easyJet plc

FAST TRACK THE RECOVERY

Annual Report and Accounts 2021

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**

Navigating 2021

The 2021 financial year has been volatile with Covid-19 posing the most significant threat to the aviation industry in its history.

Our business model and actions undertaken in the year mean that we are poised to take advantage of growth opportunities in the future.

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 were the world's first major airline to offset the carbon emissions from the fuel used for all flights and we continue to work tirelessly to minimise carbon across our operations.

VISIT OUR WEBSITE FOR MORE INVESTOR INFORMATION

https://corporate.easyJet.com/investors

A Tribute from the Board of Directors

John Barton

Shortly after the signing of the annual report and accounts on 30 November 2021, John Barton sadly passed away. John was our Chairman for nearly nine years, and only stepped down from the Board on 1 December.

John was a man of great integrity who was very much respected and liked by everyone across the Company. He was a distinguished Chair and made an outstanding contribution to the Company during his tenure.

On behalf of all of his former colleagues at easyJet and the Board, we send our heartfelt sympathies to John's family.

He will be remembered with greatest respect and admiration.

6 December 2021

What's inside

Strategic report

Governance

Financials

POSITIONED FOR SUCCESS

The pandemic continued to cast a shadow over the whole aviation sector throughout the 2021 financial year with easyJet being unable to operate its fleet to anywhere near its full potential. This has put the whole company under considerable stress both operationally and financially.

Operationally we have continued to put a disciplined focus on cash generative flying, which has made running the flight schedule extremely challenging and clearly has had some impact on our customers. Financially we continued, in the early part of the year, to raise money through sale and leaseback deals on our largely owned fleet and increased borrowings. Of course, this put everyone in the business under pressure, added to which the necessary redundancy programme has made navigating our way through the year very challenging.

Despite these difficult times easyJet has maintained focus on preparing for post-pandemic conditions and driving the business forward.

Results

The continued restrictions on travel imposed by governments in response to Covid-19 have had a devastating impact on air travel. Our focus has been on cash generative flying to minimise cash burn while there was continued uncertainty due to the constantly changing environment. Travel restrictions were eased across much of Europe for the summer period where easyJet successfully maintained a rapid approach to match capacity to available demand, especially across UK domestics and mainland Europe.

The relaxation of restrictions in the fourth quarter was positive for easyJet, showing that the industry is moving forward and that easyJet is playing a significant role in this, with encouraging capacity levels and positive load factor momentum throughout the summer period. Capacity levels versus the 2019 financial year in the quarters were 18%, 9%, 17% and 58% which demonstrates the momentum building in the fourth quarter.

Revenue for the full year decreased to £1,458 million (2020: £3,009 million). The Group reported a headline loss before tax of £1,136 million (2020: £835 million) and basic headline loss per share of 166.9 pence (2020: 149.7 pence). Total loss before tax of £1,036 million (2020: £1,273 million) and a non-headline gain of £100 million (2019: £438 million loss) led to basic total loss per share of 159.0 pence (2020: 222.9 pence).

Dividends

easyJet's dividend policy has been to pay shareholders 50% of headline profit after tax. Given that we made a loss this year, there will be no dividend paid for the 2021 financial year (2020: nil). The dividend policy will be reviewed by the Board during the 2022 financial year.

Balance Sheet

As we went through the first part of the year, the balance sheet came under pressure as we borrowed a significant amount. Despite this, we managed to maintain an investment grade balance sheet with the ratings agencies. The rights issue in September considerably reduced this pressure, although not returning us all the way back to our position pre-pandemic. The rights issue had a take up rate of over 93% which is an indication of the market's confidence in the financial strength of the Company.

> "Our strong business model, liquidity and unparalleled network mean we are well positioned for growth as we enter the recovery."
>
> **John Barton**
> Non-Executive Chairman

Our Board

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

Following a thorough search led by the Nominations Committee, Stephen Hester joined us as an Independent Non-Executive Director and Chair designate on 1 September 2021 and will succeed me as Chair on 1 December 2021. This will therefore be my last report as your Chair, having served for nearly nine years on the Board. It has been a privilege to serve as Chair over that time, and I am proud of how easyJet has not only navigated through the pandemic but has adapted and built back stronger leaving it extremely well positioned for the future. I am delighted to handover to someone of Stephen Hester's calibre, and have been working closely with him to ensure that there is a smooth transition.

Further details of these changes are included in the Governance report on page 96.

Our people

No praise can be high enough for our employees. They have navigated us through the most difficult period the aviation industry has ever seen. The pressure has been at every level in the company and I am extremely grateful for the hard work and dedication all of our employees have given to easyJet.

There have also been a number of changes to the Airline Management Board. As mentioned above, we welcomed Kenton Jarvis as Chief Financial Officer, Stuart Birrell was appointed as Chief Data & Information Officer on 9 November 2020 and Sophie Dekkers was appointed Chief Commercial Officer on 16 December 2020. The Governance report on pages 102 to 104 sets out further detail on their experience.

Sustainability

Our overall sustainability goal is to lead and challenge global aviation towards net zero emissions while positively impacting our communities and our people. We continue to lead on this, as we committed to joining the Race to Zero while continuing to work on our Net Zero pathway to 2050.

We were the world's first major airline to offset 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 aircraft – so we can play our part in reinventing aviation to be more sustainable in the future. I am pleased with the progress that I have seen during the year, for example, at Bristol where we achieved a 97% reduction in CO_2 emissions during our emissions-free turnaround trial.

The future

This is my last Annual Report before I hand over to Stephen Hester. I feel I am leaving easyJet is in a strong position having navigated some stormy waters. The future is still unclear with the aftermath of Covid-19 still with us, however I believe our unique and established position in the industry and our strong financials has put easyJet is a great position to drive strong shareholder returns in the future.

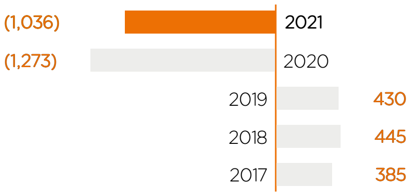
John Barton
Non-Executive Chairman

> “No praise can be high enough for our employees. They have navigated us through the most difficult period the aviation industry has ever seen.”

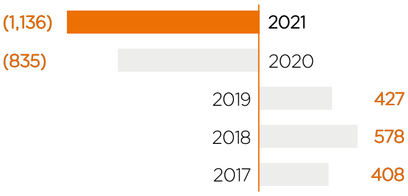
OUR PERFORMANCE...

Results have been heavily impacted by Covid-19 related lockdowns and government travel restrictions during the 2021 financial year.

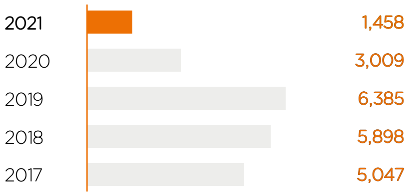
Total (loss)/profit before tax (£m)



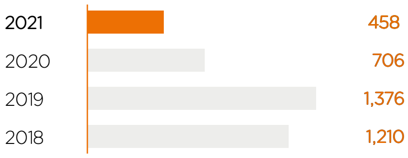
Headline (loss)/profit before tax (£m)



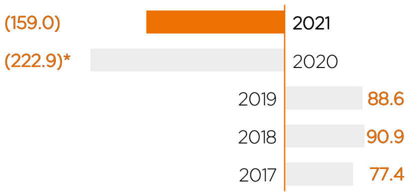
Total revenue (£m)



Total ancillary revenue (£m)

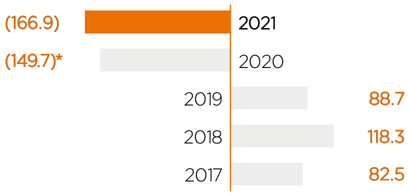


Basic total (loss)/earnings per share (pence)



*2020 figure restated due to 2021 rights issue

Basic headline (loss)/earnings per share (pence)



*2020 figure restated due to 2021 rights issue

Load factor

72.5%

2020: 87.2%

Seats flown

28.2m

2020: 55.1m

On-Time Performance

87%

2020: 84%

...AND OUR STRENGTHS

Unparalleled network

Number of primary airports where we hold a #1 or #2 position[1]

43

2020: 51

Routes operated[2]

927

2020: 981

Low-cost model

Increase in fuel efficiency of neo aircraft compared to previous generation aircraft[3]

15%

Cost savings[4,9]

£512m

2020: £73m

Robust balance sheet

Cash & money market deposits[2,5]

£3,536m

2020: £2,316m

Net debt[2,8]

£910m

2020: £1,125m

Customer loyalty

Number one airline brand in the UK, France & Switzerland[2,6]

no.1 or 2

Returning customers[4,7]

80%

2020: 87%

On-Time Performance (OTP)

Arrivals within 15 minutes

87%

2020: 84%

Customer satisfaction

Customer satisfaction score[2]

75%

2020: 75%

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1. As at 30 September 2021 fewer airports closed. Airports where easyJet is the number one or number two carrier based on short-haul capacity. 2020 has been restated
2. As at 30 September 2021
3. A320neo versus previous generation A320
4. In the year ended 30 September 2021
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. Within net debt, borrowings of £300 million and lease liabilities of £189 million are payable within one year
9. Incremental cost savings versus 2020, including sustainable and tactical management actions

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.

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

Strategic priorities

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

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

Network strategy

for more details please see page 19

Customer excellence

for more details please see page 20

Product portfolio evolution

for more details please see page 21

easyJet holidays

for more details please see page 21

Cost focus

for more details please see page 22

Sustainability

for more details please see page 23

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 were the world's first major airline to offset the carbon emissions from the fuel used for all our flights, and continue to work tirelessly to minimise carbon across our operations

- Offsetting the carbon emissions from fuel and operations
- Continuously reduce the carbon intensity of our flying
- Advocate smarter regulation for aviation that rewards carbon efficiency

Stimulating technological innovation

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

- Champion and collaborate to achieve our goal of zero emissions aviation
- 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

- easyJet holidays strategy to ensure positive impact on the environment and local communities
- Commit to waste and plastic reduction at easyJet and within our supply chain
- Engage our colleagues and our customers in our sustainability journey
- Diversity, Inclusion and Wellbeing Strategy
- Support charitable causes that are important to our customers and employees

Improving our underlying capability

We have continued to strengthen our organisation structures and expertise on sustainability. Initiatives include: expanding the Sustainability team; increasing the scope of ESG (Environmental, Social and Governance) reporting; development of an ISO 14001-compliant Environmental Management System; and additional oversight through committees and working groups, such as the Environmental Management Review Board.

for more details please see our Sustainability section on page 38

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 24

FAST TRACKING THE RECOVERY

Overview

It's too soon to say what impact Omicron may have on European travel and any restrictions that may result. However, we have prepared ourselves for periods of uncertainty such as this. While we've seen an increase in transfers with some softening of trading for the first quarter it is really encouraging to see that we are still seeing good levels of new bookings for the second half and we still expect that the fourth quarter of the 2022 financial year will see a return to near pre-pandemic levels of capacity as people take their long awaited summer holidays.

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

Having successfully strengthened the balance sheet, we are fast tracking strategic investment and growth opportunities to deliver strong, sustainable shareholder returns. This is demonstrated by slot increases at Gatwick as well as additional slots which we have obtained in Linate, Lisbon and Porto alongside the expansion of all seasonal bases in summer 2022. We will continue to focus on competing where it really matters, being relentlessly efficient and only investing where we can deliver strong, sustainable returns for our shareholders.

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

Demand is accelerating with key periods such as October half term, ski and Christmas seeing strong performance. We continue to add capacity and expect to fly circa 70% of the 2019 financial year capacity in the second quarter of the 2022 financial year and expect that the fourth quarter summer capacity will be at near the 2019 financial year levels. Customers will look for value as the economy recovers and short haul leisure demand will lead the recovery. easyJet will use its inherent strengths combined with the improvements made during the pandemic to grow throughout the recovery, which is already underway, and beyond.

Revenue

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

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

Ancillary revenue decreased by 35.1% to £458 million (2020: £706 million) as capacity reduced. However, ancillary revenue per seat increased by 20% to £15.06 (2020: £12.57) as we launched our new cabin bag proposition as well as our Standard Plus fare.

Costs

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

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

> **“easyJet is emerging from the pandemic with renewed strength having transformed the business by optimising our network and flexibility, delivering significant cost savings while also step-changing ancillary revenue.”**
>
> **Johan Lundgren**
> Chief Executive Officer

Non-Headline Items

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

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

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

Balance Sheet

easyJet maintained a disciplined approach to capacity and cash management. As a result, cash burn (on a fixed costs plus capex basis) during 2021 was £36 million per week on average, outperforming the guidance for £40 million per week.

easyJet paid a further £455 million of customer refunds during 2021 (2020: £863 million).

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

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

Liquidity of £4.4 billion (2020: £2.5 billion), represents material headroom compared to our revised liquidity policy being unearned revenue plus £500 million.

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

> “easyJet will use its inherent strengths combined with the improvements made during the pandemic to grow throughout the recovery.”

Fleet

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

Fleet as at 30 September 2021:

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

1. Includes the impact of Amendment to the purchase agreement with Airbus signed on 29 November 2021, which increased the number of firm future deliveries by 19, and reduced the number of purchase options by 14 and the number of purchase rights by 5.
2. easyJet retains the option to alter the aircraft type of future deliveries, subject to providing sufficient notification to the OEM.

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

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

Number of aircraft	FY 2022	FY 2023	FY 2024
Current contractual minimum	319	316	313
Base plan	322	–	–
Current contractual maximum	322	326	328
Expected deliveries	8	7	18

Capital Expenditure

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

	FY22	FY23	FY24
Gross capital expenditure (£ million)	c.900	c.1,000	c.1,300

Capex in the 2022 financial year is comprised of new Airbus fleet delivery payments, safety and maintenance-related expenditure as well as lease payments. Our capex projections assume eight aircraft deliveries in the 2022 financial year, seven deliveries in the 2023 financial year and 18 deliveries in the 2024 financial year.

Our People

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

The 2021 financial year has had a significant impact on our entire workforce and the pandemic has changed the way in which we support Our People. Some of the key changes and successes delivered include:

1. Constructively worked in partnership with our employee representative bodies across Europe to avoid compulsory redundancies in most markets.
    - We have driven changes to right-size our crew establishment, having implemented agreements to improve our seasonality, reduce our crew costs (e.g. through changed contracts and pay-freezes) and improve productivity across our network. Whilst we have protected jobs where we see future growth and avoided expensive compulsory redundancy costs in most markets, the changes delivered will continue to support our focus on productivity in the future.
    - We've worked with local governments and union partners in order to claim £134 million in furlough support.
    - Prioritised growth in Spain and Portugal to give transfer opportunities for Our People who are at risk in other geographies.
2. Delivered hybrid working in a safe and secure way.
    - Implemented biosecurity standards and initiatives to be aligned with those implemented for our customers and ensured a safe working environment for all.
    - Successfully implemented our new hybrid working model across our network. Over 84% of our affected employees feel positive about our approach to hybrid working.
3. Set a platform for enhanced employee experience and improved our wellbeing and support
    - Undertook multiple 'You Matter' campaigns to support the wellbeing of our people across the network.
    - Implemented and refreshed a number of core employment policies e.g. Bullying and Harassment, Wellness and Absence in addition to providing training for people managers over these policies.
    - Completed our payroll project (HR Evolution) delivering 98% pay accuracy throughout the network. We continue to invest in building out capability in Workday (our HR software) to support employee self-service.

EU Ownership

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

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

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

Outlook

Based on current travel restrictions in the markets in which we operate, easyJet expects to fly circa 66% of the 2019 financial year capacity levels in the first quarter of the 2022 financial year with load factors expected to be circa 81%. The second quarter of the 2022 financial year capacity is expected to be circa 70% of the second quarter of the 2019 financial year levels.

easyJet has been ramping up capacity as customer confidence returns and current expectations are that the fourth quarter of the 2022 financial year capacity will have recovered to around the fourth quarter of the 2019 financial year capacity levels.

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

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

> **“We see a unique opportunity for easyJet to win customers and take market share from rivals in this post pandemic period.”**

OUR STRONG FOUNDATION

OUR RESOURCES

Financial capital

easyJet has a strong capital base, with a market capitalisation of £5.0 billion[1] and a net debt position of £910 million at 30 September 2021 (2020: £1,125 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 59% 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.

308
Aircraft[4]
2020: 342

People

easyJet has a highly skilled workforce of over 13,000 people across Europe, including over 4,000 pilots and 7,000 cabin crew members.[4]

OVER
13,000
Employees[4]
2020: >14,000

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.

42
Average payment days
2020: 52

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.

86%
Capacity at slot-constrained airports[6]
2020: 89%

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 dynamic seat pricing.

290m
Visits to all digital platforms
2020: 510m

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1. Based on share price of £6.62 at 30 September 2021
2. 15% fuel-saving per seat A320neo versus previous generation A320
3. Around 50% quieter on take-off and landing than previous-generation aircraft
4. As at 30 September 2021
5. Air Operator Certificates
6. Based on level 2 and level 3 airports as updated by IATA on 21 October 2021 and defined under IATA Worldwide Slot Guidelines as at 1 June 2020

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

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 one of the largest airlines in the world, with 308 aircraft and 20 million customers across 34 countries and 153 airports.

easyJet holidays was launched in 2019 in order to offer holiday packages which encourage the 84% of customers travelling on leisure to spend more with us, rather than book accommodation elsewhere.

Airports[1]

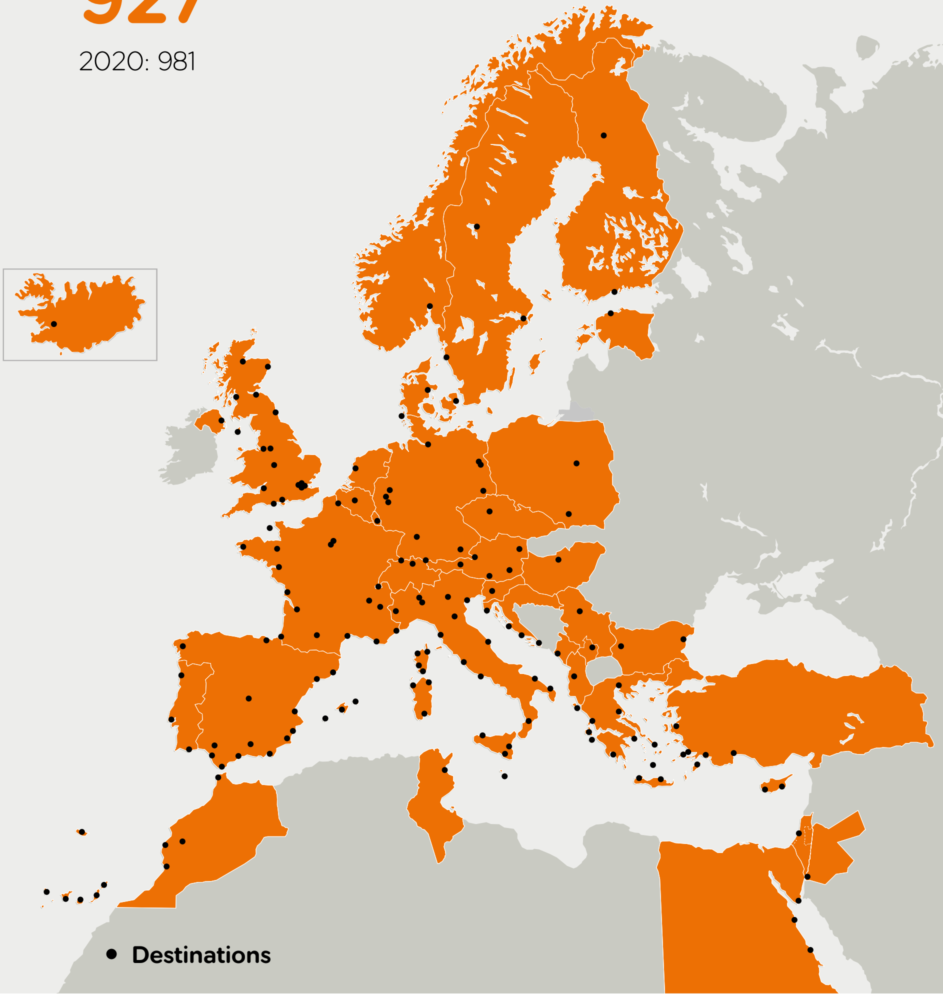
153

2020: 154

Routes[1]

927

2020: 981



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 easyJet holidays offering has been tailored to the needs of the 'easyJet generation'.

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1. As at 30 September 2021

LEADING FROM THE TOP

Stephen Hester*

Chair Designate

Q&A with Stephen Hester

What attracted you to the role of Chair of easyJet?

SH I have been an admirer of easyJet for many years, both from a business perspective and as a customer. The brand and customer delivery is exceptionally strong, and I was attracted by both the strength of the management team and the potential there is to deliver value to all our stakeholders.

What have you learnt about the business since joining?

SH I've been impressed with the passion, energy and commitment from the many colleagues I have been able to meet so far. Johan and his team have done really well navigating the uncertainties of the pandemic, and positioning the Company well for the future. While it has been a turbulent and difficult 18 months, the "orange spirit" is remarkable and their dedication to serving our customers is impressive.

What are the things you think easyJet needs to focus on in future?

SH I see so many opportunities for our iconic company in the coming years. We have a proven business model, unrivalled network and loyal customer base – we need to capitalise on these competitive advantages. Our rights issue will allow us to take advantage of strategic investment and growth opportunities. But the key task is to create strong shareholder value which has inevitably suffered during Covid-19 times. My job is to lead the Board and support management to successfully operate easyJet as a "best in class" company in the years ahead.

What are you most excited about?

SH I am convinced we can be structural winners in the rapidly evolving European airline industry, serving customers well and delivering attractive shareholder value. I'm excited to get started on the post-pandemic recovery journey.

> **"My job is to lead the Board and support management to successfully operate easyJet as a "best in class" company in the years ahead."**
>
> **Stephen Hester**
> Chair Designate

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* Stephen Hester joined the Board on 1 September 2021, and will succeed John Barton as Chair on 1 December 2021

> “We are emerging from the financial year with renewed strength having transformed the business by optimising our network and delivering significant structural cost savings while also step-changing ancillary revenue.”

Johan Lundgren
Chief Executive Officer

Johan Lundgren
Chief Executive Officer

Q&A with Johan Lundgren

How do you see easyJet emerging from the 2021 financial year?

JL We are emerging from the financial year with renewed strength having transformed the business by optimising our network and delivering significant structural cost savings while also step-changing ancillary revenue. These initiatives alongside our strong, investment grade balance sheet provide easyJet with a platform to fast track our growth and deliver strong shareholder returns.

Where do you see easyJet when looking forward?

JL There are still challenges ahead with the pandemic still being with us, however easyJet has ambitious plans for profitable growth. We are expanding our leadership positions at key bases such as Gatwick and Milan with additional slots and aircraft for summer 2022. This is underpinned by having more than 120 aircraft on order with a further 57 purchase options and rights confirmed to further build on this in the years to come.

What actions are we taking for a sustainable future?

JL We continue to lead the industry with our testing of Sustainable Aviation Fuel (SAF) flying and conducting zero emission turnarounds at Bristol airport. We also have joined the Race to Zero backed by the UN and we are progressing our pathway to Net Zero by 2050.

Kenton Jarvis
Chief Financial Officer

Q&A with Kenton Jarvis

Why was £1.2 billion the right size of equity raise?

KJ I led a detailed review of our capital structure when I arrived at easyJet in order to assess the Group's long term capital and liquidity needs. Based on this review the Board concluded that £1.2 billion was the optimal size to raise from both a defensive perspective, to provide financial resilience from further downside risk, and from an offensive perspective, positioning the Group to take advantage of long term strategic opportunities.

Why was now the right time to be raising equity?

KJ I am confident that the rights issue was the best course of action and formed part of a prudent and proactive capital structure management policy to optimise our balance sheet, accelerate the Group's recovery from the pandemic and enhance our long term strategic position.

What is easyJet's cost base coming out of the pandemic?

KJ Our actions taken to navigate the pandemic have resulted in increased debt levels which will in turn drive additional ownership costs going forward from increased borrowings, as well as depreciation and interest charges from the sale and leaseback transactions. Industry wide, we are seeing airport and navigation charges rising as we see third parties recover their losses from the pandemic. However, we have taken action to make structural cost savings to help partially offset these, through implementing seasonal contracts for our crew and insourcing maintenance at a number of our bases.

OUR MARKET DRIVERS

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.

During the pandemic, demand has primarily been driven by the imposition of travel restrictions and the uncertainty related to those restrictions.

As we move from the pandemic-impacted environment into a more normal travel environment we anticipate a short term rapid recovery driven by a combination of pent up demand before reverting to a longer term trajectory driven by economic growth.

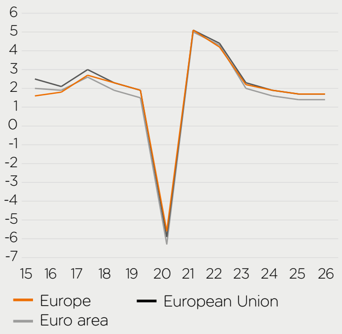
Accumulated savings, before reverting to a longer term trajectory which will be driven by economic growth. Business demand will be slower to recover, and while there will be structural changes, we expect the majority of business purpose traffic to return over time.

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.

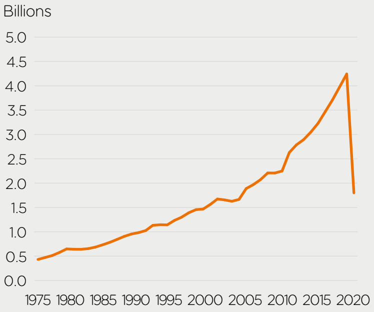
Real GDP growth

(Annual % change)



Global air traffic

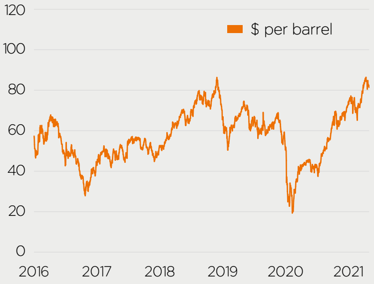
Transport Passengers, globally, 1975-2020



Fuel

Fuel is one of the biggest costs which airlines face and one of the most volatile. Fuel represented 24% of easyJet's headline cost base for the pre-Covid-19 2019 financial year. The ICE Brent crude oil spot price has risen from pre-Covid-19 2019 financial year price of $66 to $79 per barrel at the end of the 2021 financial year. The price of jet fuel is strongly correlated with the price of crude oil.

Brent price



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 enabled 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 has continued its fuel hedging programme throughout the year at reduced levels due to the uncertainty in exposures.

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

Environmental and social

Sustainability, in particular the carbon emissions from flights and the contribution to climate change, is a significant issue for the aviation industry.

According to research by Kantar Public across six European countries in September 2021, 78% of European consumers consider climate change a very serious problem.

- Individual airlines, airports and industry groups have set net zero targets for 2050.
- Aerospace companies are developing new technologies which could in the future help to decarbonise aviation.
- Governments across Europe are considering the policy measures that will be needed to meet their own net zero targets.

- In November 2021 we joined the Race to Zero and committed to setting an interim science-based target for 2035 and a net zero pathway to 2050.
- easyJet was the first major airline worldwide to offset the carbon emissions from the fuel used for all our flights, and we currently remain the only major airline in Europe to do so.
- Our full Sustainability Strategy and further detail is available in the Sustainability chapter on page 38.

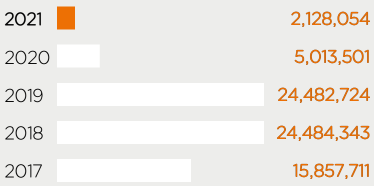
On-Time Performance and airspace management

European airspace remains a challenging environment, with a lack of air traffic resources, capacity constraints and cost cutting measures across the network.

As Europe shows signs of recovery, airline schedule instability, unexpected demand increase and system upgrades will present additional challenges moving forward.

To mitigate the capacity constraints as we return to pre-Covid-19 levels, Eurocontrol continues to re-design the airspace infrastructure with the intent to create a more efficient and sustainable network.

Delay minutes



- Air traffic control delays cause a number of issues from additional flying time and airport congestion to inefficient flight planning.
- This leads to increased fuel burn, increased cost and delays for our customers.

- easyJet has taken a number of steps to mitigate the impact of ATC (Air Traffic Control) delay by using data and maintaining a collaborative relationship with Eurocontrol.
- Disruption costs over the year have been low, but our historical Operational Resilience programme, and tools such as our Self-Service Disruption Management (SSDM) tool, have set us up well as the industry returns to full capacity.

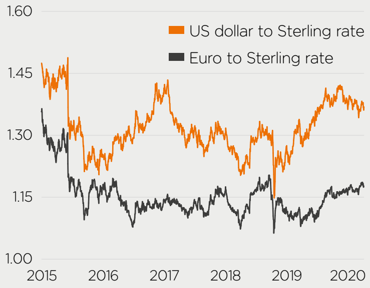
Foreign exchange

easyJet is exposed to foreign exchange rate movements, mainly resulting from Euro revenues and US dollar costs, translated into the Sterling functional currency.

Sterling has strengthened during the year against both the Euro and US dollar as risk sentiment recovered from the earlier months of the pandemic and the market anticipated UK rate hikes in the 2022 financial year. This has a favourable impact on US denominated costs for the airline (predominantly fuel, leases and maintenance) and an adverse impact on Euro revenues when translated into Sterling.

GBP/USD and GBP/EURO

exchange rates over 5 years



- See page 68 for details of the impact.

- easyJet has continued its US dollar hedging programme throughout the year at reduced levels due to the uncertainty in exposures. Foreign currency revenues have been netted against costs to manage risk. No additional revenue hedging was executed in the year.

OUR STRATEGY

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

Network strategy

Network positions

easyJet has a strong network of leading number one and number two positions in primary airports, which have proven to be amongst the highest yielding in the market. This enables us to be efficient with our network choices, with an emphasis on maximising returns. We have decisively reallocated 43 aircraft to higher returning bases highlighting the strength of our network These capital reallocations focused on markets where easyJet is strong, driving confidence in delivering higher returns.

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

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

To better capture summer leisure demand, easyJet opened seasonal bases in Malaga and Faro on 1 June 2021, adding to Palma which was already an existing seasonal base. All three seasonal bases are expanding with additional aircraft for summer 22 being added. Our destination-based fleet, also including Barcelona, is now increasing from 9 in the 2019 financial year to 21 in the 2022 financial year. These bases operate leisure routes with aircraft at the destination airport instead of at the source market. This allows easyJet to manage seasonal demand profiles while reducing our fixed cost base over winter. This approach provides the flexibility to shift capacity across multiple source markets at short notice without impacting our people.

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

Our focused network strategy can be summarised as follows:

1. Lead in our core markets

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

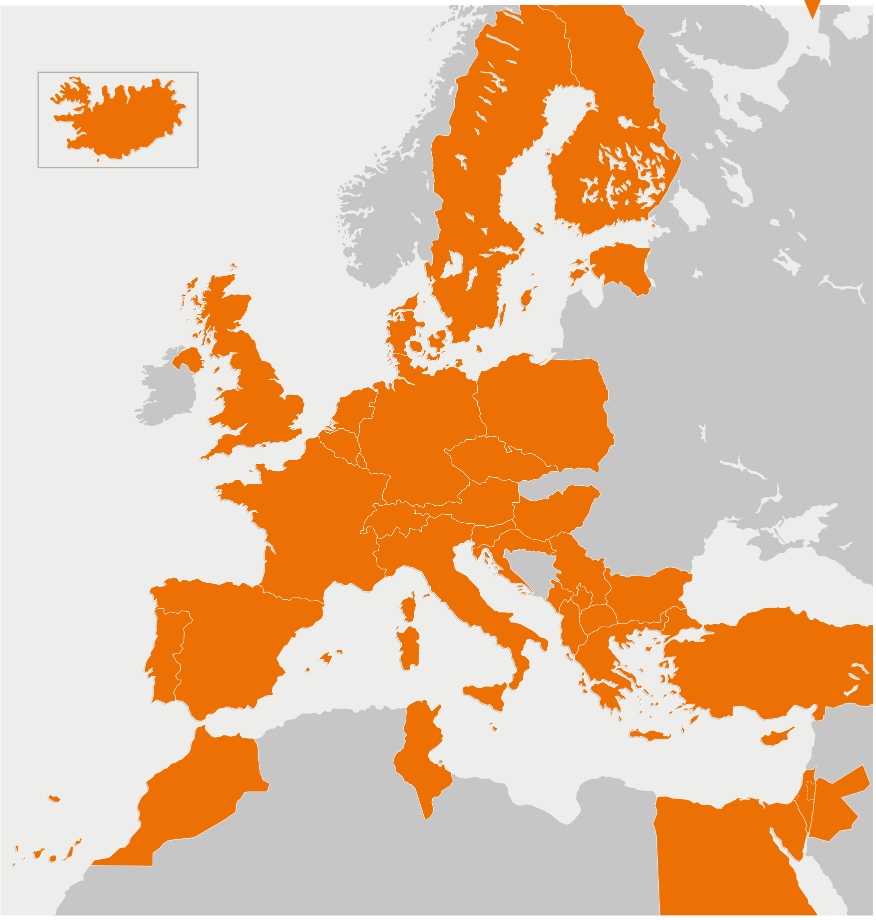
2. Accelerate investment in Destination Leaders

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

3. Build our network in Focus Cities

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

The scale and flexibility of our network will continue to provide us with opportunities



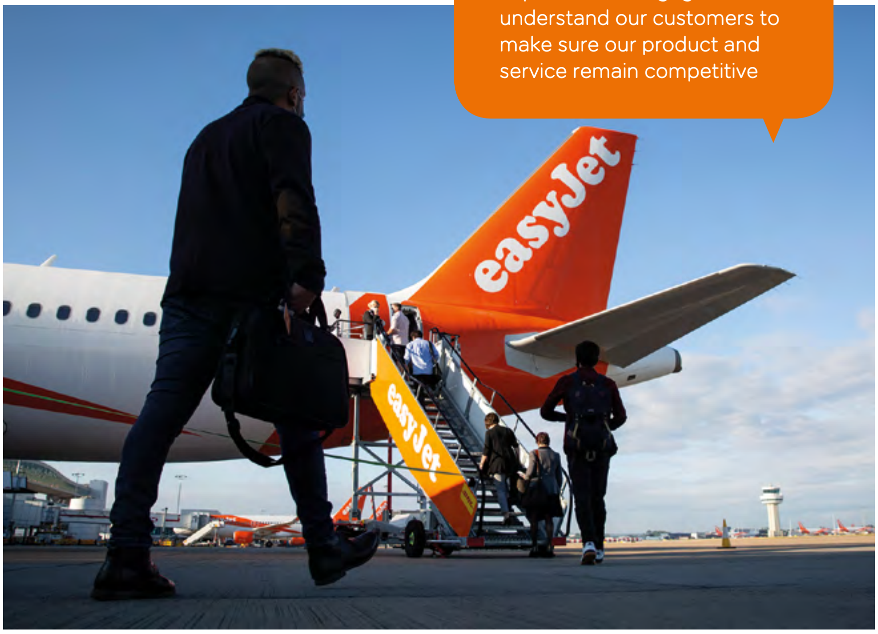
Customer excellence

Customer Excellence

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

- **Prior to travel** – our 'direct is best' strategy is led by our digital channels, with an app/mobile-first mindset. Initiatives include optimising our web booking interface; driving app usage and improving the overall experience; enhancing self-service booking management such as changing passenger details or baggage booking; improving online redemption management such as vouchers; developing full pre-order capability for retail onboard; and payments innovation. To help our customers navigate through Covid-19 travel rules, we launched the Covid-19 Travel Hub in nine languages, providing a one stop shop for all information customers require to prepare for travel, including easy access to Covid-19 tests at negotiated rates.
- **In airport** – moving customers from kerb to aircraft without the need for human interaction. This involves improving boarding in order to improve CSAT and reduce queuing, which our new cabin bag policy is helping with. Streamlining the bag drop and boarding experience, building a model customer journey at Gatwick to roll out to other airports, and pushing for virtual solutions is enhancing the customer experience across our airports.
- **In flight** – our warm welcome and personal service to get you to your destination on time. We are committed to improving On-Time Performance (OTP) – on time, every time. This is done by managing suppliers, empowering crew, implementing pre-tactical and strategic ATC planning, carrying out base operating reviews, building a customer-level data view to enable targeted offers such as inflight retail and reviewing the CRM lifecycle for more relevant customer engagement.
- **Support** – we aim to give customers the digital tools to easily self-serve when things do not go to plan, or to engage after their flight. As part of this initiative we have delivered an enhanced Self-Service Disruption Management (SSDM) tool to let customers quickly self-serve in disruption and we introduced chatbot capability allowing customers to receive concise information on biosecurity measures, refunds, vouchers and travel restrictions without having to speak to a customer service agent. We launched a new social media strategy, offering more channels for our customers to contact us, while increasing their engagement with us through more relevant and inspiring content.

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



Actions delivered as part of our customer excellence initiative include:

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

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

75%

Our customer satisfaction score for the year is higher than in the 2019 pre-pandemic financial year

In the 2021 financial year, On-Time Performance increased by 3 percentage points to 87%. This reflects the strides we are taking towards leaving 'on time, every time'. This is crucially important for our operational efficiency, as well as customer satisfaction.

OTP % arrivals within 15 minutes[7]	Q1	Q2	Q3	Q4	FY
2021 Network	94%	91%	91%	84%	87%
2020 Network	80%	82%	83%	94%	84%

Product portfolio evolution

Product Portfolio Evolution

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

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

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

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

easyJet holidays

easyJet holidays

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

easyJet holidays bookings are underpinned by an industry leading 'Protection Promise' which has meant that the Group has been able to retain over 60% of customers whose holidays were affected by the Covid-19 pandemic in the 2021 financial year. easyJet holidays also offsets the carbon emissions directly associated with its holidays—the fuel used from flights and transfers, plus the energy from hotel stays.

We enjoy strong partnerships with leading hotels without the need for financial commitments or inventory risk. 63% of bookings are with directly contracted hotels and during the 2021 financial year, the Group signed over 40 additional flagship beach hotels which were previously under exclusive contracts with competitors. This further optimises the easyJet holidays' portfolio, whilst also establishing connectivity with some of the world's largest hotel chains including Hilton, Accor, Radisson and Intercontinental Hotel Group to improve the range of our cities offering.

Reflecting the strength of the easyJet holidays business model and the significant opportunities to grow market share, the Group sees a clear roadmap to easyJet holidays contributing annual profit before tax in excess of £100 million. Our holidays business has a highly scalable business model based on low fixed costs (96% variable[1]) with strong margins and a digital platform which will provide a base for growth.

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1. Based on normalised volumes

Cost focus

easyJet has delivered £512 million of cost savings in the 2021 financial year, with almost half being sustainable. These cost savings help mitigate some of our cost headwinds. Savings have been delivered across every cost line. As part of our continued cost challenge we are identifying further sustainable savings to strengthen our competitive advantage.

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

- Reducing the number of full-time equivalent (FTE) crew per aircraft in all bases (excluding Italy at this stage) for our summer 2021 flying programme. This has enabled significant improvements in our crew ratios and productivity in preparation for our return to flying
- Minimised redundancy costs by agreeing innovative part-time and seasonal contracts with our unions. This improves productivity on a sustainable basis and allows the capacity to grow if required, without needing to hire new people
- Re-balancing of the number of seasonal contracts we have across the network
- Reductions in base pay in some of our higher-cost jurisdictions, with easements in rostering rules also being agreed and two-year pay freeze agreements in most jurisdictions
- These measures have reduced our overall cost of crew whilst addressing structural and productivity challenges with our old crew model. They have also enabled the investment in seasonal bases in Faro and Malaga which opened during the 2021 financial year alongside our existing seasonal base in Palma, continuing to improve efficiency at a lower cost base.
- Airports and ground handling costs represent a major part of our cost base and have been a particular focus. We continue negotiations with airports across our network, to secure the best long term deals. We have reviewed ground handling costs on a line-by-line basis and renegotiated 132 major ground handling contracts, with permanent savings achieved in Ground Operations and Customer Management Centres. New contracts focus on driving safety and OTP while reducing costs. We have achieved a 25% reduction in call centre costs with new contracts to 2027 and improved customer service.
- easyJet outsources the majority of heavy maintenance where it is cost effective. We have extended our contract with Lufthansa Technik to 2025 and with SRT Malta to 2023, delivering cost savings and simpler work packages. We have also extended our low-cost engine shop visit contract out to 2023 and concluded a cost-effective deal on Leap engines and ongoing support. Our components deal has been extended to 2027 with additional cost savings and a Milan parts hub. We have worked closely with Airbus to create more efficient 6- and 12-year checks. We have completed insourcing of line maintenance in Berlin, Glasgow, Edinburgh and Bristol, which has delivered cost savings and higher quality. All line maintenance at Gatwick is now done in-house, with the addition of a completed third hangar bay in March 2021.

£512 million

cost savings delivered the 2021 financial year, of which almost half are sustainable

132 major ground handling contracts have been renegotiated

Sustainability

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

There has been significant progress made during 2021, demonstrated by our first ever SAF flight at London Gatwick, using a 30% blend flight taking off on 19 October 2021. A SAF blend was then used on all flights operating from Gatwick to Glasgow throughout COP26. During the year we have also conducted an emission free turnaround trial at Bristol airport where we saw a 97% reduction in CO_2 emissions using electric powered ground equipment instead of diesel.

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

- **Tackling carbon emissions:** We were the world's first major airline to offset the carbon emissions from the fuel used on all our flights across our entire network, and we continue to work tirelessly to minimise carbon emissions across our operations. We continue to operate a fleet of modern, fuel efficient aircraft and are always looking for more ways to be fuel efficient and emit less carbon. Customer awareness of our carbon offsetting, based on customers who have flown within the past 12 months, was 51%, compared to 45% in the 2020 financial year, and the positive difference in overall satisfaction between customers who were aware and not aware was 6.3 percentage points. easyJet holidays was also the first major holiday company to offset the carbon emissions directly associated with its holidays – the fuel from flights and transfers plus the energy from hotel stays.
- **Stimulating carbon innovation:** We are supporting the development of new technologies to stimulate the decarbonisation of aviation as quickly as possible. Offsetting can only be an interim solution, while zero emissions technology is developed. We are collaborating with several industry leaders to support technological step change: Wright Electric in their development of 'Wright 1' and a strategic partnership with Airbus in their ambition to develop a zero emission commercial aircraft by 2035. We are excited to see the growing momentum behind novel propulsion technologies, including hybrid-electric, hydrogen fuel-cell and hydrogen combustion. There is significant potential for these technologies, particularly on short-haul networks such as our own.
- **Going beyond carbon:** We are constantly looking for more ways to take action outside of carbon reductions including reducing the amount of plastic used on our services and having crew and pilot uniforms made from recycled plastic. By the end of the 2021 financial year we had already removed over 36 million individual items of plastic from our inflight retail. We are also aiming to reduce waste and plastic within our supply chain. We are implementing a ISO14001-compliant Environmental Management System, and can champion sustainability. We are particularly pleased that easyJet's long term work with our charity partner Unicef, who we have supported through on-board collections since 2012, is continuing by funding COVAX global vaccinations – with Unicef's aim being to deliver 2 billion vaccines by the end of 2021. Hundreds of easyJet crew members have volunteered to help at vaccination centres across Europe, with many of them having trained to deliver the vaccines.

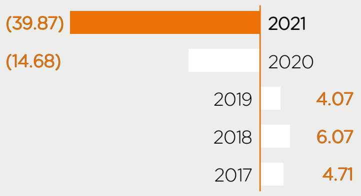
9 million

individual items of plastic removed from inflight retail in the 2021 financial year

We were the world's first major airline to offset the carbon emissions from the fuel used on all our flights across our entire network

MEASURING OUR PERFORMANCE

Headline (loss)/profit before tax per seat (£)



Per seat metrics are for the Airline business only.

Why it is important

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

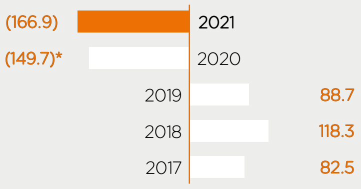
What we measure

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

How we performed

Headline loss before tax per seat was £39.87 (2020: £14.68 loss). Revenue per seat decreased primarily due to a full year impact of Covid-19, with sustained softness in macro-level demand as customers' confidence and ability to travel have been impacted by fluctuating infection rates across the UK and Europe, resulting in local and national lockdowns and frequent changes in travel restrictions and travel advice. 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)



* 2020 restated due to impact of the 2021 rights issue.

Why it is important

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

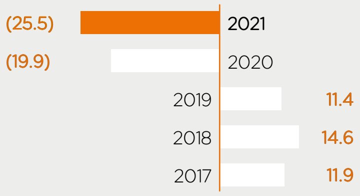
What we measure

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 166.9 pence (2020: 149.7 pence loss per share*), driven by the loss in the year. Total loss per share was 159.0 pence (2020: 222.9 pence loss per share*). Both 2020 figures have been restated due to the rights issue in 2021.

Headline (loss)/return on capital employed (%)



2018 as restated, headline 2017-2018 pre IFRS 16, normalised operating profit after tax divided by average adjusted capital employed. 2019-2021 post IFRS 16.

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 worsened to (25.5%) (2020: (19.9%)) driven by the headline loss recognised in the year. Total ROCE improved to (22.4%) (2020: (23.0%)), a smaller decline impacted by non-headline sale and leaseback gains and restructuring provision releases.

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

Customer satisfaction (%)

Revised calculations in 2019, 2017-2018 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%, no change from the 2020 performance. Our continued focus on customers, the reduced congestion of European airspace, and our customer positive reaction to our Covid-19 safety policies have contributed to the performance.

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 87% (2020: 84%). This has been driven by a full year reduction in congestion of European airspace, as well as our strong operational performance.

CO_2 emissions per passenger kilometre

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 to 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 2021 our carbon emissions per passenger kilometre were 81.08g, up from 70.77g in 2020. Reduced load factors have driven the increase in emissions per passenger, which was mitigated by our efforts to be more operationally efficient, including increased use of the more efficient neo aircraft and a focus on flight efficiency initiatives.

In addition to the KPIs reported above, easyJet is introducing an additional KPI this year.

Headline EBITDAR margin for 2021: (37.8%). This metric forms part of our future targets and will be reported on an ongoing basis from this financial year.

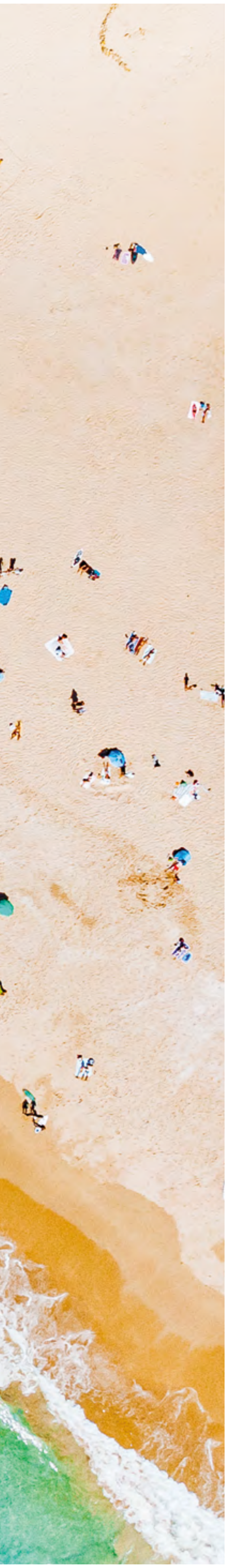
Our engagement with stakeholders

Our stakeholders are a fundamental part of our operations and are referenced throughout this report. We have set out on the following pages details of who our key stakeholders are, how we have engaged with them and the associated outcomes.

This section also describes how the Board acted in a way it considers would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors set out in section 172 of the Companies Act 2006 (the 'Section 172 statement'). Further details of the Board's activities during the year can be found in the Governance section on pages 111 to 117.

Despite the continued and ever changing travel restrictions in place, we were able to fly 20.4 million passengers in 2021. This includes individuals who booked flight-only trips with us for leisure or business, as well as those who booked easyJet holidays.

