likely outcome or quantum cannot be made at the date of this disclosure.

At 30 September 2020 easyJet had outstanding letters of credit and performance bonds totalling £120 million (2019: £34 million), of which £89 million (2019: £7 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised on the statement of financial position in respect of any of these financial instruments as it is not probable that there will be an outflow of resources.

As part of the commitment to voluntary carbon offsetting, easyJet currently has contractual commitments to purchase Verified Emission Reductions worth £29 million in total over the next three years.

27. GOVERNMENT GRANTS AND ASSISTANCE

During the year to 30 September 2020, easyJet Airline Company Limited utilised of the Coronavirus Job Retention Scheme implemented by the United Kingdom government, where those employees designated as being 'furloughed workers' are eligible to have 80 per cent of their wage costs paid up to a maximum amount of £2,500 per month. In the same period, easyJet Group (companies) utilised similar schemes provided by governments in Portugal, Germany, Netherlands, France, Italy and Switzerland. The total amount of such relief received by the Group amounted to £116 million (2019: nil) and is offset within employee costs in the Income statement. There are no unfulfilled conditions or contingencies relating to these schemes.

On 6 April 2020, easyJet issued a commercial paper through the Covid Corporate Finance Facility (CCFF) implemented by the government of the United Kingdom. Under the CCFF, easyJet received £600 million, with interest incurred at the prevailing market rate. The facility is classified within Borrowings in the Balance sheet. Refer to note 16 for further details.

28. RELATED PARTY TRANSACTIONS

The Company licenses the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, approximately 28.69% of the issued share capital of easyJet plc as at 30 September 2020.

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

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

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

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

	2020 £ million	2019 £ million
Annual royalty	8	16
Brand protection (legal fees paid through easyGroup to third parties)	1	1
	9	17

At 30 September 2020, £0.1 million (2019: £0.9 million) of the above aggregate amount was included in trade and other payables.

At 30 September 2020 £8.5 million (2019: nil) is due from related parties and is included within trade and other receivables.

29. EVENTS AFTER THE BALANCE SHEET DATE

During October 2020, easyJet entered into the sale and leaseback of nine aircraft with two counterparties, which generated total cash proceeds of $398.6 million (£307 million). During November 2020, easyJet entered into the sale and leaseback of 21 aircraft with three counterparties. These transactions generated total cash proceeds of $538.3 million (£411 million).

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2020 £ million**	30 September 2019 £ million
Non-current assets			
Investments in subsidiary undertakings	c	983	945
Derivative financial instruments with subsidiary undertakings		85	73
Deferred tax asset		4	1
		1,072	1,019
Current assets			
Trade and other receivables		4	–
Amounts due from subsidiary undertakings		2,709	1,854
		2,713	1,854
Current liabilities			
Amounts due to subsidiary undertakings		(2)	(3)
Borrowings		(600)	–
Current tax payable		–	(2)
Other payables		(12)	–
		(614)	(5)
Net current assets		2,099	1,849
Non-current liabilities			
Borrowings		(1,356)	(1,324)
Derivative financial instruments with subsidiary undertakings		–	(8)
		(1,356)	(1,332)
Net assets		1,815	1,536
Shareholders' equity			
Share capital		125	108
Share premium		1,051	659
Hedging reserve		(15)	(7)
Retained earnings		654	776
Total equity		1,815	1,536

The accounts on pages 184 to 190 were approved by the Board of Directors and authorised for issue on 17 November 2020 and signed on behalf of the Board.

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £35 million (2019: £25 million). Included in this amount are dividends received of £30 million (2018: £15 million), which are recognised when the right to receive payment is established.

JOHAN LUNDGREN
Director

ANDREW FINDLAY
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	**Share premium £ million**	**Hedging reserve £ million**	**Cost of hedging £ million**	**Retained earnings £ million**	**Total £ million**
At 1 October 2019	108	659	(15)	8	776	1,536
Profit for the year	–	–	–	–	35	35
Other comprehensive income	–	–	(4)	(4)	–	(8)
Total comprehensive income	–	–	(4)	(4)	35	27
Dividends paid	–	–	–	–	(174)	(174)
Share incentive schemes						
Proceeds from shares issued	17	392	–	–	–	409
Movement in reserves for employee share schemes	–	–	–	–	17	17
At 30 September 2020	125	1,051	(19)	4	654	1,815

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging £ million	Retained earnings £ million	Total £ million
At 1 October 2018	108	659	(6)	4	966	1,731
Profit for the year	–	–	–	–	25	25
Other comprehensive income	–	–	(9)	4	–	(5)
Total comprehensive income	*–*	*–*	*(9)*	*4*	*25*	*20*
Dividends paid	–	–	–	–	(233)	(233)
Share incentive schemes						
Movement in reserves for employee share schemes	–	–	–	–	18	18
At 30 September 2019	108	659	(15)	8	776	1,536

No ordinary dividend in respect of the year ended 30 September 2020 is to be proposed.