01. OUR CUSTOMERS



Key focus

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

Why we engage

A key part of Our Strategy is a focus on customer excellence, both to win our customers' loyalty but also to achieve our purpose of making travel easy, enjoyable and affordable, whether it is for leisure or business. Our understanding of who our current and future customers are, what products they need and how they perceive easyJet enables us to prioritise our efforts in driving a positive customer experience and therefore loyalty, especially given the current uncertainty in the travel environment.

How we engage

- We regularly survey our customers to find out about their experiences post travel. We also survey our customers prior to launching a new product offering. We 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 regularly fed back to management through crew feedback sessions and online forums.
- We interact with customers via our customer call centres based in the UK and overseas, and on social media. This includes when customers need extra support or help with special assistance requests or arrangements when travel is disrupted.
- We measure our performance in part through our customer satisfaction KPI, set out on page 25.

Considerations and outcomes

It is clear that the pandemic has brought with it increased complexity and uncertainty, both from the continually changing travel restrictions imposed by governments across Europe and the need for us to dynamically manage the schedule, which has resulted in disrupted travel plans. With the customer at the heart of everything we do, we introduced a number of initiatives primarily around making travel easy and accessible for all and addressing this new, complex and uncertain travel environment. As a result of these initiatives customer satisfaction has been 75%.

- The launch of the Covid-19 Travel Hub on easyjet.com, making it as easy as possible for customers to stay informed of the latest travel guidelines to and from the 34 countries on easyJet's European network. This has been continually updated and helps customers navigate the various requirements and enables them to plan their trips with confidence.
- Enhancing the industry leading 'Protection Promise', allowing customers more flexibility to book with confidence with the ability to change their flights up to two hours before departure, without a change fee, and transfer to any flights currently on sale. The schedule was also put on sale earlier than ever before to provide as much choice to customers as possible. The easyJet holidays 'Protection Promise' was also enhanced to reflect the complexity of the UK traffic light system in place for much of the year.
- Launching a travel insurance policy which included Covid-19 cover as standard, covering customers both ahead of and during their trips, including if they are unable to return home due to testing positive for Covid-19 while away.
- Extensive lobbying for the price of testing to reduce, so that travel would be more affordable and that the price of testing would not be a barrier for people being reunited with family and friends across Europe. We also negotiated a competitively priced PCR test for our customers through our partnership with Randox.
- Giving customers the digital tools to easily self-serve when things do not go to plan, or to engage with us after their trips. This has included delivering an enhanced Self-Service Disruption Management (SSDM) tool, to let customers quickly self-serve if their travel plans are disrupted, and the ability to redeem vouchers online.
- Increasing the choice across the network in line with demand, with a significant number of new UK domestic routes, as well as new routes across leisure destinations in our European network.
- Introduction of a new cabin bag policy, giving customers the ability to select the most appropriate ticket for their baggage needs and providing certainty if they want to bring bags on board subject to availability. This has also helped improve the boarding process and punctuality.

The safety and wellbeing of our customers is key, and the Safety Committee continuously monitored easyJet's biosecurity standards to ensure we provide a safe and healthy environment for our customers. Our biosecurity standards are continuously adjusted as restrictions change. Policies have also been developed and tested by the Customer Safety Governance Group to understand how to continually improve customer safety and wellbeing.

Customer sentiment and feedback is regularly reported to and discussed by the Airline Management Board and the plc Board. The Board has also reflected on the above initiatives and the impact of the pandemic on customer behaviour when reviewing the Group's longer-term strategy during the year. Consequently, it is placing an increased focus on accelerating the digitisation of the customer journey as there is more work to do, with an investment in commercial systems and the inflight retail offering amongst others.

Key focus

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

Why we engage

Our people are a critical part of our business and their famous 'orange spirit' a key part of our success. We want to attract, retain and develop our people by creating an inclusive and energising environment, inspiring everyone to learn and grow and do their best – and helping our 'orange spirit' to thrive. Engaging effectively with them is key to doing this successfully.

How we engage

- We have a number of employee representative groups across Europe. We also engage with 21 trade unions in seven countries, across 18 Collective Bargaining Groups, and have continued to engage with them extensively during the year.
- In addition to undertaking employee surveys and providing internal social platforms, we have country and base teams which manage and interact with staff on a daily basis.
- The Board took the opportunity to review its own mechanism for engaging with employees during the year, as set out in the Governance section. The Employee Representative Directors meet individually with the Company's main representative bodies regularly and with other Works Councils on a regular basis.

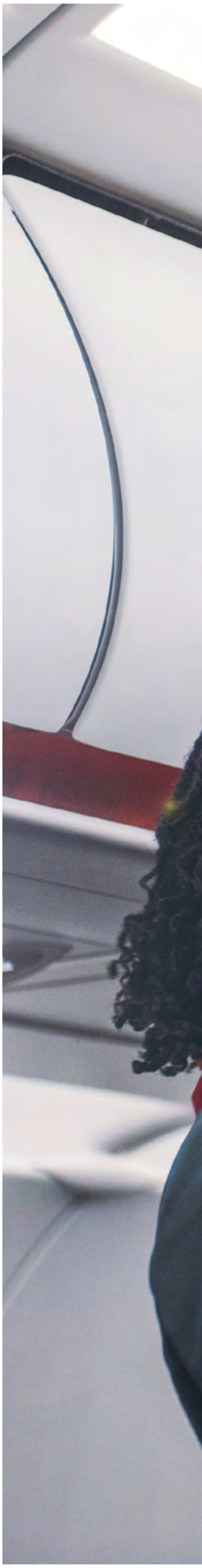
Considerations and outcomes

The high calibre of our people is a key source of differentiation for easyJet compared to our competitors, driving CSAT and customer loyalty. Our strong employer reputation attracts and retains engaged crew, with the spirit to deliver excellent service.

Our people have however continued to be significantly impacted during the year, whether that be as a result of being furloughed, working from home, or the restructuring programme. The pandemic has brought with it challenges around attrition and retention for some specific head office business functions that are industry agnostic, such as legal, finance and IT. As a result of the uncertainty in the aviation industry, a highly competitive external recruitment market, and no bonuses being payable, retention issues have needed to be addressed. As a result, we have developed a comprehensive strategy focusing on wellbeing, talent management, reward, recognition, skills development and the employee experience. Our Glassdoor rating of employee satisfaction is 4.2 (out of 5.0), which is the highest within the travel and hospitality sector, illustrating our market-leading position in the labour market.

Keeping employees connected to our business and ensuring they feel supported during this period has also been a key focus. As a result of our engagement with them during the year, there have been a number of initiatives put in place.

- Clear communication has never been more important. To ensure that employees are provided with information on matters of concern to them, and that there is an awareness of the financial and economic factors affecting the Company's performance, Johan Lundgren has continued to update employees frequently about the ever changing external environment and what management and the Board are doing to support and involve them. This included the launch of a new communications format; a weekly podcast designed to talk about the most important issues and provide an update on key Company-wide highlights.
- A wide range of support for employees' physical and mental wellbeing has been made available for employees, whether they are crew or office based. Under the umbrella of 'You Matter', this support and guidance has complemented the existing Employee Assistance Programme. Our summer 'Be You. Be Kind' campaign was successful in promoting our ongoing commitment to create an inclusive environment.
- The enduring impact of the pandemic has required adapted ways of working across the business and our hybrid approach has helped employees deal with the change both personally and professionally. We ran training initiatives for all our managers to support their teams when remote working and then to manage the transition to hybrid working. The health and safety of our employees is a priority, which has led to us adapting the workplace and putting in place a number of biosecurity measures to enable a safe phased return to the working environment.
- As well as a focus on employee wellbeing in the face of the pandemic, we also continued to drive action on our diversity and inclusion focus to create an environment where all employees feel they can be themselves and belong. We continued to improve the support available to our LGBTQ+ community. This included the launch of a 'Being trans and transitioning' at easyJet guide, to help everyone to feel that their differences are respected and valued, and that everyone has the opportunity to be the true version of themselves.
- The Board discussed the impact of the pandemic on employees regularly. This included a discussion as part of the new Employee Representative Director mechanism, where the Board received an update on feedback from two employee representative bodies. It was acknowledged that different parts of the business had been impacted differently, and that there was a need to bring everyone together and re-energise the entire workforce, which would be developed by the People team.

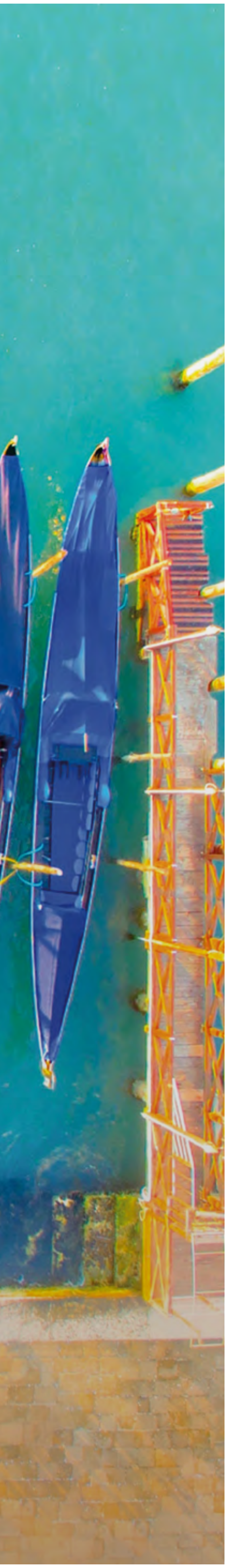


At easyJet, we have a workforce of over 13,000 employees across nine countries in Europe, including 4,000 pilots and 7,000 cabin crew.

02. OUR PEOPLE

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.

03. OUR SUPPLIERS



Key focus

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

Our current fleet of 308 aircraft is supplied by Airbus, with all engines supplied by CFM. The fleet is maintained by maintenance, repair and overhaul specialists.

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, and Menzies in Spain, whilst Swissport manage the operation in Switzerland and Berlin.

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

Why we engage

We want to be number one or two in primary airports, and provide ease, value and affordability to our customers. This means having an open, constructive and effective relationship with all suppliers, as we believe they are integral to the Group's success.

How we engage

- 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 an established supplier relationship management framework, which provides a toolkit and guidance for easyJet managers who lead relationships with key partners.
- We have a strong strategic relationship with the primary airports and work with them as strategic partners. The Board looks to engage with key suppliers whenever appropriate, and during the year it used the opportunity of a base visit at London Gatwick to meet with the management of Gatwick Airport Limited (see the Governance section on page 109).

Considerations and outcomes

- Providing certainty both to our suppliers and in relation to our own cost base led to a comprehensive review of the supplier arrangements across operations, including engineering, maintenance and ground handling, and customer services. The review was focused on achieving efficiencies and value for money for both sides, while providing an element of certainty to allow suppliers to invest in the services they provide easyJet. As a result, the Board approved the extension and updating of contracts with DHL, Menzies and Groupe Europe in relation to ground handling at airports across Europe, and with two suppliers in relation to Customer Management Centre provision, amongst others.
- Management also negotiated further deferrals of aircraft purchases with Airbus during the year in order to provide a significant reduction in capital expenditure and align aircraft delivery profile with strategy and cash flow planning, which were approved by the Board.
- easyJet holidays launched its inaugural Sustainability Strategy, making a commitment for all its holidays to directly support sustainable practices by the end of 2025. This will involve its supply chain by committing to encouraging 100% of its contracted hotels to achieve certification by a Global Sustainable Tourism Council (GSTC) accredited certification body or a certification to a GSTC recognised standard by the end of 2025. It is only by working collaboratively with industry and destination partners in this way that this is possible, building knowledge and sharing best practice to accelerate industry action on critical environmental, economic and social issues.
- As we started to ramp up our flying schedule during the year, we assessed the readiness of our suppliers across relevant business functions to ensure they were able to deliver our operations safely and we continue to engage with key suppliers as the recovery ramps up. For example the Board discussed the post pandemic plans directly with Gatwick Airport management during its base visit.

Key focus

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

Why we engage

Shareholders and investors are the main providers of capital with which to invest and grow the Group's business. Taking account of their views on the Company's operational and financial performance and its strategic direction are an important part of ensuring we deliver strong shareholder value. The support of the debt markets is important in ensuring access to appropriate liquidity.

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 in advance of the Annual General Meeting (AGM) held in December 2020, and our corporate brokers and proxy solicitation agents also spoke to a significant number of shareholders and provided feedback to the Board. Despite the AGM being held with restricted attendance due to the pandemic, facilities were made available for all shareholders to ask questions live at the AGM, as well as submit questions in advance.
- Engagement also took place after key announcements and financial updates throughout the year, and prior to and during the rights issue launched in September 2021. Further details are included below and on page 108.
- We have an active engagement programme with institutional investors through our Investor Relations department, including attendance at investor conferences, results presentations, individual investor meetings and engagement with equity research analysts.
- Our Treasury team actively engage with our banks and credit rating agencies to ensure they are updated on the Company's financial performance and liquidity.

Considerations and outcomes

- Following engagement with shareholders in advance of the AGM, we were able to secure their support for the revisions to the Directors' remuneration policy to ensure it remained consistent and aligned with our strategic priorities. While the resolutions relating to the appointment and re-appointment of all of the Directors were passed with the necessary majority, they received less than 58% in favour. The reasons for this outcome and the Board's response are set out on page 107.
- Moni Mannings, Chair of the Remuneration Committee, engaged with some of our major shareholders during the year specifically to discuss the targets relating to the December 2020 LTIP (Long Term Incentive Plan) award and when formulating the changes being proposed to the remuneration policy, which has provided an opportunity to incorporate their feedback around structure and quantum, while answering any questions they may have had on the proposed approach.
- The Company announced a 31 for 47 rights issue in September to raise gross proceeds of £1.2 billion. Major shareholders were engaged as part of this process and discussions with them centred around the timing and how the Board had determined the quantum of the raise. The rationale for the timing was explained, noting that the trading environment remained uncertain and having reviewed the Group's long term capital and liquidity needs, the Board had determined that raising the additional equity at that time would not only protect the Company's position in the European aviation sector and provide resilience from downside risks, but also improve management's ability to deliver long term value. The factors that influenced the size of the equity raise were also discussed, including that it would provide resilience from future downside risks should the Covid-19 pandemic continue to dampen or delay the recovery of passenger volumes, and materially improve the ability to deliver long term value to shareholders by having flexibility to take advantage of long term strategic and investment opportunities. The initial take up was strong at 93%, despite the biggest major shareholder not participating, and the rights issue successfully concluded on 28 September 2021.

Further details are set out in the Governance section which starts on page 96 and Remuneration section on page 130.

As a company listed on the London Stock Exchange, our shares are publicly traded. Some of our major shareholders are set out on page 156. We also have bonds issued under our EMTN Programme.

04. OUR SHAREHOLDERS AND INVESTORS

We operate out of 28 bases across Europe and fly from 153 airports. Our head office is at London Luton Airport, and we have training centres for crew in Milan and at London Luton and London Gatwick airports.

05. OUR COMMUNITIES

Key focus

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

Why we engage

We value engagement with the communities where our employees live and operations are based, as they are important to the effective operation of our business.

How we engage

- 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.
- easyJet employs people on local contracts in eight countries across Europe in full compliance with national laws and recognising their trade unions.
- As part of our increased focus to highlight our sustainability efforts, a new social media series launched in the UK across all our social channels to create awareness on some of the projects and initiatives that we invest in as part of our carbon offsetting programme as well as measures we are taking within our operation to reduce our environmental impact. Our Sustainability team attended various workshops and aviation panel events to reinforce our focus on environmental innovation.
- We work with individual airports and air traffic control teams to implement reduction in cabin waste and noise mitigation activities that seek to minimise the impact on local communities. Our employees also volunteer with local charities and organisations.

Considerations and outcomes

- While many of our crew were unfortunately furloughed, we wanted to make sure their unique skill sets were valued and used in other ways. We worked with the UK Government to offer the ability for them to support the NHS's roll out of the Covid-19 vaccination programme in the UK, with crew who applied being fast-tracked to become trained vaccinators. A total of 450 crew supported the programme.
- On International Women's Day, easyJet launched a virtual pilot school visits programme as part of its Amy Johnson Initiative to encourage more girls to become an airline pilot. Teachers, schools and parents are able to request a virtual visit from an easyJet pilot, who will join classrooms and assemblies via video link, providing young people across the UK with the opportunity to find out what the job of a pilot is really like and importantly, with many of the airline's female pilots fronting the programme, to show them it's a job for everyone.
- We have partnered with Bristol Airport and other partners in the region to trial a range of initiatives to support the long term ambition to achieve net zero operations at the airport and contribute towards reducing easyJet's overall carbon footprint. We are using Bristol Airport as a test-bed to trial and implement the latest technological and innovative solutions for decarbonising our operations and reducing waste. The aim is that any successful results from the trials will have the potential to be rolled out across easyJet's network. This includes electric passenger coach transportation, recycling and waste management, and zero carbon emission aircraft turnarounds.
- To make our uniforms more sustainable we are evolving to use a fabric that is made from 100% recycled plastic bottles and with a 75% lower carbon footprint. Over the course of five years, our new uniforms will be responsible for potentially preventing 2.7 million plastic bottles from ending up in land fill or in our oceans.
- As part of our partnership with Unicef, we have provided support in their global vaccination effort by collecting on board for the 'Covid-19 Vaccines Appeal' to allow our customers to support Unicef and make a difference to the ongoing battle against Covid-19.

Key focus

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

Why we engage

Regulators and governments take decisions which directly impact our operations, as has been clearly seen during the Covid-19 pandemic. easyJet engages with them to understand their strategic drivers, understand the impact of any regulatory changes on the Company and customers, and ensure that policymakers have an understanding of our business and the social and economic benefits it delivers.

How we engage

- The Executive Directors and management, including our country managers, engage with senior members of government and regulatory bodies on an ongoing basis. During the year, this has focused on achieving proportionate and risk-based restrictions to control the pandemic, and meeting with members of governments across Europe to seek support for the aviation industry, which has been one of the worst affected by the pandemic.
- 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, such as NATS, IATA and EASA. We also work with business bodies across our network, such as A4E – for which our CEO, Johan Lundgren, has served as chair during the year – and tourism bodies, such as ABTA and the GSTC.

Considerations and outcomes

- Management have engaged extensively with governments, and especially with the UK Government, during the year to ensure that they understand the impact of the pandemic on our business and take appropriate risk-based decisions in relation to travel restrictions and testing in the best interests of our customers. This has included contributing to the Global Travel Taskforce, which was established to look at the safe and sustainable return to international travel, and direct lobbying on matters specific to easyJet. Our employees also participated in the 'Speak Up for Travel' campaign to raise awareness of the challenges facing the travel industry. There has been no sector specific support for the industry, but progress has been made in removing some of the confusing restrictions around the traffic light system. We continue to engage to try and remove unnecessary and costly testing for those who are fully vaccinated.
- We also engaged with the European Commission on the launch of their 'Fit for 55' legislative package and continue to work closely with the European Commission (and other key stakeholders, including MEPs) on the details of the legislative package. easyJet agrees that delivering on climate change is the most important long term challenge for aviation and therefore it is critical that any fiscal measures applied to aviation support this aim. easyJet supports measures which link taxes to emissions, price carbon fairly for everyone and ensure all sources of aviation emissions are covered. Yet it is also important that all airlines and passengers are incentivised to fly more efficiently and we believe that there should be no double taxation, and that any fuel tax includes the replacement of all the ineffective passenger taxes in Europe.
- We continue to engage with policy makers across Europe on how public policy can help airlines to address their carbon emissions and stimulate the technological innovation that will be needed for zero emissions aviation.
- We have engaged with European governments to ensure that approaches to travel restrictions are co-ordinated and facilitate the inclusion of the UK in their travel frameworks.
- Our approach with regulators such as Austro Control (Austria), the Civil Aviation Authority (UK) and the Federal Office of Civil Aviation (Switzerland) is open and transparent, which allows for a constructive relationship. It also enables us to quickly identify and address any regulatory concerns at an early stage.
- We have also engaged with the regulators to keep them up to date on our financial and operational plans throughout the year.
- We also participate in industry groups and forums that contribute to public policy development on sustainability issues. These include: the Aerospace Technology Institute, the Airspace Change Organisation Group, Airlines for Europe, Airlines UK, the Jet Zero Council (UK Government), the Science Based Targets initiative, Sustainable Aviation (UK), the Taskforce for Scaling Voluntary Carbon Offsets, and the World Economic Forum's Target True Zero.

Section 172 Statement

The Directors are required to act in a 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.

Details of how the Directors have had regard to their section 172 duty can be found throughout the Strategic and Governance reports. We set out on the previous pages details of who we consider to be our main stakeholders, how we have engaged with them during the year and the outcomes of the process. Further details on how the Directors' duties are discharged and the oversight of these duties are included in the Governance section on pages 96 to 158.

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.

06. REGULATORS AND GOVERNMENTS

OUR COMMITMENT TO SUSTAINABILITY

> “At easyJet we are continuing to lead the work towards the decarbonisation of aviation. Ultimately, we want to use new aircraft technology to achieve net zero emissions flying across Europe.”
>
> **Johan Lundgren**
> Chief Executive Officer

At easyJet we are continuing to lead the work towards the decarbonisation of aviation. Ultimately, we want to use new aircraft technology to achieve net zero emissions flying across Europe.

Despite the impact of the pandemic, sustainability remains a fundamental part of our business. It is one of the core priorities within Our Strategy for easyJet.

This year the extreme weather events that have been seen around the world are a further warning about the impact of climate change. Meanwhile world leaders gathered at COP26 to discuss further action. At easyJet we are committed to leading the aviation industry in taking the action needed.

We are fully committed to the UK and EU targets of net zero emissions by 2050. This year I have been the Chair of Airlines for Europe and was pleased that we were able to publish Destination 2050, a European aviation industry roadmap towards net zero.

In November 2021 we joined Race to Zero, through which we committed to set an interim science-based target for 2035, as well as to reach net zero emissions by 2050, aligning with the criteria and recommendations of the Science Based Targets initiative (SBTi). We will publish our net zero roadmap that shows how we plan to do this. We are confident that this will be deliverable through new technology, but it will also need a supportive policy framework from European governments and regulators.

Our Sustainability Strategy has three pillars: tackling our carbon emissions; stimulating technological innovation; and going beyond carbon. The plc Board, the Airline Management Board and I are closely involved in our progress on this strategy.

We continue to tackle our carbon emissions today by operating a fleet of modern, fuel-efficient aircraft and by always looking for more ways to be even more fuel and carbon efficient. Our Airbus A320 / 321 neo aircraft, which have been joining our fleet since 2017, are 15% more fuel-efficient per seat than equivalent previous-generation aircraft. This year we have established a partnership with Bristol Airport to trial new technologies to reduce emissions from our operations, including an aircraft turn trial using electric ground vehicles to reduce ground-based emissions to almost zero.

This builds on our decision in 2019 to offset all our organisation’s direct carbon emissions, from both our flights and ground operations (Scopes 1 and 2). easyJet was the world’s first major airline to do this across our entire network and we currently remain the only major European airline to do so. We have continued to offset on behalf our customers throughout the pandemic.

In May 2021 easyJet holidays also began offsetting carbon emissions for the package holidays we offer, becoming the first major tour operator to do this too.

We support the highest standard offsetting projects, that meet either the Gold Standard or Verified Carbon Standard (VCS) accreditation. A key focus is on projects that support reforestation, afforestation, and avoided deforestation in some of the most intense deforestation hotspots around the world. The loss of forests is one of the largest contributors to climate change, so work to protect and restore forests is a critical part of the response.

Offsetting is the right thing to do now, but it can only be an interim solution, in the period before the zero emissions technology that is being developed is available for commercial use.

We also see Sustainable Aviation Fuels (SAFs) as another interim step in this journey. With our partner Gatwick Airport we have been trialling the use of Sustainable Aviation Fuels on some easyJet flights from the airport. This was the first time any airline at Gatwick has used SAFs.

We believe that radical action to address aviation’s impact on climate change is needed and so we are also supporting the introduction of new technologies. We are working with our partners Airbus and Wright Electric to accelerate the development of zero emission technologies.

Our strategic partnership with Airbus supports their ambition to develop a zero emission, hydrogen-powered commercial aircraft by 2035.

I was pleased to participate in the Airbus Summit on sustainable aerospace in September this year, at which we talked about the industry and government collaboration on the research, development and infrastructure that will be needed to realise the potential of this technology.

We are also working with Wright Electric who are developing the Wright 1, a single-aisle aircraft capable of covering a distance up to 1,280 km. Wright Electric is targeting 2030 as the earliest date for entry into service. In October 2021 we also established a new partnership with Rolls-Royce on research into new energy and power solutions in commercial aviation.

While carbon emissions are by far our biggest issue to tackle, we also want to manage our other environmental impacts. This year we have introduced a new Environmental Management System (EMS), made improvements to waste management in our operations, and added new environmental requirements to our procurement process. We have even introduced a new cabin crew and pilot uniform that uses a material made from around 45 recycled plastic bottles for each outfit. Once rolled out across the airline it has been estimated this could prevent around half a million plastic bottles being wasted each year.

The pandemic has also had an impact on the people who work at easyJet and we want to do what we can to support them through this period. We have provided our people with more advice about protecting their mental health and wellbeing.

I am pleased that we have been able to support our charity partner Unicef in their work to deliver Covid-19 vaccines to health workers and vulnerable people across the world. This summer our onboard collection for the charity's vaccine programme raised over £275,000 which could help to deliver approximately 189,000 Covid-19 vaccines.

We are absolutely committed to sustainability. It is a fundamental part of our business and we know that aviation will need to continue to do more to address climate change. I trust our progress this year shows that we are continuing to take the action that is needed.

Johan Lundgren
Chief Executive Officer

DESTINATION ZERO EMISSIONS

We're proud to be a part of the UN's Race to Zero initiative. By joining, we've pledged our commitment to reaching net-zero carbon emissions by 2050, and to setting an interim science-based target for 2035.

We recognise that aviation needs radical changes to keep the dream of flying alive for generations to come.

In the meantime, we're taking more measures, both now and for the future, to reduce our emissions and minimise our impact on the environment.

easyJet.com/sustainability

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 were the world's first major airline to offset the carbon emissions from the fuel used for all our flights, and continue to work tirelessly to minimise carbon across our operations

- Offsetting the carbon emissions from fuel and operations
- Continuously reduce the carbon intensity of our flying
- Advocate for smarter regulation for aviation that rewards carbon efficiency

Stimulating technological innovation

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

- Champion and collaborate to achieve our goal of zero emissions aviation
- 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

- easyJet holidays strategy is for travel to make a positive impact on the environment and local communities
- Commit to waste and plastic reduction at easyJet and within our supply chain
- Engage our colleagues and our customers in our sustainability journey
- Diversity, Inclusion and Wellbeing Strategy
- Support charitable causes that our important to our customers and employees

Improving our underlying capability

We have continued to strengthen our organisation structures and expertise on sustainability. Initiatives include: expanding the Sustainability team; increasing the scope of ESG reporting; development of an ISO 14001-compliant Environmental Management System; and additional oversight through committees and working groups, such as the Environmental Management Review Board.

Net zero trajectory

We are fully committed to the UK and EU targets of net zero emissions by 2050. As part of Airlines for Europe we have also helped to develop Destination 2050, a European aviation industry roadmap towards net zero.

We also participated in the Aviation Working Group project-managed by the SBTi, WWF, the International Council on Clean Transportation (ICCT), other stakeholders and other airline peers to map out what a science-based trajectory and decarbonisation approach for the aviation sector. This guidance is available at: https://sciencebasedtargets.org/sectors/aviation

In November 2021 we joined Race to Zero, through which we committed to set an interim science-based target for 2035, as well as to reach net zero emissions by 2050, aligning with the criteria and recommendations of the Science Based Targets initiative (SBTi). We are developing our own detailed pathway to net zero, which we will publish in the 2022 financial year.

We are confident that this will be deliverable through new technology and a supportive policy framework from European governments and regulators. It will be based on a combination of: our ongoing carbon efficiency measures, fleet replacement, air traffic management improvements including the proposed upgrade of Single European Sky, the use of Sustainable Aviation Fuels and ultimately the introduction of zero emissions aircraft technology.

United Nations sustainable development goals

Our strategy will contribute towards the achievement of the United Nations Sustainable Development Goals, which are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Throughout this chapter we have signposted where our activity contributes to the goals.

This includes the carbon offsetting for our flights and holidays. We only invest in high quality Gold Standard and VCS certified offset projects, which deliver robust carbon savings and also a wide range of social and economic benefits to livelihoods and biodiversity in developing countries, which contributes to the UN Sustainable Development Goals (SDGs).

easyJet holidays

Since easyJet holidays launched in 2019 it has sought to integrate sustainability across the holidays business.

In May 2021, easyJet holidays became the first major UK tour operator to offset the carbon emissions directly associated with its package holidays. This means the fuel used for flights and in-destination transfers, as well as the energy used for hotel stays. This approach to offsetting was also retrospectively applied to all holidays since easyJet holidays launched in November 2019.

Recognising that carbon offsetting is an interim measure and with an ambition to raise the bar and lead the industry, in September 2021 easyJet holidays launched its inaugural Sustainability Strategy. This strategy, which is set out below, includes easyJet holidays' vision for sustainability and how they want to realise this. easyJet holidays has its own sustainability steering committee, which meets regularly to discuss and monitor progress on the strategy.

easyJet holidays this year become a member of the Global Sustainable Tourism Council (GSTC). The organisation was created jointly by UN agencies and international conservation NGOs to develop global standards for sustainability in travel and tourism. In becoming a member of GSTC, easyJet holidays has committed to support hotels it works with to achieve certification by a GSTC accredited certification body or certification to a GSTC recognised standard. easyJet holidays was also the first major UK tour operator to sign up to The Future of Tourism Coalition which has a global mission to place destinations at the centre of recovery strategies.

VISION

easyJet holidays Sustainability Strategy: A world where travel makes a positive impact on the environment and local communities

MISSION

When it comes to sustainability we want to raise the bar, positively shake things up and lead the industry. To make sustainability part of our everyday culture, enabling us, our partners, and you to reduce your footprint, and make a positive impact on the people and places that make our destinations so special.

PILLARS

Create better holiday choices

by making sustainable travel affordable and accessible to everyone

Commitment
We will enable all holidaymakers to have authentic travel experiences that directly support sustainable practices

Keep our holidays special

by maximising the benefits and minimising the negative impacts of tourism

Commitment
We will support 100% of our hoteliers to achieve a GSTC-recognised certification and support locally owned and run businesses and activities

Transform travel for everyone

by embedding sustainability into business decisions and behaviours and driving meaningful change in the industry

Commitment
We will embed sustainability into our culture and business decisions while using our influence to move the industry forward

FOCUS AREAS

Provide holidays that are carbon conscious

Inspire holidaymakers to take meaningful actions to sustain the world's natural and cultural resources

Protect natural environments, wildlife and natural resources when developing and managing tourism activities

Amplify positive social and economic impacts of tourism in destinations to support livelihoods and community development

Empower our people to make choices that are grounded in and guided by our commitment to sustainability

Pioneer initiatives to bring the industry together and accelerate action on critical issues

Sustainable Development Goals Lab

In November 2021 easyJet holidays and the University of Oxford launched a partnership to establish the Oxford SDG Impact Lab, to work together to identify challenges and opportunities for sustainable tourism.

At the Oxford SDG Impact Lab selected students will be mentored and trained to deliver academically rigorous, evidence-based reports whose aim is to improve key areas of social and environmental development in a number of destinations where easyJet holidays operates. Twenty graduate students, mainly from the social sciences and humanities, will be supported and mentored by Oxford University staff, as well as a dedicated team of experts from easyJet holidays.

The programme will culminate in September 2022, when the students will deliver their recommendation reports. easyJet holidays will then decide which projects it will champion, to develop and support sustainable practises in its focus holiday destinations.

HOW WE MANAGE SUSTAINABILITY

plc Board and Airline Management Board

The plc Board and the Airline Management Board regularly consider sustainability issues. For example, topics covered reviewing and guiding climate related strategy and monitoring and overseeing progress against goals and targets for addressing climate related issues, amongst others.

The Group Markets & Marketing Director is responsible on the Airline Management Board for the delivery of the Sustainability Strategy for the airline and easyJet holidays. The strategies are intended to mitigate risk and create opportunity through environmental and social sustainability principles, considering the differing challenges and priorities across our business.

Sustainability Steering Committee

The Sustainability Steering Committee monitors the progress being made on the strategies. The Committee has met eight times this financial year and attendees include the Chief Financial Officer, the Chief Commercial Officer, the Group Markets & Marketing Director, the Group General Counsel & Company Secretary, the Director of Flight Operations, the Director of Airport Development & Procurement, the Director of Tax & Fuel Procurement, the HR & People Development Director and the Director of Sustainability and the Sustainability team.

Sustainability team

We have a dedicated Sustainability team, led by the Director of Sustainability who reports to the Group Markets & Marketing Director. The team works 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 now includes three specialist roles:

- Carbon Manager – Managing and mitigating the carbon impact of our operations and reporting our progress, as well as driving carbon innovation across the business
- Sustainability Manager – Implementing our Environmental Management System, improvements to waste management and recycling, as well as ensuring the minimisation of single use plastics and sustainability in procurement.
- Sustainable Business Manager – Strengthening our ESG reporting to ensure easyJet continues to meet disclosure expectations.

Remuneration targets on sustainability

Sustainability targets form part of the remuneration package for the CEO and CFO for this financial year.

These targets focus on the implementation of our new Environmental Management System, management of the Company's carbon emissions, partnerships on new technology development and further progress in the carbon offsetting programme.

Business key performance indicator on carbon emissions

Our 'carbon emissions per passenger kilometre' KPI, which is externally verified, is one of the business's KPIs and is the responsibility of our Director of Flight Operations. The Director of Flight Operations also leads our work in developing sustainable aviation focused partnerships with organisations and on internal initiatives to stimulate technological innovation.

More information on our latest performance on this KPI is on page 47.

Environment Policy and Environmental Management System

Our Environment Policy sets out how the business manages and minimises our environmental impact and covers the activities of all who work for and on behalf of easyJet, including contractors, sub-contractors and temporary staff. The Environment Policy is available at: https://corporate.easyjet.com/

We have this year established an Environmental Management System to manage and continually improve our environmental performance in a systematic way.

We also joined the IATA Environmental Assessment Program, which is aligned with the ISO 14001:2015 environmental management standard, and established an Environmental Management Review Board which is chaired by the Chief Operating Officer. Further information about this is on page 53.

Risk

Since 2018 we have included sustainability risks in the Risk section of our Annual Report, as these were deemed material. The risks include carbon trading and increased taxation, while severe weather as a result of climate change is now incorporated into safety, security and operations risk profile. Our response plans are monitored regularly through our governance structure.

For a detailed explanation of our sustainability risks, including climate-change-related risks, and how these are managed, please refer to the Risks section on page 78. This year we have also strengthened our Task Force on Climate-Related Financial Disclosures (TCFD) reporting – there is an expanded table on pages 58 to 61.

> **“Cambridge’s Resilience Framework supported easyJet to manage their climate change risks and opportunities. Our platform’s analysis provides quantified results to inform easyJet’s strategic decision making and future growth planning, while balancing investment requirements driven by evolving regulations, consumer demands, and technology innovations.”**
>
> **Dr Andrew Coburn,**
> Chief Scientist, Cambridge Centre for Risk Studies

Cambridge risk project

This financial year we have worked with the Cambridge Centre for Risk Studies (CCRS), an enterprise risk management specialist, on the business risk from climate change in both our direct and indirect operations.

This work began with an assessment of the potential physical and transition risks to our business operations. As well as the CCRS experts, the assessment included input from teams across easyJet: Company Secretariat, Finance, Flight Operations, Investor Relations, Markets, Network, People, Policy, Risk, Strategy, Sustainability, and Treasury. The work with CCRS confirmed the summary risks that were outlined in our 2020 financial year Annual Report.

The output of this project will strengthen easyJet’s response to our climate risk and controls frameworks. It has also informed our responses to the requirements of the Task Force on Climate-related Financial Disclosures.

Employee engagement

We have continued to communicate our commitment and action on sustainability to our employees.

This has included regular updates from our Chief Executive Officer and the wider AMB to all employees, updates and articles in our employee communications, and discussions about sustainability and presentations from the Sustainability team within departmental and leadership forums.

This year we carried out an employee survey about sustainability, which received nearly 500 responses. The results showed a strong interest in sustainability, support for easyJet to take further action and a desire for further information about the Company’s work in this area.

Customers

We regularly communicate with our airline and holidays customers about sustainability, including during the booking process and whilst on-board our aircraft. This focuses on our work to reduce the carbon impact of our operations, our carbon offsetting for all our flights, and the development of new technology to decarbonise aviation. We also have a dedicated, customer-facing website area about sustainability issues: https://www.easyjet.com/sustainability.

Our customer insight has found that customers who are aware that their flight has been carbon offset also have a higher overall satisfaction with easyJet. The difference in overall satisfaction between the groups of customers who were aware and not aware that their flight was carbon offset was 6.3 percentage points in this financial year. Customer awareness of our carbon offsetting, based on customers who have flown with easyJet in the last 12 months, was 51.4%, compared to 44.9% in the 2020 financial year.

Sustainability in our supply chain

We continue to work closely with partners in our supply chain to ensure high sustainability standards. This year we have updated our Supplier Code of Conduct and implemented a new standard Request for Proposal template within our procurement process, to proactively screen suppliers’ management of sustainability and their environmental risk.

Our Supplier Code of Conduct is also based on easyJet’s Code of Business Ethics and requires our suppliers and their sub-contractors to operate to these ethical standards. Further information is on page 57.

We are also working with suppliers on specific initiatives and trials to reduce easyJet’s environmental impact and that of our supply chain. Examples of these are highlighted later in this chapter, such as our sustainability partnership with Bristol Airport (page 44), our SAF trial with Gatwick and fuel suppliers (page 49) and easyJet holiday’s work with hotel partners (page 57).

Bristol Airport partnership

This year we have formed a sustainability partnership with Bristol Airport and other partners in the region to trial a range of initiatives to support the long term ambition to achieve net zero operations at the airport and contribute towards reducing easyJet's overall carbon footprint.

We are using Bristol Airport as a test-bed to trial and implement the latest technological and innovative solutions for decarbonising our operations and reducing waste. The aim is that any successful results from the trials will have the potential to be rolled out across easyJet's network.

Trials which are underway or planned include:

- Electric ground power units
- Electric passenger coach transportation
- Recycling and waste management
- Employee carbon-saving initiatives
- Supply chain carbon reductions
- Zero carbon emission aircraft turnarounds
- NEO aircraft deployment and fleet optimisation
- Continuous descent approaches – in which the aircraft descends towards the runway at a continuous rate, rather than descending in stages, which can reduce fuel usage

We are also supporting the development of a regional hydrogen economy in the south west of England to prepare the way for hydrogen powered zero emissions aircraft during the next decade.

CDP climate change

In 2020, we participated in the CDP climate change questionnaire programme and scored a "C" ranking. We have participated in the programme again this year and the results of this detailed assessment are expected to be published by CDP in late 2021. Our full CDP submission and score is available on CDP website at www.cdp.net.

Public policy

We continue to engage with policy makers across Europe on how public policy can help airlines to address their carbon emissions and stimulate the technological innovation that will be needed for zero emissions aviation.

Our Sustainability Governance framework seeks to ensure that all direct and indirect activities that engage on policy are consistent with our Sustainability Strategy. The Sustainability team works closely with easyJet's Regulatory Affairs Group and Public Affairs team, who seek to provide policy makers with information about easyJet's work on sustainability and how airlines can work with governments to address the impact of aviation on climate change.

We believe that the aviation industry needs to achieve net zero by 2050 and are committed to both the EU and UK net zero 2050 targets.

This year we have supported the EU's 'Fit for 55' proposal, a new policy framework which aims to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, and becoming a climate-neutral continent by 2050. We have also contributed to the UK Government's consultation on its 'Jet Zero' strategy for net zero aviation.

An overview of our public policy priorities on sustainability are on the next page.

Materiality

In 2019 we completed a materiality assessment about sustainability issues for our airline business.

The assessment was carried out by an independent sustainability firm in consultation with easyJet. It included in-depth interviews with key stakeholders, including investors, suppliers, regulators, corporate customers, employee representative groups and trade unions, and Non-Governmental Organisations (NGOs). Customer and employee views were also sought through surveys.

The results of the materiality assessment were published in our 2019 and 2020 financial year Annual Reports and are available at https://corporate.easyjet.com

The assessment confirmed that the most material sustainability issue for the airline is carbon emissions. We have continued to address this, including through the project with the Cambridge Centre for Risk Studies on environmental risks and the activities described in the rest of this section of the Annual Report.

Our sustainability partnership with Bristol Airport includes trialling initiatives such as the use of electric ground vehicles and power units.

Sustainability public policy priorities

Governments will need to help the aviation industry to meet ambitious emissions reduction goals by championing financial and regulatory support for green technologies and investments in zero emission aircraft.

Zero emission flying can only be brought closer through coordinated action which should focus efforts on three key areas:

1. Governments need to support the development of hydrogen supply and infrastructure at airports, alongside investments into renewable energy to support the creation of green hydrogen for aviation.
2. Governments will need to provide financial incentives to support the development and scaling up of zero emission technology, but also should be directing funds raised through aviation taxes into the research and development that is required.
3. Airlines choosing to become early adopters of the new technology should be incentivised through reduced airspace charges and airport charges. There should also be tax exemptions and airport slot prioritisation for airlines operating zero emission aircraft.

We have also identified specific policy actions.

Investing and supporting the development of new technology now:

- Support for the development of zero emission aircraft (ensuring that the current focus on SAF is not at the expense of zero emission technology)
- Revenue raised from aviation taxes should be used to help fund R&D into hydrogen technology
- Support for the development of hydrogen supply and infrastructure at airports
- Make investments into renewable energy (wind, solar etc.) to support the creation of green hydrogen for aviation

Ensuring there are incentives for the adoption of new technology in the future:

Provide financial incentives to support the development and growth of zero emission technology, including:

- Tax exemptions for zero emission aircraft
- Airspace charges should be modulated to incentivise early adopters of hydrogen powered aircraft
- Slot priority – airlines which fly hydrogen powered aircraft should be prioritised for peak slots at primary airports
- Cost reduction of airport charges for zero emission aircraft

And in the meantime:

- It is crucial the European Commission and national governments deliver on objectives for the Single European Sky. Allowing airlines to fly more direct routes could reduce European aviation's emissions by up to 11%
- Offsets should be formally recognised – as an interim step until new technologies are available at scale – this is something all carriers can start doing today
- All airlines need to be part of decarbonisation, not just those flying short-haul or within the European Economic Area. This means giving equal treatment to all airlines, such as including long-haul flights in policies such as the EU Emissions Trading System, the EU's proposed fuel tax, and any SAF mandates.

EU Fit for 55

This year we welcomed the ambition of the EU's 'Fit for 55' package and set out how effective aviation tax reform would support this.

We support measures which link taxes to emissions, price carbon fairly for everyone and ensure all sources of aviation emissions are covered. However, there can be no double taxation, any fuel tax must include the replacement of all the ineffective passenger taxes in Europe with a combination of a fuel tax for intra-EU flights and a flight tax for long-haul flights that reflects their emissions. This way all airlines and passengers are incentivised to fly more efficiently. Everyone needs to play their part in tackling climate change, including long haul flights which create the majority of emissions.

The European Commission's proposal for a fuel tax only for intra-EU flights means it falls short in this regard as it does not address long-haul and does not replace the current ineffective passenger taxes. Both would be required for our full support, so we have called on the Commission to address these next. Eurocontrol figures demonstrate that just 6% of flights (the long-haul ones) create 51% of the emissions from European aviation. Taxing everyday normal people, while excluding wealthy business class passengers emitting most of the CO_2 on long-haul trips, is unfair and therefore we will continue to push for equal treatment.

Stakeholder groups

In addition to our direct engagement with policy makers, we also participate in industry groups and forums that contribute to public policy development on sustainability issues. These include: the Aerospace Technology Institute, the Airspace Change Organisation Group, Airlines for Europe, Airlines UK, the Global Sustainable Tourism Council, the Jet Zero Council (UK Government), the Science Based Targets initiative, Sustainable Aviation (UK), the Taskforce for Scaling Voluntary Carbon Offsets, and the World Economic Forum's Target True Zero.

Tackling Carbon Emissions

Key SDGs

Overview

We continue to focus on reducing our organisational carbon footprint (Scope 1 and 2 emissions), which has been a long term priority. We have been transitioning our fleet to more modern, fuel-efficient aircraft. While we did not take any new Airbus neo aircraft in this financial year, deliveries will resume in the 2022 financial year. Maximising fuel efficiency, and optimising passenger loads as much as possible, has been and remains a key focus area.

We continue to offset all the carbon from our operational carbon footprint as an interim measure, while new technologies are developed. This year we have formed a new partnership with Rolls-Royce to commence collaborating on sustainable aviation technology solutions. We have also been increasing our targeted messaging to customers about these issues, and our own people as we all have a role to play to tackle these sustainability challenges.

Mapping our carbon emissions

The measurement and reporting of our carbon emissions are aligned to the European Union's Emissions Trading System (EU ETS), the Greenhouse Gas (GHG) Protocol and the recommendations of the Task Force on Climate related Financial Disclosures – refer to the dedicated table below. They also meet the requirements of the UK Government's Streamlined Energy and Carbon Reporting regulations, 2019.

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 components, etc.

This year we have again worked with The Carbon Trust, a global climate change and sustainability consultancy, on our carbon mapping and reporting work.

Our carbon emissions are calculated and expressed as a suite of carbon dioxide equivalent (CO_2e) figures in metric tonnes. We use the operational control approach, in which we include emissions from activities where we control the operation and use published, up to date emission factors issued by competent authorities, (e.g. UK Government departments including BEIS and DEFRA).

The 2021 financial year carbon mapping work estimated that 99.87% (2020: 99.96%) of easyJet's organisational (Scope 1 and 2) carbon emissions was as a result of the use of aircraft fuel across our fleet.

Greenhouse gas and energy performance

	FY21			FY20		
	Global emissions	**UK only emissions**	**Global emissions (excl. UK)**	Global emissions	UK only emissions	Global emissions (excl. UK)
Scope 1 – tonnes of CO_2e	**2,114,961**	**803,463**	**1,311,498**	4,247,159	2,177,784	2,069,375
Scope 2 – tonnes of CO_2e	**788**	**760**	**28**	976	833	143
Total Scope 1 & 2 – tonnes of CO_2e	**2,115,749**	**804,223**	**1,311,526**	4,248,135	2,178,617	2,069,518
Scope 3 – tonnes of CO_2e	**585,443**			1,145,845		
Total carbon footprint – S1, 2 & 3 tonnes of CO_2e	**2,701,192**			5,393,980		
Scope 1 energy use (kWh)	**8,531,020,231**	**3,238,837,186**	**5,292,183,044**	17,138,339,131	8,787,980,066	8,350,359,065
Scope 2 energy use (kWh)	**3,699,537**	**3,576,743**	**122,794**	4,131,797	3,570,851	560,946
Total energy use (kWh) Scope 1 & 2	**8,534,719,768**	**3,242,413,929**	**5,292,305,838**	17,142,470,928	8,791,550,917	8,350,920,011
Carbon offsets in tonnes of CO_2e	**2,120,772**			3,146,196		

Carbon emissions/revenue passenger km

	FY21		FY20	
Intensity metric	**easyJet plc gCO_2/RTK**	**easyJet plc gCO_2/RTK**	easyJet plc gCO_2/RTK	easyJet plc gCO_2/RTK
Carbon emissions/revenue passenger km	81.08	81.89	70.77	71.48

Carbon emissions/revenue tonne km

	FY21		FY20	
Intensity metric	**easyJet plc gCO_2/RTK**	**easyJet plc gCO_2/RTK**	easyJet plc gCO_2/RTK	easyJet plc gCO_2/RTK
Carbon emissions/revenue tonne km	**810.77**	**818.9**	N/A	N/A

Carbon emissions per passenger kilometre

Our intensity metric is expressed as grams of carbon dioxide equivalent (gCO$_2$e) per passenger kilometre (RPK). This is a measure of on average how many grams of carbon dioxide equivalent are emitted for each kilometre travelled by each passenger on an easyJet aircraft.

In 2021 financial year our carbon dioxide emissions per passenger kilometre was 81.08g, compared to 70.77g in the 2020 financial year.

The effect of the Covid-19 pandemic on aviation has also had a significant effect on this intensity metric. The main reason for this is that our load factor, the average proportion of seats occupied on each flight, has reduced. This means that the carbon emissions from each flight are shared between a smaller number of passengers. This effect was more significant in the 2021 financial year than the 2020 financial year as the previous financial year included the period October 2020 to February 2021 before the start of the pandemic in Europe.

We have been able to somewhat reduce this effect by prioritising the use of our more efficient A320 / A321 neo aircraft, which are typically 15% more efficient per seat kilometre flown compared to the aircraft that they replaced. However, this has not prevented the intensity metric from increasing above pre-pandemic levels.

In 2017 we set a target of a 10% reduction in carbon dioxide emissions per passenger kilometre from our flights by the end of the 2022 financial year, compared to our 2016 figures. The effects of the pandemic have significantly affected our progress towards this target and currently we do not expect to meet this planned reduction in 2022.

Third party verification

Our intensity metrics are verified by a third-party specialist auditor, Verifavia. Verifavia used a reasonable assurance approach to review easyJet's 2021 financial year aircraft fuel burn, Revenue Passenger Kilometre, Revenue Tonne Kilometre and associated output CO$_2$ and CO$_2$e KPIs. Whilst this verification approach only focuses on our airline emissions, these equated to 99.87% in the 2021 financial year of our Scope 1 and 2 carbon footprint.

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

Total carbon emissions

Our total carbon dioxide equivalent emissions from the fuel used in our flights was 2,112,906 tonnes in the 2021 financial year, compared to 4,264,435 in the 2020 financial year.

This total figure for the 2021 financial year is significantly reduced compared to the previous year due to the reduced flying that took place due to the effects of the pandemic.

Carbon emissions methodology

In addition to our primary intensity metric expressed as grams of carbon dioxide equivalent per passenger kilometre, we have also included grams of carbon dioxide per revenue passenger kilometre. However, as in the past we have reported in grams of carbon dioxide per revenue passenger kilometre, we have continued to include this.

For the first time this year, we have also included our carbon emissions per passenger km per Revenue Tonne Kilometre as this metric is used by some stakeholders and investors.

During the 2021 financial year, we have expanded the scope of our reporting to include fugitive emissions from chillers and air conditioning equipment which is included in Scope 1.

In the 2020 financial year, we reviewed and updated our carbon intensity calculation methodology, so that it aligned more closely with established industry methodologies. The methodology used follows the protocols outlined in the BS EN 16258 – 2012, "Methodology for calculation and declaration of energy consumption and GHG emissions of transport services (freight and passengers)" document. This is the methodology that airlines with operations within the EU and beyond follow to comply with the EU's Emissions Trading System requirements.

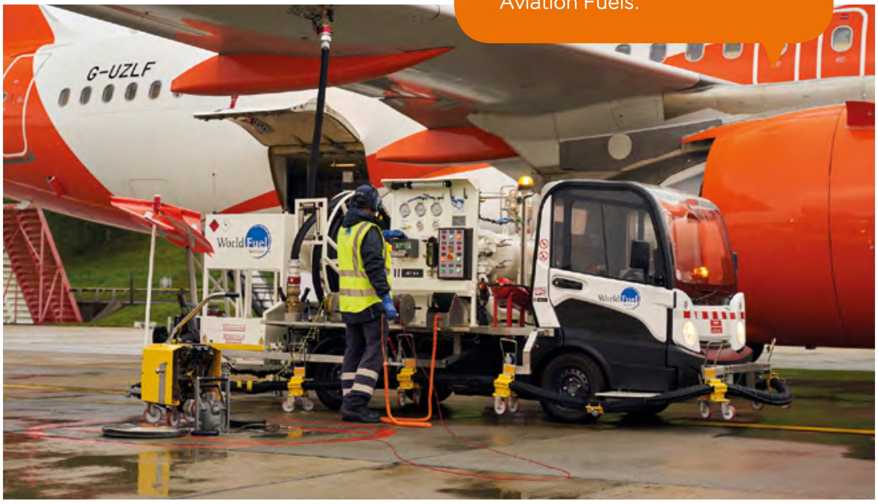
We have adopted the convention of using Great Circle Distance (GCD) plus a fixed correction factor of 95km for each sector in this reporting year, as recommended by the EU ETS reporting methodology. This is also in line with the ICAO Carbon Emissions Calculator Methodology. This approach is intended to better reflect the actual distance flown in each flight. Completed flight data, fuel in tanks, fuel density, booked (revenue) passengers and GCD are recorded for each flight. Internal checking processes are applied to data on a regular basis for the purpose of ensuring data is of a high, robust quality for internal and external reporting requirements.

We have used UK Government's Department for Environment, Food & Rural Affairs' GHG Conversion Factors for Company Reporting, which were last issued in June 2021.

Non-carbon dioxide effects

We know that aviation also contributes to non-carbon dioxide climate effects in the atmosphere and despite recent studies highlighting these effects, more robust research is required to provide further guidance on how best to tackle these impacts.

Emissions per gram per passenger kilometre since 2016


In a trial with partners at Gatwick Airport, some easyJet flights have been powered by Sustainable Aviation Fuels.

Efficient aircraft

We operate a fleet of modern, efficient Airbus A320-family aircraft. In 2017 we took delivery of our first Airbus A320neo aircraft (New Engine Option technology) and in 2018 our larger capacity Airbus A321neo aircraft entered into operation, offering 49 additional seats per aircraft and further reducing fuel-burn per passenger flown.

The “neo”-type aircraft (both A320 and A321 variants), are Airbus' new generation of narrow-body aircraft, replacing the “ceo”-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, these new generation aircraft have at least a 15% proven fuel-burn efficiency over their previous generation aircraft, a 50% lower noise footprint during take-off and landing, and also offer a up to 50% margin on NOx emissions versus CAEP/6 Standard.

This new generation of aircraft currently make up 16% of our fleet and will continue to increase as we take delivery of the aircraft on our orderbook and retire our older aircraft. During the period of reduced utilisation due to the Covid-19 pandemic, we focused our operation on flying these more efficient neo-type aircraft and our smaller gauge Airbus A319 aircraft, whilst storing and parking our older A320ceo aircraft.

Whilst we did not have any new aircraft deliveries in the 2021 financial year, we will take delivery of eight neo aircraft in the 2022 financial year, seven in the 2023 financial year and plan to take 18 in the 2024 financial year. easyJet is the largest single brand operator of Airbus neo aircraft in Europe.

In addition to the neo-technology aircraft, since 2013 our A320ceo aircraft have been delivered with “Sharklet” wingtips (also standard on the neo variants), reducing drag and fuel-burn by 2-3% per hour flown. To further increase the efficiency of our A320 fleet, 93% of our A320 fleet has either been delivered in, or retrofitted to the increased density Spaceflex configuration. This space-saving layout reconfigures unused space in the rear galley to increase space in the cabin, freeing up space for six additional seats. The seats of these aircraft have also been converted to the slim-line lightweight Recaro design (also standard on all of our neo deliveries), further reducing the weight (and fuel-burn) of the aircraft.

Number of aircraft by type

Aircraft type	Number	Percentage of fleet
A319	97	31.5%
A320	160	52.0%
A320neo	37	12.0%
A321neo	14	4.5%
Total	**308**	**100%**

Efficient operations

We continue to operate our aircraft as efficiently as possible and 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 procedures on arrival and departure
- Nowcast inflight weather uplinks. This advanced wind-selection algorithm improves flight trajectory and reduces fuel burn
- Optimisation of the climb speed to cruise altitude, which facilitates reaching a more fuel-efficient phase of flight sooner
- Optimised flap configuration on the approach to landing, allowing the aircraft to be more aerodynamically efficient
- 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
- Engine washing to remove debris, which improves the air turbine efficiency. This year we carried out 349 engine washes.
- Reviewing and optimising the amount of discretionary fuel uplifted on each flight. Captains always have the final decision on the fuel required for flight and safety remains the highest priority

We also continue to retrofit our aircraft with the latest fuel efficiency upgrades, including a wiring modification to enable single engine taxiing without using the APU and a descent profile optimisation upgrade for the flight management system which supports more fuel-efficient descents.

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 the ultimate decarbonisation solution for short-haul aviation, since current pathways are not zero emissions.

At present, SAFs are typically several times the price of jet fuel, but forecasts predict that this differential will drop as SAFs scale and are adopted.

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 and are optimistic that we could begin flying our customers on planes powered by hydrogen-combustion, hydrogen-electric or a hybrid of both by the mid to late-2030s.

London Gatwick SAF trials

In a trial with partners at Gatwick Airport, some easyJet flights have been powered by Sustainable Aviation Fuels (SAF). This was the first time any airline at Gatwick has used SAF. The trial was delivered in partnership with fuel supplier Q8Aviation, Gatwick Airport and SAF producer Neste.

Q8Aviation delivered the first supply of Neste MY Sustainable Aviation Fuel™ on 19 October 2021 and the trial involved 42 flights in total. While the initial volume of SAF was relatively small, the initiative is an initial step towards extending the use of Sustainable Aviation Fuel at the airport.

Neste's MY SAF is produced from 100% renewable and sustainable waste and residue raw materials, such as used cooking oil and animal fat waste. In its neat form and over its life cycle, MY SAF can achieve a reduction of up to 80% of greenhouse gas emissions compared to fossil jet fuel use.

Energy and carbon efficiency activity

As part of our ground-based energy efficiency measures, we have continued to roll out new, more-efficient LED lighting across the Luton head office campus and completed the conversion of all outside lighting at Hangar 89 at London Luton Airport.

During the Covid-19 pandemic and local lockdowns across our European network, we made the decision to mothball the majority of our office sites including our Head Office in Luton and our largest site, Hangar 89, at London Luton Airport to reduce unnecessary energy usage.

In the 2021 financial year, the percentage of renewable sources of electricity our business used across our buildings and airport partner locations increased as more locations switched their procurement choices. In the 2021 financial year, this equated to 52% of our total electricity demand.

Carbon offsetting

Decarbonising our flights is a huge challenge that requires a variety of solutions. As we continue to support development of new aircraft technology and improve fuel efficiency, we also want to take what other action we can now. This is why, since November 2019, we have offset 100% of our organisation's direct carbon emissions, from both our flights and ground operations (Scope 1 and 2), while we work to reduce emissions structurally in the medium and long term. We carefully select projects that actively take carbon out of the atmosphere or avoid the release of additional carbon.

easyJet was the world's first major airline to do this across its entire network and we currently remain the only major European airline to do so.

Offsetting is a powerful tool to tackle current unavoidable emissions while driving finance to impactful, vital projects that offer environmental benefits, but also provide capital and low-carbon technologies to local economies. These projects are key to protect and restore ecosystems, tackle deforestation and enhance biodiversity while improving the health and livelihoods of millions of people who need it most.

At easyJet we do not see carbon offsets as an alternative solution to our carbon reductions efforts. Carbon offsetting is a tool for speeding up climate action and an interim measure, in addition to our top priority being carbon reductions. That's why we're also working right now with industry-leading technology partners, Airbus and Wright Electric, to accelerate the development of zero emission technologies and we are optimistic that we could begin flying our customers on planes powered by hydrogen-combustion, hydrogen-electric or a hybrid of both by the mid to late 2030s. easyJet also engages with policymakers and lawmakers to help ensure the regulatory environment supports the adoption of zero-emissions aircraft in commercial aviation.

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.

The schemes include nature-based credits such as reforestation, afforestation, and avoided deforestation, including borehole rehabilitation and cookstoves projects, in some of the most intense deforestation hotspots around the world. These projects are 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.

Taskforce on Scaling Voluntary Carbon Markets

We are a participant in the Taskforce on Scaling Voluntary Carbon Markets (TSVCM), an initiative launched in 2020 by Mark Carney, the former Governor of the Bank of England and now UN special envoy for climate action and finance, sponsored by the Institute of International Finance.

TSVCM's objective is to set a clear pathway towards scaling voluntary carbon markets while ensuring they are well governed, transparent, verifiable and robust. A newly formed independent governance body, composed of representatives from 12 countries, with 40% from the developing world, will review the work already conducted by the taskforce and engage experts from a wide range of sectors where concerns about integrity have arisen. Representatives of indigenous and local communities are also part of the governance body.

Offsetting for our flights

In the 2021 financial year we retired 2.12 million carbon credits to offset the carbon emissions of the fuel used in all our flights. Since we began offsetting in November 2019, we have retired 5.27 million carbon credits.

'Retiring' a carbon credit means it is taken off the market – never to be traded again. First Climate and Carbon Clear Ltd (Eco Act) procured these credits on our behalf; and the related retirement certificates are available at https://corporate.easyjet.com/.

easyJet holidays offsetting

In May 2021, easyJet holidays began offsetting carbon emissions from its package holidays, comprising the fuel used for flights and in-destination transfers, as well as the energy used from hotel stays. easyJet holidays was the first major tour operator to do this. The offsetting was also retrospectively applied to all holidays since easyJet holidays launched in November 2019.

100%

of easyJet's CO_2 footprint (Scopes 1 and 2) offset since November 2019

The Pulau Borneo project

Borneo, in Central Kalimantan, Indonesia, is the third-largest island in the world and home to the world's oldest tropical rainforests. Known for their rich biodiversity, their forests shelter thousands of endemic animal, reptile, insect and plant species. They have also experienced the destructive effects of heavy logging and conversion to land use, such as palm oil. Local communities have proven to be the best guardians of their territories, living in balance with their environment, but as forest resources become depleted, villagers feel forced to leave their communities looking for security and job opportunities.

As part of our offsetting scheme and environment protection efforts, easyJet has been supporting one of the local initiatives, the Pulau Borneo Project, which for over a decade has successfully defended 64,500 hectares of carbon and biodiversity – rich lowland peat forest from conversion to palm oil plantations, which surround the project area and the adjacent Tanjung Puting National Park, a UNESCO Biosphere Reserve. The project protects over 120 threatened and endangered species in the project area and supports over 10,000 forest-dependent community members living in and along the boundaries of the project, who have traditionally held no formal land tenure.

Working hand in hand with local staff from the Tanjung Putting National Park, the project supports the protection of forests in the project area from illegal logging, hunting of endangered species, forest fires and other illegal activities. 54 forest patrols were conducted in 2020, ensuring the protection of carbon and biodiversity stocks against degradation and deforestation.

Pulau Borneo is the world's first forest conservation project registered to the Sustainable Development Verified Impact Standard (SD VISta). SD VISta was developed by Verra, a leading standards organisation created to help countries, businesses and civil society achieve ambitious sustainable development and climate action goals, enabling projects to assess and report the sustainable development benefits they generate directly against the UN Sustainable Development Goals (SDGs). Verified by a third-party assessor, the project has demonstrated its progress against the SDGs transparently and rigorously, keeping driving finance to support and scale up its high-impact activities.

easyJet's carbon offsetting has been supporting the Pulau Borneo Project in Indonesia, which is defending large areas of peat forest.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When Covid-19 pandemic reached the remote communities in the area, where basic health services were lacking, the Pulau Borneo project was able to provide additional support. This included the provision of face masks, public health information displays and a 'floating clinic' to provide frontline care to communities in the area.

Project impacts up to 2020

(These are of the overall project – not just activity supported by easyJet)

Community

- 2,173 households now have water filters, improving sanitation and protecting their lives. Clean and safe drinking water is now accessible through 3 Water Purifying Systems
- 1,800 households with no access to electricity now have a solar light that helps them cook at night or assists children in the studies after dark while reducing air pollution exposure.
- Two solar power plants installed in two villages
- Floating health clinic built and operational, assisting 800 people
- Two libraries built; $150,000 worth scholarship fund established

Forest and wildlife impacts

- 47,237 hectares of High Conservation Value, High Carbon Stock peat forest ecosystems (64,500 total hectares) have been prevented from being converted to palm oil
- Pulau Borneo has planted approximately 350,145 trees, sourced from community nurseries that the project funded and paid the communities to plant
- Significant investment in fire prevention and suppression has been made, specifically involving communities directly in the educational, training and preparation process
- Pulau Borneo has partnered with the Orangutan Foundation International to rescue and rehabilitate orangutans that have wandered into villages. At least a dozen individuals were reported and have been rescued from surrounding villages and palm oil estates since the project's inception. 25 additional individuals have been repatriated into Pulau Borneo.

Stimulating technological innovation

Key SDGs

Overview

We want to lead the decarbonisation of aviation, and ultimately achieve zero emission flying across Europe. We believe that radical action to address aviation's impact on climate change is needed and so we are supporting the introduction of new technologies.

We are working with our partners, including Airbus and Wright Electric, to accelerate the development of zero emission technologies.

Partnerships

Airbus

In 2019 we signed a Memorandum of Understanding with Airbus for research on electric, hybrid-electric and hydrogen aircraft. The aim is to study operational and infrastructure opportunities and challenges with new propulsion technologies.

In September 2020, Airbus unveiled three hydrogen-powered concept planes: a turbofan, a turboprop and blended wing body fuelled aircraft concept. Airbus' intention is to launch the ZEROe aircraft programme with a full-scale prototype by late 2020s – for entry into service by 2035.

The ZEROe concept aircraft enables Airbus to explore a variety of configurations and hydrogen technologies that will shape the development of our future zero emission aircraft.

All three ZEROe concepts are hybrid-hydrogen aircraft. They are powered by hydrogen combustion through modified gas turbine engines. Liquid hydrogen is used as fuel for combustion with oxygen. In addition, hydrogen fuel cells create electrical power that complements the gas turbine, resulting in a highly efficient hybrid-electric propulsion system. All of these technologies are complementary, and the benefits are additive.

A team from easyJet, including our CEO, participated in the Airbus Summit on sustainable aerospace in September this year. The event brought together the aviation industry and stakeholders to discuss the actions that will be needed to deliver this technology.

Airbus has unveiled three hydrogen-powered concept planes: a turbofan, a turboprop and blended wing body fuelled aircraft concept.

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Aerospace Technology Institute and FlyZero

The UK Aerospace Technology Institute (ATI) last year established the FlyZero initiative to help the UK aerospace industry develop a zero carbon emission aircraft by 2030.

The FlyZero programme brings together around 100 people seconded from industry and academia and has received a £15 million grant from the UK Department for Business, Energy and Industrial Strategy (BEIS). FlyZero is conducting a detailed and holistic study of the design challenges, manufacturing demands and market opportunity of potential zero carbon emission aircraft concepts.

Captain David Morgan, Director of Flight Operations, and Bristol based First Officer Debbie Thomas are both members of the Aerospace Technology Institute and involved in the FlyZero programme.

Debbie is currently on a secondment working within the FlyZero project as an Aircraft Modeller to help accelerate the aviation path to zero carbon aircraft. Before retraining as a commercial pilot, Debbie worked as an aerospace engineer for 16 years in modelling and simulation. She is now bringing this experience, as well as her perspective as a pilot, to the FlyZero project.

Wright Electric

Since 2017 we have been working with Wright Electric to support the development of a zero emission aircraft.

We believe that hydrogen will play a big part in future zero emission technology, as hydrogen has the ability to be combusted directly or converted to electricity via a fuel cell. High power electric motors are therefore likely to play an important role in future zero emission aircraft, either independently or as a hybrid, together with hydrogen combustion.

Wright is currently engineering electrical systems at the megawatt scale which will be necessary for commercial aircraft. These components will form the power plant of Wright's revolutionary Wright 1 aircraft.

In September 2021 Wright announced that it had successfully produced and started testing a two megawatt electric powertrain motor, which it believes is the most powerful electric propulsion motor of its kind in development and a key component for a zero emission aircraft system. This follows the successful testing of its next-generation inverter technology earlier in 2021.

Wright is then moving to the next phase of development including integration with an in-house developed highly efficient inverter, high altitude chamber testing, and gathering testing data for future aircraft certification. Wright remains committed to pushing the development of the electric powertrain to meet the requirements of the aerospace community, with progressive development over the next two years.

Wright commenced ground testing in 2021, and has said it will focus on propulsion fan development in 2022 and flight testing will commence as early as 2023.

UK Jet Zero Council

Our Chief Executive Officer, Johan Lundgren, is a member of the UK Government's Jet Zero Council. Members of our Sustainability, Policy and Operations teams also participate in discussions within the Council and its working groups.

The Jet Zero Council brings together the UK Government and industry to accelerate the development of a UK Sustainable Aviation Fuel industry and commercialise zero emission flight.

The current focus areas of the Jet Zero Council are:

- Zero emissions aircraft – accelerate the design, manufacture, testing, certification, infrastructure and commercial operation of zero emission aircraft and aviation systems in the UK through sustained investment in applied research and development and fostering greater collaboration across sectors.
- Sustainable Aviation Fuels – accelerate the delivery of SAF by supporting the investment in first-of-a-kind SAF plants, supporting research and development of new pathways and driving down production costs through upscaling and innovation.

World Economic Forum's Target True Zero Aviation

The World Economic Forum's Target True Zero initiative is working to accelerate the deployment and scaling of zero emission aviation, including electric and hydrogen flight technologies.

easyJet is participating in the initiative, along with other partners such as Airbus, , Boeing, Rolls-Royce, Schiphol Airport, Wright Electric, Zeroavia, McKinsey and Company, and the Aviation Impact Accelerator at the University of Cambridge.

This initiative is looking at what is needed to unlock the potential of true zero emission aviation in the areas of technology, industry dynamics, infrastructure and supply chain, regulation, and public acceptance.

Rolls-Royce

We are collaborating with Rolls-Royce to research and progress thinking on the operational and economic implications of deploying new energy and power solutions in the commercial aviation sector.

New forms of propulsion and energy will require new infrastructure and operational requirements. The solutions are complex and require the ecosystem to be adapted at all levels.

The work will bring together key stakeholders operating across the aviation value chain (in addition to Rolls-Royce and easyJet subject matter experts) who will model and understand the implications of deploying new energy such as hydrogen at scale. These will be key avenues of enquiry to address over the time horizon of the project.

UK Sustainable Aviation

easyJet is a member of Sustainable Aviation (SA), a coalition of UK airlines, airports, aerospace manufacturers and air navigation service providers. As a group, SA has committed to achieving net zero emissions by 2050, through an international approach, working with governments around the world and through the UN.

In June 2021 Sustainable Aviation announced new interim decarbonisation targets of at least 15% by 2030 and 40% by 2040, having reaffirmed its commitment to net zero by 2050.

Sustainable Aviation's roadmap includes the use of SAFs, airspace modernisation to deliver more efficient flying, the commercialisation of carbon removal technologies, and new low and zero carbon technologies – powered by hydrogen-combustion, hydrogen-electric or a hybrid of both – becoming mainstream in the 2030s.

Going beyond carbon

Key SDGs

Overview

We know that our environmental impact is wider than carbon emissions and we continue to assess, address and minimise our environmental impacts beyond carbon. This year we have focused on the implementation of the Environmental Management System (EMS), improvements to waste management in our operations, and documenting sustainability requirements in our procurement.

We have also continued to implement our Diversity and Inclusion Strategy and incorporated Wellbeing to provide holistic support for people who work at easyJet.

Environmental Management System

To improve our environmental performance in a structured, systematic, and documented way, we joined the IATA Environmental Assessment Program (IEnvA), an EMS accreditation programme specifically developed for the airline sector by airlines, IATA, and leading experts in the aviation environmental sustainability. IEnvA provides airlines with a guidance, aligned with internationally accepted environmental management standard ISO 14001:2015, to effectively address significant environmental sustainability matters that face the aviation industry today.

We began implementation of our EMS in 2020 and established a dedicated Environmental Management Review Board. The Board is chaired by the Chief Operating Officer (COO), and attendees include the Director of Flight Operations, the Director of Cabin Services, the Director of Inflight Retail, the Director of Engineering & Maintenance, the Director of Safety, Security & Compliance, the Director of Ground Operations, the Director of Airport Operations and Navigation, the Director of HR Shared Services and the Director of Sustainability. The Board meets twice a year to review the performance of the EMS and to ensure that it continues to be effective in meeting objectives and targets, addresses key operations and business activities, and provides an efficient framework for continual improvement.

To implement and embed the EMS into day-to-day activities, a cross functional EMS Working Group has been created, which is chaired by the COO. The working group includes representatives from Flight Operations, Safety, Security & Compliance, Engineering & Maintenance, Property, Inflight Retail, Ground Operations, and Crew Operations. The Groups meets on a quarterly basis and is responsible for championing environmental improvement and delivering environmental initiatives, improving environmental policy and procedures integration in their departments. 15 Environmental Action Plans have been developed across all areas to maintain environmental compliance, prevent pollution, and drive continuous environmental improvement.

Airlines are able to phase the implementation of the IEnvA programme with recognition as a Stage 1 or Stage 2 Operator. In September 2021 we were internally assessed against the IEnvA Stage 1 standards, which was followed by an external assessment by a team of IEnvA Assessors (that consists of one IOSA Lead Auditor and one certified ISO 14001 auditor) . We are committed to achieve Stage 2 recognition in the 2022 financial year.

Waste management

A variety of waste streams are generated in our operations and we are committed to reducing waste across all our activities, by applying the waste hierarchy to reduce the impact of any residual waste. In our offices we segregate recyclable waste streams such as paper and cardboard, aluminium cans and plastics, and food waste.

In our Engineering and Maintenance operations we ensure hazardous waste is handled appropriately and we are working towards increased segregation of hazardous and non-hazardous waste.

We also generate waste onboard our flights. Approximately 50% of waste generated on our flights is recyclable, which includes plastic bottles, aluminium cans, cardboard, and paper, and we are committed to segregate and recycle as much as possible.

Single use plastics

We have made changes to our inflight food and drink products and service to help reduce the amount of single-use plastic used on our flights.

Since 2020 these changes have now avoided the use of over 36 million items of plastic.

Waste generated in easyJet operations (excluding on-board waste)

Waste type	Weight (by tonnes)
Card	112.74
Crushed empty oil tins	5.79
Food	9.60
General commercial waste	139.21
Waste oil & fuel	5.18
Scrap metal	1.96
Wood pallets	0.88
Hazardous waste	35.89
Mixed	3.02
WEEE	0.45
Total waste	**314.72**

Onboard waste projection

Metric	**FY21**	FY20
Total onboard waste (thousand tonnes)*	**1.61**	3.39
Waste per passenger (kg/pax)**	**0.08**	0.07

* Total onboard cabin waste generated, including recycling, general waste and International Catering Waste, split out separately, is unavailable. Average generated waste per passenger was calculated based on the total waste generated from aircraft operations at Luton Airport, for which data is available, and the number of arriving passengers. Average waste per passengers was extrapolated using all passengers flown to estimate total waste generated onboard.

** Average calculated based on total waste generated at Luton Airport and the number of arriving passengers. Splitting out between short, medium and long-haul service type is not available.

Onboard waste

We are not directly responsible for the disposal of onboard waste, which is typically handled by our ground handling and cleaning contractors. Waste is taken to appropriate disposal facilities at airports, with some materials being recovered for recycling and some being sent to landfill or incinerated. 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 onboard is deemed as ICW upon arrival, meaning that materials are being unnecessarily sent to incineration or deep landfill, when they could be recycled. Consequently, many airports do not provide recycling facilities.

Our new pilot and cabin crew uniforms are produced using fabric made from 100% recycled plastic bottles. The material for each uniform uses around 45 bottles.

Over the last year we initiated dialogue with our partners at our 12 largest airports to drive improvements in waste segregation and increasing recycling rates. In partnership with Bristol Airport, a recycling trial was set up in December 2020 and a new dedicated waste facilities were made available for our segregated onboard waste (in December 2020). The airport authority provides regular feedback, which is communicated back to our cabin crew, to ensure onboard waste is segregated and disposed of responsibly, and in line with our Environment Policy.

We issue regular communications to our cabin crew community to emphasise the importance of waste segregation and a new training module was created, explaining segregation procedures and what happens to recyclable waste once it is taken off the aircraft. This module will be used in all cabin crew new entrants and recurrent training.

Hazardous waste

Hazardous and non-hazardous waste is generated in our Engineering & Maintenance operations. We are committed to ensuring all waste is handled in a responsible manner and as much waste as possible is segregated.

Cardboard is re-used for transporting engineering parts, both in the main hub and in outstations, and cleaning clothes are made from recycled clothing materials.

Over the next year we will be working further to align the waste procedures and standards across all locations, and we will be setting reduction and improvement targets.

In the 2021 financial year, we began discussions with the Aircraft Interior Recycling Association (AIRA) – a total aircraft interior support company that provides environmentally responsible ways to recycle end of life interiors and waste materials. AIRA will review disposal options for end of life aircraft interior materials and plastic parts, with the view to establish which parts and materials can be processed and recycled if collected separately, rather than being disposed to landfill. We will be running a trial project starting early 2022.

Recycled uniforms

This year we started introducing a new cabin crew and pilot uniform created with unique high-tech material, each made from around 45 recycled plastic bottles. The roll-out across the airline is estimated to prevent around half a million plastic bottles from ending up as plastic waste each year.

The new fabric, adapted to the easyJet's current style, was first trialled last year for suitability in the cabin and flight deck environments. Compared to the non-recycled alternative, it is more abrasion-resistant. It also provides even more elasticity, a four-way stretch, improving fit and freedom of movement for enhanced comfort and durability. This development can lead to it being long lasting for the wearer, reducing the need for more uniform items to be produced in the long term.

Beyond the new fabric, plastic has also been replaced in all clothing-related packaging in favour of recyclable and biodegradable materials.

Going paperless

Our Engineering and Maintenance Part 145 Quality Department significantly reduced the need to print and re-scan documents in order to support easyJet engineers with their personal aircraft maintenance licence applications.

A new procedure was introduced, which was approved by the CAA, reducing the need to print all application documentation, including supporting information such certificates, logbooks and identification documents and to perform application verification by applying a wet stamp on every page and countersigning it.

On a single application this could have previously amounted to between 300 to 600 pages. This has not only significantly reduced the need to print but also improved processing efficiency and time. There is now a review of further processes to streamline engineering station procedures to move towards paperless systems with only a paper back-up as required by the regulator.

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. The LEAP-1A engines on these aircraft meet the most stringent noise standards, ICAO's Chapter 14 regulations.

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.

Sustainable construction – Berlin new hangar

In September 2021 construction began of our new maintenance hangar at Berlin Brandenberg Airport. The hangar, which will be our first maintenance hangar outside of the UK, is due to be operational at the end of 2023.

> **"Delivering Covid-19 vaccines around the world is the biggest health and logistics operation in history, but easyJet's summer collection has provided vital support for our appeal. Once again, easyJet employees have gone above and beyond with their fundraising efforts, raising over £275,000 an incredible amount which could help to deliver approximately 189,000 vaccines around the world. Thank you to everyone at easyJet, we're incredibly grateful for your support."**
>
> **Gordon Glick**
>
> Deputy Executive Director for Partnerships at The UK Committee for Unicef (Unicef UK)

The hangar will conform with latest November 2020 GEG Law (Gebäudeenergiegesetz) and thereby meets the EU Energy Performance Directive 2020.

The plans include a highly energy efficient underfloor heating system, with heating supplied from a district heat system.

Unicef charity partnership

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 make donations in support of Unicef's work to protect children around the world from disease and keep them safe during emergencies.

In summer 2021 we restarted our onboard appeals for Unicef to support the charity's Covid-19 Vaccines Appeal, in which Unicef aims to support the delivery of 2 billion Covid-19 vaccines, tests, and treatments for health workers and the most high-risk people around the world. An individual donation from a customer of just £2/€2 could help Unicef deliver one dose of one of the Covid-19 vaccines.

For the first time we took donations by card payment, rather than cash. We also encouraged customers to donate online directly to Unicef through prompts in the easyJet mobile app and through advertising on aircraft seatbacks.

During the summer 2021 appeal, which took place through July, August and September, we were able to raised over £275,000 due to the efforts of our cabin crew and the generosity of our customers.

Since our partnership with Unicef began in 2012 it has raised over £15 million.

Our summer 2021 onboard charity appeal supported Unicef's Covid-19 Vaccines Appeal and raised over £275,000.

Diversity, Inclusion and Wellbeing

This year we have continued to focus on our people priorities, including the ongoing impact of the pandemic on people who work at easyJet. We have evaluated our previously introduced Diversity and Inclusion Strategy and incorporated Wellbeing to provide a holistic strategy. It is focused on creating an environment of inclusion where everyone can be themselves and people can look after their own and each other's wellbeing.

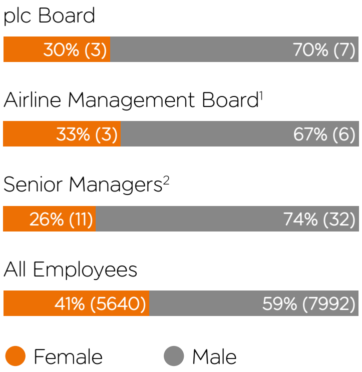
Firm foundations

Data led design of best practice policy and process, embedding our responsibility for inclusion and wellness at easyJet

- Our overall engagement through our anonymous listening platform, with regular surveys, encourages our colleagues to score 'I feel I can be myself at easyJet' and 'easyJet cares about my health and wellbeing'. The reporting includes verbatim comments and is broken by function to help us identify opportunities to continue improving and ensure every team has an inclusive environment. A survey we conducted in June 2021 showed a 7% increase to score 8/10 for these subjects, which, in the context of the impact of the pandemic, is a very positive outcome.
- Our submissions for our UK Gender Pay Gap and the final year of the Hampton-Alexander report (on female representation in senior roles) were skewed this year given the organisational changes and the implementation of furlough as a result of the pandemic. Our performance for Gender Pay Gap was a median gap of 12% and a mean gap of 7.4%. The submission can be found on our website at https://corporate.easyjet.com/corporate-responsibility/gender-pay-reports. For the Hampton-Alexander report submission in November 2020, our AMB representation remained on target at 33%, while our AMB direct reports fell by 9 percentage points to 29% due to the consequences of the organisational changes during the pandemic.
- As part of our commitment to Diversity and Inclusion, we treat every applicant in our recruitment processes equally, including those with accessibility requirements. We also support our employees who experience difficulties or disability once in our employment, such as providing reasonable adjustments to the workplace to support everyone in achieving their potential. However, for our two largest communities, pilots and cabin crews, there are a range of regulatory requirements on ability which all applicants and employees must comply for operational safety reasons.

Gender

Gender makeup of easyJet employees as at 30 September 2021



1. The Airline Management Board is our "Executive Committee" for the purposes of the FTSE Women Leaders/Hampton-Alexander review
2. Defined in accordance with the Companies Act 2006 which includes those with responsibility for planning, directing or controlling the activities of the company as well as persons who were Directors of our subsidiary undertakings

Open and honest communication

Engaging campaigns and supporting materials, designed utilising feedback from our listening channels, articulating what we mean by inclusion and wellness at easyJet

- Our central framework for all conversations, named 'You Matter', sets a consistent approach in conversations on Diversity, Inclusion and Wellbeing and links directly to our core business 'People Priority'. Our Hub and our chat forum encourages everyone to get involved and share stories and activities across the business. This has seen a 15% growth in engagement this year.
- Our regular campaign plans recognise and educate on a variety of events. For example, recognising International Day of Transgender Visibility by sharing educational guides on the importance of pronouns for an inclusive environment, and launching our diversity data monitoring campaign 'Care to Share', whilst celebrating Black History Month.
- Our Trailblazer Community, who are our passionate advocates for all things diversity, inclusion and wellbeing, are a single group of allies who help spread the word and educate on all activity across easyJet. Our Trailblazer conference this year included educational experience by working with our external specialist partners; recognising we have lots we can learn we have engaged with specialists to help educate us, inform our process and policies and being a critical friend to help us improve.

Increasing confidence and capability

We upskill our people to instigate cultural change, creating an employee sense of belonging, an environment of inclusion and supporting wellness needs at easyJet

- We have delivered a variety of learning interventions across the business this year, specifically on elements of health and wellbeing in the pandemic time supported by our Employee Assistance Programme (EAP) partner for clinical expertise, ensuring our colleagues are aware of the support available for themselves and their families through these difficult times. We have also evaluated mental health learning for our colleagues and managers and are in the process of rolling this out.
- Our inclusive behaviours e-learning and our mandatory diversity, equality and inclusion training continues to be available for all colleagues across the business.

Supporting services and partners

We focus on expert input and support for our resources, tools and services. Reflecting the different needs across our communities

- We have worked closely with Business in the Community to help us with our commitment to the Race at Work Charter. This year we have improved our capability to collect diversity data in an inclusive manner and encourage our colleagues to 'Care to Share' their personal information where legally reasonable across the network. Our aspiration is to reach 70% declaration rate in the coming year across all our new fields.
- We produced our Transitioning at easyJet Toolkit along with other guidance into other key policy documents and communication campaigns.
- In the UK Glassdoor platform our Diversity & Inclusion rating has increased in the last year from 3.4 to 4.2, scored out of 5. Additionally, for the second year running we were rated first in the Transport sector for Britain's Most Admired Companies, including the Diversity and Inclusion category.

Our future focus is to continue to ensure our diversity monitoring enables us to make the right decisions for our communities and embed our commitments around policy,

Business ethics

process and upskilling. As well as a continued commitment to broadening the health and wellbeing support across our network, our Trailblazer team and line managers continue to be critical in our ambition to create an inclusive and energising environment where everyone can learn and grow.

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.

Virtual pilot school visits

In March 2021 we launched a virtual pilot school visits programme. Teachers, schools and parents have been able to request a virtual visit from an easyJet pilot, to join classrooms and assemblies via video link, providing young people across the UK with the opportunity to find out what the job of a pilot is really like and to explain that it can be a career that anyone can consider.

Since 2017 easyJet pilots have visited over 400 schools and colleges across Europe, which has helped to provide visible role models for young people.

Special assistance

We provide our special assistance service, in partnership with airports and their special assistance providers on the ground, for customers who need some additional help when they are travelling.

Customer satisfaction amongst passengers using special assistance has continued to be higher than the average across all customers. Customer satisfaction amongst special assistance customers this financial year was 87% (based on customers who selected 'completely', 'very' or 'quite' satisfied), compared to 74.6% for all customers (2020: 83.6% for customers using special assistance, compared to 75.2% for all customers).

In 2012 we established the easyJet Special Assistance Advisory Group (ESAAG), to provide expert advice on special assistance issues. While the Group has not met during the pandemic, we continue to work with the Chair of the Group, Lord David Blunkett.

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. Hotels with GSTC-recognised certifications have been independently certified against GSTC criteria which address the key elements of social, environmental, cultural, and economic sustainability. easyJet's 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 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 Organization'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 crew and pilots on how to identify and report possible human trafficking.

Ethics policies and oversight

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

A Business Integrity Committee acts as a cross-company forum to consider 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 confidential whistleblowing process.

The 'Speak Up, Speak Out' service is run independently of easyJet and reports can be made openly or anonymously. The service is available by phone and online reporting in all countries we serve.

All reports are investigated and followed up as necessary by a dedicated 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 and 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.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

(a) Describe the board's oversight of climate-related risks and opportunities

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 the Chief Executive Officer (CEO). The AMB reports upwards to the plc Board. The CEO sits on the plc Board and is responsible for climate-related issues.

The AMB's members (which includes the CFO & CEO) are collectively responsible for assessing and managing climate-related risks and opportunities, as well as driving the performance of the airline against strategic KPIs and managing the allocation of central funds and capital.

(b) Describe management's role in assessing and managing climate-related risks and opportunities

Climate-related issues were included as specific agenda items four times at the AMB, and were discussed regularly at the plc Board during the 2021 financial year. This included regular updates from the CEO, and a formal presentation from the sustainability team. Topics usually covered reviewing and guiding climate-related strategy and monitoring and overseeing progress against goals and targets for addressing climate-related issues, among others.

easyJet has a dedicated sustainability board called the Sustainability Steering Committee. The Committee meets on average, eight to ten times a year and comprises senior management attendees including Group Markets & Marketing Director, CFO, Chief Commercial Officer, Group General Counsel & Company Secretary, Director of Flight Operations, Director of Airport Development & Procurement, Director of Tax & Fuel Procurement, HR & People Development Director and the Director of Sustainability. Members are collectively responsible for driving the performance of the airline against strategic KPIs and managing the allocation of central funds and resource to improve our performance and the consideration of and disclosure of climate-related risks and opportunities.

During the 2021 financial year, the Sustainability Steering Committee (chaired by the Group Markets & Marketing Director, AMB member) reviewed and discussed climate-related risks and opportunities from both a qualitative and quantitative perspective and these were presented and discussed upwards to the AMB. The Group Markets & Marketing Director, in their capacity as Chair of the Sustainability Steering Committee, approved the task to model the future trajectory of gCO_2/revenue per passenger kilometre (RPK) for the airline through to 2050 (a task that feeds into the modelling of our net zero ambitions).

Refer to the section below on Metrics and targets for further information regarding our net zero pathway.

Focus areas for the 2022 financial year

- easyJet is planning further engagement and involvement of Board-level colleagues and managers across the business to increase the visibility, knowledge and performance of climate change issues. This will include a series of risk workshops to assign further responsibilities.

Strategy

(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Ongoing development of the Corporate Risk Management Framework is a constant at easyJet, ensuring a unified and collaborative risk management approach and risk management best practice across the Group. easyJet defines our short, medium and long term time horizons for climate risk as follows:

- short – 0-1 year
- medium – 1-5 years
- long – 5-20 years

The key risks identified using the risk framework by the business and subsequently reviewed by the Board fall into seven broad themes – one of these thematic areas is environment and sustainability as outlined in the risk section on page 85. The risks include:

Carbon trading schemes – i.e. adverse changes to these schemes including the existence and/or cost of the scheme (i.e. pertaining to a climate transition risk).

Increased taxation – i.e. 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 (i.e. pertaining to a climate transition risk).

Significant operational disruption – in the 2021 financial year, we incorporated the impacts of climate change on our business and operations into a risk focused on significant operational disruption – i.e. climate change-related weather disruption (i.e. pertaining to physical climate risks) as part of the Safety, Security and Operations thematic area.

easyJet worked in partnership with the Cambridge Centre for Risk Studies (CCRS) using methodology and scenarios from their Climate Resilience Analytics Framework. The scope of work included addressing the business risk from climate change in both our direct and indirect operations, across our value chain. The work commenced in the early part of the 2021 financial year whereby an assessment was made, using workshops and interviews with key internal stakeholders, regarding the potential financial risks to our business operations across the dimensions of physical and transition risks. CCRS then undertook scenario modelling of each climate risk against easyJet's current commercial and physical footprint (see below for more information).

CCRS modelled the potential financial impacts of transition risks (e.g. the changing landscape of climate and carbon taxes, charges and regulatory changes introduced by countries in our network) as well as physical risks (see below) for various climate scenarios to determine the sensitivity of impacts to different future global socioeconomic and temperature projections (see below for a full explanation of the scenarios used). easyJet relies on a number of key estimates including the ability to meet its strategic plans, future fuel and carbon tax prices and the ability to pass on cost price increases to the customer.

Transition risks

There are several transition risks that are prominent, as easyJet develops its business and operations in a changing landscape. They include:

- Changes in Consumer Sentiment
- Legislation and Policy Changes (e.g. future climate and carbon-related taxes)
- Technology Developments (including Sustainable Aviation Fuels and aircraft innovation)
- Investor Sentiment and the increase of the ESG Agenda
- Consumer and/or Regulator Liability Claim

Physical risks

The CCRS work highlighted the acute and chronic physical risks that could impact our business. In summary, these related to the increased impact to our business from severe weather like flooding, snowstorms etc.

Opportunities

The specific opportunities easyJet has identified include:

- resource efficiency, i.e. the use of more efficient aircraft which help to reduce our fuel burn, carbon compliance and other direct costs
- shift in consumer preferences – this could allow easyJet to build brand loyalty by demonstrating our commitment to reduce emissions and tackling climate change
- reducing future direct costs by supporting technological step change – we recognise the need for our industry to transition to a low-carbon operation which is why we are collaborating in several partnerships to support technological step change to make zero emissions technology a reality – whether hydrogen, electric or a hybrid of these technologies to power the aircraft of the future.

(b) – Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning

In terms of financial planning, easyJet defined what it deemed to be substantive financial or strategic impact on our business during the 2021 financial year with respect to the climate change risk quantification. The quantification will further assist in defining thresholds for what constitutes a risk of “major concern” e.g. substantive financial or strategic level of impact and “above risk tolerance” against this metric – the overall company materiality principal of 1% of total assets equating to a threshold of £21.5m is listed in this annual report.

For a full explanation of this materiality threshold in the context of risk quantification, refer to section 2.1b and for a full explanation of our climate-related risks and opportunities on our business and strategy, please refer to section 2.1, 2.2, 2.3 & 2.4 of our 2021 CDP climate change submission which is available on the CDP website at www.cdp.net.

(c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Overview of scenario analysis

CCRS quantified our climate change risks using a 5-year Enterprise Value at Risk (5yrEV@Risk) metric which shows how the risks would impact discounted cashflows over five years within a given confidence interval, e.g. 95%, in line with how we define short and medium term time horizons for climate risks. However, the quantification and supporting research and analysis will further assist in the allocation of resource and capital to manage these risks beyond these time horizons.

The scenarios used were as follows:

- Current Policy (climate-related policies that governments have in place today, resulting in >3°C temperature rise by 2100)
- Stated Policy (policies that governments have committed to in their Nationally Determined Contributions but are not yet implemented and fall short of Paris Agreement requirements, 2.5°C)
- Paris Agreement-aligned mitigation (2°C); and
- Paris Ambition (radical policy action to Net Zero by 2050, 1.5°C).

These scenarios incorporate socioeconomic projections from the Shared Socioeconomic Pathways (SSPs).

To assess physical risk, the changes in expected annual impacts (in terms of likelihood and severity of extreme weather events) were analysed on a 20-year time horizon (2040) relative to the present day (recent historical period) through financial models. Individual risk scenarios were modelled to assess the various mechanisms through which physical hazards (e.g. extreme temperatures, water stress, floods, and storms) impacts easyJet, including disruption to operations and to market demand. A middle-of-the-road scenario was chosen – Representative Concentration Pathway (RCP4.5) – noting that there is limited variability in physical risks across different RCPs within the near to mid-term time horizon (20 years).

The CCRS risk analysis confirmed and elaborated on the summary of risks that management had outlined in our 2020 financial year Annual Report and CCRS specifically quantified the financial value at risk over a five-year time horizon across various global emission pathways. Financial modelling enabled assessment of the magnitude of individual transition and physical risks identified and the relative materiality of these different climate risks over the same time horizon. For example, across the transition risk dimensions of policy, market, technology, reputational, and liability risk, as well as acute and chronic physical risks.

To read the full suite of cost estimates associated with the risks and opportunities, refer to section 2.3 and 2.4 of our 2021 CDP submission. Outputs from the various scenario analyses modelled by CCRS included within the quantitative assessments of the financial impacts to easyJet can be reviewed in detail in section 3.2a of our 2021 CDP submission. Further information is contained in Notes to the accounts, 1b.(ii) Critical accounting estimates on pages 184 to 185.

Focus areas for the 2022 financial year

- Regular involvement from Corporate Risk and easyJet’s Sustainability team will ensure progress is maintained and risks are managed within easyJet’s Corporate Risk Framework.
- easyJet will closely track the outputs from COP26 including any latest developments regarding climate scenarios and will review these in the context of having joined Race to Zero, a global UN-backed campaign to achieve net zero carbon emissions by 2050.
- easyJet plans to present its net zero roadmap in the 2022 financial year.

Risk management

(a) Describe the organisation's processes for identifying and assessing climate-related risks and opportunities

easyJet conducted a risk quantification exercise within a new risk framework to stress test our corporate risk register in the 2021 financial year – which included risks arising from climate change. easyJet worked in partnership with the Cambridge Centre for Risk Studies and used a "5-year Earnings Value at Risk (5yrEV@Risk)" metric which shows how the risks would impact discounted cashflows over five years within a given confidence interval, e.g. 95%.

For further information on easyJet's management of sustainability risks, see the Risk section on page 85.

(b) Describe the organisation's processes for managing climate-related risks and opportunities; and

(c) Describe how processes for identifying, assessing and managing climate-related risks are incorporated into the business overall risk management.