An ordinary dividend of 43.9 pence per share, or £174 million in respect of the year ended 30 September 2019 was paid in the year ended 30 September 2020. An ordinary dividend of 58.6 pence per share, or £233 million, in respect of the year ended 30 September 2018 was paid in the year ended 30 September 2019.

The disclosures required in respect of share capital are shown in note 20 to the consolidated accounts.

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 30 September 2020 £ million	Year ended 30 September 2019 £ million
Cash flows from operating activities			
Cash (used)/generated from operations (excluding dividends, interest and tax)	f	(20)	223
Interest received		39	36
Interest paid		(36)	(34)
Dividends received		30	15
Dividends paid		(174)	(233)
Tax paid		(5)	(7)
Net cash used by operating activities		(166)	–
Cash flow from investing activities			
Capital Contribution to subsidiaries		(20)	–
Loans to subsidiaries		(855)	–
Cash flow from investing activities		(875)	–
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		409	–
Proceeds from drawdown of bank loans and other borrowings		600	443
Movement in loans with subsidiary undertakings		–	(443)
Net cash generated from financing activities		1,009	–
Impact of FX		32	
Net movement in cash and cash equivalents		–	–
Cash and cash equivalents at beginning and end of year		–	–

NOTES TO THE COMPANY ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The significant accounting policies applied in the preparation of these Company accounts are the same as those set out in note 1 to the consolidated accounts with the addition of the following.

The accounts have been prepared on a going concern basis. As outlined on page 64, the occurrence of multiple downside potential risks, including cash collateralisation of unearned revenue by card acquirers and easyJet's ability to obtain additional funding represents a material uncertainty at 17 November 2020 that could cast significant doubt upon the Group's ability to continue as a going concern.

INVESTMENTS

Investments in subsidiaries are stated at cost, less any provision for impairment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

Estimates are required for assessing whether the Company's investment carrying values are impaired. This requires estimation of the investments 'value in use', which requires an assessment of the future cash flows which are expected to arise from the investments held in addition to applying other suitable assumptions. These assumptions primarily align to those disclosed in note 10 to the consolidated financial statements. This represents a critical accounting estimate for the Company.

B) INCOME STATEMENT AND STATEMENT OF TOTAL COMPREHENSIVE INCOME

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £35 million (2019: £35 million). Included in this amount are dividends received of £30 million (2019: £15 million), which are recognised when the right to receive payment is established.

The Company has eight employees at 30 September 2020 (2019: eight). These employees are the Non-Executive Directors of easyJet plc; their remuneration is paid by easyJet Airline Company Limited. The Executive Directors of easyJet plc are employed and paid by easyJet Airline Company Limited. Details of Directors' remuneration are disclosed in note 4 to the consolidated accounts and in the Directors' remuneration report on pages 108 to 127.

C) INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings were as follows:

	2020 £ million	2019 £ million
At 1 October	945	927
Capital contributions to subsidiaries	38	18
At 30 September	983	945

A cash contribution of £20 million was made to easyJet holidays in in the form of a capital contribution during the 2020 financial year. The remaining £18m (2019: £18 million) of additions relates to capital contributions in respect of share awards as explained in note a above.

A full list of Group companies are detailed below.