An effective corporate risk management framework has a simple, yet effective methodology. This helps encourage engagement at, and across, appropriate levels of the organisation. The methodology at the heart of the new corporate risk management framework is what is commonly known as the "bow tie" approach. This encourages a range of internal stakeholders (e.g. risk, strategy and finance teams) to consider risk in a structured and consistent way, with the unwanted or unexpected event at the centre. The risk bow ties are reviewed on a regular basis to ensure stakeholders are aware of the current causes and consequences, and that the most appropriate controls are in place and being effective. Potential causes and consequences of this event are then identified together with an assessment of the controls and mitigations that may reduce the likelihood or impact of the unwanted or unexpected event with a specific focus on prioritising those risks with a material financial impact.

easyJet will next review each transition risk identified in conjunction with the current climate change risks detailed in our Principal Risks section (see page 78). The action is to determine individual strategies and assign risk ownership through the Corporate Risk Framework. The Board is ultimately responsible for determining the nature and extent of the principal risks. However, in similar fashion to the current physical climate change risks, ownership of these risks and their risk management controls and capabilities sit across the Group. This is in addition to discussion of key risk topics and events, including emerging or changing risks, at the Airline Management Board, Audit Committee and plc Board.

For a full explanation regarding our approach and processes to manage climate-related risks and opportunities, please refer to section 2.1, 2.2, 2.3 & 2.4 of our 2021 CDP climate change submission which is available on the CDP website at www.cdp.net.

Focus areas for the 2022 financial year

- easyJet will be engaging with senior managers across the business to create and embed action plans to address priority climate-related risks and opportunities and implement key controls and mitigation strategies.
- Regular involvement from Corporate Risk and easyJet's Sustainability teams will help ensure progress is maintained and risks are managed within easyJet's Corporate Risk Framework.

Metrics and targets

(a) Disclose the metrics used by the organisation to assess the climate-related risks and opportunities in line with its strategy and risk management process

easyJet worked in partnership with the Cambridge Centre for Risk Studies (CCRS) to model the potential financial impacts from various climate-related scenarios – five in total – to determine the different temperature increases according to e.g. Paris aligned reductions, BAU projections etc. Results of the analysis are quantitative assessments of financial impacts to easyJet for each of the risk scenarios, across various emissions pathways. For further information about the metrics used for the financial quantification of our climate-related risks and opportunities, please refer to section 2.3 & 2.4 of our 2021 CDP climate change submission which is available on the CDP website at www.cdp.net.

(b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG and the related risks.

easyJet has disclosed its full value chain emissions in this Annual Report, for the second consecutive year. Refer to page 46 to read our comprehensive GHG and Energy Performance Table, incl. Scope 1, 2 & 3 emissions. For a full explanation of our GHG risks, please refer to section 2.3 of our 2021 CDP climate change submission which is available on the CDP website at www.cdp.net.

(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The business has an intensity (efficiency) target – to achieve a 10% reduction in carbon dioxide emissions per passenger kilometre on our flights by 2022, compared to a 2016 baseline figure – i.e. the end of next financial year. This metric, using grams of carbon dioxide per revenue passenger km is a headline KPI for the business and an important yardstick of our on-going efficiency improvements. The impact of the Covid-19 pandemic, including aircraft deferrals and reduced load factors, has significantly affected our progress towards our 10% efficiency target and currently we do not expect to meet this planned reduction in 2022.

In November 2021 easyJet joined Race to Zero, a global UN-backed campaign to achieve net zero carbon emissions by 2050 at the latest. By joining Race to Zero, we have committed to set an interim science-based target for 2035 as well as to reach net-zero carbon emissions by 2050, aligning with the criteria and recommendations of the Science Based Targets initiative (SBTi). easyJet plans to present its net-zero roadmap in the 2022 financial year.

Focus areas for the 2022 financial year

- The business will commence programmes of work to move it towards a pathway of net zero carbon emissions by 2050 and easyJet plans to present its net zero roadmap in the 2022 financial year.

Report footnote: The Cambridge Centre for Risk Studies Climate Resilience Analytics Framework is used by global companies to facilitate strategic and financial decision making from climate change. The Centre's rigorous scenario-based framework integrates a wide range of threat classes including financial, geopolitical, technology, environmental, social and governance with the latest international standards in climate science to provide a competitive view of a corporation's balance sheet. The Cambridge Centre for Risk Studies is based within the University of Cambridge Judge Business School. The Centre works closely with business partners in tackling complex issues of management science in risk.

NON-FINANCIAL INFORMATION STATEMENT

The table below and the information incorporated by reference comprises our Non-Financial Information Statement required by s414CA and 414CB of the Companies Act 2006. Details of our business model can be found on page 12.

Policies	Due diligence and implementation	Outcomes of policies and related KPIs (where applicable)	Related principal risks and impact of business activity
1. Environmental matters • Our Group-wide Sustainability Strategy is to lead and challenge global aviation towards net zero emissions while positively impacting our communities and our people, recognising the need to transition to a low carbon economy and the need for aviation to play its part. • Our Environment Policy sets out our approach to managing and minimising our environmental impact. • easyJet holidays offsets the carbon emissions from its package holidays and launched its inaugural Sustainability Strategy during the year. This includes a commitment that all of its holidays would directly support sustainable practices by the end of 2025 and encouraging 100% of its contracted hotels to achieve certification by a Global Sustainable Tourism Council (GSTC) accredited certification body or a certification to a GSTC recognised standard by the end of 2025. • Our Supplier Code of Conduct requires partners to comply with a number of environmental standards.	• The Sustainability Steering Committee monitors the progress being made against the Group-wide Sustainability Strategy. The plc Board and AMB regularly discuss climate-related matters and oversee progress against goals and targets for addressing climate-related issues. For more information on our Sustainability Strategy and how we manage sustainability, please refer to pages 38 to 61. • During the year we have implemented an Environmental Management System (EMS) to manage and improve our environmental performance in a systematic way. The EMS implementation is internally and externally audited. The external audit is done against the IEnvA program requirements, which is aligned to international standard ISO 14001. The internal audit is carried out by both the easyJet Compliance Team and by a team of IEnvA Assessors (consisting of one IOSA Lead Auditor and one certified ISO 14001 Auditor). • Progress against environmental targets is reported to the AMB at regular intervals. The Environment Policy is available at https://corporate.easyjet.com/ • easyJet holidays Sustainability Strategy is managed and implemented by a formal easyJet holidays Sustainability Committee, which holds monthly meetings and objectives to monitor the progress and delivery of the Strategy.	• As part of our commitment to UK and EU targets of net zero emissions by 2050, we have helped develop a European aviation industry roadmap towards net zero ("Destination 2050"). • We supported and engaged on the EU's 'Fit for 55' policy framework to achieve a 55% reduction in carbon emissions by 2030 and net zero emissions by 2050. We agree that delivering on climate change is the most important long term challenge for aviation and therefore it is critical that any fiscal measures applied to aviation support this aim. • We are developing our own detailed pathway to net zero. As part of our decarbonisation pathway, we have partnered with Gatwick Airport to trial the use of Sustainable Aviation Fuels for a number of flights. • easyJet holidays became the first major UK tour operator to offset the carbon emissions directly associated with its package holidays. For more information refer to page 49. • We have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to improve our stakeholders' ability to assess climate-related risks and opportunities. • Refer to page 46 for our greenhouse gas emissions data. • Progress against environmental targets, including carbon emissions per passenger kilometre, is reported on page 47.	• The impacts of climate change on our business and operations, carbon credit programmes, regulation, taxation and changing customer and employee expectations are recognised as one of easyJet's principal risks. Refer to pages 79 and 85 to 86 for a detailed view of our environmental and sustainability risks. • During the year we have worked in partnership with the Cambridge Centre of Risk Studies (CCRS) to identify the business risks from climate change in both our direct and indirect operations. More information on CCRS Scenario Analysis are included in our TCFD report on pages 58 to 61.

Policies	Due diligence and implementation	Outcomes of policies and related KPIs (where applicable)	Related principal risks and impact of business activity
2. Employees • Our People Handbook and Code of Ethics promote a culture that encourages open lines of communication and free access to information. • We have a Diversity, Inclusion and Wellbeing strategy. • Our Equal Opportunity and Fair Treatment Policy encourages our employees to make the best use of their skills and experience and ensure we treat staff, potential staff and the public fairly. • Our "Speak Up, Speak Out" whistleblowing process enables easyJet employees and suppliers to be able to raise concerns about any safety, ethical or legal issues.	• The People team are responsible for the majority of employee-related policies and ensuring they are followed, regularly reviewed and refreshed. • Employees are required to complete mandatory training on joining the Company and annual refresher training to ensure that they are trained and up-to-date on key policies. • We use our Employee Engagement Platform, Peakon, to understand how these policies are being perceived in practice and to get employees' views and feedback on working at easyJet. • Progress against diversity and inclusion targets is reported regularly to the AMB and annually to the plc Board's Nominations Committee to ensure we have a workforce that reflects the diverse customers we serve and the diverse communities within which we operate. • As part of our Diversity, Inclusion and Wellbeing Strategy we treat every applicant in our recruitment processes equally, including those with accessibility requirements. We also support our employees who experience difficulties or disability once in our employment. • Our whistleblowing processes are overseen by a Business Integrity Committee, which also identifies any cross-company trends. They are also reviewed by the Audit Committee and plc Board on a quarterly basis. • The Business Integrity Committee acts as a cross-company forum to consider ethics policies. 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. • The Board discusses the employee voice independent of management through the Employee Representative Director mechanism.	• To ensure employees are communicated to clearly, a weekly podcast was launched, 'VoiceNote', where Johan Lundgren updates employees about the changing external environment and what management and the plc Board are doing to support them. • Our Diversity and Inclusion Strategy was revised to include Wellbeing, in order to provide a holistic strategy in the light of the impact from the pandemic. • We have developed a central "You Matter" framework to provide a suite of tools and services to help employees look after their own health and wellness, connect with each other and plan for the future. For more information on our Diversity, Inclusion and Wellbeing Strategy, please refer to page 56. • Our regular employee surveys help us understand how employees view working at easyJet. A survey we conducted in June 2021 showed a 7% increase in scoring on employee health and wellbeing. For more information on employee engagement, please refer to page 28. • As a result of the pandemic we adopted different ways of working and our hybrid approach has helped employees balance their work and family life and enabled a safe and phased return to work. • To engage with the wider workforce and to increase the plc Board's visibility amongst employees, we reviewed the employee engagement mechanism in the year. For more details on how we enhanced the employee voice in the boardroom, please refer to page 109. • As part of our refreshed 'Speak Up, Speak Out' (SUSO) programme, we engaged an external provider to offer an independent and confidential hotline to our employees, contractors and third-party suppliers if they need to raise any concerns.	• Our people are fundamental to our success and a key category of principal risk is around our people, further information on which is set out on pages 94 and 95. Industrial Action and talent acquisition and retention are recognised as principal risks and we seek to control and mitigate those risks in order to reduce their impact.

Policies	Due diligence and implementation	Outcomes of policies and related KPIs (where applicable)	Related principal risks and impact of business activity
3. Social matters • easyJet has a pan-European partnership, 'Change for Good' with Unicef to support its work. • Sustainability activities including carbon emissions, waste management, aircraft noise and recycled uniforms. • We want to support those customers that may need special assistance on board our aircraft. • As set out under Employees, we have a Diversity and Inclusion strategy and Equal Opportunity and Fair Treatment Policy.	• Our cabin crew make onboard appeals for customers to make donations in support of Unicef's work to protect children around the world from disease and keep them safe during emergencies. • Implemented an Environment Management System to work in different ways to take action on sustainability, beyond our carbon impact. • The Special Assistance Advisory Group (ESAAG) considers and monitors easyJet's special assistance service, including customer satisfaction amongst those customers using the service.	• Given the impact of the pandemic, we pivoted our appeal for Unicef to support its Covid-19 Vaccines Appeal, which aims to support the delivery of 2 billion vaccines, tests and treatments for high risk people around the world. • We introduced new cabin crew and pilot uniforms made from recycled plastic bottles. • We partnered with Bristol Airport in a project to pilot best practice cabin waste separation and recycling, with a view to engaging our crews and many more airports to reduce cabin waste to landfill. • Customer satisfaction amongst passengers using special assistance has continued to be higher than the average across all customers. Customer satisfaction amongst special assistance customers this financial year was 87% (based on customers who selected 'completely', 'very' or 'quite' satisfied), compared to 74.6% for all customers (2020: 83.6% for customers using special assistance, compared to 75.2% for all customers). While the Group has not met during the pandemic, we continue to work with the Chair of the Group, Lord David Blunkett. • 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.	• Social impact matters are not considered to be principal risks. However, these matters are considered by the plc Board as part of its stakeholder engagement programme, further information is set out on pages 26 to 37.

Policies	Due diligence and implementation	Outcomes of policies and related KPIs (where applicable)	Related principal risks and impact of business activity
4. Human rights • easyJet is committed to human rights, both in its business and its supply chain. This includes observance of the principles set out by the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. • We have a Supplier Code of Conduct, which 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 subcontractors. In line with the UK Modern Slavery Act, it prohibits modern slavery and human trafficking.	• 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. • The plc Board reviews easyJet's policies on modern slavery, due diligence processes and the way we assess and manage modern slavery annually. • 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. • Employees are required to undertake mandatory training on modern slavery.	• Both induction training and annual refresher training at a Group level ensures the workforce is continually mindful of human rights and modern slavery. • Ensuring policies form part of our process with new and potential suppliers in turn enhances the Group's actions to mitigate and prevent modern slavery and human trafficking. • We consulted with a number of expert stakeholders, such as not for profit organisations and investors, in developing our strategy to tackle modern slavery. We shared with them our modern slavery policy and strategy and their constructive feedback helped us to further improve our approach to tackling the issue.	• Modern slavery was included as a key topic in this year's Safeguarding Workshop – an internal cross-functional workshop aimed at assessing safeguarding risks faced by easyJet to stimulate discussion and prioritise any future management action. • We continue to look at the Global Slavery Index to support our analysis of geographic risks and assess whether the country/area have a high prevalence of modern slavery or other labour rights violations.
5. Anti-corruption and anti-bribery • Code of Ethics, which includes ethical and compliance policies, covering topics that include bribery and corruption, gift giving and fraud. • 'Speak Up, Speak Out' policy. • Supplier Code of Conduct. • Gifts and Hospitality Register.	• Ethical and compliance policies are monitored by the Business Integrity Committee and People team. • All existing and new employees receive mandatory ethics training annually and upon joining the business. • Risks associated with bribery and corruption are reviewed quarterly by the Audit Committee. • A Gifts and Hospitality Register ensures any gifts or hospitality received are recorded and monitored in line with regulatory requirements.	• Ensuring appropriate controls are in place to monitor and mitigate bribery and corruption, both external and internal, has ensured a zero tolerance approach is maintained throughout the Group. • In order to understand industry-wide trends, the Business Integrity Committee set up a UK Airline Fraud Forum and has invited several UK airlines to attend.	• Compliance and regulatory risks are recognised as a principal risk. More details can be found on pages 90 to 91.

OUR FINANCIAL RESULTS

> Our focus over the winter season was on raising liquidity, implementing strong cost control measures and cash generative flying to minimise cash burn and as we entered the Summer peak easyJet successfully maintained this disciplined approach by matching capacity to rising demand across UK domestics and mainland Europe.
>
> **Kenton Jarvis**
> Chief Financial Officer

Financial overview

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

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

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

With a full year impact of Covid-19 driving reduced flying and the softer macro-level demand, Group revenue for the full year decreased by 51.6% to £1,458 million (2020: £3,009 million), and Airline revenue per seat for the year fell 7.0% to £50.54 (2020: £54.35), and by

6.4% at constant currency. It should be noted that Covid-19 restrictions started in March 2020 and therefore did not impact the first half of the 2020 comparative financial year when easyJet delivered revenue per seat 9.6% higher than 2019 and load factors of 90.3%.

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

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

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

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

Group ownership costs increased by 4.1% to £585 million (2020: £562 million) predominantly driven by increased interest costs as a result of higher levels of debt, partially offset by lower maintenance related depreciation as a result of the reduction in flying volumes.

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

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

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

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

Loss per share and dividends per share

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

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

Basic headline loss per share was 166.9 pence (2020: loss per share 149.7 pence) and basic total loss per share was 159.0 pence (2020: loss per share 222.9 pence) driven by the losses for the year. Weighted average shares in issue in the 2021 financial year were 539 million (diluted 544 million) (2020: 484 million, diluted 489 million, restated due to the rights issue from 407 million, diluted 412 million).

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

* Restated as a result of the 2021 rights issue.

Return on capital employed (ROCE)

	2021	2020
Headline Return on capital employed	**(25.5%)**	(19.9%)
Total Return on capital employed	**(22.4%)**	(23.0%)

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

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

Exchange rates

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

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

Average exchange rates

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

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

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

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

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

Headline exchange rate impact

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

Non-headline exchange rate impact

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

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

Financial performance

Revenue

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

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

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

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

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

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

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

Headline costs excluding fuel

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

	2021		2020	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Operating costs and income				
Airports, ground handling and other operating costs	**446**	**15.01**	938	16.88
Crew	**495**	**17.56**	629	11.42
Navigation	**102**	**3.62**	206	3.74
Maintenance	**222**	**7.90**	278	5.04
Selling and marketing	**60**	**1.94**	107	1.70
Other costs	**319**	**10.80**	426	7.38
Other income	**(6)**	**(0.21)**	(23)	(0.42)
	1,638	**56.62**	2,561	45.74
Ownership costs				
Aircraft dry leasing	**5**	**0.20**	1	0.02
Depreciation	**456**	**16.18**	485	8.81
Amortisation	**24**	**0.74**	18	0.30
Net finance charges	**109**	**3.83**	58	1.07
Balance sheet foreign exchange gain	**(9)**	**(0.32)**	–	–
	585	**20.63**	562	10.20
Headline costs excluding fuel	**2,223**	**77.25**	3,123	55.94

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

Operating costs and income

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

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

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

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

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

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

Group headline other costs decreased by 25.1% to £319 million, with Airline cost per seat increasing by 46.3% to £10.80, and by 46.9% at constant currency. The significant driver in the increase in the cost per seat is a result of fixed costs being spread over lower flown capacity. In addition to the capacity impact, there were a number of asset write-offs as a result of focus on spares and projects.

Ownership costs

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

Group net finance charges have increased from £58 million in 2020 to £109 million in 2021, due to increased interest payable from additional debt facilities and increased leased aircraft resulting in higher lease-related interest.

Fuel

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

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

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

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

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

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

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

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

Non-headline items

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

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

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

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

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

Summary net debt reconciliation

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

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

Debt increased by £636 million largely driven by two new sources of debt, partially offset by repayments in the year. A new five-year term loan facility of $1.87 billion (circa £1.4 billion) was entered, underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. easyJet drew down $1.05 billion of this in the period. In addition, a €1.2 billion 7-year bond was issued in the period under the Euro Medium Term Note (EMTN) programme. During the year repayments of £300 million from the Covid Corporate Financing Facility (CCFF), $500 million Revolving Credit Facility and circa £400 million of term loans were made.

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

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

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

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

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

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

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

Summary consolidated statement of financial position

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

* Excludes restricted cash

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

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

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

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

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

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

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

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

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

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

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

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

KEY STATISTICS

	2021	2020	Increase/ decrease
Operating measures			
Seats flown (millions)	**28.2**	55.1	(48.9%)
Passengers (millions)	**20.4**	48.1	(57.5%)
Load factor	**72.5%**	87.2%	(14.7ppts)
Available seat kilometres (ASK) (millions)	**33,348**	62,380	(46.5%)
Revenue passenger kilometres (RPK) (millions)	**23,594**	58,914	(60.0%)
Average sector length (kilometres)	**1,184**	1,132	4.6%
Sectors	**155,664**	311,477	(50.0%)
Block hours ('000)	**311**	613	(49.3%)
Number of aircraft owned/leased at end of year	**308**	342	(9.9%)
Average number of aircraft owned/leased during year	**331**	337	(1.8%)
Number of aircraft operated at end of year	**239**	157	52.2%
Average number of aircraft operated during year	**198**	237	(16.5%)
Number of routes operated at end of year	**927**	981	(5.5%)
Number of airports served at end of year	**153**	154	(0.6%)
Financial measures			
Total return on capital employed	**(22.4%)**	(23.0%)	0.6ppt
Headline return on capital employed	**(25.5%)**	(19.9%)	(5.6ppt)
Airline total loss before tax per seat (£)	**(36.33)**	(22.66)	60.3%
Airline headline loss before tax per seat (£)	**(39.87)**	(14.68)	171.6%
Airline total loss before tax per ASK (pence)	**(3.11)**	(2.04)	52.5%
Airline headline loss before tax per ASK (pence)	**(3.41)**	(1.34)	154.5%
Revenue			
Airline revenue per seat (£)	**50.54**	54.35	(7.0%)
Airline revenue per seat at constant currency (£)	**50.90**	54.35	(6.4%)
Airline revenue per ASK (pence)	**4.37**	4.82	(9.4%)
Airline revenue per ASK at constant currency (pence)	**4.40**	4.82	(8.7%)
Airline revenue per passenger (£)	**71.37**	62.61	14.0%
Airline revenue per passenger at constant currency (£)	**71.86**	62.61	14.8%
Costs			
Per seat measures			
Airline headline cost per seat (£)	**90.41**	69.03	(31.0%)
Airline non-headline (income)/cost per seat (£)	**(3.53)**	7.98	144.2%
Airline total cost per seat (£)	**86.87**	77.01	(12.8%)
Airline headline cost per seat excluding fuel (£)	**77.25**	55.94	(38.1%)
Airline headline cost per seat excluding fuel at constant currency (£)	**78.62**	55.94	(40.5%)
Airline total cost per seat excluding fuel (£)	**73.72**	63.92	(15.3%)
Airline total cost per seat excluding fuel at constant currency (£)	**74.66**	63.92	(16.8%)
Per ASK measures			
Airline headline cost per ASK (pence)	**7.64**	6.16	(24.0%)
Airline non-headline cost per ASK (pence)	**(0.30)**	0.70	142.5%
Airline total cost per ASK (pence)	**7.34**	6.86	(6.9%)
Airline headline cost per ASK excluding fuel (pence)	**6.53**	5.01	(30.4%)
Airline headline cost per ASK excluding fuel at constant currency (pence)	**6.62**	5.01	(32.2%)
Airline total cost per ASK excluding fuel (pence)	**6.23**	5.71	(9.1%)
Airline total cost per ASK excluding fuel at constant currency (pence)	**6.19**	5.71	(8.5%)

Going Concern and Viability Statement

Assessment of prospects

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

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

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

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

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

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

* Option to extend to September 2027 at lenders consent

- The fleet plan – the plan retains some flexibility to adjust the size of the fleet in response to opportunities or risks
- Strength of the balance sheet and unencumbered assets – this sustainable strength gives us access to capital markets
- Risk assessment – see detailed risk assessment on pages 78 to 95

Impact of Covid-19

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

Since the start of the pandemic, the Group has successfully raised circa £7 billion of liquidity through a diverse range of funding sources. Since the 30 September 2020 year end this includes raising $1.1 billion of sale and leaseback proceeds, securing a five year term loan facility of $1.9 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance, issuing a seven year bond of €1.2 billion, a rights issue raising £1.2 billion and securing a new revolving credit facility of $400 million. Term loans of £400 million, £300 million of the CCFF and the $500 million revolving credit facility were repaid and cancelled in the period. The bond issuance was heavily oversubscribed which demonstrates external confidence in the easyJet business model and balance sheet.

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

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. easyJet has modelled a base case representing managements best estimation of how the business plans to increase flying which assumes a phased increase to the schedule over the forecast period, returning to near 2019 financial year levels by the second half of the 2022 financial year and full recovery by the second half of the 2023 financial year.

Stress testing

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

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

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

Going concern statement

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

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

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

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

Viability Statement

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

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 that the current funding with refinancing of the existing bonds would be sufficient to retain liquidity.
2. In assessing viability, it is assumed that the detailed risk management process as outlined on pages 78 to 95 captures all plausible risks, and that the mitigating actions are implemented on a timely basis and have the intended impact.
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.

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

Risk theme	Impact on viability	Risks considered and stress testing performed	Management action and Board considerations
Asset efficiency and effectiveness	1. Unavailability of slots or partial fleet 2. Single aircraft type operation	• Schedule reductions/cancellations or partial grounding leading to reduction in revenue of 10% (1,2) • Loss of market share due to increased competitor capacity (1) • Significant increase in costs (1)	• Robust effective cross functional governance structures (1) • Work closely with Airbus to retain some flexibility in fleet planning (2)
Environment and sustainability	3. Future environmental legislation 4. Changes to carbon trading scheme 5. Reputational damage 6. Increased taxation	• Closure of existing ETS scheme leading to increased cost (4) • Increased cost of carbon offsetting and introduction of eco-taxes (3,4,6) • Reduction in revenue of up 10% due to customer demand (5)	• Sustainability strategy and governance structure implemented (3,4,5,6) • Emission reduction or offset programmes (3,4,5) • Work with relevant industry bodies and stakeholders (3,4) • More fuel efficient A320 and A321 neos (3,4,5,6)
Legislative/ regulatory landscape	7. Brand licence impact 8. Failure to comply with requirements	• Loss of brand licence (7) • Sustained adverse media coverage leading to reduction in revenue of up to 10% (7,8) • Significant spike in costs operationally (8) • Material legal and settlement costs (8)	• Regular engagement with easyGroup holdings and proactive management of brand-related issues (7) • Compliance framework in place including mandatory training (8)
Macro-economic and geopolitical	9. Supply/demand imbalance including slower recovery from Covid-19 10. Refinancing risk and access to alternative financing when required 11. Market price risk: increase in fuel price, foreign exchange rates, carbon prices and inflation rates	• Slower return to previous flying levels and low levels for the next financial year. Impact of management initiatives (9) • Modelling excluding uncommitted funding (10) • Fuel sensitivities to $800/MT, adverse foreign exchange rate movement by 5% and fluctuating carbon prices. Cost inflation estimates increased up to 3% (11)	• Strategic planning to ensure flying schedules are responsive to demand and contribution positive (9) • Consideration of various sensitivities and stress testing to the forecast presented to the Board on an on-going basis (9,10,11) • Review funding requirements and opportunities in scenarios considered (10) • Finance Committee regular monitoring of hedging policies to reduce exposure to market price exposures for fuel and foreign exchange (11)

Risk theme	Impact on viability	Risks considered	Management action and Board considerations
People	12. Industrial action 13. Talent recruitment and retention within the Group	• Operation disruption and increase of costs (12,13) • Sustained inability to deliver strategic initiatives leading to a reduction in revenue (12,13) • Reduction in revenue of up to 10% (12)	• Positive and on-going relationship with trade unions and employee workforce (12) • Regular employee surveys and action groups to focus on well-being, talent and retention (13) • Creation of Retention programme (13) • Hybrid working (13)
Safety, security, and operations	14. Major flight safety, security incident or health and safety incident 15. Supply chain challenges	• Operational disruption and increase of costs (14) • Significant media coverage and reduction in future revenue of up to 10% (14) • Fines/regulatory sanctions (14) • Inefficient use of aircraft/crew leading to increased costs (15)	• easyJet Safety Board meet monthly. Functional Safety Action Groups in place across the business (14) • Hull and Liability insurance in place (14, 15) • A safety policy is published (14)
Technology and cyber	16. Failure of critical technologies 17. Data breach and Ransomware	• Material legal and settlement costs (17) • Immediate loss of website and reduction in revenue of up to 10% (16,17)	• Regular Board updates on Cyber Security (17) • Dedicated Information Security team (17) • Ongoing monitoring of critical technologies and interdependencies (16) • IT governance structure (16,17) • IT major incident management team (16,17) • Cross functional committee to address customers legal and regulatory concerns (17)

RISK MANAGEMENT

Our corporate risk management framework

The Board approves the strategy for easyJet, including strategic initiatives and objectives, and ensures suitable oversight and governance through several management methods, including monitoring and reporting, strategic reviews, oversight committees and deep dives into specific risk areas.

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, its risk appetite, and maintaining the Group's systems of internal control and risk management.

The Audit Committee, on behalf of the Board, is accountable for reviewing and assessing the risk management processes. The Risk and Assurance team, which reports jointly to the Chair of the Audit Committee and CFO, ensures that robust processes are in place for identifying and assessing the Company's emerging and principal risks.

The Risk and Assurance team is responsible for creating, implementing, and delivering the corporate risk framework and reporting the principal and emerging risks to the Board. The team maintains a programme of risk monitoring with each function to ensure that risks are managed within the framework and to promote cross-functional management of risks. A key element of the corporate risk framework is ensuring that new risks and lessons learned from across the business are fed back into the risk management process and are shared across all functions. During 2021, supplementary financial modelling and analysis was performed by the Judge Business School at Cambridge University to model the corporately reported risks for a variety of interlinked scenarios. This analysis supported further deep dives into risk areas across the business, for example the impacts of climate change.

Each function across easyJet is responsible for understanding and managing its risks, whether they are categorised as principal, functional or emerging. Functions manage the risks arising from their functional plans, which incorporate easyJet's strategic initiatives. This includes identifying and assessing the controls and competencies in place to manage or mitigate risks.

Ongoing development of the corporate risk management framework is a constant at easyJet, identifying risk management best practice across the Group and ensuring a unified and collaborative risk management approach. The Risk and Assurance team identify topics and relevant lessons learned from across industry, both within the aviation sector and beyond. These lessons are used to identify emerging risks and further enhance the easyJet corporate risk framework. These lessons are fed into the functional risk plans through continual dialogue with functional risk contacts.

easyJet continues to use the bow-tie methodology to identify the cause, effect, and risk management control of each principal risk. The information collated using the bow-tie methodology is used to set a framework of assurance activity. The Risk and Assurance team will work with relevant functions to ensure that risk information remains relevant and control deficiencies or gaps are identified, and development actions are implemented.

Risk transfer opportunities are developing. The Risk and Assurance team is tasked with identifying risks that could be beneficial to transfer from easyJet's balance sheet to another party e.g. an insurer. This involves analysis of the risk and associated risk management controls and capabilities, to identify attractive solutions to jointly manage or transfer risks with the benefit of increased intelligence from third-party risk partners. This ranges from risk analysis and solution development to additional risk management expertise.

Emerging risks

Identification of emerging risks is a responsibility of both the Risk and Assurance team as well as each function within easyJet, leveraging risk and subject matter experts across the Group. If an emerging risk is identified by the Risk and Assurance team it is raised with the relevant function. An example of this in practice is the risks arising from climate change. The Risk and Assurance team worked in partnership with our Sustainability team to identify, analyse, quantify and evaluate the climate change risks that easyJet is facing. This was supported with further analysis from Judge Business School at Cambridge University. Further detail is found below.

Our risk profile

The Board has responsibility 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 macro-economic issues).

The principal risks and uncertainties faced by the Group include the following types of risks:

- **Safety, security, and operations** – the delivery of a safe and secure operation which meets the needs and expectations of our customers, including the impacts of epidemics and pandemics.
- **Technology and cyber** – the availability, security, compliance and performance of website and critical technologies, and the protection of Company and customer data.
- **Environment and sustainability** – the impacts of climate change on our business and operations, carbon credit programmes and regulation/ taxation.
- **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.
- **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 and the impact of fuel cost, foreign exchange rates, and counterparty performance.
- **People** – having the right people through talent acquisition, retention, engagement, and succession planning.

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

Climate change: Physical and transition risks

Climate change presents significant financial impacts to easyJet from both physical and transition risks. In the next five years, in light of the challenge of coordinating global climate action, modest political, economic, and social changes will drive financial impact. More significant action to stimulate a low-carbon transition will accelerate the rate of transition and increase the magnitude of impacts to the business.

easyJet currently has the following risk management controls and capabilities to limit the impacts of climate change:

- Inclusion of Airbus neo aircraft into the fleet which are 15% more fuel efficient per seat than the standard variant;
- Offsetting of the carbon emissions, funded by easyJet, from the fuel used on every plane flown. For package holidays provided by easyJet holidays, we have extended the offsetting to cover the carbon emissions from the fuel used for transfers, and from the energy for hotel stays;
- A range of fuel and carbon saving initiatives, for instance operating flights at high load factors, flying point-to-point and using only one engine when taxiing on the ground; and
- 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.

To limit the impact of our carbon emissions, easyJet has already taken several steps:

Compliance with regulatory requirements/standards: Our participation in the EU, UK and Swiss Emissions Trading System (ETS) drives us to focus on continuing to be as efficient as we can; i.e. by investing in transitioning our fleet to more modern, fuel efficient aircraft; using technological developments and flying techniques to operate them in ways which avoid unnecessary use of fuel and therefore carbon emissions.

A focus on energy efficiency: easyJet operates from sites across Europe including a large office and engineering operational presence in Luton in the UK and Berlin in Germany. Living up to 'Our Promise' to be Safe and Responsible informs how we operate day-to-day and that includes our ground-based operations. We have initiatives in place focused on deploying the latest energy-efficiency technologies and procedures to reduce our ground-based emissions. For more information, refer to page 49.

Stimulating low-carbon product R&D: easyJet supports the development of innovative aviation technologies, working with industry partners to reinvent aviation over the long term to achieve net zero carbon emissions. easyJet has a partnership with Airbus to jointly research the opportunities and challenges of introducing planes powered by hydrogen-combustion, hydrogen-electric, or a hybrid of both for short-haul flying in Europe by the mid-late 2030s. Furthermore, easyJet has been supporting Wright Electric over the last five years, which is aiming to produce a zero carbon emissions commercial aircraft which could be used for short-haul flights. easyJet also engages with policymakers and lawmakers to help ensure the regulatory environment supports the adoption of zero emissions aircraft in commercial aviation.

Compensating for our emissions: As announced in November 2019, we were the world's first major airline to offset the carbon emissions from the fuel used for all flights. We are doing this by offsetting the carbon emissions from the fuel used for all our flights, our ground-based operations and package holidays, through schemes certified by the highest verification standards. Since then, we have gone further, offsetting our organisational carbon emissions (Scope 1 & 2) and, for package holidays, offsetting the carbon emissions from the fuel used for transfers, and from the energy for hotel stays.

Only programmes which meet either the Gold Standard or Verified Carbon Standard (VCS) certifications are supported, including projects that protect against deforestation and renewable energy projects. Certifiers ensure reductions claimed by individual programmes would not have happened without that project and that reducing carbon emissions in one place does not inadvertently increase emissions elsewhere.

We know that offsetting is an interim solution and so we also continue to strive to reduce our carbon emissions and support the development of new technologies. Therefore, during 2021, easyJet worked in partnership with the Cambridge Centre for Risk Studies (CCRS) to conduct a detailed assessment to identify the physical and transitional climate change risks it is facing. Our climate change risks were quantified using a 5-year Enterprise Value at Risk (5yrEV@Risk) metric which shows how the risks would impact discounted cash flows over five years within a given confidence interval, e.g. 95%. The quantification and supporting research and analysis will further assist in the allocation of resource and capital to manage these risks.

In the near-term horizon, the potential range of impacts is driven mainly by transition risk. In the next five years, transition risk is likely to evolve rapidly with developments in regulation, energy supply/ demand, legal process, etc. There is significant variation in transition risk across emission pathways, with the most ambitious mitigation strategies resulting in the greatest risk.

There are several transition risks that are prominent, as easyJet develops its business and operations in a changing landscape.

They include:

- Changes in Consumer Sentiment
- Legislation and Policy Changes
- Technology Developments (incl. SAFs and aircraft innovation)
- Investor Sentiment and the increase of the ESG Agenda
- Consumer and/ or Regulator Liability Claims

The five transition risks above were identified through easyJet's corporate risk management framework, in addition to the physical disruption arising from climate change (physical risk). The physical risks were reviewed and incorporated into current principal risks, specifically Significant Operational Disruption and Pandemic.

Plans are in place to review each transition risk in conjunction with the current climate change risks detailed below in the principal risks. The action is to determine individual strategies and assign risk ownership through the corporate risk management framework. In similar fashion to the current physical climate change risks, ownership of these risks and their risk management controls and capabilities sits across the Group and ultimately with the Airline Management Board.

An update on easyJet's climate change transition risks will be provided at the 2022 Financial Half Year Trading Update.

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.

Risk

Significant Safety or Security Event

- The Safety Committee (a committee of the easyJet plc Board) provides oversight of the management of easyJet's safety processes and systems.
- The easyJet Safety Board, chaired by the CEO and including the Chief Operating Officer (deputy-Chair) and AOC Accountable Managers, is 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.

Risk Owner

- Chief Operating Officer

Commentary and areas of focus

- easyJet's number one priority is the safety and security of its customers, people, and contractors.
- Inactivity and managing the safety risks arising from it have been a focus during the recovery phase of the pandemic. Emphasis has been placed on identifying training needs amongst our people and third-party contractors.
- Enhancements have been made to operations and base risk management processes to improve reporting capabilities and feedback.
- This risk remains unchanged.

Potential causes

- Flight safety incident
- Health and safety incident
- 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 to prevent or reduce the impact of the risks

- 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 quarterly to review safety, security and compliance performance across all Air Operator Certificates (AOCs). Chaired by the CEO and attended by the three AOC accountable managers.
- Safety Review Boards are held monthly by each AOC, chaired by the AOC accountable manager and are often attended by the local regulator.
- A Safety Policy is published that promotes the incident reporting process and supports this safety culture.
- easyJet operates a Safety Management System that includes 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 a Crisis Management framework that provides emergency response and crisis management capabilities, supported by trained personnel and regular 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.

Risk

Significant Operational Disruption

- Non-cancellation disruption events reduced significantly in 2021 due to reduced air traffic control and airport congestion.

Risk Owner

- Chief Operating Officer

Commentary and areas of focus

- Pandemic related reduced traffic demand resulted in the European air traffic control system seeing significant reduction in Air Traffic Management delays.
- Climate change related weather disruption is increasing but managed in part through a partnership with the Met Office, which supports with weather prediction.
- Significant work has been undertaken to improve easyJet's preparedness, including a move to exception management and improved decision-making tools.
- Phase 1 of a Self-Service Disruption Management tool was launched in summer 2021 that provides greater control to customers in the event of disruption.
- Increased use of the Crisis Policy due to the pandemic has resulted in improvements and greater understanding. The result is easyJet is better prepared to deal with significant disruption events should they occur, which will limit the financial and customer impact.
- easyJet continues to face disruption challenges but the pre- and post-event preparedness has positioned the operation well and reduced this risk.

Potential causes

- Adverse weather
- Physical impacts of climate change
- Industrial action
- Technology failure
- Destructive cyber-attack (i.e. ransomware)
- Supplier failure
- Infrastructure failure
- Airspace/ airport restrictions/ closure
- Increasing passenger disruption due to Covid-19

Potential consequences

- Customer dissatisfaction
- Compensation and welfare payable to customers
- Inefficient use of crew/aircraft
- Adverse media coverage
- Share price movement

Controls and mitigations to prevent or reduce the impact of the risks

- Maintaining operational resilience through:
  - appropriate resilience into the flying schedule;
  - aircraft and crew standby;
  - reporting on the day of operations, including customer communication;
  - airport performance and strategic supply chain;
  - air traffic control system lobbying and flight planning enhancements; and
  - 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.
- 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.
- Significant focus on risk mitigation of and preparedness for a destructive cyber-attack, including running a cyber crisis exercise for senior Crisis Team and AMB.

SAFETY, SECURITY AND OPERATIONS (continued)

Risk

Pandemic

- The risk associated with a pandemic is among the most significant in terms of severity. Covid-19 represents a paradigm shift in both severity and likelihood.
- Countries' legislation affects airlines' business with decisions to reopen borders without restrictions.
- Vaccine availability, efficacy and people's perception of risk are all factors that must be considered.
- The presence of virus variants is an example of high predictive volatility.

Risk Owner

- Chief Financial Officer

Commentary and areas of focus

- Prior to the Covid-19 pandemic, at least four infectious diseases occurred in recent years: SARS, Avian Flu, H1N1, and Ebola. The most significant differences between these epidemics and Covid-19 are they were short-lived, local, epidemiologically less severe, and with a much lower transmission index.
- Previous epidemics did not result in severe restrictions (lockdowns or route closures) and so Covid-19 has created a new benchmark in responding to epidemics and pandemics.
- easyJet responded quickly and decisively on customer, people and third-party contract health and financial perspective.
- easyJet follows guidance from WHO and the International Civil Aviation Organisation (ICAO), which provides standards and recommended practices for civil aviation authorities and national governments, 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.
- We developed a Pandemic Playbook, that ensured a collaborative response and management of operational, financial, business continuity and recovery factors.
- Financial resilience was maintained through the raising of circa £7 billion of liquidity from a diverse range of sources, including a 5x oversubscribed Euro Bond at competitive pricing and a sale and lease back programme.
- Through the Covid-19 pandemic, we became adept at responding to rapidly changing market conditions and now have industry-leading agility to add new capacity and pivoting our schedule to capitalise on shifts in demand in future epidemic and pandemic events.

The likelihood of another epidemic and pandemic event occurring has increased but, through the actions we have taken to manage the impacts of Covid-19 and increase preparedness, easyJet is better prepared for future events.

Potential causes

- Global travel and physical connectivity
- Urbanisation
- Climate change
- Increased human/animal contact
- Health worker shortages

Potential consequences

- Suppressed customer demand
- Sustained adverse media coverage
- Reduction in future revenue
- Increased regulatory requirements and scrutiny
- Operational disruption
- Significant spike in costs
- Share price movement

Controls and mitigations to prevent or reduce the impact of the risks

- A Biosecurity Standards Group is in place and includes safety and security experts including our company doctor and representatives from across the airline. The Group is responsible for developing and maintaining our single set of easyJet biosecurity standards, which set out the requirements to ensure a safe and healthy environment for our people, customers, and contractors. Standards are translated into our Standard Operating Procedures (SOPs) and Communications.
- The Pandemic Playbook, which acts in partnership with our Incident & Crisis Management Playbook and Communicable Disease Action Group, led by the Head of Safety and with representation from key functions, is responsible for detection, assessment, and treatment of pandemic and epidemic events. Treatment includes appropriate escalation.
- A Communicable Disease Policy, that promotes the incident reporting process, supports this safety culture.
- Governance structure including a Steering Committee (SteerCo) involving the Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer and Director of Strategy, to manage pandemic and epidemic events. The SteerCo is responsible for strategic oversight and communication with the Board. It maintains focus on long-term recovery.
- Maintaining balance sheet strength.
- Dynamic planning and capacity management process to manage supply and demand fluctuations.

TECHNOLOGY AND CYBER

The nature of these risks, easyJet's reliance 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.

Risk

Cyber Attack

- The aviation sector is facing into an increasingly sophisticated and persistent cyber threat and easyJet is continually defending its operation against disruption from attackers. The risk from a human operated ransomware attack and/ or data breach has increased exponentially. Ransomware is a type of malware that holds computers or files to ransom. To regain access, the victim is required to pay a large fee. Double exploitation (where ransomware is coupled with a data breach) is a growing threat. Prevention of ransomware is a strategic priority for easyJet.
- A data breach involves the unauthorised access to customer or employee data. Protecting that data and its privacy remains a priority for easyJet.

Risk Owner

- General Counsel and Company Secretary

Commentary and areas of focus

- easyJet is continually defending its operation against disruption from sophisticated attackers. The risk from a human operated ransomware attack and/ or double exploitation ransomware has increased exponentially.
- Given easyJet's position we remain an attractive target. This results in us needing to continually mature and enhance our controls, intelligence gathering and protection methods and testing our defences regularly using industry experts. To help our people keep pace with the rapidly changing threats we face we regularly educate and raise awareness of cyber threats across our community.
- The external risk environment continues to increase, however easyJet continues to invest in, and test, our cyber defences:
  - attacks were well defended – known aviation attacking group attempts were blocked;
  - we continue to educate and raise awareness of cyber threats across our community.
- We operate a risk-based improvement process leveraging the NIST framework as our aligned industry standard.
- We continuously invest in Digital Safety through our Digital Safety Programme, whereby we evolve with the threat landscape.

Potential causes

- Cyber attack
- Data breach
- 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 to prevent or reduce the impact of the risks

- A data and cyber risk governance structure exists to regularly review the data and cyber risk landscape and determine required action to take place to manage risk effectively.
- Dedicated Digital Safety 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.
- External threat intelligence monitoring.
- Security logging and monitoring.
- Vulnerability scanning and penetration testing.
- Digital Safety programme to ensure compliance 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, to which we (and they) attest.
- Digital Safety is discussed monthly at our AMB and quarterly at our plc Board. Additionally, as part of our governance processes, the Digital Safety Board meets quarterly to discuss matters related to our Cyber security.

TECHNOLOGY AND CYBER (continued)

Risk

Failure of Critical Technology

- easyJet relies on several critical technologies that are key to the delivery of essential business processes.

Risk Owner

- Chief Information and Data Officer

Commentary and areas of focus

- Critical technologies include, but are not limited to, operational, commercial, and financial systems. A critical technology failure includes any technical failure which is sufficient to interrupt critical business operations (which may include one or more systems).
- System unavailability or a failure can also lead to loss or corruption of data.
- easyJet seized the opportunity during the period of reduced flying resulting from the Covid-19 pandemic to improve the IT environment e.g. airport network refresh and a data centre upgrade.
- The external environment does present an increase in risk; however, this has been managed through improvements to the IT environment.

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 to prevent or reduce the impact of the risk

- Monitoring and alerting of availability of critical technologies and their inter-dependencies.
- Security logging and monitoring.
- Vulnerability scanning and penetration testing.
- Non-damage business interruption insurance in place to limit financial impact of operational disruption.
- IT Change Management Process embedded to assess risk of all changes to technology including changes made by third-party providers.
- Critical technologies are 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 is progressing the delivery of a hosting and network programme that will further improve the resiliency of core infrastructure and cloud connectivity capabilities.
- IT and Digital Safety Policies and Standards that set out the technical and organisational measures for keeping our data and systems safe, as well as management of our IT assets.
- As an Operator of Essential Services under the Network and Information Systems regulation in the UK, we have to comply with the requirements laid out in the Cyber Assessment Framework for Aviation which focuses on critical systems availability.

ENVIRONMENT AND SUSTAINABILITY

The environment and sustainability risks include the impacts of climate change on our business and operations, carbon credit programmes, regulation/taxation, and changing consumer and colleague expectations. easyJet's promise 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. An update on easyJet's climate change transition risks will be provided at the 2022 Financial Half Year Trading Update.

Risk

Carbon Trading Schemes

- Adverse changes to carbon trading schemes, including the existence and/or cost of the scheme.

Risk Owner

- Chief Financial Officer

Commentary and areas of focus

- Changes to carbon trading schemes, including the existence and/or cost of the scheme, have the potential to create financial consequences by changes to existing cap and trade schemes (e.g. EU ETS) i.e. the reduction of free allocations, would translate into an increase in the cost of compliance for our business.
- easyJet continues to develop its climate change agenda and has taken industry leading positions with both its carbon offsetting programme and use of the New Engine Option (neo), which produces 15% fuel saving compared to the Current Engine Option (ceo). easyJet has identified carbon pricing mechanisms as a transition risk.
- However, based on the external environment easyJet sees the potential for carbon credit pricing to increase depending on how quickly governments wish to meet emissions targets, which will result in additional cost.

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 to prevent or reduce the impact of the risks

- easyJet influences future and existing policy and regulations which affect the airline industry through several 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.

ENVIRONMENT AND SUSTAINABILITY (continued)

Risk	Commentary and areas of focus
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. **Risk Owner** • Chief Financial Officer	• Fuel is one of the biggest direct costs for easyJet. The business maintains a focus on operational efficiency to save fuel and CO_2. Increased taxation has been included as part of our Climate Change transition risk portfolio. • Expansion of other aviation-based taxes e.g. for departing passengers, could translate into greater compliance costs. • The financial impact of this risk is increasing due to external pressures applied by various countries across our network. **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 to prevent or reduce the impact of the risks** • 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. This includes advocating for fair and proportionate measures which incentivise airlines to be efficient and which cover all sources of aviation emissions. • 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 regarding new technologies to radically reduce the carbon footprint of flying. • easyJet can operate flexible routings in the event of constraints being brought in. • The new generation Airbus A320neo and A321neo aircraft are 50% quieter during take-off and landing than the equivalent previous generation aircraft.

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.

Risk

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.

Risk Owner

- Chief Commercial Officer

Commentary and areas of focus

- Due to lower volumes of traffic across the European air traffic network, congestion did not play a significant part in the day to day operation. However due to changing travel restrictions, traffic flows moved at relative short notice, which in some cases caused more localised traffic issues at major destination airports.
- With flying volumes expected to increase throughout 2022, easyJet is anticipating congestion to return to pre-pandemic levels and will rely on the existing controls and mitigations to manage the risk.

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
- Ineffective management of the airport operational environment

Potential consequences

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

Controls and mitigations to prevent or reduce the impact of the risks

- 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.
- 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.

ASSET EFFICIENCY AND EFFECTIVENESS

Risk

Continuity of Services

- easyJet is dependent on a mixture of critical technology 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.

Risk Owner

- Chief Operating Officer

Commentary and areas of focus

- During 2021, significant enhancements were made to our Crisis Framework and our approach to dealing with service continuity risks.
- The Crisis Policy was developed to operate in a hybrid working environment, so Crisis Team members can manage crises remotely. In addition, the Crisis Centre was upgraded to support our hybrid working environment.
- Our Safety Risk team reviewed all critical suppliers ahead of the restart to flying to ensure they were prepared, and the inactivity risk was well managed by identifying and addressing training requirements.
- Our Procurement Process was enhanced to include specific questions on suppliers' business continuity plans and to identify and assign appropriate ownership.
- With the enhancements made, increased use of the Crisis Policy and Procedure and a more flexible approach available, easyJet is better positioned to respond to continuity risks during 2022 and beyond.

Potential causes

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

Potential consequences

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

Controls and mitigations to prevent or reduce the impact of the risks

- 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 and the select use of externally hosted systems, in addition to easyJet's two data centres.
- Incident Management Teams are in place 24/7 to manage low level IT incidents. If there is a major incident or an escalation of an incident that has a wider impact on other parts of the business and stakeholders, then it can be escalated into the Crisis Management framework via the Network Duty Manager.
- 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.
- 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.

Risk	Commentary and areas of focus
Non-Delivery of Strategic Initiatives - The business continues to undertake several initiatives to support its strategy. **Risk Owner** - Chief Data and Information Officer	- Market volatility arising from Covid-19 and its impacts, the external environment and organisational priority changes are having a negative effect on delivery of strategy initiatives. However, internally we have improved the control environment through greater ownership, improved business planning, reporting and involvement of subject matter experts. - This risk remains stable.
	Potential causes - Inappropriate resource dedicated to change delivery and oversight - Changes in organisation's priorities (may be driven by internal or external factors) - Scope change/time available - Approach and methodology for complex programmes
	Potential consequences - Business benefits not realised - Financial underperformance - Inefficient use of resource
	Controls and mitigations to prevent or reduce the impact of the risks - Complex, large-scale programmes have been initiated and prioritised through the Enterprise Project Management Office. - The Enterprise Project Management Office oversees delivery of projects and programmes ensuring dependencies are managed across the portfolio. - 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 and a Leadership 50 lead assigned and its own steering group, which provides oversight and challenge to the project, monitors progress against programme objectives (including budget, benefit realisation and appropriate resource) and ensures that decisions are made at the appropriate level. - Key strategic initiatives are managed by dedicated programme management resource with the right skills and behaviours, complemented by subject matter specialist resource where appropriate. - The executive sponsor provides routine updates to the Airline Management Board 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 to achieving the key milestones that enable the achievement of the five-year plan. - The Internal Audit function provides independent programme assurance over our most significant initiatives, drawing upon independent subject matter expertise where appropriate.

ASSET EFFICIENCY AND EFFECTIVENESS (continued)

Risk

Single Aircraft Type Operation

- 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.

Risk Owner

- Chief Financial Officer

Commentary and areas of focus

- easyJet continues to operate a single type aircraft fleet.
- The operation is set up to manage the risks associated with a single aircraft operation, with maintenance and fleet management reviewed each year to minimise the potential impact.
- Both the internal and external environment around this risk remain stable.

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 to prevent or reduce the impact of the risks

- There are 9,032 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. If 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 several different options when looking at fleet exit strategies. Sale and leasebacks facilitate the exit of aircraft from the fleet by transferring residual value risk and provides flexibility in managing the fleet size.

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.

Risk

Brand Licence and Major Shareholder

- easyJet has two major shareholders (easyGroup Holdings Limited and Polys Holdings Limited) which, as a concert party, control approximately 15.27% 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 to retain the right to use the name and brand.

Risk Owner

- General Counsel and Company Secretary

Commentary and areas of focus

- Given the size of the shareholding, our major shareholder can influence easyJet's business in relation to actions that require shareholder approval.
- Through regular communications, the risk associated with our major shareholders remains low and stable.

Potential causes

- Shareholder activism
- Actions of easyGroup or other easyGroup licensees

Potential consequences

- Eventual loss of the brand licence

Controls and mitigations to prevent or reduce the impact of the risks

- 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 easyJet and our major shareholders, 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.

LEGISLATIVE/REGULATORY LANDSCAPE (continued)

Risk

Changing Legal and Regulatory Landscape

- 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.

Risk Owner

- General Counsel and Company Secretary

Commentary and areas of focus

- The legal and regulatory landscape continues to develop in the areas in which easyJet operates.
- The speed of change has increased for both legislation and regulation.
- The easyJet General Counsel Office (GCO), that manages legal and regulatory risks, has developed over the last year to be more prepared for changes
- Notwithstanding the level of change increasing, this risk remains stable.

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 to prevent or reduce the impact of the risks

- Compliance framework including, but not limited to, policies, procedures, and mandatory training programmes.
- easyJet has an in-house team of legal and regulatory 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, is 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 several 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, as well as impact of fuel cost, foreign exchange rates, and counterparty performance.

Risk

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.

Risk Owner

- Chief Commercial Officer

Commentary and areas of focus

- Covid-19 has impacted the aviation sector by suppressing demand and creating opportunities for both existing and local start up operators.
- Consolidation creates a more challenging environment with fewer but stronger airlines.
- As the aviation sector emerges from the pandemic, customers may favour value and low fares over brand loyalty.
- easyJet has emerged as a stronger airline with the ability to respond to rapidly changing market conditions, having developed industry-leading agility to add new capacity and pivoting our schedule to capitalise on shifts in demand.
- Despite increased competition, our enhanced scheduling capabilities and developing product and ancillary offering results in this risk improving.

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 to prevent or reduce the impact of the risks

- 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 through network positioning and brand.
- 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.
- Dynamic planning and capacity management process to manage supply and demand fluctuations.

MACRO-ECONOMIC AND GEOPOLITICAL (continued)

Risk

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.

Risk Owner

- Chief Financial Officer

Commentary and areas of focus

- Through Covid-19 easyJet's operational exposures reduced. Hedging positions were managed through this time so that at any time hedges became more than 100% of exposures, the excess was closed out. Any new hedging activity was reduced due to uncertainty in exposures. This approach was approved by the Finance Committee.
- Due to the additional foreign currency debt brought onto balance sheet, easyJet has become more exposed to FX revaluation through the P&L. Hedging this full risk would have been costly and would have added more volatility to the liquidity position. It was therefore approved by the Finance Committee that easyJet would accept some P&L volatility, in exchange for a better managed liquidity position.
- Hedging positions are maintaining a stable position of jet fuel price. However balance sheet revaluations are increasing foreign exchange risk.

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 to prevent or reduce the impact of the risks

- The Finance Committee (a committee of the plc Board) oversees the Group's treasury and funding policies and activities.
- 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 Plan. 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.

Risk

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 21 trade unions across seven countries. There are also an additional seven consultative bodies including five Works Councils and a European Works Council.

Risk Owner

- Group People Director

Commentary and areas of focus

- Highly constructive relationships with our trade union partners, works councils, and our people have allowed the business to adapt throughout 2021 and position the business to emerge with strength from the pandemic.
- Productivity has increased by reducing the number of crew per aircraft.
- Sustainable improvements have been made using part-time and seasonable contracts, which were agreed with our union partners.
- Agreements with our union partners have been made throughout the last year, with routine seasonal recruitment taking place to ensure the operation is ready to meet demand. This risk remains stable.

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 to prevent or reduce the impact of the risks

- 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.
- Adoption of innovative part-time working patterns.

PEOPLE (continued)

Risk	Commentary and areas of focus
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. **Risk Owner** • Group People Director	• Retention of critical talent continues to be a risk and is proactively managed, particularly given the continued uncertainty and challenge of our industry and our inability to offer compelling short-term financial reward.
	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 to prevent or reduce the impact of the risks
	• Creation of retention programme for the 2022 financial year co-sponsored by HR Director, M&A and People Development and Reward Director.
	• Projects making up the programme include:
	  • Leadership and Management Capability Development
	  • Talent Development Programme
	  • Inclusion & Diversity
	  • Employee Value Proposition
	  • Wellbeing Framework
	  • Recognition Principles and Platform
	  • Reward Approach
	• Hybrid working across our office-based communities that support new ways of working with the right policies, processes, and technology to improve the employee experience.
	• Quarterly engagement survey across all communities to gain insight on employee sentiment.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

> "The Board has acted decisively to make sure easyJet navigated the ongoing impact of the pandemic."
>
> **John Barton**
> Non-Executive Chairman

Contents of the Corporate Governance Report

Introduction

I am pleased to introduce this report, which describes the activities of your Board during the year and our governance arrangements. This will be my last report as your Chair, having served for nearly nine years on the Board when I step down in December 2021. It has been an absolute privilege to serve as Chair. easyJet is a unique, dynamic and customer-centric business, driven by the passion of its people. I am proud of how easyJet has not only navigated so well through the pandemic, but has adapted and built back even stronger leaving it extremely well positioned for the future. I am delighted to hand over to someone of Stephen Hester's calibre. His significant and varied experience leading major international businesses in regulated industries, coupled with his outstanding strategic thinking, will serve the airline well as it leads the recovery in the post-pandemic era, complementing and adding to the skills of the existing Board and leadership team.

Board activities in the year

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. Our ability to deliver this has continued to be heavily impacted by the ongoing Covid-19 pandemic. As a Board, we have remained focused on guiding easyJet through this period of sustained uncertainty and ensuring we are well positioned for the recovery, work which has been underpinned by our robust governance framework.

A large part of the Board's focus during the year has therefore remained on liquidity, with the approval of a new five-year term loan facility of $1.87 billion under the UK Export Finance scheme in January 2021, the issuance of €1.2 billion of bonds under the Euro Medium Term Note Programme in March 2021, and the launch of a £1.2 billion rights issue in September 2021. This was in addition to a number of sale and leaseback transactions, and the cost reduction programme. The Board has acted decisively to make sure easyJet navigated the ongoing impact of the pandemic, and ensure it is well-placed to take advantage of the strategic investment and growth opportunities that will deliver strong shareholder value in future.

The Board has also been focused on refining its post-pandemic strategy, ensuring the safe ramp-up of operations as the flying programme has increased, and supporting and developing our people through the pandemic. A fuller summary of the Board's activity during the year can be found on page 111.

Changes to the Board

The Board keeps its balance of skills, knowledge, experience, independence and diversity under regular review, and is mindful of the best practice requirements under the UK Corporate Governance Code 2018 (the 'Code' or '2018 Code').

There have been a number of changes to the Board since the last Annual Report. Andrew Findlay stood down as Chief Financial Officer in February 2021, and we welcomed Kenton Jarvis as his successor. Kenton brings a wealth of industry experience and highly relevant skills to the role and we are delighted to welcome him. David Robbie joined the Board as an Independent Non-Executive Director in November 2020, and Charles Gurassa, Moya Greene DBE and Dr Anastassia Lauterbach stood down as Independent Non-Executive Directors in December 2020.

Stephen Hester joined us as an Independent Non-Executive Director and Chair designate on 1 September 2021 and will succeed me as Chair on 1 December 2021. I have been working closely with Stephen to ensure that there is a smooth handover. Stephen and our other new Board members have also participated in a comprehensive induction programme.

New appointments are subject to a formal, rigorous and transparent procedure, led by the Nominations Committee, and further details can be found on pages 121 to 123. Information on the induction process can be found on page 114.

The issue of diversity, both in the boardroom and throughout the entire Group, is taken very seriously by the Board as we believe this improves effectiveness, encourages constructive debate, delivers strong performance and enhances the success of the business. Ensuring that we have a culture which promotes and values diversity, and one which is maintained throughout the business, is a continual prime focus and is underpinned by our Diversity and Inclusion Policy which sets our objectives. The importance of this area also forms the basis for Board diversity and succession planning as we consider the best constitution of the Board to successfully take the Company forward. You can read more about our overall approach to diversity and inclusion in our other senior leadership positions and across easyJet, on page 56.

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

Stakeholders

The Board takes account of the impact of its decisions on all our stakeholders be they customers, employees, suppliers, shareholders, the communities we operate in, or regulators, while taking steps to secure the Group's longer-term success. There has been a constant dialogue with our stakeholder groups, and on behalf of the Board, I would like to take this opportunity to thank them all for their partnership during the year. Working together has been vital, and will continue to be so as we seek a sustainable future together.

easyJet's people continue to be fundamental to its success. Moya Greene DBE had been our Employee Representative Non-Executive Director under the Code since January 2019. When Moya stepped down, the Board took the opportunity to review the mechanism by which the employee voice is brought into the boardroom. You can read about our revised approach on page 109.

Details of how we have engaged with all our stakeholders to understand their views can be found on pages 26 to 37. 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 36.

Board performance review

Our last external Board review took place in 2018, therefore our Nominations Committee oversaw an externally facilitated review of the performance and effectiveness of the Board during the year in line with the Code requirement to do this every three years. A full report on the activities and the outcomes of the evaluation can be found on pages 115 to 117.

Brexit

The Board activated its EU ownership contingency plan to ensure continued compliance with EU ownership and control requirements at the end of the Brexit transition period in December 2020. Accordingly, easyJet has been required to suspend voting rights in respect of certain shares held by non-EU nationals so that the majority of voting rights in the Company are held by EU nationals. The work easyJet has undertaken to prepare for Brexit means that flying rights between the EU and the UK have been maintained.

UK Corporate Governance Code

Throughout the year the Board has followed strong corporate governance standards and it has been a fundamental underpin to all of its actions. This is demonstrated through its full compliance with the Code. The requirements of the Code are described throughout this report, together with explanations as to how we have complied with its requirements, and signposts directing you to the relevant page where more detail can be found on how the Company has complied with its various provisions.

The following pages set out details of the composition of our Board, its corporate governance arrangements, processes and activities during the year, and reports from each of the Board's Committees.

I wish all at easyJet the very best success for the future.

John Barton

John Barton
Non-Executive Chairman

AN EXPERIENCED AND BALANCED BOARD

John Barton

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 and 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.

Stephen Hester

Non-Executive Director and Chair Designate

Nationality: British

Appointed: September 2021

Key areas of expertise:
Strategy, Finance

Skills and experience

Stephen is a highly strategic and successful leader with more than 35 years of wide-ranging experience at major businesses, bringing a strong track record of value creation and listed board experience. Stephen has served as Chief Executive of RSA Insurance Group plc from February 2014 to May 2021, as Chief Executive of Royal Bank of Scotland Group, Chief Executive of British Land plc and Chief Operating Officer of Abbey National plc, as well as holding a number of senior executive roles at Credit Suisse First Boston in London and New York. He has also held senior non-executive positions as deputy chairman of Northern Rock. Stephen holds a BA (Hons.) in Politics, Philosophy and Economics from Oxford University.

Current external appointments

Senior Independent Director of Centrica plc and Lead Independent Director of Kyndryl Holdings, Inc.

Julie Southern

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 was previously the 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 Semi-Conductors N.V., Non-Executive Director, Chair of the Audit Committee and member of the Remuneration Committee at Ocado Group plc.

Board Committees

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

Johan Lundgren

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

Senior Adviser, Blackstone (private equity group).

Kenton Jarvis

Chief Financial Officer

Nationality: British

Appointed: February 2021

Key areas of expertise: Finance

Skills and experience

Kenton was previously CEO of Aviation, and Business Improvement Director – Markets, at TUI Group, having held a number of senior group and divisional finance roles at TUI since 2003. Kenton holds a BSc (Hons) in Biochemistry from the University of Manchester. Before joining TUI, Kenton was the Finance Director of Airtours Holidays and held a number of commercial finance roles at Adidas, prior to which he qualified as a chartered accountant with PwC.

Current external appointments

None.

Dr Andreas Bierwirth

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

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 ten years. Latterly she joined Credit Suisse as Managing Director for 9 years, first in London since 2003 as Head of Client Coverage and then in Hong Kong from 2008 to 2012 as Head of 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, a Non-Executive Director of WS Atkins plc from 2015 until its delisting in 2017, and a Member of the Supervisory Board, Chair of the Finance and Audit Committee, and Appointments, Compensation and Governance Committee member for Peugeot S.A. from 2016 to 2021. Catherine graduated from HEC Paris with a major in Finance and International Economics, and was awarded a CBE in 2019.

Current external appointments

Non-Executive Director of Johnson Electric Holdings Limited and Senior Independent Director of Kingfisher plc. Board Member of the Value Reporting Foundation and Co-Chair of its Audit Committee.

Nick Leeder

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 University of Sydney and an MBA from Insead.

Current external appointments

Vice President at Google Ireland, EMEA Headquarters.

Moni Mannings

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), Dairy Crest Group plc (2017 until their acquisition and delisting in 2019) and Breedon Group plc (2019 to 2021).

Current external appointments

Independent non-executive director of Hargreaves Lansdown plc and Investec Bank plc, non-executive director and Chair of the Remuneration Committee of Cazoo Group Ltd, Deputy Chair of the charity Barnardo's.

David Robbie

Independent Non-Executive Director

Nationality:
British

Appointed:
November 2020

Key areas of expertise:
Finance, Governance

Skills and experience

David has significant international corporate and board experience. He was Finance Director of Rexam plc from 2005 until 2016. Prior to his role at Rexam, David served in senior finance roles at Invensys plc before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Officer at Royal P&O Nedlloyd N.V. in 2004. He served as interim Chairman, Senior Independent Director and Chair of the Audit Committee of FirstGroup plc from 2018 to 2021, and Non-Executive Director and Chair of the Audit Committee for the BBC between 2006 and 2010. David qualified as a chartered accountant at KPMG and holds an MA in English Literature from St. Andrew's University.

Current external appointments

Independent non-executive director and Chair of the Audit Committee at DS Smith plc.

Board Committees

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

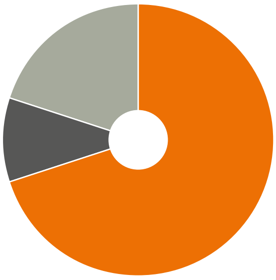
Changes to the Board during the year and up to 30 November 2021:

- David Robbie was appointed on 17 November 2020.
- Anastassia Lauterbach stepped down on 21 December 2020.
- Charles Gurassa and Moya Greene stepped down on 23 December 2020.
- Andrew Findlay stepped down on 3 February 2021; Kenton Jarvis joined the Board on the same date.
- Stephen Hester was appointed on 1 September 2021 and will become Chair on 1 December 2021, at which point John Barton will step down.

Diversity in the Board

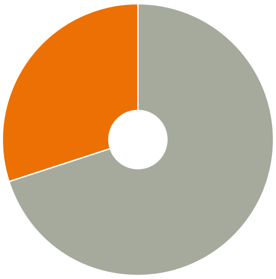
easyJet recognises the benefits of having diversity across the Board to ensure effective engagement with key stakeholders and effective delivery of the business strategy.

Tenure



● 0-3 years: 7 (1 exec)
● 4-6 years: 1 (1 exec)
● 7-9 years: 2

Gender



● Male: 7 (2 exec)
● Female: 3

Age

● 50-59: 6
● 60+: 4

Ethnic Group

● White: 9
● Mixed/Multiple Ethnic Group: 1

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 considerable experience across commercial and operational roles in both low cost and full-service airlines. Peter joined easyJet from Ryanair, where he was Chief Operating 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 CEO, 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 as well as 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.

Stuart Birrell
Chief Data & Information Officer

Nationality:
British

Appointed:
November 2020

Key areas of expertise:
Data and Information Technology

Skills and experience
Stuart spent five years as a Director and Chief Information Officer at Heathrow Airport Ltd before joining easyJet. He previously held the role of CIO at Formula 1's McLaren Technology Group where he worked in the high-performance environment building a team of in-house experts and specialist suppliers. Prior to that he spent three years at Gatwick Airport where he successfully separated the airport systems from BAA and brought improvements to complex IT foundations and transformation processes. Stuart brings with him significant experience and expertise in IT security, cloud-based solutions, big data sets and technology to support business expansion.

Maaike de Bie

Group General Counsel & 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, five years as General Counsel for one of its Capital companies in EMEA and was then promoted into the HQ office of GE Capital in Europe to lead the improvement of enterprise risk management & 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. She obtained her legal degrees in the Netherlands (in Amsterdam) and Canada (McGill in Montreal) and is qualified to practise as a solicitor in both New York and the UK. Maaike is also a trustee for Blueprint for Better Business, an independent charity helping business to be guided by a purpose that respects people and contributes to a better society.

Sophie Dekkers

Chief Commercial Officer

Nationality:
British

Appointed:
December 2020

Key areas of expertise:
Aviation and Strategy

Skills and experience

Before joining the Airline Management Board, Sophie held the role of Customer Director for easyJet. Prior to this she was Director of Scheduling for the airline, implementing systems and process improvements. She has also led easyJet in the UK as Country Director for five years, where she was responsible for driving the airline's commercial success and strategic direction in the UK as well as representing aviation at both House of Lords and House of Commons Select Committees. Previous roles in the airline include Head of Change Management and Customer Insight, with a background in customer insight working with a range of brands from Jaguar Land Rover to Mars, Unilever and Vodafone. Sophie was also Non-Executive Director for Airport Co-ordination Limited from 2017 to 2021 and sat on their Remuneration and Nomination Committees. Sophie is easyJet's business lead on Diversity & Inclusion, a qualified MindGym coach, business mentor, and a founding member of easyJet's Women's Network.

Thomas Haagensen

Group Markets & Marketing 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 built 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 Med where he developed and succeeded in implementing ambitious growth and profitability improvement plans. Since 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 plank 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 University of Lausanne.

Garry Wilson

Chief Executive Officer,
easyJet holidays

Nationality:
British

Appointed:
November 2018

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

Skills and experience

Garry is a highly experienced 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 was appointed to the Board of ABTA in April 2021. He holds a BCom (Hons) degree in Business Management and Languages from the University of Edinburgh.

Johan Lundgren

Chief Executive

See Board of Directors' profiles on page 99

Kenton Jarvis

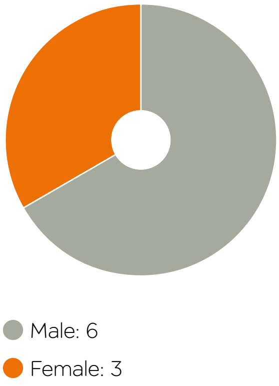
Chief Financial Officer

See Board of Directors' profiles on page 99

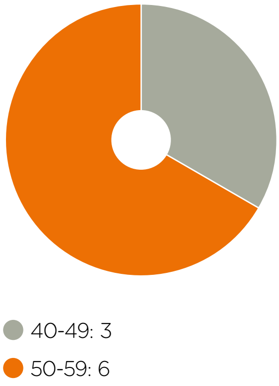
Diversity in the Airline Management Board

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

Gender



Age



Changes to the AMB during the year and up to 30 November 2021:

- Stuart Birrell was appointed as Chief Data & Information Officer on 9 November 2020, replacing Sam Kini.
- Sophie Dekkers was appointed Chief Commercial Officer on 16 December 2020, replacing Robert Carey.

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 119 to 120

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 121 to 123

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 124 to 129

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 118

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 130 to 153

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

Principles of the UK Corporate Governance Code

The UK Corporate Governance Code (the 'Code' or '2018 Code') sets out the standards of good practice in relation to how a company should be directed and governed. 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 130 to 153 and the Directors' Report on pages 154 to 157).

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, the communities we operate in, regulators and governments, and the effect of the activities of the Group on the environment. Further details are set out on pages 26 to 37.

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 is set out on pages 78 to 95.

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 as providing this vital connectivity and in a way that is easy, enjoyable and affordable – described as "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.

Further information on the way that easyJet uses its resources to fulfil this purpose and create sustainable value is set out in our business model on page 12.

Our culture and values

The Board understands easyJet's unique culture, which is open, engaging, positive and collaborative, and seeks to ensure these values are integrated into its decision making and that the policies and procedures put in place maintain this culture. Where policies, practices or behaviour are not aligned with the Company's purpose, values or strategy, the Board and management seek to ensure that appropriate action is taken.

The culture is 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.

During the year, the Board used a number of methods to understand and monitor the Company's culture:

- **Health and safety** – easyJet has a safety policy that promotes a 'just culture' within the airline, to ensure that any incidents are openly reported without negative repercussions for individuals. The Board's Safety Committee regularly reviews internal and external safety incidents (including near misses) and risks to ensure appropriate mitigations are in place and any trends identified, which are then reported to the Board.

- **Employee engagement** – As explained further on page 109, the Board considered and approved a revised approach to its workforce engagement mechanism in the year. Four Non-Executive Directors were selected as Employee Representative Directors to ensure the employee voice is broadly reflected in the boardroom. The Employee Representative Directors update the Board regularly on their discussions and the key themes raised. Employee surveys carried out throughout the year also help identify key areas where employees feel that the reality diverges from the stated culture.
- **Whistleblowing** – The 'Speak Up, Speak Out' (SUSO) whistleblowing arrangements ensure that incidents can be openly reported and areas of concern addressed, monitored and mitigated as required. The Audit Committee regularly reviews reports on the operation and efficacy of the SUSO policy and updates the Board, who considers incidents and their outcome, on an anonymous basis, in line with the Code. Whistleblowing featured regularly on the Board's agenda during 2021 through Audit Committee updates reporting on significant matters, which allowed the Board to regularly review the adequacy of the Whistlebowing policy in line with its requirement to do so under the Code. During the year the Board supported the refreshing and republishing of the SUSO arrangements.
- **Compliance with policies and procedures** – The Board approves and monitors the effectiveness of a number of policies to ensure compliance with the regulatory requirements, for example in relation to Modern Slavery, Digital Safety (including data protection and cyber security), Diversity and Inclusion. Mandatory training modules, which were refreshed during the year and all employees required to complete, ensure that employees are up to date on key policies around anti-bribery and corruption, anti-fraud, competition law, digital safety, data protection and modern slavery.

Investing in and rewarding the workforce

We invest in training and developing our workforce as set out on pages 56 to 57, and page 63. We also facilitate participation in share schemes as set out on page 150.

Engagement with stakeholders

Details of the engagement with all stakeholders, including customers, employees, communities, suppliers, regulators and shareholders, are set out on pages 26 to 37. Additional information is set out below.

Shareholders

Understanding the views of our shareholders, and acting fairly between them, has been a priority for the Board during the year. The Chairman, CEO and CFO have 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 Director of Investor Relations at least every quarter and engagement with the brokers and other advisers.

Annual General Meeting

The Annual General Meeting (AGM) allows 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 Company's 2021 AGM was 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 to notify them of the actions easyJet needed to take to continue to comply with European ownership and control requirements.

Due to restrictions imposed by the Government as a result of the pandemic, shareholders were unable to attend the AGM in person. The Company put in place arrangements for shareholders to vote at the AGM electronically and to attend by conference call to listen to the business of the meeting and ask questions in real time. Alternatively, shareholders were able to submit questions in advance of the AGM.

While the resolutions relating to the appointment and re-appointment of all of the Directors were passed with the necessary majority, they received less than 58% in favour. As the Board noted when publishing the AGM results, this voting outcome was predominantly the result of the Company's largest shareholder (and its related parties) (at the time being the holders of 28.7% of the issued share capital of the Company) voting against these resolutions. The views of the Company's largest shareholder and their reasons for voting against the resolutions relate primarily to the Company's fleet strategy, are well-known to the Board and the Company's other shareholders and have been well publicised. The Board has continued to engage with the Company's largest shareholder since the AGM and throughout the year.

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 https://corporate.easyjet.com/investors.

Investor engagement during the year

October 2020

Trading update for year ending 30 September 2020

November 2020

Full Year Results

December 2020

Discussions with investors and advisory bodies ahead of AGM

January 2021

First quarter trading update

February 2021

Bond issuance

April 2021

Trading update for six months to 31 March 2021

Discussions on remuneration proposals

May 2021

Half Year Results

July 2021

Third quarter trading update

September 2021

Fully underwritten rights issue

Remuneration policy

easyJet consulted with a number of major shareholders on its Directors' remuneration policy prior to the formal approval at the AGM. Engagement has also taken place during the year in relation to the performance targets that will apply to the 2020 LTIP awards, and on our approach to executive remuneration in advance of any revised remuneration policy being put to the next AGM.

Employee Representative Directors

Andreas Bierwirth, Catherine Bradley CBE, Nick Leeder and Moni Mannings are the Employee Representative Directors, who are tasked with engaging with the workforce in accordance with the Code. Further information is set out on page 109.

Stakeholders as part of decision making – the rights issue

Decision: Launching a 31 for 47 rights issue in September 2021 to raise gross proceeds of £1.2 billion.

Considerations: The Board considered a number of factors when looking at launching an equity raise during the year, including the best interests of customers, employees and investors, amongst other stakeholders.

- The Board had acted decisively on liquidity during the pandemic to ensure that easyJet was well placed to navigate through the uncertainty. However, as part of a review of its capital structure, the Board concluded that raising additional equity would be necessary.
- The Board was mindful that shareholders had supported the Company previously with participation in an equity placing, and that the quantum of the rights issue would require significant investment by shareholders. However, it also considered that the trading environment remained uncertain and having reviewed the Group's long term capital and liquidity needs, raising the additional equity would not only protect the Company's position in the European aviation sector and provide resilience from downside risks, but also improve management's ability to deliver long term value for shareholders. This included through having the flexibility to take advantage of long term strategic and investment opportunities.
- The Board and its advisers consulted with a number of major shareholders both shortly before and during the proposed rights issue. Discussions centred around the timing and how the Board had determined the quantum of the raise. The rationale for the timing was explained, noting the above points. The factors that influenced the size of the equity raise were also discussed.
- As a result of this engagement, management reflected on the feedback received and articulated the growth ambitions in their presentations around capacity, EBITDAR and ROCE.
- The ability to use the proceeds to invest in the customer proposition and take advantage of growth opportunities, and strengthening the ability to continue to invest in sustainability, was also considered to be important for customers.
- Additionally, providing resilience and certainty was felt to be important for employees, many of whom are also shareholders.

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 as set out on the timeline on page 107. 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 disenfranchisement. There is also regular communication with institutional investors on key business issues.

Stakeholders in the boardroom – employee voice

At easyJet, we have a wide workforce of over 13,000 employees across nine countries in Europe, including 4,000 pilots and 7,000 cabin crew. Our people are key to the Company's success, and the uncertainties brought by the pandemic means that engagement with them has never been so important.

Following the Code recommendation that boards have a specific method for engaging with the workforce, Moya Greene was appointed the Board's Employee Representative Director in January 2019. When Moya stepped down from the Board in December 2020, the Board took the opportunity to review the approach and consider if there was a way to enhance the engagement mechanism using the skills, expertise and geographic spread of more of the current Board members.

The Nominations Committee reviewed the available options, including the choices set out in the Code. Given the geographic spread of easyJet's employees, and the nature of their working arrangements (with crew, pilots and M&A populations working different shift patterns), it was felt that having more than one Director engaging with the workforce would increase the Board's visibility among employees and ensure that the views of employees were captured more effectively. The Nominations Committee therefore recommended to the Board that four Directors be nominated to engage directly with the workforce, to be known as Employee Representative Directors.

The Board considered this proposed approach and agreed that four Non-Executive Directors serve as Employee Representative Directors. The new structure was implemented from May 2021 and Andreas Bierwirth, Moni Mannings, Nick Leeder and Catherine Bradley were nominated to serve as the first Employee Representative Directors. They were selected by the Board due to their experience, geographic location and language skills. For biographical information on these Board members, please see pages 98 to 100.

The Employee Representative Directors are expected to meet individually with the Company's European Works Council ('EWC') and Management & Administration Consultative Group ('MACG') at least once a year, and other Works Councils on a periodic basis. In addition, other more informal engagement is envisaged, including informal employee gatherings in geographic locations or relevant functional groupings. When interacting with representative groups, the Employee Representative Directors are free to consider the most appropriate combination of engagement mechanisms to ensure inclusivity and encourage an open exchange.

A standing agenda item allows the Employee Representative Directors to report to the Board regularly on their discussions, and they are encouraged to bring the employee voice into conversations in the boardroom whenever possible.

It is important to note that our employees continue to be able to raise any concerns confidentially, should they wish to do so, using easyJet's whistleblowing ('Speak Up, Speak Out') arrangements.

During the period from May to September 2021, Moni Mannings met with the MACG group and Catherine Bradley met with the Spanish Works Council. The themes raised in these meetings were shared with the Board at their subsequent Board meeting and reflected the impact of the prior 18 months on both groups. The Board acknowledged the challenges employees have faced over that time and the resilience they demonstrated during the year. The Board noted that the experience of employees was not uniform across the workforce, with some employees having been furloughed for a significant part of the year and others working long hours mostly from home to deal with the numerous challenges the business faced. It discussed the impact on employees as well as opportunities to address this and some of the concerns that had been raised. It also discussed the fact that employees were perhaps not as familiar with the Board or its purpose, and agreed it would look to address this in the coming year.

For further details on our engagement with employees please refer to page 28.

Stakeholders outside of the boardroom – base visit

An understanding of, and connection with, easyJet's business are fundamental for our Non-Executive Directors to enable them to maximise their contribution to Board discussion and understand our stakeholders. With this in mind, we aim to take the Board to visit one of our European operations at least once a year. These visits increase the visibility of the Board and provide our Non-Executive Directors with a valuable opportunity to engage with local management and crew, and gain insight into how the culture and values of the business are translated into day-to-day operations.

The Board's ability to undertake an overseas base visit during the year was impacted by the continued travel restrictions. However in September 2021 the Board was able to visit easyJet's operations at London Gatwick, which is the Company's largest base. The Board toured some of the customer areas to understand the key points on a customer's journey through the airport, and had an opportunity to meet with local base staff and find out how they had navigated through the challenges of the pandemic.

The Board also had the opportunity to hear first-hand from external stakeholders by meeting with the executive management of Gatwick Airport. This allowed them to gain a deeper understanding of how Gatwick works with easyJet to drive commercial benefit. Particular emphasis was placed on ways to stimulate a faster traffic recovery post-pandemic, and how Gatwick can help support easyJet's business model of best in class cost and efficiency when operating at highly constrained airports.

The Board welcomed the opportunity to meet and discuss easyJet's progress and strategic priorities with the executive and local management. The visit also proved helpful for the new Board members to better understand easyJet's operation and views of the local external stakeholders.

Additional details of the engagement with stakeholders during the year, and the s172 statement, are set out on pages 26 to 37.

2 Division of responsibilities

Independence

The Board comprised 10 Directors at the year-end: two Executive Directors and eight 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 and Chair Designate were considered independent on their appointment. More information about the Board members is available on pages 98 to 101.

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 Board effectiveness 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 any individual.

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 governance framework on page 105. 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 https://corporate.easyjet.com.

The roles of Chairman and Chief Executive are set out in writing, clearly defined and approved by the Board. These are also available on easyJet's corporate website at https://corporate.easyjet.com. Day-to-day management responsibility rests with the Airline Management Board ('AMB'), the members of which are listed on pages 102 to 104.

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, ensuring a culture of openness is maintained and drawing on each of their extensive skills, knowledge and experience. Stephen Hester will assume the role of Chairman on 1 December 2021, at which point John will step down from the Board.

Senior Independent Director

The Senior Independent Director, Julie Southern, 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 Chief Financial Officer. 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 Committees. The Non-Executive Directors together with the Chairman meet regularly without any Executive Directors being present.

Chief Executive Officer

Johan Lundgren, as Chief Executive Officer, 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

The Company Secretary, Maaike de Bie, 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 the provision of accurate, timely and clear information flows to and from the Board and the Board Committees, and between Directors and senior management in order to ensure that the Board has the information and resources it needs in order to function effectively. 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.

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

Board meetings in 2021

The Board meets regularly and held 17 meetings during the year, including two strategy sessions in October and May. It is standard practice that each regular 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 page 111. In addition, to allow for opportunities for the Board to engage with senior management to discuss key elements of the business, two Board dinners were held.

BOARD ACTIVITY IN 2021

Strategy, Operations, Finance and Risk

- Held two 'deep dive' strategy sessions to discuss the five-year plan, capital structure, fleet strategy and areas of strategic focus post pandemic
- Visited London Gatwick and met with employees and representatives of Gatwick Airport Limited (see page 109)
- Considered and approved the proposed network strategy
- Considered fleet requirements and approved various operational and fleet agreements, including revised delivery profiles under the Airbus agreement
- Received a presentation from management on customers and customer service improvement
- Received regular updates on the Digital Safety Programme
- Reviewed the Group's debt capital and funding arrangements and approved the entry into a new five-year term loan facility of $1.87 billion and issuance of €1.2 billion seven-year bond under the Euro Medium Term Note Programme to secure adequate liquidity
- Considered and approved the launch of the rights issue to facilitate and accelerate easyJet's recovery from the impact of Covid-19
- Discussed the activity around making the cost base more efficient
- Received presentations from the Chief Executive Officer and Chief Financial Officer and senior management on strategic initiatives and trading performance and updates on recent developments in the competitive landscape
- Received and reviewed the status of the Sustainability Strategy, related climate change issues and efforts to meet TCFD reporting requirements
- Reviewed and approved the Group's full-year 2020 and half-year 2021 results, as well as its quarterly results
- Approved the Group's 2020 Annual Report including a fair, balanced and understandable assessment and validated the effectiveness of the Group's risk management framework and internal controls
- Reviewed the principal risks, emerging risks and uncertainties, and consideration of the risk appetite
- Reviewed and confirmed the Group's Viability Statement and going concern status

The Strategic and Financial Review explains this in more detail on pages 2 to 77. Our Risk Management Framework and Principal Risks are set out on pages 78 to 95

Safety

- Received and discussed internal and external safety related events to ensure appropriate mitigation plans are in place
- Received updates on protecting employees and customers during the Covid-19 pandemic and easyJet's related industry leading biosecurity measures
- Received an update on the progress against the 2020 safety plan and to agree safety, security and compliance priorities
- 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 119 to 120

People

- Continued to focus on the composition, balance and effectiveness of the Board, including the appointment of David Robbie and Stephen Hester and related Committee changes following the departure of a number of Directors
- Reviewed Directors' tenure and external commitments and composition/membership of Board Committees
- Received an update on progress made against easyJet's Diversity and Inclusion strategy
- Received an update on succession planning and development and update on Talent and Development actions
- Reviewed the Chairman's and Non-Executive Directors' fees
- Held separate Non-Executive Director sessions with the Chairman to discuss leadership and other Board matters
- Considered the evolution of the role of Employee Representative Director and agreed to split the responsibility amongst more than one Director

You can read more about this on pages 121 to 123

Governance

- Received and discussed regular updates on Brexit and approved the implementation of the EU ownership contingency plan
- Received reports on engagement with institutional shareholders, investors and other stakeholders throughout the year
- Conducted an externally facilitated Board evaluation covering the Board's effectiveness, processes and ways of working, identifying areas of future focus
- Received regular reports from the Chairs of the Safety, Nominations, Audit, Finance and Remuneration Committees
- Reviewed and approved the arrangements for the December 2020 AGM and related arrangements, including the Notice of Meeting and amendments proposed to the Articles of Association
- Approved the Group's modern slavery statement for publication

To see how we comply with the UK Corporate Governance Code please turn to page 106

Customers	Employees	Suppliers	Shareholders	Community

Attendance at meetings

The Directors' attendance at the Board and Committee meetings held during the year are shown in the table below. The Board would typically hold 10 scheduled meetings during the year, including a strategy day, but due to the ongoing Covid-19 pandemic, the Board continued to meet on a more regular basis and as a result the total number of Board meetings held during the year was 17. As set out in the table, attendance rates 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, five meetings of the Covid Sub-Committee (Financing) were held between October 2020 and March 2021 to review and approve various specific Covid related financing activities in the period, given the Board's focus on liquidity. The Committee comprised John Barton, Catherine Bradley CBE, Andrew Findlay (to February 2021), Kenton Jarvis (from February 2021), Johan Lundgren, Charles Gurassa (until December 2020) and Julie Southern. It is anticipated that the Covid Sub-Committee (Financing) will be disbanded as the Board's activity returns to a more normal pattern.

Directors are encouraged and invited 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 not always be able to attend.

Even 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 Directors not able to attend on the decisions taken at the meeting.

In addition, and in line with the Code, the Chairman holds meetings with the Independent Non-Executive Directors without the Executive Directors present. There is a standing agenda item at the end of each Board meeting for the Independent Non-Executive Directors to meet without the Executive Directors.

For further information regarding when Board members joined or stepped down from Committees during the financial year, please refer to the 'Committee changes' sections in the relevant Committee reports (pages 118 to 153).

	Board (Scheduled)	Board (ad hoc)	Audit	Finance	Nominations	Remuneration	Safety
Number of meetings	**11**	**6**	**5**	**5**	**4**	**5**	**5**
Executive Directors							
Johan Lundgren	11/11	6/6	–	–	–	–	–
Andrew Findlay[1]	4/4	3/3	–	–	–	–	–
Kenton Jarvis[2]	7/7	3/3	–	–	–	–	–
Non-Executive Directors							
John Barton	11/11	6/6	–	–	4/4	–	–
Stephen Hester[3]	1/1	2/2	–	–	–	–	–
Charles Gurassa[4]	2/2	1/2	–	1/1	1/1	2/2	–
Catherine Bradley CBE	11/11	6/6	5/5	5/5	4/4	–	–
Dr Andreas Bierwirth	11/11	6/6	–	5/5	–	–	5/5
Moya Greene DBE[4]	2/2	2/2	–	–	1/1	2/2	1/1
Dr Anastassia Lauterbach[5]	2/2	2/2	1/1	–	–	–	–
Nick Leeder	10/11	5/6	–	–	4/4	–	4/5
Moni Mannings	11/11	5/6	–	–	–	4/5	–
David Robbie[6]	10/10	4/4	4/4	4/4	–	3/3	–
Julie Southern	11/11	6/6	5/5	–	4/4	5/5	5/5

Notes:

1. Andrew Findlay stepped down from the Board on 3 February 2021.
2. Kenton Jarvis joined the Board on 3 February 2021.
3. Stephen Hester joined the Board on 1 September 2021.
4. Charles Gurassa and Moya Greene DBE stepped down from the Board on 23 December 2020.
5. Dr Anastassia Lauterbach stepped down from the Board on 21 December 2020.
6. David Robbie joined the Board on 17 November 2020.

Non-attendance at meetings was due to unavoidable prior commitments and some meetings being called at short notice.

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 in this report, the attendance remained high and demonstrates the Directors' ability to devote sufficient time.

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.

In line with the 2018 Code, Directors are required to seek Board approval prior to taking on any additional significant external appointments and the following were approved during the year in line with this requirement:

- Catherine Bradley's appointment as a Non-Executive Director of Kingfisher plc and Board member of the Value Reporting Foundation (formerly the International Integrated Reporting Council (IIRC)).
- Moni Mannings' appointment as a Non-Executive Director of Cazoo Group Ltd.
- Johan Lundgren's appointment as a Senior Adviser to Blackstone's private equity group, advising on existing and potential new investments.

Prior to these appointments, the Board considered the time required, including whether they would impact their ability to devote sufficient time to their current role. The Board considered that the appointments, and related arrangements to manage conflicts of interest, would not interfere with their roles with 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.

Directors have direct 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. Where Directors deem 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.

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 121 to 123.

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, knowledge and experience of the Directors:

- David Robbie was appointed as Non-Executive Director on 17 November 2020. David possesses in-depth international experience and brings a diverse mix of skills to the Board.
- Dr Anastassia Lauterbach stepped down from the Board on 21 December 2020.
- Moya Greene DBE and Charles Gurassa both stepped down from the Board at the Company's AGM in December 2020 after serving for three and nine years respectively.
- Kenton Jarvis joined the Board and succeeded Andrew Findlay as the Chief Financial Officer on 3 February 2021. Kenton brings vast industry experience and highly relevant skills to the role.
- Following a comprehensive search process Stephen Hester was appointed as Non-Executive Director and Chair Designate on 1 September 2021. Stephen will succeed John Barton as a Chair on 1 December 2021, at which point John will step down from the Board after nearly nine years as Chairman.

Details of the induction programmes for the new Directors are set out on page 114.

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.

Election and 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 election or 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 2021 are set out on page 101.

Development

On joining the Board, it is the responsibility of the Chairman to ensure that all newly appointed Directors receive a full, formal and tailored induction, which is organised by the Company Secretary. The induction programme covers a range of key areas of the business including, amongst other things, the business and functions 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 David Robbie, Stephen Hester and Kenton Jarvis are set out on page 114.

Directors' training and development needs are of key importance in order to discharge their duties effectively and opportunities are made available for them to update their skills and knowledge. 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.

Director induction programme 2021

David Robbie, Kenton Jarvis and Stephen Hester, 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. They were provided with a Board induction pack containing Company and Board information 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. In addition, they met with key colleagues across the business and were provided with a briefing pack before each session to better understand the areas of the business. These meetings were tailored to the nature of the role that they would be undertaking. For example in addition to the meetings set out in this section, Stephen Hester met with all of the Board and AMB on an individual basis, as well as an expanded group of easyJet colleagues including the Director of Governmental Affairs, Chief Pilot and Director of Cabin Services, amongst others. Stephen also attended a meeting of the Leadership 50, comprised of the senior leaders across the organisation.

Safety and operations

- Attended a session hosted by the Director of Safety, Security and Compliance which included briefings on the regulatory framework, safety management system, AOC structures, safety governance, compliance monitoring and current risks and priorities
- Met with the Chief Operating Officer to discuss Summer 21 Readiness programme framework, cost efficiency programme in relation to costs, fleet profile and customer satisfaction statistics

Governance, legal and remuneration

- Attended a briefing session with the Group People Director and Director of Reward to discuss easyJet's approach to reward and our remuneration policy
- Attended a briefing session with the Group People Director to discuss easyJet's five-year People Strategy, our inclusion and wellness strategy and industrial relations landscape
- Met with the Chair of the Remuneration Committee to understand the remuneration framework and received a brief introduction to the work of the Remuneration Committee
- Met with the Group General Counsel and Company Secretary to discuss and understand the Board and Committee procedures, compliance with the Market Abuse Regulations, legal risk, EU261 and our digital safety programme, amongst other matters

Finance and audit

- Attended briefing sessions on easyJet's trading performance, the 2021 financial year budget, cash burn, liquidity forecast, cost efficiency programme and financial controls with the Director of Financial Planning & Analysis
- Attended a briefing session with the Director of Risk & Assurance to understand easyJet's Enterprise Risk Management Framework and internal audit structure
- 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 Officer, Chief Operating Officer, Group Markets and Marketing Director and Chief Data and Information Officer

Business and functions

- Met with the Director of Airport Development & Procurement 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 the Director of Treasury to understand easyJet's capital structure and funding obligations
- Met with the Strategy Director to gain a deeper understanding of easyJet's five-year plan and fleet overview
- Met with the Company's brokers to understand easyJet from a market and broker's perspective

Board evaluation

2020 – internal evaluation

Given the Board's activities during 2019/20 were dominated by reacting to the unique challenges posed by the pandemic, a shorter and more targeted evaluation was undertaken, 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 unprecedented nature of the Board's activity in the year was noted, including the volume of meetings and the related impact on the Board and management's workloads. The key areas identified for increased focus and development during the 2020 financial year were as set out below.

Areas of focus identified

Areas	Actions taken
Succession planning – continued focus on succession planning for Board and senior management, to ensure that the Board are satisfied that appropriate plans are in place	The Nominations Committee and Board continued to treat this as a priority during the year. Four Directors have stepped down from the Board (Charles Gurassa, Moya Greene, Anastassia Lauterbach and Andrew Findlay) and three new Directors were appointed (David Robbie, Kenton Jarvis and Stephen Hester) during the year. The Nominations Committee reviewed the composition and skills of the Board prior to these appointments and will continue to keep Board and senior management succession under review when Stephen Hester succeeds John Barton as chair.
Strategic oversight – 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	The Board held two deep dive strategy sessions in October 2020 and May 2021, reviewing the response to the pandemic and the future strategic direction of the Company, including as part of the preparations for the rights issue in September 2021. The Board will continue to focus on this in the coming year, led by the incoming Chair.
Building relationships – 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 for the new members of the Board	The Board has held a number of physical meetings where restrictions have allowed, including the visit to London Gatwick in September 2021. Members of the AMB attended a dinner with the Board at Gatwick, which allowed new Board and new AMB members to meet and build relationships. Future meetings and dinners are planned, subject to the prevailing restrictions at the time.