	Country of incorporation	Principal activity	Percentage of ordinary shares held
easyJet Airline Company Limited [2]	England and Wales	Airline operator	100
easyJet Switzerland S.A.[3]	Switzerland	Airline operator	49
easyJet Sterling Limited[1, 4]	Cayman Islands	Aircraft trading and leasing	100
easyJet Leasing Limited[1, 4]	Cayman Islands	Aircraft trading and leasing	100
easyJet UK Limited[2]	England and Wales	Airline operator	100
easyJet Europe Airline GmbH[6]	Austria	Airline operator	100
easyJet FinCo B.V.[5]	Netherlands	Financing company	100
easyJet HQ Holdings Limited[2]	England and Wales	Holding company	100
easyJet HQ Limited[2]	England and Wales	Development of building projects	100
easyJet HQ Development Limited[2]	England and Wales	Development of building projects	100
easyJet holidays Holdings Limited[2]	England and Wales	Holding company	100
easyJet holidays Limited[2]	England and Wales	Tour operator	100
easyJet holidays Transport Limited[2]	England and Wales	Air transport	100

1. Although these companies are Cayman Islands incorporated they have always been, and continue to be, UK tax resident.
2. Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF
3. 5 Route de l'Aeroport, Meyrin, CH-1215 Geneve 15, Switzerland
4. Governor's Square, West Bay Road, Lime Tree Bay Road, UNIT # 2-105 , PO Box 1982, Grand Cayman KY1-1104, Cayman Islands
5. Westerdoksdijk 423, 1013BX Amsterdam, Netherlands
6. Wagramer Stasse 19, 11.Stock IZD Tower, 1220 Wien, Austria.

C) INVESTMENTS IN SUBSIDIARY UNDERTAKINGS CONTINUED

The Company has a 49% interest in easyJet Switzerland S.A. with an option to acquire the remaining 51%. The option is automatically extended for a further year on a rolling basis, unless the option is terminated by written agreement prior to the automatic renewal date. easyJet Switzerland S.A. is a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the consolidated accounts on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a predetermined minimal consideration. The Company has 100% of voting rights for all other subsidiaries.

D) FINANCIAL INSTRUMENTS

In February 2016, easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a floating rate Sterling exposure.

In October 2016 easyJet plc issued €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.125%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure.

In June 2019 easyJet plc issued €500 million a bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a fixed rate Sterling exposure.

easyJet plc established a £3,000 million Euro Commercial Paper programme on 31 March 2020, with any paper issuances under this scheme being guaranteed by easyJet Airline Company Limited. Subsequently on 8 April 2020 easyJet plc issued a £600 million note under the UK government's Covid Commercial Financing Facility Scheme. The issuance was a zero coupon note with a maturity of 5 March 2021 and an effective interest rate of 0.49%.

For further details please refer to note 25 of the consolidated accounts.

E) BORROWINGS

At 30 September 2020	**Non-current £ million**	**Total £ million**
Eurobond	1,356	1,356
Commercial Paper (Covid Corporate Financing Facility)	600	600
	1,956	1,956

At 30 September 2019	Non-current £ million	Total £ million
Eurobond	1,324	1,324

F) RECONCILIATION OF PROFIT FOR THE YEAR TO CASH GENERATED FROM OPERATIONS

	2020 £ million	2019 £ million
Profit for the year	35	25
Adjustments for:		
Net finance and other similar income	(4)	(9)
Unrealised foreign exchange differences	(1)	(3)
Tax charge	–	2
Dividends received	(30)	(15)
Operating cash flows before movement in working capital	–	–
Changes in working capital:		
Increase in trade and other payables	12	–
(Decrease)/increase in amounts due from subsidiary undertakings	(4)	220
Increase in amounts due to subsidiary undertakings	–	1
(Decrease)/increase in derivative financial instruments	(28)	2
	(20)	223

G) GUARANTEES AND CONTINGENT LIABILITIES

The Company has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet Airline Company Limited, a subsidiary of the Company. The guarantee is required for that company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992.

The Company has issued a guarantee in favour of easyJet Airline Company Limited, a subsidiary undertaking, in relation to the processing of credit card transactions, and also in respect of hedging transactions carried out according to treasury policy.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited and easyJet Leasing Limited, both subsidiary undertakings, in respect of its contractual obligations to Airbus SAS in respect of the supply of Airbus 320 family aircraft.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited, a subsidiary undertaking, in respect of a $500 million revolving credit facility. The revolving credit facility was agreed during the year ended 30 September 2015, for a minimum of five years, This facility was fully drawn as at 30 September 2020. The facility is currently due to mature in February 2022.

On the 15 April 2020 the company guaranteed the contractual obligations of easyJet Airline Company Limited, a subsidiary undertaking, in respect of two term loan agreements entered into with separate counterparty banks for £200 million and $245 million respectively. Both term loans are due to mature in February 2022.

The Company has guaranteed the repayment of borrowings that financed the acquisition of aircraft by subsidiary undertakings. The Company has also guaranteed the payment obligations for the lease of aircraft by subsidiary undertakings.