2021 – external performance review

For the 2021 Board performance review, following an RFP process the Board engaged Lorna Parker and Elaine Sullivan of Manchester Square Partners (MSP) to conduct an independent evaluation of the performance of the Board and its Committees. easyJet has previously worked with a separate division at MSP in relation to professional development activities for the AMB, but as the Board performance review was undertaken by a separate team within MSP, who had no experience of or connection to the Company, no conflict was deemed to exist. The use of two expert evaluators in Lorna and Elaine was also felt to help bring an independent check and balance to the review of the Board and its activities. MSP has no other connection with the Group or individual Directors.

The evaluation was designed in consultation with the outgoing Chair, the Senior Independent Director and the Company Secretary, with a focus on how the Board could capitalise on its strengths but evolve to address the needs of the medium term, including the post-pandemic recovery. Strong emphasis was placed on the role of the Board, composition and succession, culture and values, dynamics among Board members and management, and governance and leadership. The process that MSP followed for the review can be found on page 116.

Preparation	• Held briefing sessions with the outgoing Chair, Senior Independent Director and Company Secretary to understand context and priorities • Review of Board and Committee papers for the previous 12 months and other relevant documentation, including Strategy papers and the Board Forward Agenda • Individual interviews were scheduled with all of the Non-Executive Directors, the Chair, Company Secretary, Group People Director, and one of the Company's brokers for an external view.
Formal interviews	• Developed a set of comprehensive questions for the interviews and interviews conducted with the group identified above.
Board observation	• Observed the Board meeting held at London Gatwick in September 2021 to observe the Board dynamics, and also had the opportunity to observe Board's interaction with stakeholders.
Reporting	• Key findings and recommendations were shared with the outgoing Chair, the incoming Chair, the Senior Independent Director and Company Secretary, and a draft report was prepared for review. • The final report was circulated to the full Board, with a discussion held during a meeting of the Board to consider the outcomes and agree recommended actions.

Findings

The review concluded that while the prior 18 months had been one of the most demanding and challenging periods the Board had ever seen, and despite the number of changes to its membership in that time, the Board had continued to function extremely well and the dynamics were good. The Board's culture was seen as open, collegiate and cohesive, and all Board members were well prepared and engaged, which was particularly noteworthy given the increased demands made on their time with the elevated number of Board and Committee meetings. It was noted that the Board had been required to shift its focus to shorter term decisions around the balance sheet, cost control, and safety, which it had done well. The Board's effectiveness was felt to be demonstrated through the following:

- Strong alignment between the members of the Board on its' role over the medium term in setting the strategy, culture, understanding the views of various stakeholders and establishing the right succession plans
- Clarity and alignment among members on both the strategic priorities for the Company and the associated challenges and risks
- Having an open, transparent, supportive but appropriately challenging atmosphere and tone
- A breadth and depth of complementary skills and experience around the Board table
- Effective, efficient and thorough supporting Board and governance processes

The review also concluded that to build on these strengths and set the Board up for success in future, there would be an opportunity to 'reset and restart' following the pandemic, with an emphasis on moving from short term crisis management to longer term strategy, with the Board playing a key role in shaping, debating and testing the ambition, vision and strategy alongside the Executives. The focus areas and related actions are set out below.

Areas of focus identified

Area	Actions to be taken
Exploring opportunities to allow more open-ended discussions and collaboration on strategic matters	• The Board forward agendas will be reviewed to ensure that regular, structured and iterative strategy discussions take place throughout the year, including one or more dedicated days to discuss strategic matters • Continued build on the individual briefings on major decisions ahead of Board meetings, enabling all Board members to be brought up to the same knowledge level and enabling better discussions in the boardroom, while also facilitating relationship building
Increasing time spent together, formally and informally, to continue to build relationships with newer members of the Board and Management, and review the evolution of the Board over time	• In person meetings to be held where possible, with a two day offsite in June 2022, ideally overseas at a European base subject to any prevailing restrictions. • Regular NED only sessions to continue to be held, including dinners where appropriate • Other opportunities to increase exposure to management and allow for informal time spent together will be identified by the Chair, CEO and Company Secretary.

Rebalancing the Board forward agenda, with a return to a more normal forward-looking and strategic agenda incorporating forward looking matters, including Strategy; Stakeholders (Customers, People, Shareholders, Regulators); Sustainability; Brand and Marketing; succession, culture, diversity and inclusion Enhancing discussions around risk and risk appetite as the Board looks to the post-pandemic recovery phase	• The Board forward agendas to be reviewed to ensure all appropriate areas were covered, with input sought from all Board members and kept regularly updated.
Reviewing the remit and membership of the Board's Committees to ensure the Board is focused on value add	• The governance framework, including terms of reference and Committee memberships, will be reviewed to ensure it is optimised for the Board's time to be focused on value add activities • Board papers to be made more succinct and better articulate the key issues and judgement calls
Continued focus on Board composition and succession, with a view to enhancing European and aviation experience on the Board	• The Nominations Committee to continue to keep the composition, skills and experience of the Board under review, and is expected to explore the addition of further non-executive directors to the Board during the year with European and aviation experience.

Review of the Chairman's performance

As part of the external Board performance review, the performance of the Chair was also discussed. It was noted that John Barton's contribution had been significant both during the year and over the last nine years of his tenure, and that he demonstrated effective leadership. However, with the transition from John Barton to Stephen Hester due to take place in December 2021, the primary focus of the review was how the Board as a whole could set itself up for success in the future.

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 124 to 129.

Financial and business reporting

The Strategic Report on pages 4 to 95 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 158 and a statement on the Group as a going concern and the viability statement is set out on pages 74 to 77.

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 and emerging risks facing the Group and how those risks affect the prospects of the Group. Please refer to pages 78 to 95 for further information on the risk management process and the Group's principal and emerging risks and uncertainties, and pages 76 and 77 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 119 and 120 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 124 to 129 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 125 to 129.

Audit

Details of the Internal Audit function and external auditors are provided within this report on pages 127 to 129.

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 130 to 153 for the level and components of remuneration, and page 143 (the Remuneration Committee Report) for procedures relating to remuneration.

> **“The Group's internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.”**

BOARD COMMITTEES
FINANCE COMMITTEE REPORT

> “The Committee monitored hedging strategies and adapted treasury policies in line with prevailing market conditions.”
>
> **Catherine Bradley CBE**
> Chair of the Finance Committee

Membership, meetings and attendance

- Catherine Bradley CBE (Chair)
- Dr Andreas Bierwirth
- Charles Gurassa (until 23 December 2020)
- David Robbie (from 17 November 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 98 to 101.

David Robbie became a member of the Committee on 17 November 2020 on joining the Board. Charles Gurassa stepped down from the Committee and the Board on 23 December 2020. The Company Secretary acts as Secretary to the Committee and members of the executive management are invited to attend meetings.

The Committee met five times during the year. Meeting attendance can be found in the table on page 112.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com.

I am pleased to present the Finance Committee (the ‘Committee’) report covering the work of the Committee for the year ended 30 September 2021.

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.

Rapidly changing travel restrictions led to easyJet operating a reduced flying programme to remain operationally flexible. This meant changing our existing hedging strategies. The Committee focused on ensuring that easyJet's over-hedged exposures were closed and that it was able to manage its exposures to minimise losses. The key activities of the Committee are set out below. There were five meetings during the year and after each Committee meeting, an update was presented to the Board on the key issues discussed during our meetings.

Catherine Bradley CBE
Chair of the Finance Committee

Key activities during the year

The Committee continued to monitor both the hedging and liquidity policies due to the uncertainty in the operating environment. The Committee ensured easyJet maintained significant levels of liquidity throughout the year, as well as making sure all hedging positions were being managed appropriately. easyJet entered into a number of financing arrangements throughout the year, significantly increasing its cash balance. To ensure the additional cash was invested safely and securely, the Committee regularly reviewed the counterparty credit limits to make sure they were fit for purpose. The Committee also undertook a deep dive on easyJet's carbon exposures, which resulted in easyJet updating the treasury policy used for purchasing carbon allowances in relation to Emissions Trading System (ETS) compliance.

easyJet's Treasury team maintains a risk and control matrix, to highlight the key areas of risk as well as the mitigating controls in place. During the year, the Committee received an update on the treasury controls environment to ensure it remained effective.

The Committee also approved the onboarding of two new counterparts during the year, for onward recommendation for the Board.

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.

BOARD COMMITTEES

SAFETY COMMITTEE REPORT

> “The Committee’s focus has been on ensuring the safety of customers, crew and employees remains our highest priority.”
>
> **Dr Andreas Bierwirth**
> Chair of the Safety Committee

Membership, meetings and attendance

- Dr Andreas Bierwirth (Chair)
- Moya Greene DBE
  (until 23 December 2020)
- Nick Leeder
- Julie Southern

The Committee consists of the Independent Non-Executive Directors listed above. Moya Greene DBE did not stand for re-election at the Company’s AGM and as a result stepped down from the Board and the Committee on 23 December 2020. Member biographies can be found on pages 98 to 101.

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 112.

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 2021. 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.

The Committee is responsible for overseeing the Group’s management of health, safety, security and regulatory compliance in line with the Group’s values and commitment. The primary focus of the Committee was to oversee the quality and effectiveness 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.

The safety of our passengers and employees remains our highest priority. The global crisis created by the pandemic has continued in 2021 due to the uncertainty caused by new variants of Covid-19 and associated flying restrictions. During the year, the Committee was actively engaged in overseeing easyJet’s preparations for the safe ramp up in flying as volumes returned on the relaxation of restrictions. To manage safety during this time, we have put risk management and management of change at the centre of what we do. This approach has helped us to ensure we are appropriately organised and resourced.

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.

Dr Andreas Bierwirth
Chair of the Safety Committee

Key activities during the year

Whilst the rate of transmission of Covid-19 decreased from the peaks seen earlier in 2020, there continued to be new cases of infection in many countries leading to dynamic and ever changing travel restrictions, regulations, guidelines and requirements. The Committee remained focused on the delivery of a safe and secure operation which meets the needs and expectations of our customers.

The Director of Safety, Security and Compliance reports regularly reports to the Committee and Airline Management Board on easyJet's safety, security and compliance standards. He 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. The Committee Chair 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 easyJet's readiness for summer 2021, BAU activities, focus risks, significant operational changes, management system developments, security oversight and influencing regulators and authorities where and when appropriate. The Committee also undertook a review of biosecurity standards, which include all aircraft having industry leading filtration systems, the cleaning and disinfecting of aircraft daily, and passengers and crew wearing masks on board all our flights.

Furthermore, the Committee monitored the safety, security and compliance priorities including BAU and support activities, summer readiness framework and risk management framework to ensure easyJet remained safe and responsible and foundations were in place to thrive through the recovery phase. In addition, the Committee continued to monitor notable incidents to ensure process improvements and mitigating actions had been undertaken, where necessary.

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 easyJet operations were scaled back.

Readiness to fly

The Committee received an update on the easyJet's readiness programme to ensure teams were properly resourced with defined ways of working, crew remained fit and competent for duty, aircrafts returned to service and third-party suppliers were capable to support operations. The readiness programme also covered the biosecurity documentation required throughout the organisation for smooth operations.

Biosecurity standards

The Committee provided oversight to easyJet's biosecurity standards including creation of easyJet's Biosecurity Standards Groups in order to maintain a co-ordinated set of biosecurity standards across different countries and health authorities' requirements. Due to the implementation of clear masks policy and associated communications to crew and customers, easyJet's biosecurity performance remained satisfactory.

Safety plan

Another key area of focus was reviewing progress against the safety plan covering the safety and security development and action plans. This included assessment of key risks and how easyJet was working with the rest of the industry to ensure highest safety standards were followed.

Incident and crisis management

To ensure easyJet is able to respond to an incident or crisis quickly, effectively and appropriately, the Committee continues to monitor the outcome of the crisis management exercise undertaken by the management. During the year a crisis management exercise had been facilitated which demonstrated a good understanding between different crisis teams and ability to respond remotely.

Operations

The Committee received updates on the detailed preparation and delivery of the ramp up of the flying programme in Summer 2021. The external environment continued to remain fluid as lockdown and travel restrictions evolved around the network. The Committee took note of the status of the readiness programme and the actions taken to manage suppliers to reduce the safety and operational risks around the ramp up. The Committee also received updates on the improvement of the Integrated Management System to establish a common approach to Safety, Security, Compliance and the Environment across the organisation. This will enable us to provide safe and responsible journeys for our customers and a safe working environment for our employees and suppliers.

Looking forward

Over the next year, the Committee will continue to monitor and review the safety plan which includes operational safety, health and safety, operations critical IT systems, environmental safety and compliance and associated outcomes. 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

> “The Committee continues to facilitate effective succession planning and the development of a diverse board.”
>
> **John Barton**
> Chair of the Nominations Committee

Membership, meetings and attendance

- John Barton (Chair)
- Stephen Hester
  (from 1 September 2021)
- Moya Greene DBE
  (until 23 December 2020)
- Charles Gurassa
  (until 23 December 2020)
- Julie Southern
- Catherine Bradley CBE
- Nick Leeder

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 98 to 101.

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 four times in the year. Meeting attendance can be found in the table on page 112.

The Committee’s terms of reference can be found on the Company’s website at https://corporate.easyjet.com.

I am pleased to present the Nominations Committee (the ‘Committee’) report on the progress made during 2021.

The main purpose of the Committee is to ensure plans are in place for orderly succession of Board and senior management positions whilst maintaining an appropriate balance of skills, experience, independence and diversity. The Committee regularly reviews the structure, size and composition of the Board and makes recommendation to the Board with regard to any changes.

There were four 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 David Robbie with effect from 17 November 2020. Dr Anastassia Lauterbach stepped down from the Board with effect from 21 December 2020. Charles Gurassa and Moya Greene DBE stepped down from the Board on 23 December 2020 following the AGM after serving nine and three years on the Board respectively.

As reported earlier and in accordance with best practice under the Code, I will step down as the Chairman on 1 December 2021 after nearly nine years on the Board. Following a comprehensive search process led by the Nominations Committee, we appointed Stephen Hester as Chair Designate and Independent Non-Executive Director with effect from 1 September 2021. He will succeed me as the Chairman on 1 December 2021. Stephen has brought over 35 years of wide-ranging experience, a strong track record of value creation and listed board experience. Stephen will also serve on the Committee, which he will chair in due course. As the outgoing Chair, I did not participate in the search and selection process.

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. Following an independent search facilitated by Russell Reynolds we welcomed Kenton Jarvis as the Chief Financial Officer with effect from 3 February 2021.

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 appointed MSP to undertake an independent external 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 116 to 117.

John Barton

John Barton
Chair of the Nominations Committee

Key activities during the year

Non-Executive Director appointment

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 David Robbie be appointed as an additional Non-Executive Director.

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 Lygon Group to act on behalf of easyJet. 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 consultant, 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 David's appointment was recommended to the Board. His experience further strengthens the diverse mix of skills and experience on the Board. The Committee oversaw the induction programme for David, further details of which are set out on page 114.

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.

Chief Financial Officer

Following the resignation of Andrew Findlay in May 2020, the Board commenced the search for a new Chief Financial Officer. Having identified the desired skills and experience sought from the new CFO, after a selection process search consultants Russell Reynolds were appointed to act on behalf of easyJet. Russell Reynolds 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.

Following an interview and referencing process, a shortlist of candidates was discussed by the Committee, and Kenton's appointment was subsequently recommended to the Board by the Committee.

Chairman succession

Under the Code, nine years is the recommended maximum for the Chair to serve on the Board. As a result, the Committee took the appropriate steps to identify potential successors in preparation for John Barton's nine-year tenure coming to an end. The process was led by the Committee on behalf of the Board and the incumbent Chair did not participate. The Committee worked with executive search consultants, Lygon Group, to refine the role description, key attributes sought and search profile, which included amongst others: substantial prior board experience, credibility when representing the business to the city and investors, experience of business transformation and managing cost and capital restructuring, and experience managing complex stakeholders. Lygon then undertook a comprehensive search for prospective candidates who met the profile.

Given the importance of the appointment, all Board members were consulted as part of the shortlisting process. A number of candidates were selected for the shortlist and an interview process undertaken by all Board members.

Following the interview process and after consideration of the appropriate balance of skills, knowledge, experience, independence and diversity on the Board, and the attributes sought from the new Chair, the Committee recommended the appointment of Stephen Hester as Chair Designate with effect from 1 September 2021 and for him to succeed John Barton on 1 December 2021.

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:

- David Robbie joined the Finance Committee, Audit Committee and Remuneration Committee on joining the Board in November 2020
- Dr Anastassia Lauterbach stood down from the Audit Committee on stepping down from the Board on 21 December 2020
- Charles Gurassa stepped down from the Nominations Committee, Finance Committee and Remuneration Committee on stepping down from the Board on 23 December 2020
- Moya Greene stood down from the Remuneration Committee, Safety Committee and Nominations Committee on stepping down from the Board on 23 December 2020
- Stephen Hester joined the Nominations Committee with effect from 1 September 2021 and will Chair the Committee from 1 December 2021.

Employee Representative Directors

During 2021, in order to strengthen the employee voice in the boardroom and use the opportunity to review the mechanism when Moya Greene stepped down, the Committee considered the evolution of the role of Employee Representative Director, recommending that the responsibility be shared amongst several Non-Executive Directors to utilise their experience and geographic location. This recommendation was approved by the Board and from May 2021, four Non-Executive Directors were nominated as Employee Representative Directors. Further details can be found on page 109.

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 151.

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 Diversity and Inclusion Policy ('Policy').

The Policy covers diversity and inclusion across the Company, but in relation to the Board it specifically notes that:

- easyJet recognises the importance of a diverse Board, bringing together an appropriate mix of skills and experience to ensure the future success of our business. We understand the richness a diverse Board brings in providing the range of perspectives, insight and challenge needed to support good decision making and create a positive culture in the organisation.
- When considering the optimum make-up of the Board, all of the aspects of diversity will be appropriately reviewed and balanced where possible.
- The diversity of the Board will typically be reviewed on an annual basis as part of the annual performance evaluation.
- New appointments to the Board will be made on merit, in the context of the requirements of the Board at that time. The Nominations Committee will identify suitable candidates based on merit against objective criteria and with due regard for the benefits of diversity on the Board including social and ethnic background, cognitive and personal strengths as well as diversity of gender. Where there is a known requirement to improve the diversity of the Board, the Nominations Committee will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will, as stated, always be on merit.

Following the appointment of a new Chair and the conclusion of the Board performance review, the Committee will be reviewing the composition of the Board in the coming year with due regard to the Company's Board Diversity and Inclusion Policy and 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 start of 2020 the Board had a 45% female representation, exceeding the 33% recommended by the Hampton-Alexander Review and one Director from an ethnic minority background. Following the changes to the Board during the year, at the year end the female representation was 30% (three out of ten). When John Barton steps down from the Board on 1 December 2021 the level of female representation will increase to 33% (three out of nine). We continue to have one Director from an ethnic minority background.

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.

As at 30 September 2021, the AMB has 33% female representation, and amongst their direct reports female representation is 26%.

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 page 56 reports in further detail on the approach being taken to diversity and inclusion, and the implementation of the policy across the Group.

Board evaluation

In line with the Code, the Board conducts its annual evaluation exercise via an independent external facilitator once every three years. The last externally facilitated evaluation was conducted in 2018 and consequently an external evaluation facilitated by Manchester Square Partners was conducted during the financial year to evaluate the performance of the Board, its Committees and the Chairman in line with the Committee's terms of reference. Further details can be found on pages 115 to 117.

BOARD COMMITTEES

AUDIT COMMITTEE REPORT

> “The Committee continues to monitor the integrity of the financial information for the benefit of our shareholders.”
>
> **Julie Southern**
> Chair of the Audit Committee

Membership, meetings and attendance

- Julie Southern (Chair)
- Catherine Bradley CBE
- Dr Anastassia Lauterbach (until 21 December 2020)
- David Robbie (from 17 November 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 98 to 101.

The Board has confirmed that it is satisfied that Committee members have recent and relevant financial experience 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.

David Robbie became a member of the Committee with effect from 17 November 2020 and Dr. Anastassia Lauterbach stepped down as a member of the Committee on 21 December 2020. The Company Secretary acts as Secretary to the Committee.

The Committee met five times during the year, with members of senior management required to attend as and when appropriate. Meeting attendance can be found on page 112. The Committee also met with the internal and external auditors and Director of Risk and Assurance separately after each meeting. In addition, the Committee Chair holds regular private sessions with the Chief Financial Officer and the senior finance team, the Director 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.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com.

I am pleased to present the Audit Committee (the ‘Committee’) report for the year ended 30 September 2021.

During the year the Committee continued to play a key role in assisting the Board in fulfilling its oversight responsibility.

The Committee oversaw and supported the development of financial control improvements in light of the Government's proposed audit and governance reforms. The Committee also spent time reviewing the internal controls over financial reporting to ensure that the additional stresses imposed by the impact of Covid had been properly managed. It was clear that the level of flight cancellations and amendments continued to drive an extraordinary workload in revenue management in particular and the committee were pleased to see additional resources deployed to ensure that we could still have confidence in the underlying accounting. The Committee are very grateful for the continued commitment and professionalism of the finance team in the face of a very heavy workload in 2021.

The 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.

We engaged with the FRC as part of their thematic review of climate disclosures during the year, responding to questions they had on the information set out in our 2019 Annual Report and Accounts. Further details can be found on page 126.

We have considered the processes underpinning the production and approval of this year's Annual Report and Accounts, and also assessed the viability of the Group over a three-year period.

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. I have also met separately with the external audit partner and key management on a number of occasions during the year, and the Committee met with the external auditors after each Committee meeting without management present.

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 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 2021 financial year included the planning, monitoring, reviewing and approval of the following areas:

Financial reporting

- The integrity of the 2020 full year and 2021 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 the pandemic.
- 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 127.
- 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 fair, balanced and understandable assessment of the Annual Report and Accounts for the 2020 financial year and the 2021 half year statement.
- Engaging with the FRC in relation to thematic review of climate disclosures in the 2019 Annual Report
- Reviewing the financial reporting processes and disclosures, including the non-audit services undertaken by PwC, as part of the prospectus for the £1.2 billion rights issue

Internal financial controls and risk management

- Development of financial control improvements as part of the financial control framework and a risk management framework to provide greater clarity to strategic planning and investment decisions
- 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
- Receiving an update on the Company's payroll improvement programme
- Receiving regular updates on the Group's Digital Safety Programme

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

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
- Ensuring the successful transition to a new lead audit partner to help ensure PwC's objectivity and independence
- Ensuring PwC's non-audit work on the rights issue did not compromise PwC's independence and due process was followed
- 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 2021 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 specialists
- 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, Q3 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, 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 74 to 77.

Financial Reporting Council Engagement

As part of the FRC's thematic review of climate disclosures, the FRC Conduct Committee wrote to the Company with questions relating to information within our 2019 Annual Report and Accounts. These questions primarily related to seeking clarity about how the climate transition had been taken into account in estimating the carrying value and useful life of certain assets. easyJet responded to the FRC's questions providing clarifying information and noting specific enhancements it was planning to make to its 2020 Annual Report and Accounts that would address the questions and comments raised. These enhancements included expanding the notes to the accounts to incorporate additional information about how management took account of the impact of climate change and their use of stress testing in areas of critical judgements and estimates. The enhanced disclosures around risk, sustainability and TCFD disclosures, and the Viability Statement were highlighted. The presentation of this information has also been considered when preparing these Annual Report and Accounts.

The FRC requested that in disclosing this engagement we note the limitations of their review, namely that it was based on their reading of the Annual Report and Accounts and did not benefit from a detailed knowledge of our business or an understanding of the underlying transactions entered into. They also noted that their review provided no assurance that the report and accounts are correct in all material respects but rather that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Having provided the clarifications and noting the specific enhancements made to the 2020 Annual Report and Accounts, the review was concluded satisfactorily.

As part of its process for monitoring the standards of audit work, the Audit Quality Review team of the Financial Reporting Council (FRC) reviewed PwC's audit of the Group accounts for the year ended 30 September 2020, with the FRC report received in November 2021. The key finding for improvement related to the audit approach to flight bookings that utilised credit vouchers and ensuring they originated from cash receipts. PwC has confirmed that it has amended its approach for the year ended 30 September 2021 to address this FRC review finding.

Risk and assurance

Details of the risk framework and the principal risks and uncertainties are set out on pages 78 to 95.

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. Given the disruption to operations caused by the pandemic and the related impact on internal audit activity, the Committee considered that an independent internal quality assessment should be undertaken during the year, as an external review would not add significant value. The outcomes of the review were discussed by the Committee, including changes made to the internal audit charter and processes, but with no significant concerns raised. It is anticipated that an external EQA will be undertaken in the next two years once activity was less affected by the pandemic.

During 2021, 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 during its meetings.

In order to safeguard the independence of the Internal Audit function, the Director 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.

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 emerging and 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 78 to 95.

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.

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, liquidity position, 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, the potential impact of climate change on those cash flows, 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.

Aircraft maintenance provisions

The Committee reviewed the maintenance provision at the year end. A number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and timing of maintenance checks. The Committee addressed these matters using reports received from management which underpin the basis of assumptions used. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.

Other key judgemental accruals, provisions and contingent liabilities

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, and the restructuring provision. The Committee also considered the appropriateness of the recognition of contingent liabilities as at the year end. 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.

Deferred tax asset

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.

Fleet accounting

The Committee have considered the appropriateness of the estimates used for the useful economic life and residual value of aircraft. The Committee considered these matters using reports received from management and external experts which underpin the estimations. The Committee also discussed with the external auditors their review of the assumptions underlying the estimates used.

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 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 AGM held on 23 December 2020. The last tender process was undertaken in 2015 for the year ended 30 September 2016.

The current external audit engagement partner is Owen Mackney, Senior Statutory Auditor, who took over the role during the year from Andrew Kemp. The external audit plan and the £1.1 million fee proposal for the financial year under review (2020: £0.8 million) was prepared by PwC 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 applicable audit 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 2021 financial year, PwC undertook audit-related non-audit services for the Company, as set out in note 3 to the financial statements. In addition, they undertook the non-audit work below in relation to the rights issue.

Rights issue

As part of the preparations for the rights issue announced in September 2021, certain non-audit assurance was required of the financial information presented in the prospectus. Management felt that PwC would be best placed to undertake this work if appropriate safeguards could be put in place, and this was discussed and approved by the Committee prior to work taking place. The fees for the non-audit work were £1.2 million and agreed by the Committee. This resulted in the 70% fee cap (70% of the average of the UK/Group fees paid in the last three consecutive financial years for the statutory audit) being exceeded, therefore approval was sought from the FRC for PwC to perform the work. The FRC provided such approval and granted dispensation for PwC to perform the work before the services commenced. A number of measures were implemented to ensure that the objectivity of PwC as auditors of the Company was safeguarded:

- The non-audit work was led by an independent PwC partner and team members not involved in the audit, and subject to review by an independent review partner.
- The services were performed on a one-off basis, and were clearly set out in an engagement letter.
- All fees for the additional reporting accountant services were invoiced and settled in full before the audit work was finalised.

- A Quality Review Partner would be involved in the audit, and be responsible for performing a further review over the performance of the audit.
- A clearance panel including a further three independent partners was held prior to completion of the non-audit work to provide an additional level of review.

The one off nature of these non-audit services and that they were assurance based was also deemed to ensure that the objectivity of PwC was safeguarded.

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 applicable audit 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. Due to the tender undertaken in 2015, and the rotation of the Audit Partner in 2020, the Committee believes that a tender being undertaken in the 2024/25 financial year remains appropriate and is in the best interests of shareholders. 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)

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

> "This has been a busy year for the Committee as we have reviewed the impact of the pandemic upon our people and the remuneration framework, together with a review of the Remuneration policy and the considerations of the rights issue. I am delighted that I have had the opportunity to engage with our major shareholders over the year to discuss these topics."
>
> **Moni Mannings**
> Chair of the Remuneration Committee

Membership, meetings, and attendance

- Moni Mannings (Chair from 8 October 2020)
- Charles Gurassa (until 23 December 2020)
- Moya Greene DBE (Chair until 8 October 2020 and member until 23 December 2020)
- Julie Southern
- David Robbie (from 17 November 2020)

There were three changes to the membership of the Committee during the year as set out above. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, the Reward Director, the Chief Financial Officer, and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 98 to 101. The Committee met five times during the year. Meeting attendance can be found in the table on page 112.

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 Directors' Remuneration Report (the 'Report') for the year ended 30 September 2021, my first as Chair of the Committee. This has been a challenging year due to the pandemic and the impact this has had on our teams, as well as our financial performance. Many individuals continued to be placed on furlough and everyone faced the lockdowns that continued for much of the year across Europe. This has impacted on individuals reward opportunities during this year both in terms of salary increases and bonus, and as a Committee we have been mindful of this. We have taken this into account, along with the impact on our shareholder experience, in all our considerations.

This Report contains:

- The proposed Directors' remuneration policy, including our new Restricted Share Plan (RSP) to be approved at the 2022 AGM; and
- The annual remuneration report describing how the existing policy has been put into practice during the last year, and how the new policy will be implemented in 2022.

Performance and reward outcomes for the 2021 financial year

Annual bonus

In light of continued market uncertainty, the annual bonus targets were set separately for the first and second half of the financial year to allow flexibility and agility. The measures selected for the bonus aligned with our key priorities for the year and were EBITDA (30%), cost reduction programme (20%), free cash flow (20%), customer satisfaction (10%) and individual performance (20%). Recognising the importance of our ESG agenda, individual targets included sustainability measures as well as measures linked to strategy execution.

Due to the continuing restrictions on airline travel and the impact of this on our performance no annual bonus in respect of the year ended 30 September 2021 will be paid.

LTIP

Awards granted in 2018 were due to vest based on performance to 30 September 2021. Awards were based on a combination of performance conditions, being three-year average headline ROCE, total headline EPS and relative TSR compared to FTSE 51-150 companies measured over the three financial years to 30 September 2021.

The stretching performance targets for the 2018 LTIP award, which were set before the pandemic, were not met and therefore this award will lapse.

2020 LTIP awards

In December 2020 the Committee made awards to the executives under the LTIP. Due to the prevailing uncertainty at the time of award, and in line with the flexibility provided in the Investment Association's Covid-19 guidance, the decision was made to delay target setting for up to six months when we hoped the long term economic situation would be clearer. However, with lockdowns ongoing within the UK and much of Europe in early 2021 along with continued restrictions on travel, there was still a high level of uncertainty over the medium-term outlook.

Our LTIP awards were normally based on headline ROCE (40%), headline EPS (40%) and relative TSR (20%). However, the continued external uncertainty meant that the previous approach for the LTIP of setting a mix of three-year financial targets was very challenging and was likely to remain so for some time. In light of this, the Committee concluded that setting financial targets for the 2020 LTIP award would not be fair and could result in either unduly difficult or easy targets driven by external events rather than management action.

The Committee's view was that in the circumstances, shareholder alignment is a key measure of success where management will benefit if shareholders do and vice versa. It was therefore decided that the 2020 LTIP award would be based 100% on TSR performance. The Committee believes basing the award 100% on TSR is a clear and simple approach and ensures that the vesting outcome is fully aligned with the shareholder experience. It also removes the need to set financial targets in uncertain economic times whilst providing clarity for management and shareholders.

In line with best practice and shareholder expectations the Committee shall retain discretion to adjust the vesting outcome where outcomes are not considered to be reflective of underlying financial or non-financial performance of the business, the performance of the individual or where the outcome is not considered appropriate in the context of the experience of shareholders or other stakeholders. Similarly, the Committee will consider whether it is appropriate to make any 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.

I consulted with a number of major shareholders on behalf of the Committee regarding this approach who were supportive.

New Restricted Share Plan

During the year the Committee undertook a detailed review of our Directors' remuneration policy to ensure that the remuneration arrangements we have in place will support long term strategic decision making, directly align management with the interests of shareholders, are appropriate to support the business as we continue to recover from the pandemic, and that they motivate Executive Directors, the Airline Management Board and the broader management population to drive the business and reward them in line with the shareholder experience.

After careful consideration and consultation with our largest shareholders, the Remuneration Committee has concluded that a Restricted Share Plan is the best approach for the Company going forward to align management with shareholders, support the execution of our strategy and the creation of long term sustainable shareholder value. We will therefore be putting forward a revised Directors' remuneration policy to the 2022 AGM incorporating such a plan. Details of the other changes proposed are set out on the following pages.

What is in this Report?

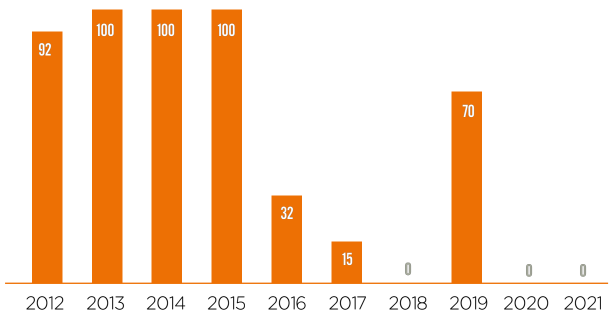
This Report describes the implementation of easyJet's remuneration policy for Executive and Non-Executive Directors and discloses the amounts earned relating to the year ended 30 September 2021. The Report complies with the provisions of the Companies Act 2006 and supporting regulations. The Report has been prepared in line with the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority Listing Rules.

The Directors' remuneration policy (set out on pages 136 to 142) 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 130 to 133) and the Annual Report on Remuneration (set out on pages 143 to 153) will together be subject to an advisory vote at the forthcoming AGM.

> **“After careful consideration and consultation with our largest shareholders, the Remuneration Committee has concluded that the LTIP should be replaced with a Restricted Share Plan. We believe that this is the best approach for the Company going forward to support the execution of our strategy and the creation of long term shareholder value.”**

Rationale for a Restricted Share Plan

The Committee believes that amending the policy to include a Restricted Share Plan (RSP) is appropriate for easyJet for the following reasons:

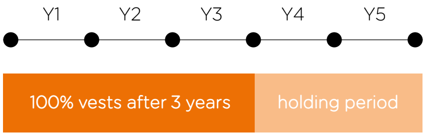
Reason	Rationale
easyJet is an asset heavy business that requires long term decision making	The Company is focused on making long term investments to drive long term sustainable value creation. The Committee believes that three-year performance targets risk creating too much focus on delivering for the medium rather than the long term. We believe that an RSP, which does not rely on hitting three-year targets, will better support the longer-term decision making required to deliver superior long term shareholder value creation
Aligns management and shareholders for long term sustainable value creation	The past two years have been challenging and we are grateful to shareholders for their support, particularly in relation to the recent rights issue. Going forward we want to have a remuneration framework which clearly aligns management with our shareholders for long term value. The Committee believes that the RSP will better align management with the experience of shareholders through the alignment of reward outcomes with the share price.
easyJet's performance is heavily influenced by external factors	The airline and travel sector is exposed to external factors outside of management's control which make it challenging to set realistic but stretching performance targets for the Company over the long term. This includes for example changing governmental requirements, the impact of Covid-19 or security issues. This has led to significant variability of previous LTIP outcomes (set out in the chart below). This variability, which has been largely impacted by external factors rather than underlying operational performance, has impacted the motivational impact of the LTIP for management. An RSP would simplify our approach to reward policy, strongly aligning the interests of management with those of shareholders and thereby improving the motivational impact of incentives. **easyJet's historical LTIP payouts (% of max)** Vesting levels (%) 
Medium-term uncertainty in the sector and business	Given the difficulties in rebuilding the sector, simplifying our approach to remuneration will act as a retention tool across our management teams as we navigate out of the initial impact of the Covid-19 pandemic and take the necessary steps required to ensure the business recovers.
RSP Awards have been used before in the business for more junior roles	Given the strategic rationale, we are already issuing RSPs within the wider workforce as an effective component on the reward framework. Implementing Restricted Share Plan Awards for the Executive Directors would ensure a consistent approach with other employees where RSP awards have already been used and so better align executive pay across the Airline Management Board and other executives and managers in the business.
Fits with easyJet's reward principles	Including an RSP ties in with easyJet's remuneration principles i.e. simple and cost effective, aligned with business strategy and further aligns executives with shareholders and other stakeholders in the business.

Operation of the RSP

The following provides a summary of how the RSP will operate:

- Award size: The maximum award will be 125% of salary for the CEO and 100% of salary for the CFO. This is a 50% reduction compared to the current long term incentive opportunity under the LTIP (250% and 200% of base salary for the CEO and CFO respectively). This reflects best practice and shareholder expectations.
- Time horizons: Awards will vest 100% on the third anniversary of the award and will then be subject to a two-year holding period, so that the total time horizon is five years for the entire award.

This approach is illustrated here:



Whole award subject to holding period of 5 years

- Performance underpins: Awards will be subject to the following performance underpins measured over the vesting periods. If any underpin is not met, the Committee will consider whether it is appropriate to reduce the portion of the award vesting, based on its judgement of the context. Having carefully considered the strategic imperatives for the business at this time, the proposed underpins for the awards proposed for the 2022 financial year are:

1. That easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period.
2. Satisfactory governance performance including no ESG issues that result in material reputational damage to the reputation of the Company (as determined by the Board).
3. The Committee will operate a further underpin such that if the Company's performance taken as a whole materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately.

The Committee intends to review the underpins to be applied in subsequent years.

I consulted with a number of our major shareholders on behalf of the Committee regarding the move to a Restricted Share Plan. During these discussions shareholders recognised and understood the rationale to implement an RSP and provided their feedback on the suggested approach. This feedback has been considered carefully by the Committee.

Other aspects of remuneration

Base salary

In light of the circumstances of the business and our commitments under our CCFF and UKEF financing, Executive Directors will not receive a salary increase for the year ended 30 September 2022. Salaries will therefore remain at £740,000 for the CEO and £520,000 for the CFO.

Annual bonus

The operation of the annual bonus will continue broadly unchanged although we will revert back to being based on full year targets. The maximum opportunity will continue to be 200% of base salary (Chief Executive) and 175% of base salary (Chief Financial Officer).

For the year ended 30 September 2022 the annual bonus will be based 30% on EBITDAR performance, 50% on a balanced scorecard of financial and operational objectives including Free Cash Flow, Ancillary Yield, Cost Programme Performance and CSAT and 20% based on individual performance. Individual performance includes measures linked to our sustainability strategy, recognising the increasing importance of this to the business, as well as measures linked to easyJet holiday's performance and employee engagement. The Committee has chosen to use a balanced scorecard approach to assessing performance for 50% of the bonus this year to ensure that we are providing a balanced incentive to drive performance across a range of areas. The Committee will consider performance against each measure and determine an appropriate total outcome for the scorecard at the end of the year. At least 40% of the scorecard will be linked to financial measures ensuring that at least 50% of the overall bonus is linked to financial measures. In addition, as in previous years, a safety underpin applies such that the Committee may 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.

Any payment will be additionally assessed against the requirements for the UKEF.

Rights issue

In September 2021 the Board undertook a rights issue raising £1.2bn to facilitate the Group's recovery from the impact of the pandemic and to materially improve easyJet's ability to deliver long-term value to shareholders through providing the Group with the flexibility to take advantage of strategic and investment opportunities. We thank our shareholders for their support in this process.

In accordance with standard practice we have adjusted outstanding share awards to reflect the impact of the rights issue. We will also be reviewing targets for outstanding incentive awards for the impact of the rights issue to ensure that the degree of stretch remains appropriate.

Board changes

During the year we were delighted to welcome Kenton Jarvis who joined us as CFO on 3 February 2021. In the 2020 Directors' Remuneration Report we outlined that we had provided Kenton with a combination of buy-out awards to replace awards he forfeited on leaving his previous employer. Having considered this approach further, the Committee and Kenton agreed that, taking into account the likelihood of vesting of the forfeited share awards, share buy-out awards would not be granted at this time. The cash buy-out awards, totalling £300,000, are due to be paid, net of appropriate withholdings, in the December 2021 payroll. Also, following his appointment, in May 2021 Kenton was granted a normal award of 200% of base salary under the LTIP. This award was granted on the same terms and linked to the same performance conditions as the LTIP awards granted to other senior executives in December 2020 as outlined above.

On behalf of the Committee I would like to thank shareholders for their continued support during 2021 and ahead of the next AGM.

Moni Mannings
Chair of the Remuneration Committee

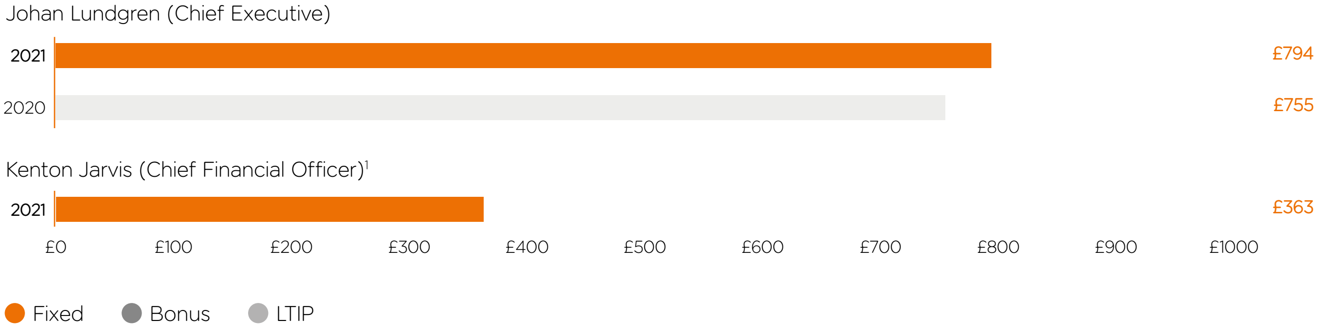
REMUNERATION AT A GLANCE

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.
Aligned with business strategy	To support the achievement of our business strategy of long term sustainable growth and returns. The combination of our annual bonus plan based on a mix of financial, operational and strategic targets and our new long term Restricted Share Plan 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.
Sustainable long term success	Total remuneration is weighted towards elements which align with sustainable long term shareholder value creation. 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)



1. Appointed on 3 February 2021

Executive Director remuneration policy – at a glance

Element	Policy	Implementation of policy for the 2022 financial year
Salary	Increases normally up to the average workforce level (though may be increased at higher rates in certain circumstances, for example where a new Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role).	In line with the wider workforce pay freezes, the salaries for Johan Lundgren and Kenton Jarvis will not be increased during the 2022 financial year. Salaries will therefore continue to be £740,000 for the CEO and £520,000 for the CFO.
Benefits and pension	Modest benefits with pension provision aligned to the wider workforce.	Pension allowance of 6.15% of salary (being the cash alternative to a 7% employer contribution less the equivalent value of UK employers' national insurance contributions) plus modest benefits aligned to the market.
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 bonus for the 2022 financial year will be based 30% on EBITDAR performance, 50% on a balanced score card of Company performance targets including free cash flow, cost control, customer feedback, operational performance and ancillary revenue, and 20% on individual performance including measures linked to sustainability, strategy and employee engagement. The Committee will review performance against these measures and has the discretion to determine the appropriate level of award at the end of the financial year based on performance achieved. As in previous years a safety underpin applies such that the Committee may 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.
Restricted Share Plan (RSP)	Normal maximum awards of 125% of salary (Chief Executive) and 100% of salary (Chief Financial Officer). Up to 150% of salary in exceptional circumstances. Three-year performance period plus two-year post-vesting holding period. Awards will be subject to performance underpins measured over the vesting periods. Withholding and recovery provisions apply.	The normal maximum award will be 125% of salary for the Chief Executive and 100% of salary for the Chief Financial Officer. Performance underpins will be: (i) That easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period; and (ii) Satisfactory governance performance including no ESG issues that result in material reputational damage to the reputation of the Company (as determined by the Board). If the Company does not meet one or more of the underpins the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this. The Committee would retain discretion to determine what level of scale back, if any, was appropriate. The Committee will also operate a further underpin such that if the Company's performance taken as a whole materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately. The Committee will review the appropriate underpins to be used for each award. Similarly, the Committee will consider whether it is appropriate to make any adjustments to ensure that the Executive Directors do not benefit unduly from windfall gains when the market recovers and determine a fair outcome.
Share ownership guidelines	250% of salary (Chief Executive) and 200% of salary (Chief Financial Officer). Expected to retain 50% of post-tax shares vesting under the RSP and 100% of post-tax deferred bonus shares until guideline is met.	250% of base salary for the Chief Executive and 200% of base salary for the Chief Financial Officer. These guidelines will apply to all new Director appointments and all current Directors not under notice.
Post cessation share ownership guidelines	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 guideline (or their actual shareholding if lower) for two years following stepping down as an Executive Director. These 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 on 10 February 2022 and will be effective from this date. The Committee's current intention is that the policy will operate for a three-year period.

As outlined in the Remuneration Committee Chair's statement, following extensive consideration and consultation with shareholders, the Committee has concluded that going forwards replacing our existing LTIP with a Restricted Share Plan (RSP) is the best approach to support the execution of our strategy and the creation of long term shareholder value. Under the RSP the awards will be lower, however vesting will be subject to the achievement of performance underpins only rather than stretching performance targets.

Other than the introduction of the RSP there are no other major changes to this policy compared to the 2020 Directors' remuneration policy. Minor changes have been made to the wording of the policy in certain areas to aid operation and to increase clarity.

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 that decisions remain mindful of the wider employee experience.

In determining the new Directors' remuneration policy, the Committee followed a robust process which included discussions on the content of the policy at Remuneration Committee meetings during the year. The Committee considered the input from management and independent advisers, as well as extensively consulting on best practice with major shareholders and proxy and advisory services.

Considerations when determining the remuneration policy

The primary objective of the Group's remuneration policy is to align management interests with the long term interests of shareholders and to promote the sustainable long term success of the business by operating pay arrangements which are appropriately competitive. 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 above, is to weight remuneration towards elements which aligns management with sustainable long term shareholder value creation. 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 providing the potential to earn a performance based annual bonus linked to Group financial and strategic or operational targets. An award of restricted shares supports long term decision making and aligns management's interest with those of shareholders.

Considering the views of employees when determining the remuneration policy

In setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Group. Salary increases will ordinarily be (in percentage of salary terms) no higher than those of the wider workforce (other than in circumstances described below).

Effective 1 January 2019, the Group appointed Moya Greene as their Employee Representative Director to enhance the voice of the employee in the boardroom. As set out on page 109, the Board revised this mechanism during the year and appointed four Non-Executive Directors as Employee Representative Directors. The Employee Representative Directors are expected to meet individually with the Company's European Works Council ('EWC') and Management & Administration Consultative Group ('MACG') at least once a year, and other Works Councils on a periodic basis. In addition, other more informal engagement is envisaged. A standing agenda item allows the Employee Representative Directors to report to the Board regularly on their discussions, and they are encouraged to bring the employee voice into conversations in the boardroom whenever possible, including any matters that may contribute to the decision making of the Committee.

During the year Moni Mannings met with the MACG to discuss a range of topics and answer their questions. Feedback was received on the reward framework at easyJet and what changes may be considered in the future to support retention and engagement.

In addition, the Group People Director and Reward Director meet with the EWC and MACG to update them on reward activities, answer questions and receive feedback, which is then reported to the Committee. During 2021 the Reward Director specifically met with the MACG to discuss the rights issue and the reward structure at all levels and with the EWC to update them on the impact of the rights issue on employee share schemes, together with other reward related questions. Feedback received at these meetings has directly resulted in some changes and enhancements to the benefit offering for employees.

The Committee also considers developments in best practice expectations from institutional investors' and the views expressed by shareholders during any dialogue when making executive remuneration decisions.

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 the remuneration policy and its implementation.