The Company has guaranteed certain letters of credit issued on behalf of subsidiary undertakings.

easyJet plc has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet holidays Limited. The guarantee is required for easyJet holidays Limited to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992. easyJet plc has also issued guarantees in favour of easyJet holidays Holdings relating to processing of credit card transactions; hedging transactions in derivative financial instruments; and brand licence agreement with easyGroup Limited.

No amount is recognised on the Company statement of financial position in respect to any of these guarantees as it is not probable that there will be an outflow of resources.

H) RELATED PARTY TRANSACTIONS

Transactions with subsidiary undertakings, which principally relate to the provision of funding within the Group, are carried out on an arm's length basis. Outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured, and bear market rates of interest.

For full details of transactions and arrangements with easyJet's largest shareholder, see note 28 of the consolidated accounts.

FIVE-YEAR SUMMARY

	2020 £ million	2019 (as reported) £ million	2018[1] (restated) £ million	2017[2] (as reported) £ million	2016[2] (restated) £ million
Income statement					
Revenue	3,009	6,385	5,898	5,047	4,669
Total EBITDAR	(358)	970	839	709	770
Headline EBITDAR	(273)	970	961	733	764
Total operating (loss)/profit	(899)	466	463	404	510
Headline operating (loss)/profit	(777)	466	595	428	504
Total (loss)/profit before tax	(1,273)	430	445	385	507
Headline (loss)/profit before tax	(835)	427	578	408	494
Total (loss)/profit after tax	(1,079)	349	358	305	437
Headline (loss)/profit after tax	(725)	349	466	325	427
Basic total (loss)/earnings per share – pence	(264.9)	88.6	90.6	77.4	110.9
Basic headline (loss)/earnings per share – pence	(178.1)	88.7	118.3	82.5	108.4
Diluted total (loss)/earnings per share – pence	(264.9)	87.8	90.2	76.8	110.1
Diluted headline (loss)/earnings per share – pence	(178.1)	87.8	117.4	81.9	107.6
Ordinary dividend per share – pence	–	43.9	58.6	40.9	53.8
Statement of financial position					
Non-current assets	5,910	6,044	4,994	4,237	4,042
Current assets	2,563	2,119	1,999	1,734	1,442
Current liabilities	(3,826)	(2,668)	(2,060)	(1,670)	(1,569)
Non-current liabilities	(2,748)	(2,510)	(1,700)	(1,499)	(1,221)
Net assets	1,899	2,985	(3,233)	2,802	2,694
Net (debt)/cash					
Operating activities	(776)	761	961	663	387
Investing activities	23	(863)	(906)	(515)	(586)
Financing activities (excluding movements in borrowings and money market deposits)	(22)	(9)	(21)	(10)	(16)
Loan issue costs	–	6	(1)	6	1
Fair value and foreign exchange gains/(losses)	(66)	(86)	6	–	(8)
Movement in net (debt)/cash	(775)	(191)	39	144	(222)
Key performance indicators					
Headline return on capital employed	(19.9)%	11.4%	14.6%	11.9%	15.0%
Net (debt)/cash	(1,125)	(326)	396	357	213
Airline total (loss)/profit before tax per seat (£)	(22.66)	4.1	4.68	4.45	6.35
Airline headline (loss)profit before tax per seat (£)	(14.68)	4.07	6.07	4.71	6.18
Airline revenue per seat (£)	54.35	60.81	61.94	58.23	58.46
Airline total cost per seat (£)	(77.01)	56.71	57.26	53.78	52.11
Airline headline cost per seat (£)	(69.03)	56.74	55.87	53.52	52.28
Airline total cost per seat excluding fuel (£)	(63.92)	43.23	44.82	41.53	38.16
Airline headline cost per seat excluding fuel (£)	(55.94)	43.26	43.43	41.27	38.33
Seats flown (millions)	55.1	105.0	95.2	86.7	79.9

1. See note 1 to the 2019 financial statements for details of the change in accounting policy.

2. See note 1 to the 2017 financial statements for details of the change in accounting policy.

GLOSSARY

Aircraft dry/wet leasing	Payments to lessors under dry leasing arrangements relate solely to the provision of an aircraft. Payments to lessors under wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
Aircraft owned/leased at end of year	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average adjusted capital employed	The average of opening and closing capital employed.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
AOC	Air Operator Certificate.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average adjusted capital employed	The average of opening and closing capital employed.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capital employed	Shareholders' equity less net cash/debt.
Cash collateralisation	The process of pledging cash to serve as a lender's protection against a borrower's default.
Cost per ASK	Revenue less profit before tax, divided by available seat kilometres.
Cost per seat	Revenue less profit before tax, divided by seats flown.
Cost per seat, excluding fuel	Revenue, less profit before tax, plus fuel costs, divided by seats flown.
Customer Satisfaction Score (CSAT)	Customer's satisfaction score from a survey sent to all customers who have a live booking two days before flight date who experienced either an on-time, delayed, severely delayed or a cancelled flight.
EBITDAR	Earnings before interest, taxes, depreciation, amortisation and profit or loss on disposal of aircraft held for sale.
Gearing	Net cash/debt divided by the sum of shareholders' equity and adjusted net cash/debt.
Headline	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.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Net cash/debt	Total cash less borrowings and lease liabilities. (Cash includes money market deposits but excludes restricted cash).
Non-headline	Material non-recurring items or items which are not considered to be reflective of the trading performance of the business.
Normalised operating profit after tax	Reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year.
Operated aircraft utilisation	Average number of block hours per day per aircraft operated.
Other costs	Administrative and operational costs not reported elsewhere, including some employee costs, compensation paid to passengers, exchange gains and losses and the profit or loss on the disposal of property plant and equipment.
Other income	Includes insurance receipts, compensation and dividends received.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Profit before tax per seat	Profit before tax divided by seats flown.
Revenue	The sum of passenger revenue and ancillary revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
Return on capital employed (ROCE)	Operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight

SHAREHOLDER INFORMATION

MANAGING YOUR SHARES AND SHAREHOLDER COMMUNICATION

The Company's share register is maintained by our registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed below:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0371 384 2577*
Telephone (outside UK): +44 121 415 7047
Online: help.shareview.co.uk
Website: www.equiniti.com

Lines are open Monday to Friday 8.30am to 5.30pm, excluding bank holidays.

Shareholders can manage their holdings online or elect to receive shareholder documentation/communication in electronic form by registering at www.shareview.co.uk. Some of the benefits of having a Shareview portfolio are:

- track share price and recent performance
- view and manage all of your shareholdings in one place
- buy and sell shares instantly online with the share dealing service
- find comprehensive shareholder information and forms
- update your records following a change of address
- have dividends paid into your bank account
- vote in advance of Company general meetings.

Shareholders who have elected to receive electronic communication but require a paper copy of any of the Company's shareholder documentation, or wish to change their instructions, should contact Equiniti directly using one of the methods listed above.

ANNUAL GENERAL MEETING

The next Annual General Meeting (AGM) will be held on 23 December 2020. The Notice convening the AGM will be available for download from the Company's corporate website at http://corporate.easyjet.com/

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

COMPANY'S REGISTERED OFFICE

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London Luton Airport
Luton
Bedfordshire
LU2 9PF
Telephone: 01582 525019
Registered in England & Wales under number 03959649

CORPORATE WEBSITE

You can access the Company's corporate website at http://corporate.easyjet.com/. The corporate website provides useful information including annual reports, results announcements and share price data, as well as background information about the Company and current issues. Shareholders are encouraged to sign up to receive email notification of results and press announcements as they are released by registering at http://corporate.easyjet.com/investors

SHARE PRICE INFORMATION

Details of our share price data and other share price tools are available at corporate.easyjet.com/investors.

DIVIDENDS

Dividends can be paid quickly and securely directly into your bank account instead of being dispatched to you by cheque. You may also choose to have your dividends reinvested in further shares of the Company through our Dividend Reinvestment Plan (DRIP) (terms and conditions apply). To arrange either of these options, simply call Equiniti on the number provided. Alternatively, you can manage your dividend payment choices by registering with Shareview at www.shareview.co.uk.

SHARE GIFT

Shareholders who only have a small number of shares whose valuation makes it uneconomic to sell them may wish to consider donating them to charity through ShareGift, the independent charity share donation scheme (registered charity no. 1052686). Further information may be obtained from ShareGift on 0207 930 3737 or at sharegift.org

SHAREHOLDER FRAUD

Fraud is on the increase and many shareholders are targeted every year. If you have any reason to believe that you may have been the target of a fraud, or attempted fraud in relation to your shareholding, please contact Equiniti immediately.

MIX
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THANK YOU

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