Remuneration structure

The table below sets out the main components of easyJet's remuneration policy:

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. Set at a sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy.	Salaries are normally reviewed annually, with changes typically effective from 1 January. Salaries are typically set after considering 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. Salaries may be increased, and any increase will ordinarily be no higher than those of the wider workforce (in percentage of salary terms). However, increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as to reflect performance, significant changes in market practice or the size of the Company, to recognise changes in roles and responsibilities or where a new Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role.	The Committee considers individual 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 aligned to the market, such as life assurance and other insurance arrangements as well as a range of voluntary benefits including the purchase of additional holiday. The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act (see Directors' Report section). Where required, a car allowance or the use of a driver for Company business may be provided. Executive Directors shall be reimbursed for all reasonable business expenses and the Company may settle any tax incurred in relation to these where appropriate. Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (such as housing support, schooling etc). Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing (where relevant), on the same basis as for other eligible employees. The Committee may introduce other benefits if it is considered appropriate to do so.	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 same value, which will normally be less the equivalent value of employer National Insurance contribution costs. easyJet operates a pension salary sacrifice arrangement whereby all UK employees, including Executive Directors, can exchange part of their salary for Company-paid pension contributions. Where employees exchange salary this reduces employer National Insurance contributions. easyJet credits half of this NI reduction (currently 6.9% of the salary exchanged) to the individual's pension plan.	Not applicable. No recovery provisions apply to employer pension contributions.

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 of a portion of the bonus provides alignment with shareholders.	Maximum opportunity of 200% of salary for Chief Executive and 175% of salary for other Executive Directors. One-third of the pre-tax bonus earned is normally 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 set out following this table.	In line with last year, bonuses are normally based on stretching financial and non-financial measures, including personal or strategic performance measures. Performance measures are set and assessed by the Committee at 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. 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. The Committee may, at its discretion, adjust the level of bonus payout if it considers that the payout would not reflect the underlying performance of the executive, the Group, the experience of shareholders, other stakeholders or if such a level would not be appropriate in the circumstances.
Restricted Share Plan (RSP) award To incentivise the execution of the business strategy over the longer term. Rewards sustained increase in shareholder value[1].	Each year RSP awards may be granted. Awards normally vest over a three-year period. A holding period applies to RSP 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. The maximum opportunity contained within the plan rules for RSP awards is 125% of salary (with awards up to 150% of salary eligible to be made in exceptional circumstances). The normal maximum face value of annual awards will be 125% of base salary for the Chief Executive and 100% of base salary for other Executive Directors. Dividend equivalent awards may be made on RSP awards that vest and may assume the reinvestment of dividends.	Awards will be subject to performance underpins measured over the vesting periods. If the Company does not meet one or more of the underpins the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this. The Committee would retain discretion to determine what level of scale back, if any, was appropriate. The RSP includes provisions which enable the Committee to recover or withhold value in the event of certain defined circumstances. The Committee retains discretion to review the performance underpins, and to set the triggers for each underpin. The Committee may, at its discretion, adjust the vesting level of an award if it considers that the vesting level would not reflect the underlying performance of the executive, the Group, the experience of shareholders, other stakeholders or if such a level would not be appropriate in the circumstances.
Share ownership To ensure alignment between the interests of Executive Directors and shareholders.	The Chief Executive and the Chief Financial Officer are expected to build and maintain a holding equivalent to 250% and 200% of salary respectively over a period of five years from appointment. Executive Directors are expected to retain 50% of the post-tax shares vesting under the Long Term Incentive Plans, the RSP and 100% of the post-tax deferred bonus shares until the guideline is met.	Not applicable.
Post-employment share ownership guideline	Executive Directors are now required to hold up to 100% of their shareholding requirement for two years after stepping down from the Board in respect of shares from incentive awards. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.	Not applicable.

Outstanding awards under the LTIP will vest in line with the remuneration policy in force at the time of grant.

[1] RSPs will be awarded subject to the approval of scheme rules at the AGM, otherwise we will retain the ability to issue awards based upon the existing LTIP.

Discretion retained by the Committee in operating the incentive plans

The Committee will operate the annual bonus plan and RSP 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; and
- the annual review of performance measures and weighting, and targets for the annual bonus plan from year to year.

In relation to the RSP 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;
- 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).

In relation to both the Group's RSP and the annual bonus plan, the Committee retains the ability to adjust the targets (in the case of the annual bonus) or underpins (in the case of the RSP) 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 on Remuneration 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 on page 147. These remain eligible to vest based on their original award terms.

Malus and clawback provisions are included in all incentives: the annual bonus (up to three years from date of award), and the RSP (up to six years from the date of award). The circumstances in which malus and clawback could apply may include some or all of the following as determined by the Board:

- A material misstatement resulting in an adjustment to the Company's audited consolidated accounts
- The determination of the number of shares subject to an award or the assessment of any performance condition was in error or based on inaccurate or misleading information
- The Board determining in its reasonable opinion that any action or conduct of the participant amounts to serious misconduct, fraud, or gross misconduct
- That there has been a material failure of risk management
- That there has been a safety incident which has damaged the reputation of the Company to a material extent
- That there has been serious reputational damage
- That there has been a material corporate failure or
- Any other circumstances which the Board in its discretion considers to be appropriate

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 normally 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.

RSP awards are subject to performance underpins. These are intended to represent a minimum level of performance below which vesting may not be appropriate. The performance underpins will normally be linked to key financial, operational or governance minimum standards. Underpins are set taking into account what would be considered to be a minimum acceptable level of performance.

The Committee has retained flexibility on the specific measures which can be used for the annual bonus plan and the underpins for the RSP to ensure that they will be fully aligned with the strategic imperatives prevailing at the time they are set. Performance targets are set taking into account internal and external expectations of performance to align with our remuneration philosophy and principles.

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 based on financial and operational targets set in the prior year is used in determining awards under the Share Incentive Plan.

Historical awards

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' remuneration policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes 'payments' include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted. This policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

Differences in pay policy for Executive Directors compared to other easyJet employees

In line with the Group's policy to keep remuneration simple, aligned, and performance-based, the benefit and pension arrangements for the current Executive Directors are typically on broadly the same terms as those offered to eligible UK employees in the wider workforce. In addition, all employees have the opportunity to participate in a number of broad-based share plans.

However, the overall remuneration policy for the Executive Directors is more heavily weighted towards variable and share-based pay than for other employees. This is to ensure that a greater proportion of executive pay is linked directly to the creation of value for shareholders. This approach is to create a clear link between the value created for shareholders and the remuneration received by the Executive Directors.

Illustration of how much the Executive Directors could earn under the remuneration policy

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 2022 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.

Mid (performance in line with expectations) – fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity), plus 100% vesting of the Restricted Share Plan.

Maximum (performance meets or exceeds maximum) – fixed pay plus maximum bonus, plus 100% vesting of the Restricted Share Plan.

Fixed pay comprises:

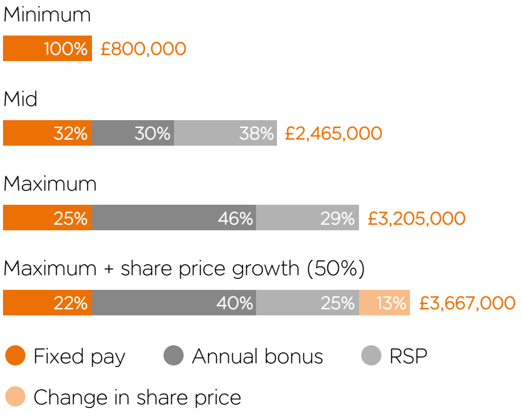
Salaries – salary effective as at 1 January 2022.

Benefits – amount received in the 2022 financial year.

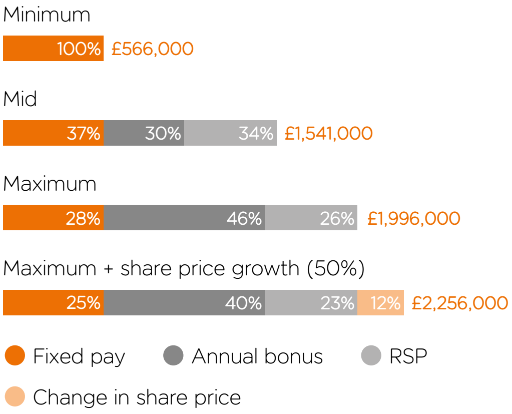
Pension – employer contributions or cash-equivalent payments received in the 2022 financial year.

Matching Shares under the all-employee Share Incentive Plan.

CHIEF EXECUTIVE (JOHAN LUNDGREN)[1]



CHIEF FINANCIAL OFFICER (KENTON JARVIS)[2]



The scenarios shown above 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 145 detailing the actual earnings by Executive Directors.

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[1] Were easyJet's share price to increase by 50%, Johan Lundgren's total remuneration would increase to £3,667k under a 'maximum' scenario – driven by the increased value of the RSP awards

[2] Were easyJet's share price to increase by 50%, Kenton Jarvis' total remuneration would increase to £2,256k under a 'maximum' scenario – driven by the increased value of the RSP awards

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 basic 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.

For good leavers, 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 payment in relation to statutory entitlements or 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 Company'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 RSP, a good leaver's unvested awards will vest (either on the normal vesting date or the relevant date of cessation, if determined by the Committee) subject to achievement of the performance underpin, with a pro-rata reduction to reflect the proportion of the vesting period served. The holding period shall normally continue to apply. 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. Unvested awards may be exercised within 12 months of vesting.

Under the LTIP (the plan under which awards were granted up to and including 2020), 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 holding period shall normally continue to apply. 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. 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 taking into account the achievement of any relevant performance underpins (in the case of the RSP)/ performance conditions (in the case of the LTIP) with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee has discretion to dis-apply 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 normally 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 accordance with easyJet's remuneration policy taking into account those offered to other employees. Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide assistance with relocation (via either one-off or ongoing payments or benefits).

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 325% of salary (200% annual bonus and 125% under the RSP) and 350% in exceptional circumstances (200% annual bonus and 150% under the RSP), taking into account annual and long term variable pay. This limit does not include the value of any buy-out arrangements.

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. RSP 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.

Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards if after careful consideration it is determined that it is appropriate to offer a buy-out. Any buy-out may be in such form as the Committee considers appropriate, taking into account relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities.

To the extent that it was not possible or practical to provide the buy-out within the terms of the Company's existing incentive plans, a bespoke arrangement may be used (including granting an award under the Listing Rule 9.4.2 which allows for the granting of awards, to facilitate, in unusual circumstances, the recruitment of an Executive Director).

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 121 to 123.

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 Remuneration Committee and the fees for the other Non-Executive Directors are approved by the Board, on the recommendation of the Chairman and Chief Executive.

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 responsibilities including Board or 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 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. Selected benefits may be introduced if considered appropriate.

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.

UK Corporate Governance Code – Provision 40 disclosures

When developing the proposed remuneration policy and considering its implementation for 2022, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

- Clarity – The Committee is committed to providing open and transparent disclosures regarding our executive remuneration arrangements.
- Simplicity – Remuneration arrangements for our Executives and our wider workforce are simple in nature and well understood by both participants and shareholders. Our proposed RSP would further simplify incentive arrangements.
- Risk – The Committee considers that the incentive arrangements do not encourage inappropriate risk-taking. Malus and clawback provisions apply to annual bonus and RSP awards, and the Committee has overarching discretion to adjust formulaic outcomes to ensure that they are appropriate.
- Predictability and proportionality – The proposed RSP increases the predictability of outcomes in line with recovery strategy and minimises the potential of unintended outcomes. Our policy illustrates opportunity levels for Executive Directors under various scenarios for each component of pay.
- Alignment to culture – Any financial and strategic targets set by the Committee are designed to drive the right behaviours across the business. The proposed RSP encourages our executives to focus on making the right decisions for the execution of our strategy and the creation of long term shareholder value.

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 https://corporate.easyjet.com.

Membership, meetings, and attendance

- Moni Mannings (Chair from 8 October 2020)
- Charles Gurassa (until 23 December 2020)
- Moya Greene DBE (Chair until 8 October 2020 and member until 23 December 2020)
- Julie Southern
- David Robbie (from 17 November 2020)

There were three changes to the membership of the Committee during the year as set out above. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, the Reward Director, the Chief Financial Officer, and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 98 to 101. The Committee met five times during the year. Meeting attendance can be found in the table on page 112.

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
- To assess that all incentives implemented are consistent with company culture and purpose

Key activities during the year

- Appointed Deloitte as external advisers with effect from 21 January 2021, replacing the previous advisers Willis Towers Watson
- Assessed the level of performance in respect of the bonus for the 2021 financial year, and LTIP awards set in December 2018 and vesting in December 2021, to determine appropriate pay-outs
- 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 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 2021 financial year and cessation of selected other all-employee share scheme features
- Reviewed the provision of long term incentive awards for the Executive Directors and the consideration to move from LTIP awards to a Restricted Share Plan (RSP)

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 2022 financial year

Salary

The current and proposed salaries of the Executive Directors are:

	1 January 2022 salary	1 January 2021 salary	Change vs 1 January 2021[2]
Johan Lundgren	£740,000	£740,000	0%
Kenton Jarvis[1]	£520,000	£520,000	0%

1. Effective on joining 3 February 2021
2. For comparison, the typical rate of salary increases to be awarded to our wider UK workforce will also be 0%

Annual bonus in respect of performance in the 2022 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. For the year ended 30 September 2022 the annual bonus will be based on 30% on EBITDAR performance, 50% on a balanced scorecard of financial and operational objectives including Free Cash Flow, Ancillary Yield, Cost Programme Performance and CSAT and 20% based on individual performance. Individual performance includes measures linked to our sustainability strategy, recognising the increasingly importance of this to the business, as well as measures linked to easyJet holiday's performance and employee engagement. The Committee has chosen to use a balanced scorecard approach to assessing performance for 50% of the bonus this year to ensure that we are providing a balanced incentive to drive performance across a range of areas. The Committee will consider performance against each measure and determine an appropriate total outcome for the scorecard at the end of the year. At least 40% of the scorecard will be linked to financial measures ensuring that at least 50% of the overall bonus is linked to financial measures. 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.

RSP awards in relation to the 2022 financial year

As outlined in the Chair's statement, after careful consideration and consultation with our largest shareholders, the Remuneration Committee has concluded that a Restricted Share Plan is the best approach for the Company going forward to support the execution of our strategy and the creation of long term shareholder value.

Subject to shareholder approval of our revised Directors' remuneration policy at the AGM in February 2022, the Committee intends to grant RSP awards to Executive Directors.

The proposed award levels for the 2022 financial year are 125% of salary for the CEO and 100% of salary for the CFO.

Awards will vest 100% on the third anniversary of the award and will then be subject to a two-year holding period so that the total time horizon is five years for the entire award.

Awards will be subject to the following performance underpins measured over the vesting periods. If any underpin is not met, the Committee will consider whether it is appropriate to reduce the portion of the award vesting, based on its judgement of the context. Theproposed underpins are:

1. That easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period.
2. Satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (asdetermined by the Board).

If the Company does not meet one or more of the underpins the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this.

The Committee will operate a further underpin such that if the Company's performance taken as a whole materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately.

The Committee would also retain discretion to determine what level of scale back, if any, was appropriate. The Committee also may, at its discretion, adjust the vesting level of an award if it considers that the vesting level would not reflect the underlying performance of the executive, the Group, the experience of shareholders, other stakeholders or if such level would not be appropriate in the circumstances.

Non-Executive Director fees

The fees for the Chairman and Non-Executive Directors from 1 January 2022 will remain as:

Chairman	£314,568
Basic fee for other Non-Executive Directors	£62,914
Fees for SID role[1]	£25,000
Chair of the Audit, Safety and Remuneration Committees[1]	£15,000
Chair of the Finance Committee[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 2022, which aligns with the wider UK workforce pay freeze.

Single total figure of remuneration for the year ended 30 September 2021

The table below sets out the amounts earned by the Directors (audited).

	2021								2020							
£'000	Fees and Salary	Benefits[7]	Bonus	LTIP	Pension[8]	Total	Total Fixed	Total Variable	Fees and Salary	Benefits	Bonus	LTIP	Pension	Total	Total Fixed	Total Variable
Executive																
Johan Lundgren	740	8	–	–	46	794	794	–	698	14	–	–	43	755	755	–
Kenton Jarvis[1]	342	–	–	–	21	363	363	–	–	–	–	–	–	–	–	–
Andrew Findlay[2]	386	–	–	–	22	408	408	–	513	–	–	–	32	545	545	–
Non-Executive																
John Barton	315	–	–	–	–	315	315	–	297	–	–	–	–	297	297	–
Stephen Hester[3]	5	–	–	–	–	5	5	–	–	–	–	–	–	–	–	–
Dr Andreas Bierwirth	78	–	–	–	–	78	78	–	74	–	–	–	–	74	74	–
Catherine Bradley CBE	73	–	–	–	–	73	73	–	45	–	–	–	–	45	45	–
Moya Greene DBE[4]	19	–	–	–	–	19	19	–	81	–	–	–	–	81	81	–
Charles Gurassa[4]	22	–	–	–	–	22	22	–	84	–	–	–	–	84	84	–
Dr Anastassia Lauterbach[5]	16	–	–	–	–	16	16	–	59	–	–	–	–	59	59	–
Nicholas Leeder	63	–	–	–	–	63	63	–	59	–	–	–	–	59	59	–
Moni Mannings	78	–	–	–	–	78	78	–	10	–	–	–	–	10	10	–
Andy Martin	–	–	–	–	–	–	–	–	63	–	–	–	–	63	63	–
David Robbie[6]	52	–	–	–	–	52	52	–	–	–	–	–	–	–	–	–
Julie Southern	103	–	–	–	–	103	103	–	78	–	–	–	–	78	78	–
Total	2,292	8	–	–	89	2,389	2,389	–	2,061	14	–	–	75	2,150	2,150	–

1. Appointed Executive Director on 3 February 2021
2. Stepped down as Executive Director on 3 February 2021, employed until 25 May 2021. Includes payment of £29,615 for accrued holiday.
3. Appointed to the Board on 1 September 2021 and Chair from 1 December 2021
4. Stepped down from the Board on 23 December 2020
5. Stepped down from the Board on 21 December 2020
6. Appointed to Board on 17 November 2020
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 £7,790
8. Johan Lundgren, Kenton Jarvis, and Andrew Findlay received a cash alternative to pension contributions equivalent to 6.15% of base salary

Payments for loss of office and payments to past directors (audited)

Andrew Findlay leaving arrangements

Andrew Findlay stepped down as a Director of easyJet plc and as Chief Financial Officer on 3 February 2021.

He received his salary and benefits (including pension contribution) on a monthly basis for the duration of his notice period through to 25 May 2021. He also received a payment on leaving of £29,615 for accrued holiday. All unvested LTIP and deferred bonus share awards lapsed on the termination of his employment on 25 May 2021. His vested LTIP and deferred bonus share awards continued to be exercisable in accordance with the relevant plan rules until his termination date, at which point any unexercised awards lapsed. He was not eligible to receive a bonus for the 2021 financial year and was not granted any further LTIP or deferred bonus share awards.

Other than the amounts disclosed above, no other remuneration payment was made to Andrew Findlay in the year.

No other payments for loss of office or any other payments have been made to any former Directors during the year.

Annual bonus outturn for performance in the 2021 financial year (audited)

In light of continued market uncertainty, the annual bonus targets were set separately for the first and second half of the 2021 financial year to allow flexibility and agility. The measures selected for the bonus aligned with our key priorities for 2021 and were EBITDA (30%), cost reduction programme (20%), free cash flow (20%), customer satisfaction (10%) and individual performance (20%).

A sliding scale of financial and operational bonus targets was set at the start of the 2021 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	Threshold	On-target	Maximum	Actual		Payout
		H1 2021 Targets			H2 2021 Targets			H1	H2	
EBITDA £m	30%	(595)	(541)	(487)	650	722	794	(470)	(91)	0%
Cost reduction programme £m	20%	194	216	238	269	299	329	250	262	0%
Free cash flow £m	20%	(1,156)	(1,051)	(946)	260	289	318	(1,336)	50	0%
Customer satisfaction	10%	75%	77%	79%	69%	71%	73%	80%	73%	0%
Individual[1]	20%	n/a	50%	100%	n/a	50%	100%	n/a	n/a	0%
Total	100%									

1. Given that the decision was made not to pay a bonus, individual performance for bonus purposes was not assessed.

Despite the Customer satisfaction target being met, due to the continuing restrictions on airline travel and the impact of this on our overall performance no annual bonus in respect of 2021 will be paid.

LTIP (audited)

The 2018 LTIP awards vesting in respect of the performance years to 30 September 2021 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)	<11.0%	11.0%	13.0%	15.0%	Below threshold	0%
EPS awards (40% of total)	<383p	383p	414p	446p	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 were 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.

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 2020	Shares/ options granted in year	Rights issue adjustment[1]	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2021**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	134,350	–	–	(134,350)	–	**–**	19 Dec 2017[4]	–	–	19 Dec 2020	19 Dec 2027
A	167,003	–	31,358	–	–	**198,361**	19 Dec 2018[5]	–	–	19 Dec 2021	19 Dec 2028
A	129,461	–	24,309	–	–	**153,770**	19 Dec 2019[6]	–	–	19 Dec 2022	19 Dec 2029
A	–	214,369	40,252	–	–	**254,621**	29 Dec 2020[7]	–	–	29 Dec 2023	29 Dec 2030
B	26,871	–	5,045	–	–	**31,916**	19 Dec 2018	–	–	19 Dec 2021	19 Dec 2028
B	5,282	–	991	–	–	**6,273**	19 Dec 2019	–	–	19 Dec 2022	19 Dec 2029
C	282	–	49	–	–	**331**	5 Apr 2019	–	–	5 Apr 2022	n/a
D	1,571	–	294	–	–	**1,865[3]**	14 Jun 2019	6.75[1]	–	1 Aug 2022	1 Feb 2023

KENTON JARVIS

Scheme	No. of shares/ options at 30 September 2020	Shares/ options granted in year	Rights issue adjustment[1]	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2021**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	–	134,541	25,262	–	–	**159,803**	20 May 2021[8]	–	–	29 Dec 2023	29 Dec 2030
D	–	1,653	310	–	–	**1,963[3]**	20 Jul 2021	6.42[1]	–	1 Sep 2024	1 Mar 2025

ANDREW FINDLAY[2]

Scheme	No. of shares/ options at 30 September 2020	Shares/ options granted in year	Rights issue adjustment[1]	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2021**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
B	12,789	–	n/a	–	(12,789)	**–**	19 Dec 2017[4]	–	9.99	19 Dec 2020	19 Dec 2027
D	557	–	n/a	(557)	–	**–**	15 Jun 2017	9.69	–	1 Aug 2020	1 Feb 2021

The closing share price of the Company's ordinary shares at 30 September 2021 was £6.63 and the closing price range during the year ended 30 September 2021 was £3.96 to £11.67.

Key:

A Long Term Incentive Plan – Performance Shares
B Deferred Share Bonus Plan
C Share Incentive Plan – Performance (Free) Shares
D Save As You Earn Awards (SAYE)

Note 1: Adjustments
Formulaic adjustments were made during the year as a result of the rights issue in September 2021

Note 2: Andrew Findlay
Stepped down from the Board on 3 February 2021

Note 3: 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 on 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 following announcement of the half year results the day immediately preceding the date the invitations are sent.

Note 4: LTIP awards made in December 2017

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% of vesting is based on three-year total Headline EPS performance for the three financial years ending 30 September 2020; and 20% of vesting is based on relative TSR performance compared to companies ranked FTSE 51-150.

The face value of the award granted was £1,850,000 (250% of base salary) to Johan Lundgren. The below targets applied for these awards and as none of the targets were met, the options have all lapsed within the year:

Vested 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

Note 5: LTIP awards made in December 2018

40% of vesting is based on three-year average Headline ROCE (including lease adjustment) performance for the three financial years ending 30 September 2021; 40% of vesting is based on three-year total headline EPS performance for the three financial years ending 30 September 2021; and 20% of vesting 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 face value of the award granted was £1,800,300 (250% of salary) to Johan Lundgren. The below targets applied for these awards and as none of the targets were met, the options will now lapse:

Vesting in December 2021	Below threshold (0% vesting)	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
ROCE awards (40% of total award)	< 11.0%	11.0%	13.0%	15.0%
EPS awards (40% of total award)	< 383p	383p	414p	446p
TSR awards (20% of total award)	< Median	Median	n/a	Upper quartile

Note 6: LTIP awards made in December 2019

40% of vesting is based on three-year average Headline ROCE (including lease adjustment) performance for the three financial years ending 30 September 2022; 40% of vesting is based on three-year total headline EPS performance for the three financial years ending 30 September 2022; and 20% of vesting 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 face value of the award granted was £1,850,000 (250% of salary) to Johan Lundgren. The following targets apply for this award:

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

Note 7: LTIP awards made in December 2020
The face value of the award granted to Johan Lundgren was £1,850,000 (250% of salary). The award is based 100% on TSR performance compared to companies from the FTSE 51-151 and will vest on 29 December 2023. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

Note 8: LTIP awards made in May 2021
The face value of the award granted to Kenton Jarvis was £1,040,000 (200% of salary). The award is based 100% on TSR performance compared to companies from the FTSE 51-151 and will vest on 29 December 2023. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

Shareholding guidelines in the 2021 financial year (audited)

In 2021 the shareholding guidelines increased with the Chief Executive and Chief Financial Officer expected to build up a shareholding of 250% and 200% of salary respectively (from 200% and 175%), over the first five years from appointment to the Board. The Committee has discretion to extend the five-year timeframe in certain circumstances, for example where there have been limited payouts under the incentive schemes. Until the guideline is met, Executive Directors are required to retain 50% of net vested shares from the LTIP and RSP 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. All directors participated in the rights issue that took place in September 2021 and details of their holdings are set out overleaf.

Directors' current shareholdings and interests in shares (audited)

The following table provides details on current Directors' interests in shares at 30 September 2021 (unless otherwise noted).

	Unconditionally owned shares[1]	Shareholding guidelines achieved[2]	Interests in share schemes				
			Deferred bonus	LTIP[3]	SAYE	SIP[4]	Total interest in share schemes
John Barton	74,680	100%	–	–	–	–	–
Stephen Hester[6]	73,000	100%	–	–	–	–	–
Johan Lundgren[10]	66,382	34%	38,189	606,752	1,865	331	647,137
Kenton Jarvis[5]	–	–	–	159,803	1,963	42	161,808
Andrew Findlay[7]	71,017	100%	–	–	–	–	–
Dr Andreas Bierwirth	8,715	100%	–	–	–	–	–
Catherine Bradley CBE	2,489	39%	–	–	–	–	–
Moya Greene DBE[8]	14,439	100%	–	–	–	–	–
Charles Gurassa[8]	108,439	100%	–	–	–	–	–
Dr Anastassia Lauterbach[9]	–	–	–	–	–	–	–
Nicholas Leeder	3,847	57%	–	–	–	–	–
Moni Mannings	4,351	35%	–	–	–	–	–
David Robbie	16,596	100%	–	–	–	–	–
Julie Southern	7,451	61%	–	–	–	–	–

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
3. LTIP shares are granted in the form of nil cost options subject to performance
4. Consists of unvested SIP Performance (Free) Shares and unvested SIP Matching Shares
5. Kenton Jarvis was appointed to the Board on 3 February 2021
6. Stephen Hester was appointed to the Board on 1 September 2021
7. As at 3 February 2021, the date Andrew Findlay stepped down from the Board
8. As at 23 December 2020, the date Moya Greene DBE and Charles Gurassa stepped down from the Board
9. As at 21 December 2020, the date Anastassia Lauterbach stepped down from the Board
10. Shareholding guideline increased from 200% to 250% during the year. Given the participation in the rights issue, and the limited incentive payouts over the last four years, the Committee is currently satisfied with the progress being made towards meeting the shareholding guidelines.

Changes in share ownership levels throughout the year may be found on our corporate website https://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 2021, ordinary shares held in the Trusts were as follows:

	Number of ordinary shares
easyJet Share Incentive Plan Trust	1,774,800
easyJet plc Employee Benefit Trust	288,258
Total	**2,063,058**

Changes since the year end: as at 29 November 2021, there were no changes to the easyJet plc Share Incentive Plan Trust balance and the easyJet plc Employee Benefit Trust held 281,899 shares.

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. A 20% discount was offered on Save As You Earn 2021, however, Matching Shares remain suspended.

Details of Directors' service contracts and letters of appointment

Details of the service contracts and letters of appointment in place as at 30 September 2021 for Directors are as follows:

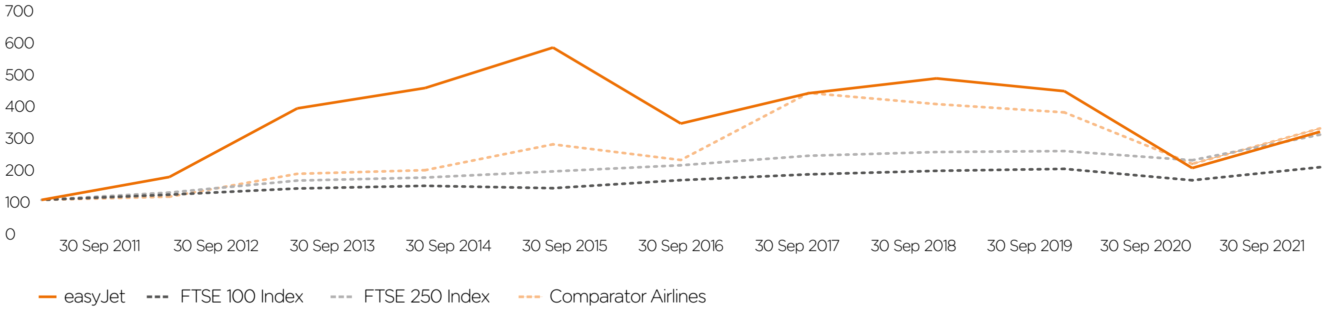
	Date of appointment	Date of current service contract	Unexpired term at 30 September 2021
John Barton	1 May 2013	3 May 2016	
Stephen Hester	1 September 2021	20 August 2021	Letters of appointment for the Non-Executive Directors do not contain fixed term periods; however, they are appointed in the expectation that they will serve for a maximum of nine years, subject to satisfactory performance and re-election at AGMs.
Johan Lundgren	1 December 2017	10 November 2017	
Kenton Jarvis	3 February 2021	15 September 2020	
Dr Andreas Bierwirth	22 July 2014	19 July 2017	
Catherine Bradley CBE	1 January 2020	9 December 2019	
Nicholas Leeder	1 January 2019	14 December 2018	
Moni Mannings	6 August 2020	5 August 2020	
David Robbie	17 November 2020	16 November 2020	
Julie Southern	1 August 2018	7 June 2018	

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 30 September 2011. 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 2021, of £100 invested in easyJet on 30 September 2011, 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 2011.



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[1] Lufthansa, Ryanair, Air France-KLM, and Wizz Air have all been included in the comparative European airlines group. 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.

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single total figure of remuneration (£'000)	Johan Lundgren	–	–	–	–	–	–	1,500	1,006	755[1]	794
	Carolyn McCall	3,694	7,777	9,209[5]	6,241[4]	1,453[3]	757	125	–	–	–
Annual bonus (%)	Johan Lundgren	–	–	–	–	–	–	73%	16%	0%	0%
	Carolyn McCall	96%	87%	76%	66%	13%	0%	–	–	–	–
LTIP vesting (%)	Johan Lundgren	–	–	–	–	–	–	–	–	0%	0%
	Carolyn McCall	92%	100%	100%	100%	32%	0%	–	–	–	–

1. This amount is after the voluntary 20% reduction in base salary during April, May, and June 2020
2. Johan Lundgren was appointed to the Board on 1 December 2017 and Carolyn McCall stepped down from the Board on 30 November 2017
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 2021 and the year ended 30 September 2020 for the Directors, compared to the average earnings of all other easyJet UK employees.

	2021			2020		
	Salary	**Benefits[12]**	**Annual bonus[13]**	Salary	Benefits	Annual bonus
Johan Lundgren[1]	**6.0%**	**(43)%**	**–**	(2.6)%	0%	(100)%
Kenton Jarvis[2]	**–**	**–**	**–**	–	–	–
Andrew Findlay[1,3]	**(24.8)%**	**–**	**–**	1.0%	0%	(100)%
John Barton[1,3]	**6.1%**	**–**	**–**	(2.6)%	–	–
Stephen Hester[4]	**–**	**–**	**–**	–	–	–
Dr Andreas Bierwirth[1]	**5.4%**	**–**	**–**	(2.6)%	–	–
Catherine Bradley CBE[1,9]	**62.2%**	**–**	**–**	–	–	–
Moya Greene DBE[1,5]	**(76.5)%**	**–**	**–**	19.1%	–	–
Charles Gurassa[1,5]	**(73.8)%**	**–**	**–**	(16.8)%	–	–
Dr Anastassia Lauterbach[1,6]	**(72.9)%**	**–**	**–**	28.3%	–	–
Nicholas Leeder[1]	**6.8%**	**–**	**–**	28.3%	–	–
Moni Mannings[8]	**680.0%**	**–**	**–**	–	–	–
Andy Martin[1]	**–**	**–**	**–**	(11.3)%	–	–
David Robbie[7]	**–**	**–**	**–**	–	–	–
Julie Southern[1,10]	**32.1%**	**–**	**–**	8.3%	–	–
Average pay based on easyJet's UK employees[11]	**0%**	**0%**	**0%**	2.0%	0%	(100)%

1. Voluntary 20% reduction between April to June 2020
2. Appointed Executive Director on 3 February 2021
3. Stepped down as Executive Director on 3 February 2021, employed until 25 May 2021 and voluntary 20% reduction of salary between April to June 2020
4. Appointed to the Board on 1 September 2021 and Chair from 1 December 2021
5. Stepped down from the Board on 23 December 2020
6. Stepped down from the Board on 21 December 2020
7. Appointed to the Board on 17 November 2020
8. Appointed to the Board on 6 August 2020
9. Appointed to the Board on 1 January 2020
10. Appointed SID on 5 August 2020
11. There are no employees in easyJet plc, therefore, 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. There was no general salary increase for UK employees in January 2021
12. Chief Executive benefits include reimbursements for business-related travel expenses in respect of domestic car travel which were lower in 2021 than 2020
13. UK employee benefits remained unchanged versus the prior year. The zero bonus outcome, both for the Chief Executive and for all employees, has resulted from easyJet's missing its profit threshold in 2021 as a result of Covid-19

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 2021	Year ended 30 September 2020	Change %
Employee costs (£ million)	623	862	(28)%
Ordinary dividend (£ million)	–	–	0%
Average monthly number of employees	12,389	14,566	(15)%
Revenue (£ million)	1,458	3,009	(52)%
Headline (loss)/profit before tax (£ million)	(1,136)	(835)	(36)%

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 2021. The report will build up over time to show a rolling 10-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 134.

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 2021
- No bonus will be paid or LTIPs vest in relation to the 2021 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.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	30:1	23:1	12:1
2021	Option A	27:1	21:1	10:1
2021	Total pay and benefits	£29,981	£38,992	£78,134
2021	Salary	£20,300	£24,360	£71,002

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.

The Committee has agreed that the ratio reflects easyJet's wider policies on pay and reward in line with market, experience, and skills.

Statement of shareholders' voting at AGM

The table below provides details of shareholder voting in respect of the Directors' remuneration policy (approved in December 2020), and the Annual Report on Remuneration (in December 2020).

	Policy (December 2020 AGM)		Annual Report on Remuneration (December 2020 AGM)	
Votes cast in favour	170,640,512	95.79%	177,627,469	99.72%
Votes cast against	7,497,351	4.21%	498,511	0.28%
Total votes cast in favour or against	178,137,863	100%	178,125,980	100%
Votes withheld	131,196,347	–	131,206,724	–

Advisers to the Remuneration Committee

Deloitte was appointed as the new independent adviser, with effect from 21 January 2021 following an independent review process. Deloitte 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 Deloitte and Willis Towers Watson, the previous advisers, in respect of services to the Committee during the 2021 financial year were £72,950 and £31,200 respectively, based on time and materials. Deloitte is a founding member of the Remuneration Consultants Group and a signatory to its Code of Conduct. Any advice received is governed by that code. The Committee is satisfied that the Deloitte engagement team, which provide remuneration advice to the Committee, do not have connections with easyJet plc or its Directors that may impair their independence. The Committee has reviewed the operating processes in place at Deloitte 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 2021. 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 78 to 95 and are 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 £858 million (last year: loss of £1,079 million).

As a result of the impact of the Covid-19 pandemic on the Group, and the losses incurred, the Board is not recommending the payment of a dividend in respect of the year ended 30 September 2021. The Board recognises the importance of dividends to shareholders and will seek to resume payments when the operating environment and the financial performance of the Group permits. The Board expects to update shareholders as to when it anticipates resuming paying dividends and on its future dividend policy, assuming the market environment and circumstances permit, when it announces its full year results for the financial year ending 30 September 2022.

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 98 to 101. Changes to the Board during the year and up to the date of this report are set out on page 113. The Directors' interest in the ordinary shares and options of the Company are disclosed within the Directors' Remuneration Report on pages 130 to 153.

Appointment and retirement of Directors

The Directors may from time to time appoint one or more 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 2021 financial year and remain in force for all current and past Directors of the Company.

Employees

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 56.

Communication and engagement

Details on how the Board and management have communicated and engaged with employees and the wider workforce while taking into account their interests in decision-making during the year can be found in the Stakeholder engagement section on pages 27 to 28 and Sustainability section on pages 43 of the Strategic Report and the Corporate Governance Report on pages 107 to 109.

Participation in share schemes

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 when certain criteria are met. 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 pandemic Matching Shares were suspended from April 2020. Further details of the Company's share schemes are set out in the Directors' Remuneration Report on page 150.

Stakeholders

Details on the methods the Board has used to engage and build strong business relationships with the Group's suppliers, customers and other key stakeholders are given on pages 26 to 37 of the Strategic Report and the Corporate Governance Report on pages 106 to 109. The Section 172 Statement is available on page 36 of the Strategic Report.

Shares

Share capital and rights attaching to shares

The Company's issued share capital as at 30 September 2021 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; and
- 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 AGM held on 23 December 2020, the Directors were given the following authority:

- to allot shares up to a nominal amount of £41,127,035, representing approximately one-third of the Company's then issued share capital;
- to allot shares comprising equity securities up to a further aggregate nominal amount of £41,127,035 in connection with an offer by way of a rights issue, representing approximately one-third 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 £6,231,368 representing approximately 5% of the Company's then issued share capital; and
- to purchase in the market a maximum of 45,674,962 shares representing approximately 10% of the Company's then share capital.

As part of a review of its capital structure, the Board concluded that raising additional equity would protect and strengthen easyJet's long term positioning in the European aviation sector. As a result, the Company launched a fully underwritten rights issue on 9 September 2021 to raise net proceeds of approximately £1.2 billion using the authorities outlined above. This comprised offering 31 New Shares to qualifying shareholders for every 47 Existing Shares held. The allotment of 301,260,394 New Shares (representing approximately 66% of the Company's existing issued share capital) was effective on 27 September 2021 and the Company's issued share capital was increased to 758,010,025 ordinary shares as of that date.

No other shares were allotted or bought back under the above authorities during the year and up to the date of this report. The standard authorities expire on 31 March 2022 or at the conclusion of the 2022 AGM, whichever is earlier. The Directors will seek to renew the authorities at the next AGM as a matter of routine.

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; and
- 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 Share 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). Those shareholders who own shares whose voting rights will be suspended at the AGM will receive an Affected Share Notice by post from Equiniti, our Registrars, on or around 14 January 2022 notifying them of the suspension of voting rights in respect of their Affected Shares. Shareholders in receipt of an Affected Share Notice will not be entitled to attend, speak or vote at the AGM, in respect of those shares subject to an Affected Share Notice. The Company is not aware of any other 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. Both the trustees of 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.

Additional information

Substantial interests

In accordance with DTR 5, as at 30 September 2021 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 2021
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)	115,737,821	15.27%
The Goldman Sachs Group, Inc	49,382,199	6.51%

Between 30 September 2021 and 29 November 2021, the Company received a number of notifications under DTR 5 which are available at https://corporate.easyjet.com/investors/directors-and-substantial-interests/substantial-interests. As at 29 November 2021, the Company had been notified that the Goldman Sachs Group, Inc interest had changed to 11,637,661 shares representing 1.54% of voting rights, Societe Generale had a notifiable interest of 40,071,333 shares representing 5.28% of voting rights, and Bank of America Corporation had a notifiable interest of 50,448,298 shares, representing 6.66% of voting rights.

Annual General Meeting

The Board currently intends to hold the AGM on 10 February 2022 at 11.00am, subject to the ongoing Covid-19 pandemic and any UK Government guidance on social distancing, non-essential travel or public gatherings. The arrangements for the Company's 2022 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website. Guidance on whether physical attendance by shareholders will be possible will be determined nearer the time of the AGM.

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 AGM on 23 December 2020. A copy of the Articles is available on the Company's website: https://corporate.easyjet.com/investors.

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 our financial risk management objectives and policies, hedging policies and our exposure to financial risks, can be found in Notes 24 to 26 of the consolidated financial statements.

Going concern and viability statement

The Company's going concern and viability statement are detailed on pages 74 to 77 of the Strategic Report.

Independent auditor and disclosure of information to the auditor

Each Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware. 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 2021 financial year.

Greenhouse gas emissions and energy consumption

Details of the Company's greenhouse gas emissions (GHG), energy consumption, energy efficiency action and Streamlined Energy and Carbon Reporting (SECR) disclosures can be found on pages 46 to 49 of the Strategic Report.

Significant agreements – change of control

The Company 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 30 November 2021, 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 in March 2021 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% coupon and maturing in February 2023;
- October 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.125% coupon and maturing in October 2023;
- June 2019: Eurobonds consisting of €500 million guaranteed Notes paying 0.875% coupon and maturing in June 2025; and
- March 2021: Eurobonds consisting of €1.2 billion guaranteed Notes paying 1.875% interest and maturing in March 2028.

- Pursuant to the final terms attaching to the Notes, the Company will be required to make an offer to redeem or purchase the notes at their 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 a $400 million commitment, supported by a consortium of five banks, and has a termination date of September 2025 (unless extended).

Covid Corporate Financing Facility

On 6 April 2020 easyJet issued a £600 million Commercial Paper through the Covid-19 Corporate Financing Facility (CCFF). This is an unsecured, short-term paper issued at a discount, of which £300 million was repaid in March 2021 and the remaining £300 million was repaid in November 2021.

UK Export Finance Facilities Agreement

On 7 January 2021, easyJet entered into a new five-year term loan facility of $1.87 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee Scheme.

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 95) and Directors' Report (comprising pages 96 to 129 and 154 to 157) 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, 30 November 2021

Disclosures required under Listing Rule 9.8.4

The information to be included in the 2021 Annual Report and Accounts under LR 9.8.4, where applicable, can be located as set out below.

Information	Page
Details of long term incentive schemes	201-202
Shareholder waiver of future dividends	155

Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

Information	Page
Membership of Board during 2021 financial year	98-101
Directors' service contracts	151
Financial instruments and financial risk management	204-211
Greenhouse gas emissions, energy consumption and energy efficiency	46-48
Environmental, Social and Governance (ESG) matters	38-55, 58-61
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Employee equality, diversity and inclusion	56-57
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Hedge accounting policies	180-181
Activities in relation to Research and Development	29, 45, 51-52, 79
Post Balance Sheet Events	212

Directors' responsibilities and statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these 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;
- for the Group accounts, which have been prepared in accordance with international accounting standards, state whether applicable International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the accounts;
- the company financial statements, which have been prepared in accordance with international accounting standards, state whether conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the accounts;

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 (https://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 98 to 101, confirm that, to the best of their knowledge:

- the Group accounts, which have been prepared in accordance with international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and Company accounts which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, both give a true and fair view of the assets, liabilities, financial position and profit of the Group and 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 Company's auditor is unaware; and
- 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 Company's auditor is aware of that information.

The Annual Report on pages 1 to 158 was approved by the Board of Directors and authorised for issue on 30 November 2021 and signed on its behalf by:

JOHAN LUNDGREN
Chief Executive

KENTON JARVIS
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 2021 and of the Group's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: Consolidated and Company statements of financial position as at 30 September 2021; 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 financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in note 3 to the Group financial statements and the Audit Committee Report, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

There were no significant changes to the Group's operations during the year. However, travel restrictions remained in place for much of the period due to Covid-19 and this continued to put significant pressure on the Group's financial performance, financial position and liquidity.

There are a number of changes to our key audit matters this year as explained later in the report. This year we have also specifically set out our consideration of the impact of climate change on the audit which is further explained below.

Climate change risk is expected to have a significant impact on the aviation industry. As explained in the Sustainability Report, the Group is clearly mindful of its impact on the environment and focussed on ways to reduce climate related impacts as they continue to work towards their Net Zero pathway to 2050.

In planning and executing our audit we have considered the Group's risk assessment process following their work with the Cambridge Centre for Risk Studies (described in the Sustainability Report above). This, together with discussions with our own sustainability specialists, provided us with a good understanding of the potential impact of climate change on the financial statements. We assessed that the key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. These include the impairment assessment of goodwill and landing rights, the assessment of impairment of investments held by easyJet plc as a standalone Company and the recoverability of the Group's deferred tax assets; our key audit matters further explain how we have evaluated the impact of climate change. We have also specifically considered the impact of climate change on likely aircraft ownership periods, residual value changes for less fuel-efficient aircraft, and the related impact on ongoing depreciation charges.

Whilst the Group is targeting net zero carbon emissions by 2050, they are continuing to work on their pathway towards this. The Group has started to quantify some of the impacts that may arise on this pathway; the future financial impacts are clearly uncertain given the medium to long term time horizon. We have discussed with management and the Audit Committee that the estimated financial impacts of climate change will need to be frequently reassessed and our expectation that climate change disclosures will continue to evolve as greater understanding of the actual and potential impacts on the Group's future operations are obtained.

Overview

Audit scope

- 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 in four further components.
- Separate audit procedures were performed in relation to consolidation adjustments.
- This provided coverage of 97% of external consolidated revenue and 98% of the consolidated loss before tax.

Key audit matters

- Going concern (Group and Company)
- Leased aircraft maintenance provision (Group)
- Assessment of impairment of goodwill and other intangible assets (Group)
- Estimates in assessing the carrying value of owned aircraft assets (Group)
- Recoverability of deferred tax assets (Group)
- Impact of the Covid-19 pandemic (Group and Company)

Materiality

- Overall Group materiality: £21,500,000 (2020: £21,500,000) based on 5% of headline loss before tax, capped at £21.5 million.
- Overall Company materiality: £19,350,000 (2020: £19,350,000) based on 1% of total assets, capped at 90% of Group materiality.
- Performance materiality: £16,125,000 (Group) and £14,500,000 (Company).

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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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.

This is not a complete list of all risks identified by our audit.

Going concern, Estimates in assessing the carrying value of owned aircraft assets and Recoverability of deferred tax assets are new key audit matters this year. Discontinuation of hedge accounting, Valuation of restructuring provisions and Risk of fraud arising from cyber-attack, which were key audit matters last year, are no longer included because of the risks associated with these matters having either significantly reduced in the current year or they relate specifically to events which arose in the prior year and have not reoccurred. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	**How our audit addressed the key audit matter**

Going concern (Group and Company)
In the 2020 Annual Report and Accounts the occurrence of multiple downside potential risks, including cash collateralisation of unearned revenue by card acquirers and easyJet's ability to obtain additional funding resulted in the conclusion that there was a material uncertainty that could cast significant doubt upon the Group's ability to continue as a going concern.
In forming its assessment for the 2021 Annual Report and Accounts the Board has concluded that the financial statements should be prepared on a going concern basis with the removal of the material uncertainty disclosure. In assisting the Directors reach their conclusion management has modelled both a base case and a downside case which it considers to be severe but plausible to assess whether there is sufficient access to liquidity across the going concern outlook period based on the financing facilities currently in place.
We have focussed on this area given the continuing uncertainty in respect of the short term recovery of the airline industry and in light of the conclusions reached in the previous year.
Refer to the Accounting policies, judgements and estimates note (note 1) and the going concern statement on page 75, for management's disclosures of the relevant judgements and estimates involved in assessing going concern.
	• We obtained management's base case and severe but plausible downside scenario models supporting the Board's going concern assessment, evaluated the process by which the assessment has been drawn up, ensured that the calculations in the models were mathematically accurate and that the overall methodology used was appropriate.
	• We have evaluated the committed financing facilities currently available to the Group and ensured that both models appropriately include all contractual debt repayments and committed capital expenditure.
	• We have reviewed the revised contracts which are now in place with some card acquirers and assessed whether any minimum liquidity requirements have appropriately been taken account of in management's assessment on both the base case and downside scenarios.
	• We have evaluated management's base case and ensured that the forecasts being used were aligned with the Board approved plan. In evaluating the inputs used in managements base case scenario we challenged the key assumptions including:
	  • assessment of short-term recovery assumptions in the forecasts by comparing them to third party economic and industry forecasts;
	  • the level of assumed cost reductions delivered during the current year which have been assessed as sustainable through the going concern outlook period; and
	  • removing the impacts of any uncommitted re-financing in our overall evaluation.
	• We have assessed whether the downside scenario applied is sufficiently severe in order to appropriately stress test the base case model. This considered both historical performance, current levels of forward bookings as well as the current status of travel restrictions in place across Europe and the vaccination roll out.
	• We have also performed an alternative independent assessment considering the levels of operational cash utilisation which has been evidenced during the last year to evaluate the impact on overall liquidity headroom should a repeat scenario arise.
	• We have reviewed the adequacy of disclosures made in the 2021 Annual Report and Accounts.
	Based on the work performed, as summarised above, we concur with the Board's conclusion to adopt the going concern basis of preparation and that the removal of the previously disclosed material uncertainty is appropriate.

Key audit matter	How our audit addressed the key audit matter
Leased 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 £550 million (2020: £597 million) for aircraft maintenance costs in respect of leased aircraft were recorded in the financial statements at 30 September 2021. At each statement of financial position date, the calculation of the maintenance provision includes a number of variable factors and assumptions including primarily the expected cost of the heavy maintenance check at the time it is expected to occur. 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 1 and note 18), for management’s disclosures of the relevant judgements and estimates involved in assessing this provision valuation. Refer to the Audit Committee report on page 127 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 maintenance contract terms and pricing, business plans and forecasts. We also performed sensitivity analysis in respect of the key drivers of the model. 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 of misstatement 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.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of goodwill and other intangible assets (Group)	

At 30 September 2021, the aggregate value of goodwill and landing rights, which are both assessed to have indefinite lives, amounted to £533 million (2020: £533 million). Under IAS 36 'Impairment of Assets', goodwill must be tested for impairment at least annually.
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.
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 plan, fuel prices, exchange rates, long-term economic growth rates and discount rates.
Refer to the Accounting policies, judgements and estimates note (note 1) and note 10, 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 127 for a description of its assessment of significant judgements.
	• We obtained management's annual impairment assessment and ensured the calculations were mathematically accurate and that the methodology used was in line with the requirements of IAS 36 'Impairment of Assets'.
	• We evaluated the future cash flow forecasts of the CGU, and the process by which the forecasts were drawn up. In doing this, we confirmed that the forecasts used for the impairment assessment were consistent with the latest Board-approved plans (excluding the impact of easyJet Holidays which is a separate CGU to which no goodwill is assigned).
	• We evaluated the inputs in the VIU calculation and challenged the key assumptions including:
	  • assessment of short-term flying assumptions and long-term growth rates in the forecasts by comparing them to third party economic and industry forecasts;
	  • using our internal valuation experts to calculate an independent WACC rate range, with reference to comparable businesses, to assess the appropriateness of the WACC rate used in management's assessment;
	  • assessment of the fuel price assumptions, to which the VIU model is most sensitive, to ensure the rates used at 30 September 2021 were appropriate and that sufficient disclosure of the underlying assumptions for dealing with future potential fuel price volatility via pass through to customers have been adequately disclosed in the financial statements; and
	  • working closely with internal sustainability specialists we evaluated the extent to which the considerations of climate change, such as expanded or more costly carbon trading schemes and the expected increased use of sustainable aviation fuels, had been reflected in the underlying cash flows. This included an assessment of the consistency of the assumptions used with the impact assessments that had already been carried out by easyJet's sustainability team.
	• We recalculated management's own sensitivity analysis of key assumptions used in the VIU assessment and also performed our own independent sensitivity testing to include the application of reasonable alternative individual and combined risk scenarios in order to assess for any potential material impairment under such conditions. This included the consideration of potential future costs which could arise as a result of climate change, including from increased pricing or taxes from the emission of carbon and the use of more expensive sustainable aviation fuel.
	• We reviewed the adequacy of disclosures made in the financial statements and assessed compliance with IAS 36 including challenging management to be transparent about the underlying risks which have been assessed and embedded into its future cash flow assumptions.
	Based on our work summarised above, we have concluded that goodwill and other intangible assets balances are not impaired at 30 September 2021 and that appropriate assumption and sensitivity disclosures have been made in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Estimates in assessing the carrying value of owned aircraft assets (Group)	
At 30 September 2021, the aggregate value of owned aircraft amounted to £3,497 million (2020: £4,246 million). The recoverable amount of these assets is supported as part of the VIU assessment described in the key audit matter above. The carrying value of these assets and the resulting depreciation charge recognised in the income statement is dependent on the estimated useful economic lives ("UELs") and residual values used. Whilst these estimates are required to be assessed annually more focus has been placed on them in the light of the more volatile aircraft valuations being seen in the market and identified changes to intended holding periods. Refer to the Accounting policies, judgements and estimates note (note 1) and note 11, for management's disclosures of the relevant judgements and estimates involved in assessing UELs and residual values. Refer to the Audit Committee report on page 127 for a description of its assessment of significant judgements.	• We assessed whether managements estimated UEL estimates were in line with the requirements of IAS 16 and current fleet planning assumptions. • We evaluated the methodology being used by management to estimate the residual value of these assets including their use of a third party valuation expert in determining the residual value associated with the specific assets capitalised at the purchase date. We also carried out procedures and enquiries to validate the third party valuation expert used by management was appropriately qualified. • We challenged management to support the assumptions used in respect of estimating the UEL and residual value of maintenance event enhancements which are capitalised over the life of the aircraft. • We have also specifically considered the impact of climate change on likely aircraft ownership periods and residual value changes impacting less fuel-efficient aircraft. • We assessed that the date from which these changes in estimates would be applied prospectively has been applied appropriately. • We obtained management's calculation for the resulting impact on the depreciation charge from updating these estimates and ensured the calculations were mathematically accurate and that the correct final assumptions had been used to determine the overall depreciation charge in the year. • We have reviewed the adequacy of disclosures made in the financial statements. Based on our work summarised above, we have concluded that the estimates used to determine the current carrying value of owned aircraft assets and the related depreciation charge in the year were appropriate. The date of the application of the prospective change was considered appropriate and appropriate disclosures have been made in the financial statements.
Recoverability of deferred tax assets (Group)	
At 30 September 2021 significant deferred tax assets ("DTAs") of £425 million (Sep 20: £275 million) have been recognised, primarily in respect of aggregated UK tax losses. We have focussed on this area given the significant judgement required in assessing whether full recognition and recoverability of the asset is appropriate. When considering the additional losses reported in the current year alongside the existence of the significant losses brought forward there is an increased time horizon associated with the future recovery of the DTAs and as a result an increased level of uncertainty. Combined with the continuing uncertainty arising from Covid-19 and climate change on future forecasts this acts to increase the overall level of judgement in making this assessment. Refer to the Accounting policies, judgements and estimates note (note 1) and note 6, for management's disclosures of the relevant judgements and estimates involved in assessing the recoverability of DTAs. Refer to the Audit Committee report on page 127 for a description of its assessment of significant judgements.	• We obtained management's calculation for assessing the recognition and recoverability of deferred tax assets and assessed the methodology and ability to offset and recognise certain DTAs against the unwind of existing deferred tax liabilities, primarily in respect of UK fixed assets. • We have assessed the future profit forecasts which have been used to support the additional recognition and recovery of DTAs. This included assessment of whether the pre-tax cashflows had been appropriately adjusted for tax purposes to estimate the taxable profit/loss in each year. We also assessed the risk adjustments which have been applied to these future profits given the extended expected recovery time horizon to evaluate whether the methodology applied was in line with the requirements of IAS 12 and the associated guidance from the European Securities and Markets Authority. • We assessed the consistency of the forecasts used to justify the recognition of DTAs to those used elsewhere in the business such as in the assessment of goodwill and landing rights recoverability and the Directors' viability and going concern statements. Further assessment was made of the forecasts for periods which extended beyond the period which had already been assessed as part of our audit work in these other areas to ensure the assumptions used appeared reasonable. • In assessing the future forecasts across this extended time horizon, whilst recognising the inherent uncertainty in assessing the impacts which may arise, we challenged management as to whether allowance had been made for the potential impact of climate change to reflect the current risks which have been identified. Where appropriate, we also considered this when assessing management's sensitivity analysis and when performing our own independent sensitivity testing. • We reviewed the adequacy of disclosures made in the financial statements in respect of this judgemental estimate including challenging management to be transparent about the underlying risks which have been assessed and embedded into its future cash flow assumptions. Based on our work summarised above, we have concluded that the full recognition of the DTAs at 30 September 2021 is appropriate and that appropriate disclosure of the judgements applied has been included within the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impact of the Covid-19 pandemic (Group and Company)	
Throughout the year the Group and Company have continued to operate and trade in an environment that has seen significantly reduced levels of flying when compared to historical levels. 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 are unable to obtain sufficient audit evidence 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 give rise to a risk of material misstatement. Refer to Accounting Policies note (notes 1a and 1b), note 5, note 18 and note 27 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 ongoing 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 2021. 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: • We verified furlough receipts have been received through inspection of bank statements and correspondence. We also performed additional enquires to confirm no issues have arisen regarding the eligibility of claims or any evidence that is indicative of errors which could otherwise result in potentially material refunds, fines and penalties. • We assessed the movements and closing positions in respect of the specific restructuring and customer welfare provisions established as a result of the pandemic. • We evaluated the accuracy of the hedge de-designation impacts recognised in the income statement based on the use of appropriate forecast cash flows and the assessment of whether the specific transactions related to headline or non-headline items. • We challenged management in respect of the fair valuation of the consideration received and lease liabilities recognised in respect of aircraft which were subject to sale and leaseback transactions and we corroborated this assessment back to third party valuations and other supporting evidence. We concluded that the accounting treatment for these items was appropriate. • We have sample tested the authenticity of credit vouchers issued to customers, that primarily arose from the cancellation of flights across both the current and prior year, agreeing the voucher amounts to evidence that the initial cash received was from the same customer. • We evaluated management's impairment assessment of the investment held by the Company in easyJet Airline Company Limited. We concluded the investment was not impaired following assessment of the underlying cash flows and VIU calculation which are predominantly the same as those evaluated as described in the 'Assessment of impairment of goodwill and other intangible assets' key audit matter. • Despite undertaking some 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 continuing 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 fourteen 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 primarily centralised in the UK.

We determined the most effective approach to scoping was to perform full scope audit procedures over the Company and one individually significant component in the Group which is registered in the UK. Procedures over material financial statements lines were performed in four further components. In some cases, financial statement line items are tested in aggregate to the Group materiality level where items across more than one component are homogenous. All Group audit work has been performed by the UK Group engagement team.

Additional audit procedures were performed in relation to consolidation adjustments by the UK Group engagement 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 Group financial statements as a whole. Based on the detailed audit work performed across the Group, we have obtained coverage of 97% of external consolidated revenue and 98% of the 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:

	Financial statements – group	Financial statements – company
Overall materiality	£21,500,000 (2020: £21,500,000).	£19,350,000 (2020: £19,350,000).
How we determined it	5% of headline loss before tax, capped at £21.5 million	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 £21.5 million. This is in line with the level used in 2020 when the same cap was applied, in line with the materiality level applied in 2019.	We believe that a total asset benchmark is 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 materiality allocated to the two significant components was £19,350,000.

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 £16,125,000 for the Group financial statements and £14,500,000 for the 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 at the upper end 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) (2020: £1,075,000) and £1,075,000 (Company audit) (2020: £1,075,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's base case and severe but plausible downside scenario, ensuring the directors have considered all appropriate factors. This included consideration of the cash flows against current industry forecasts, the liquidity position of the Group, available financing facilities, the timing of contractual debt repayments and committed capital expenditure and the relevant liquidity requirements that exist as part of the contractual arrangements with current card acquirers.
- Consideration of the operational cash utilisation which has been evidenced during the last year to assess the potential impact on the overall liquidity headroom should a repeat scenario arise.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

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.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the of the Annual Report and Accounts is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities and statements in the Directors' Report, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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 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 inappropriate journal entries, either in the underlying books and records or as part of the consolidation process, and management bias in accounting estimates. Audit procedures performed by the engagement team 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
- 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 estimates used in assessing the carrying value of owned aircraft, the assessment of impairment of intangible assets and the recoverability of deferred tax assets (see related key audit matters above). We also specifically assessed the provisions held in respect of restructuring, actual and potential litigation matters, provisions held for customer compensation and for the Company the assessment of impairment of investments
- Consideration of recent correspondence with the Group's legal advisors to ensure that it aligned with the conclusions drawn on obligations recognised and contingent liabilities disclosed 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
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

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 obtained 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 16 years, covering the years ended 30 September 2006 to 30 September 2021.

Owen Mackney (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

1 December 2021

CONSOLIDATED INCOME STATEMENT

		Year ended 30 September 2021			Year ended 30 September 2020		
	Notes	**Headline £ million**	**Non-headline £ million**	**Total £ million**	Headline £ million	Non-headline £ million	Total £ million
Passenger revenue		**1,000**	**–**	**1,000**	2,303	–	2,303
Ancillary revenue		**458**	**–**	**458**	706	–	706
Total revenue	8	**1,458**	**–**	**1,458**	3,009	–	3,009
Fuel		**(371)**	**–**	**(371)**	(721)	–	(721)
Airports, ground handling and other operating costs		**(446)**	**–**	**(446)**	(938)	–	(938)
Crew		**(495)**	**–**	**(495)**	(629)	–	(629)
Navigation		**(102)**	**–**	**(102)**	(206)	–	(206)
Maintenance		**(222)**	**–**	**(222)**	(278)	–	(278)
Selling and marketing		**(60)**	**–**	**(60)**	(107)	–	(107)
Other costs		**(319)**	**47**	**(272)**	(426)	(130)*	(556)
Other income		**6**	**79**	**85**	23	45*	68
EBITDAR		**(551)**	**126**	**(425)**	(273)	(85)	(358)
Aircraft dry leasing		**(5)**	**–**	**(5)**	(1)	–	(1)
Impairment		**–**	**–**	**–**	–	(37)	(37)
Depreciation	11	**(456)**	**–**	**(456)**	(485)	–	(485)
Amortisation of intangible assets	10	**(24)**	**–**	**(24)**	(18)	–	(18)
Operating (loss)/profit		**(1,036)**	**126**	**(910)**	(777)	(122)	(899)
Interest receivable and other financing income		**50**	**33**	**83**	12	105	117
Interest payable and other financing charges		**(150)**	**(59)**	**(209)**	(70)	(421)	(491)
Net finance charges	2	**(100)**	**(26)**	**(126)**	(58)	(316)	(374)
(Loss)/profit before tax	3	**(1,136)**	**100**	**(1,036)**	(835)	(438)	(1,273)
Tax credit/(charge)	6	**236**	**(58)**	**178**	110	84	194
(Loss)/profit for the year		**(900)**	**42**	**(858)**	(725)	(354)	(1,079)
Loss per share, pence							
Basic	7			**(159.0)**			(222.9)
Diluted	7			**(159.0)**			(222.9)

* Sale and leaseback gains and losses recognised in the prior year have been re-presented, see note 5.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 30 September 2021 £ million**	Year ended 30 September 2020 £ million
Loss for the year		**(858)**	(1,079)
Other comprehensive income/(loss)			
Items that may be reclassified to the income statement:			
Cash flow hedges			
Fair value gains/(losses) in the year		**477**	(628)
(Gains)/losses transferred to income statement		**(17)**	39
Hedge discontinuation losses transferred to income statement		**25**	284
Related tax (charge)/credit	6	**(93)**	55
Cost of hedging		**(3)**	(8)
Related tax credit		**1**	1
Items that will not be reclassified to the income statement:			
Remeasurement gain of post-employment benefit obligations	19	**5**	3
Related deferred tax credit	6	**(4)**	–
Fair value loss on equity investment		**(3)**	(15)
		388	(269)
Total comprehensive loss for the year		**(470)**	(1,348)

Fair valuation gains in the year primarily due to increases in the market price of jet fuel, along with movements in foreign exchange rates used when valuing derivatives held in the hedging reserve.

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:

	2021 £ million	2020 £ million
Revenue	**(8)**	(16)
Fuel	**41**	43
Maintenance	**–**	(6)
Eurobonds	**(49)**	21
Other costs	**(1)**	(3)
	(17)	39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2021 £ million**	As at 30 September 2020 £ million
Non-current assets			
Goodwill	10	**365**	365
Other intangible assets	10	**217**	232
Property, plant and equipment	11	**4,735**	5,053
Derivative financial instruments	24	**86**	89
Equity investment	24	**30**	33
Restricted cash	14	**1**	5
Other non-current assets	12	**135**	133
Deferred tax assets	6	**39**	–
		5,608	5,910
Current assets			
Trade and other receivables	13	**291**	193
Intangible assets	10	**140**	12
Derivative financial instruments	24	**185**	21
Current tax assets		**–**	7
Restricted cash	14	**13**	14
Money market deposits	14	**–**	32
Cash and cash equivalents	14	**3,536**	2,284
		4,165	2,563
Current liabilities			
Trade and other payables	15	**(1,128)**	(1,242)
Unearned revenue	15	**(844)**	(614)
Borrowings	16	**(300)**	(987)
Lease liabilities	17	**(189)**	(224)
Derivative financial instruments	24	**(31)**	(352)
Current tax payable		**(2)**	–
Provisions for liabilities and charges	18	**(183)**	(407)
		(2,677)	(3,826)
Net current assets/(liabilities)		**1,488**	(1,263)
Non-current liabilities			
Borrowings	16	**(3,067)**	(1,744)
Unearned revenue		**(2)**	–
Lease liabilities	17	**(890)**	(486)
Derivative financial instruments	24	**(37)**	(85)
Non-current deferred income		**(4)**	(5)
Post-employment benefit obligation	19	**(37)**	(45)
Provisions for liabilities and charges	18	**(420)**	(332)
Deferred tax		**–**	(51)
		(4,457)	(2,748)
Net assets		**2,639**	1,899
Shareholders' equity			
Share capital	20	**207**	125
Share premium		**2,166**	1,051
Hedging reserve		**156**	(236)
Cost of hedging reserve		**(1)**	1
Translation reserve		**–**	(2)
Retained earnings		**111**	960
Total equity		**2,639**	1,899

The financial statements on pages 170 to 212 were approved by the Board of Directors and authorised for issue on 30 November 2021 and signed on behalf of the Board.

JOHAN LUNDGREN
Director

KENTON JARVIS
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 2020	**125**	**1,051**	**(236)**	**1**	**(2)**	**960**	**1,899**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(858)**	**(858)**
Other comprehensive income/(loss)	**–**	**–**	**392**	**(2)**	**–**	**(2)**	**388**
Total comprehensive income/(loss)	**–**	**–**	**392**	**(2)**	**–**	**(860)**	**(470)**
Net proceeds from rights issue (note 20)	**82**	**1,115**	**–**	**–**	**–**	**–**	**1,197**
Share incentive schemes							
Value of employee services	**–**	**–**	**–**	**–**	**–**	**15**	**15**
Related tax (note 6)						**2**	**2**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Currency translation differences	**–**	**–**	**–**	**–**	**2**	**–**	**2**
At 30 September 2021	**207**	**2,166**	**156**	**(1)**	**–**	**111**	**2,639**

	Share Capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2019	108	659	(4)	8	(1)	2,215	2,985
Loss for the period	–	–	–	–	–	(1,079)	(1,079)
Other comprehensive loss	–	–	(250)	(7)	–	(12)	(269)
Total comprehensive loss	–	–	(250)	(7)	–	(1,091)	(1,348)
Transfer to property plant and equipment	–	–	18	–	–	–	18
Dividends paid (note 9)	–	–	–	–	–	(174)	(174)
Net 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

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

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

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

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end. Included within the hedging reserve are amounts totalling a £13 million gain related to derivative hedge trades that were mutually early terminated with counterparty banks in the year ended 30 September 2020 (2020: £46 million gain), as these trades had an effective hedge relationship at the point of termination, the fixed fair value is held in the hedging reserve and recycled to the income statement in line with when the original hedge item also impacts the income statement. See section 'Foreign currency risk management in note 25 for further details.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 30 September 2021 £ million**	Year ended 30 September 2020 £ million
Cash flows from operating activities			
Cash used from operations	22	**(755)**	(542)
Ordinary dividends paid	9	**-**	(174)
Interest and other financing charges paid		**(282)**	(71)
Interest and other financing income received		**1**	12
Net tax received		**1**	13
Net cash used in operating activities		**(1,035)**	(762)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(140)**	(659)
Purchase of non-current intangible assets	10	**(9)**	(36)
Net decrease in money market deposits	23	**32**	259
Net proceeds from sale and leasebacks		**836**	702
Net cash generated by investing activities		**719**	266
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**1,144**	409
Purchase of own shares for employee share schemes		**(6)**	(7)
Proceeds from debt financing	23	**1,804**	1,399
Repayment of bank loans and other borrowings	23	**(1,045)**	–
Repayment of capital element of leases	23	**(261)**	(230)
Decrease/(increase) in restricted cash	14	**5**	(15)
Net cash generated from financing activities		**1,641**	1,556
Effect of exchange rate changes		**(73)**	(61)
Net increase in cash and cash equivalents		**1,252**	999
Cash and cash equivalents at beginning of year		**2,284**	1,285
Cash and cash equivalents at end of year	14	**3,536**	2,284

NOTES TO THE ACCOUNTS

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.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have also been prepared in accordance with IFRS Interpretations Committee (IFRS IC) interpretations issued and effective at the time of preparing these financial statements.

Basis of preparation

The financial statements are prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments, financial guarantees, equity investments and certain contingent liabilities and commitments, which 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 95. Principal risks and uncertainties are described on pages 78 to 95. Note 25 to the financial statements 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 financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties and liquidity position.

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

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

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

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 183 to 185.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the Sustainability section of the Strategic Report and the Group's stated target of net zero carbon emissions by 2050.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows including those considered in the going concern and viability assessments.

However, in preparing the financial statements, the directors have considered the medium and longer term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- the estimates of future cash flows used in impairment assessments of the carrying value of non-current assets;
- the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK; and
- the revision of the useful economic lives and related residual values for our less fuel-efficient aircraft.

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 financial statements incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2020 and 2021. A full list of subsidiaries can be found in the Notes to the Company financial statements on page 217.

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 financial statements.

1. Accounting policies, judgements and estimates continued

1a. Significant accounting policies continued

Foreign currencies

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated financial statements 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 functional currency 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 within Interest receivable and other financing income and Interest payable and other financing charges. 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 is 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.

Licence agreements to use cloud software are capitalised if easyJet has both a contractual right to the software and the ability to run the software independently of the host vendor. If this is not deemed the case the costs are expensed and treated as a service agreement.

When assessing for impairment or reassessing useful economic lives, easyJet consider significant future changes including in relation to market, technological, economic and legal developments. The potential future impacts of climate change have been incorporated by including the estimated financial impact within cash flow projections of the increased cost of carbon-offsetting, the future estimated price of ETS permits and the expected price and quantity required of Sustainable Aviation Fuel usage.

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

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*	18-23 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.

** 'Other' assets within note 11.

Residual values 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 at least annually or where there is any indication of impairment within the cash generating unit of which the asset is part. For aircraft, easyJet is dependent on Airbus as its sole supplier. This gives rise to an increased 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, useful economic lives and impairment. In the year, the expected useful economic life estimate for CEO aircraft was revised from 23 years to 18 years in line with expected usage. This was applied prospectively from 1 July 2021 and had an immaterial impact.

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 benefitting 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-related 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.

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 the duration of 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 asset 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 less than 12 months in length and low-value leases are not recognised as lease liabilities and right of use assets, but are recognised as an expense on a straight line basis over the lease term. Payments for the interest element of recognised lease liabilities are included in Interest and other financing charges paid within cash flows from operating activities. Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

easyJet periodically enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft or engines to a third party and immediately leases them back. For each transaction, where the sale proceeds and lease payments are judged to be at 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 and lease payments are not at 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. Gains on sale and leaseback transactions are recognised in other income, with losses on sale and leaseback transactions recognised in other costs. This has been retrospectively applied to the comparative financial year. See note 5 for further details.

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. These 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 the aircraft are also recognised in this category.

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.

1. Accounting policies, judgements and estimates continued

1a. Significant accounting policies continued

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 these are estimated to be fully recoverable against the unwind of taxable temporary differences and future taxable income.

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 statement of financial position date, taking into account all related risks and uncertainties.

Restructuring

As a result of the Covid-19 pandemic, easyJet implemented a major co-ordinated restructuring programme to reduce the number of bases, and the number of employees. Provisions have been made based on the expected outcome of 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.

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 are provided over the term of the lease based on the estimated future costs, discounted to present value. These are capitalised to the right of use asset rather than recognised in maintenance in the income statement. These assets are 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 litigation which arises in the normal course of business.

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 in the consolidated statement of financial position reflects the net surplus or deficit at the statement of financial position 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. Costs 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 the 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 transaction 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.

1. Accounting policies, judgements and estimates continued

1a. Significant accounting policies continued

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 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 solely comprise money market funds at 30 September 2021.

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 asset is measured at fair value through profit or loss.

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 contracts to hedge foreign currency risks on transactions denominated in US dollars, Euros or Swiss francs. 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.

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 a 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 forwards, jet fuel forward swaps, jet fuel options and cross-currency interest rate swap contracts designated as cash flow hedges 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 at the same time as the hedge item also impacts profit and loss.

Fair value changes in foreign currency derivative instruments 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 the income statement.

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 when:

- 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 Group's risk management strategy.

UK and EU ETS permits

Free allocations received from the government under the EU ETS scheme are recognised at fair value on the date received with a corresponding liability recognised. Purchased carbon credits are recognised at the purchase price. Both purchased and free credits are not subsequently revalued as they are held for own use. Carbon assets are derecognised when they are used to settle the ETS liabilities subsequent to the end of each calendar year. These assets are presented as current intangible assets and are reviewed for impairment annually or when there is an indication of impairment within the airline cash generating unit.

Revenue recognition

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; and
- 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.

Package holiday revenue is recognised evenly over the duration of the holiday. Package holiday revenue is measured as the price paid by the customer for the service booked.

Airline flights and package holiday deposits are paid for at the point of booking. Package holiday balances due from customers are offset against the customer deferred revenue until paid in full, due 28 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 and until then represents a contract liability. 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 in the statement of financial position in other payables as a contract liability until they are redeemed against a new booking, at which point they are recognised as unearned revenue, or when the performance obligation is complete, at which point they will be recognised as revenue.

1. Accounting policies, judgements and estimates continued

1a. Significant accounting policies continued

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 contract liability is recognised within trade and other payables to refund the customer or provide a voucher or flight transfer if requested. easyJet make an estimate of the proportion of this liability which will never be claimed by customers and recognises this as income.

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 £14 million (2020: £22 million).

Segmental reporting

easyJet has two operating segments, being its Airline business, which operates easyJet's route network, and the Holidays business, which sells holiday packages. 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. 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.

Carbon offsetting and Verified Emission Reductions

easyJet operates 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 where they have already been purchased, then a weighted average of expected future purchases where sufficient future VER purchase commitments are already in place. If there are insufficient future commitments, a market value would be used. At present there is excess VER commitments when compared to the current liability. VERs are recorded as an asset at historic cost when delivery into the easyJet registry account has taken place and not subsequently revalued. 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

Foreign exchange gains and losses arising from the revaluation of monetary assets and liabilities have historically been classified as non-headline items. During the year it was concluded that these gains and losses would be more appropriately classified as headline items, as they are considered to be reflective of the trading performance of the business.

Due to the immaterial value in the prior year, no reclassification has been made in the comparative year.

The initial charges for discontinuation of hedge accounting applied to derivative financial instruments entered before the Covid-19 pandemic are still recognised as non-headline items, however any on-going fair value movements from these derivative financial instruments will now be classified as headline items due to easyJet's ability to manage those positions.

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.

Alternative performance measures (APMs)

Within the financial statements on pages 170 to 212, a number of APMs have been disclosed which the Directors consider key to assessing underlying performance. Refer to the glossary for a list of APMs disclosed in the financial statements, including definitions and reconciliations to IFRS measures.

New and revised standards and interpretations

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

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

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

1b.Critical accounting judgements and estimates

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

1b.(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, the income or expense resulting from the initial recognition of sale and lease back transactions, fair value adjustments on financial instruments and other particularly significant or unusual non-recurring items. Items relating to the normal trading performance of the business will always be included within the headline performance.

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

Consolidation of easyJet Switzerland

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

Vouchers issued

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

Sale and leaseback transactions

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

Contingent liability recognition

On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email addresses and travel details of approximately 9 million customers were accessed and for a very small subset of customers (2,208), credit card details were accessed.

The cyber-attack continues to be under investigation by the Information Commissioner's Office (ICO). As the cyber-attack took place before the United Kingdom left the European Union, the Group expects the ICO to be investigating on behalf of all EU data protection authorities as lead supervisory authority under the GDPR. Any penalty or enforcement action will need to be reviewed and approved by the other EU data protection authorities under the GDPR's cooperation process. In addition, in May 2020, a class action claim was filed in the UK High Court by a law firm representing a class of affected customers and claims have also been commenced or threatened in certain other courts and jurisdictions.

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

1. Accounting policies, judgements and estimates continued

1b.(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 - £550 million (2020: £597 million) (note 18)

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

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

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

Goodwill and landing rights - £533 million (2020: £533 million) (note 10)

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

Fuel price and exchange rates continue to be volatile in nature but the assumptions used assume the ability to pass these on to the customer (see Note 10 for plausible scenarios). In addition, assumptions over the recovery of customer demand levels could have a significant effect on the impairment assessment performed. Due to the uncertainty created by the Covid-19 pandemic, there remains a risk that further waves of the pandemic could affect our markets, leading to further travel restrictions being imposed. These uncertainties could have an effect on future impairment or useful economic life assessments performed.

Defined benefit pension assumptions – £152 million gross obligation (2020: £153 million gross obligation) (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 in the statement of financial position. The measurement of scheme assets and obligations are calculated by an independent actuary in line with IAS 19. The financial and demographic assumptions used in the calculation are determined by management following consultation with the independent actuary with consideration of external market movements and inputs. The calculation is most sensitive to movements in the discount rate applied to the future obligation and a sensitivity analysis is included in note 19.

Derivative financial instruments – £203 million net asset (2020: £327 million net liability) (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 holds a number of derivatives and financial instruments including foreign currency forward contracts, jet fuel forward and option contracts and cross-currency interest rate swap contracts. easyJet's policy is not to speculatively trade derivatives but to use the instruments to hedge anticipated exposure. Given the inherently complex nature of this area, the Finance Committee (a committee of the Board) oversees the Group's treasury and funding policies and activities.

Provisions for customer claims – £21 million (2020: £39 million) (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, for which claims could be made up to 6 years after the event. Estimates include passenger claim rates, the value of claims made and the period of time over which claims will be made. The bases of all estimates are reviewed at least annually and also when information becomes available that is capable of causing a material change to the estimate. A 5% movement in the estimated customer claim rate would result in a £1 million movement to the provision.

Hedge discontinuation and ineffectiveness – £26 million charge (2020: £311 million charge) (note 25)

As a result of the reduced flying programme throughout the year, the Group's near-term exposures for jet fuel and foreign currency were reduced, causing a proportion of derivatives previously hedge accounted for to be discontinued from a hedge relationship. A net charge of £26 million has been recognised as a non-headline item in the income statement primarily due to the discontinuation in the year of hedge accounting for impacted derivatives. In assessing whether future exposures are still expected to occur, easyJet made estimates as at 30 September 2021 regarding its jet fuel consumption requirements and expected future foreign currency cash flows. These estimates used assumptions based on the expected recovery of customer demand and subsequent flying schedule as at that date. See note 25 for details of the split between headline and non-headline for hedge discontinuation.

Aircraft carrying values – £3,559 million (2020: 4,333 million) – (note 11)

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

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

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

Recoverability of deferred tax assets - £425 million (2020: £275 million) (note 6)

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

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

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

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

1c. New and revised standards and interpretations not applied

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

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

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

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

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

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

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

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

2. Net finance charges

	2021 £ million	2020 £ million
Interest receivable and other financing income		
Interest income	**1**	(11)
Hedge discontinuation (1)	**(74)**	(106)
Net exchange gains on monetary assets and liabilities (2)	**(10)**	–
	(83)	(117)
Interest payable and other financing charges		
Hedge discontinuation (1)	**92**	411
Interest payable on bank and other borrowings	**75**	36
Interest payable on lease liabilities	**42**	24
Other interest payable	**–**	15
Net exchange losses on monetary assets and liabilities	**–**	5
	209	491
Net finance charges	**126**	374

1. See Note 25 for details of the split between headline and non-headline for hedge discontinuation.
2. Included within net exchange gains on monetary assets and liabilities is a £15 million loss (2020: £13 million loss) relating to the fair value loss on USD foreign exchange derivatives designated as fair value through profit and loss.

3 Loss before tax

The following have been included in arriving at loss before tax:

	2021 £ million	2020 £ million
Depreciation of property, plant and equipment		
Owned assets	**234**	256
Right of use assets	**222**	229
Loss on disposal of intangibles	**–**	19
Loss on disposal of property, plant and equipment	**30**	11
Gain on sale and leaseback	**(65)**	(38)

The sale of EU ETS assets in the prior year resulted in a remeasurement of the EU ETS liability which reduced 2020 fuel costs by £33 million.

Auditors' remuneration

During the year easyJet incurred fees payable for the audit of the Group and individual financial statements from easyJet's auditors and their associates (including foreign partners) totalling £1.1 million (2020: £0.8 million). In addition, easyJet incurred audit-related non-audit services fees of £0.2 million (2020: audit-related fees of £0.1 million) from its auditors. This includes the fee of £0.1 million (2020: £0.1 million) in respect of the half year review performed. During the year other assurance related non-audit services fees of £1.2 million were also incurred in relation to work associated with the rights issue in September 2021. The rights issue assurance work, where PwC acted as the Reporting Accountant, was one-off in nature and only commenced following approval from the FRC as the work resulted in the 70% fee cap being exceeded.

4 Employees

The average monthly number of people employed by easyJet was:

	2021 Number	2020 Number
Flight and ground operations	**11,480**	13,581
Sales, marketing and administration	**909**	985
	12,389	14,566

Employee costs for easyJet were:

	2021 £ million	2020 £ million
Wages and salaries	**472**	690
Social security costs	**69**	77
Pension costs	**67**	77
Share-based payments	**15**	18
	623	862

Included in the pension costs is £7 million (2020: £6 million) related to pension schemes treated as a defined benefit scheme under IAS 19.

Included in employee costs for 2021 is a benefit of £61 million from the release of restructuring provisions within non-headline (2020: £123 million 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:

	2021 £ million	2020 £ million
Short-term employee benefits	**6**	6
Share-based payments	**2**	–
	8	6

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:

	2021 £ million	2020 £ million
Remuneration	**3**	2
	3	2

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 130 to 153.

5. Non-headline items

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

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

Sale and leaseback gain

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

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

Restructuring

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

5. Non-headline items continued

Impairment

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

Fair value adjustment and hedge discontinuation

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

In accordance with IFRS 9, hedge effectiveness testing is performed on a regular, periodic basis. For cash flow hedges this includes an assessment of highly probable future cash exposures with the amount compared to the notional of derivatives held in a hedge relationship. In the 2021 financial year, due to the reduced commercial flying, easyJet was in an over-hedged position from both a jet fuel and FX perspective. As the forecast exposures were no longer expected to occur, these previously hedged amounts no longer qualify for hedge accounting. In the 2021 financial year, cumulative fair value movement of a £25 million loss (2020: £311 million loss) related to these discontinued derivatives held in Other Comprehensive Income was immediately recorded in the income statement. Subsequent fair value movement of a £30 million gain on these discontinued derivatives was recognised as a headline item.

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

Statement of financial position foreign exchange charge

This relates to foreign exchange gains or losses arising from the re-translation of monetary assets and liabilities held in the statement of financial position, which have been reclassified as headline items in the current year (see Voluntary change in policy section of note 1). A £9 million gain was recognised as a headline item (2020: £5 million charge recognised as non-headline).

6. Tax credit

Tax on loss on ordinary activities

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

Reconciliation of the total tax credit

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

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

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

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

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

Tax on items recognised directly in other comprehensive income/(loss) or shareholders' equity:

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

Deferred tax

The net deferred tax (asset)/liability in the statement of financial position is as follows:

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

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.

	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

7. Loss per share

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

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

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

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

Headline basic and diluted loss per share are also presented, based on headline loss for the year. For details on share capital and the rights issue in the year, please refer to note 20.

Loss per share is based on:

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

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

Loss per share	**2021 million**	2020 Restated million
Basic	**(159.0)**	(222.9)
Diluted	**(159.0)**	(222.9)

Headline loss per share	**2021 million pence**	2020 Restated million pence
Basic	**(166.9)**	(149.7)
Diluted	**(166.9)**	(149.7)

8. Segmental and geographical revenue reporting

Segmental Analysis:

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

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

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

Geographical revenue:

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

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

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

easyJet holidays revenue is generated wholly from the United Kingdom.

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

9. Dividends

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

10. Goodwill and other intangible assets

		Other intangible assets		
	Goodwill £ million	**Landing rights £ million**	**Computer software £ million**	**Total £ million**
Cost				
At 1 October 2020	**365**	**168**	**96**	**264**
Additions	**–**	**–**	**9**	**9**
Disposals	**–**	**–**	**(5)**	**(5)**
At 30 September 2021	**365**	**168**	**100**	**268**
Amortisation				
At 1 October 2020	**–**	**–**	**32**	**32**
Charge for the year	**–**	**–**	**24**	**24**
Disposals	**–**	**–**	**(5)**	**(5)**
At 30 September 2021	**–**	**–**	**51**	**51**
Net book value				
At 30 September 2021	**365**	**168**	**49**	**217**
At 1 October 2020	365	168	64	232

		Other intangible assets		
	Goodwill £ million	Landing rights £ million	Computer software £ million	Total £ million
Cost				
At 1 October 2019	365	132	100	232
Additions	–	36	–	36
Transfer from property, plant and equipment	–	–	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

Included within computer software, were are internally generated intangibles of £8 million (2020: £7 million).

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 2026, using the following key assumptions:

	2021	2020
Pre-tax discount rate (derived from weighted average cost of capital)	**11.3%**	8.5%
Fuel price (US dollars per metric tonne)	**696**	450
Long-term economic growth rate	**2.0%**	2.0%
Exchange rates:		
US dollar	**1.35**	1.29
Euro	**1.16**	1.10
Swiss franc	**1.26**	1.19

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 in discount rate year on year reflects the change in gearing of the group and the change in tax rate. Both fuel price and exchange rates are volatile in nature. Exchange rates and fuel price are based on spot rates as at 30 September 2021. The increase year on year (see in the table above) reflects the change in underlying fuel prices, however in preparing its assessment management have assumed that fuel uplifts from a 2019 baseline can be recovered, with any increase in costs being passed on to customers. Operating margins are sensitive to significant changes in the timing and ability of increases to be passed through to the customer.

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, including the estimated financial impact within the base case cash flow projections of the increased cost of carbon-offsetting, the future estimated price of ETS permits and the expected price and quantity required of Sustainable Aviation Fuel usage.

The headroom during the year has decreased primarily due to the increase in the pre-tax discount rate.

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. Individual scenarios that have been deemed reasonably probable do not give rise to an impairment. These scenarios include +/-5% on Euro and USD rates, +100 bps increase in weighted average cost of capital (WACC) and a reduced long term growth rate of 1%.

Current intangible assets

	30 September 2021 £ million	30 September 2020 £ million
Carbon offsetting VER	**15**	6
EU and UK ETS permits	**125**	6
	140	12

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

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

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

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

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

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

* Airbus no longer publishes list prices. The estimated list price is based on the last available list price published in January 2018 and escalated by Airbus' standard escalation from January 2018 to January 2021 of 7.3% (or 2.38% CAGR).

12. Other non-current assets

	2021 £ million	2020 £ million
Lessor maintenance contributions	**75**	92
Deferred consideration and deposits held by aircraft lessors	**60**	41
	135	133

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. This has not been considered for impairment as the leased aircraft held by easyJet exceeds the value of the contribution due.

13. Trade and other receivables

	2021 £ million	2020 £ million
Trade receivables	**45**	22
Less provision for loss allowance	**(1)**	(4)
	44	18
Prepayments	**93**	84
Accrued income	**5**	1
Recoverable supplemental rent (pledged as collateral)	**-**	10
Other receivables	**149**	80
	291	193

Within the provision for loss allowance, £4 million (2020: £4 million) has been charged to the income statement, with £1 million (2020: £1 million) being utilised in the 2021 financial year.

Within other receivables, an amount of £91 million is due from the rights issue funding (2020: £nil).

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

	2021 £ million	2020 £ million
Cash and cash equivalents (original maturity less than three months)	**3,536**	2,284
Money market deposits (original maturity more than three months)	**–**	32
Current restricted cash	**13**	14
Non-current restricted cash	**1**	5
	3,550	2,335

Carrying value is not significantly different from fair value.

Restricted cash comprises:

	2021 £ million	2020 £ million
Amount held in escrow accounts for legal cases	**4**	5
ATOL Licence non-pooled account	**9**	14
Cash held as bank guarantee collateral	**1**	–
	14	19

15. Trade and other payables

	2021 **£ million**	2020 £ million
Trade payables	**217**	323
Accruals	**556**	379
Taxes and social security	**25**	33
Other payables	**330**	507
	1,128	1,242

	2021		2020	
Combined	**Unearned** **£ million**	**Other** **£ million**	Unearned £ million	Other £ million
Opening contract liabilities	**614**	**397**	1,094	8
Revenue deferred during the year	**1,639**	**–**	2,430	–
Revenue recognised during the year	**(1,409)**	**–**	(2,910)	–
Additional contract liability during the year	**–**	**361**	–	1,271
Reduction in contract liability during the year	**–**	**(475)**	–	(898)
Foreign exchange impact during the year	**–**	**(6)**	–	16
Closing contract liabilities	**844**	**277**	614	397

Other contract liabilities consist of amounts transferred from unearned revenue to other payables due to the cancellation of flights. This liability includes customer vouchers outstanding and amounts where customers have not yet requested a refund, voucher or flight transfer.

16. Borrowings

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

	Current £ 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

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

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

The three €500 million Eurobonds issued on 9 February 2016, 18 October 2016 and 11 June 2019 are discussed within note 25.

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

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

In January 2021 easyJet entered into a new five-year term loan facility of $1.87 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. easyJet drew down $1.05 billion from the UKEF backed facility in January, utilising these funds to repay and cancel the fully drawn $500 million Revolving Credit Facility and repaying term loans of $245 million and £200 million.

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

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

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 10 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 below.

Amounts recognised in the statement of cash flows	**Year ending 30 September 2021 £ million**	Year ending 30 September 2020 £ million
Capital payments	**(261)**	(230)
Interest payments	**(41)**	(20)

Lease liabilities	**30 September 2021 £ million**	30 September 2020 £ million
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**(251)**	(238)
One to five years	**(730)**	(382)
More than five years	**(316)**	(160)
	(1,297)	(780)

Lease liabilities included in the statement of financial position	**30 September 2021 £ million**	30 September 2020 £ million
Current	**(189)**	(224)
Non-current	**(890)**	(486)
Total	**(1,079)**	(710)

Amounts recognised in income statement	**Year ending 30 September 2021 £ million**	Year ending 30 September 2020 £ million
Interest on lease liabilities	**42**	24
Expenses relating to low-value leases	**5**	6
Expenses relating to short-term wet leases	**(14)**	17
	33	47

The £14 million credit recognised as Expenses relating to short term wet leases relates to the release of an accrual recognised in financial year 2020 which was no longer required.

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 2020	**597**	**39**	**101**	**2**	**739**
Exchange adjustments	(23)	-	(3)	–	(26)
Credited to income statement	(20)	(14)	(65)	–	(99)
Charged income statement	71	4	–	12	87
Related to aircraft sold and leased back	132	-	–	–	132
Unwinding of discount	(20)	-	–	–	(20)
Utilised	(187)	(8)	(15)	–	(210)
At 30 September 2021	**550**	**21**	**18**	**14**	**603**

18. Provisions for liabilities and charges continued

Maintenance provisions comprise of maintenance costs arisen from legal and constructive obligations relating to the condition of the aircraft when returned to the lessor. Provisions for customer claims comprise amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges. Restructuring and other provisions include amounts in respect of potential liabilities for employee-related matters and litigation which arose in the normal course of business.

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

The split of the current/non-current maintenance provision is based on the current expected maintenance event timings. If actual aircraft usage varies from expectation the timing of the utilisation of the maintenance provision could result in a material change in the classification between current and non-current.

Maintenance provisions are expected to be utilised within 12 years. Provisions for customer claims, restructuring, and other provisions could be fully utilised within one year from 30 September 2021 and therefore are classified as current.

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 statement of financial position 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:

	2021	2020
Discount rate	**0.35%**	0.15%
Salary increase	**1.00%**	1.00%
Demographic assumptions	**BVG 2020 GT**	BVG 2015 GT

Demographic assumptions

The demographic assumptions including mortality assumptions used for the liability calculation are based on the most recent BVG 2020 tables (2020: BVG 2015 tables). These tables are based on the experience during the period 2015 to 2019 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. Significant changes in these assumptions could potentially have a material impact in the consolidated statement of financial position. 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	
		2021	2020
Discount rate	+0.5%	**(6.6%)**	(7.3%)
	-0.5%	**+7.6%**	8.5%
Salary increase	+0.5%	**+1.0%**	1.1%
	-0.5%	**(0.9%)**	(1.0%)
Life expectancy	+ 1 year	**0.5%**	0.6%
	- 1 year	**(0.6%)**	(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 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:

	2021 **£ million**	2020 £ million
Current service costs defined benefit	**8**	9
Interest cost on net defined benefit obligation	**–**	1
Interest income on defined benefit asset	**–**	(1)
Past service costs	**(1)**	–
Plan curtailment gain*	**–**	(3)
Net defined benefit cost recognised in the income statement	**7**	6

* The curtailment was recognised as a result of restructuring and was presented as a non-headline item in the income statement.

Amounts recognised in other comprehensive income/(loss):

	2021 **£ million**	2020 £ million
Actuarial gain	**(3)**	(2)
Return on plan assets	**(2)**	(1)
Recognised in the statement of other comprehensive income	**(5)**	(3)

Movement in net deficit in the year:

	2021 **£ million**	2020 £ million
Net deficit of the plan at 1 October	**45**	47
Net defined benefit cost recognised in the income statement	**7**	6
Net defined benefit gain recognised in other comprehensive income/(loss)	**(5)**	(3)
Company contributions	**(7)**	(7)
Foreign exchange	**(3)**	2
Statement of financial position net deficit as at 30 September	**37**	45

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 2022 financial year is expected to be CHF 8 million (2020: CHF 8 million).

Changes in the present value of the defined benefit obligation are as follows:

	2021 **£ million**	2020 £ million
Present value of obligation at 1 October	**153**	147
Current service cost	**8**	9
Member contributions	**4**	4
Interest costs on defined benefit obligation	**–**	1
Contributions paid by plan participants	**4**	2
Benefit payments from scheme assets	**(4)**	(5)
Past service cost	**(1)**	–
Plan curtailment	**–**	(3)
Plan settlement	**–**	(5)
Actuarial gain arising from financial adjustments	**–**	(2)
Actuarial gain arising from experience adjustments	**(3)**	–
Foreign exchange	**(9)**	5
Present value of obligation at 30 September	**152**	153

19. Pensions continued

Changes in the fair value of the scheme assets are as follows:

	2021 **£ million**	2020 £ million
Fair value of the scheme asset as at 1 October	**108**	100
Interest income on the defined benefit plan assets	**–**	1
Contributions paid by Company	**7**	7
Contributions paid by employees	**4**	4
Contributions paid by plan participants	**4**	2
Benefits paid from plan assets	**(4)**	(5)
Return on plan assets	**2**	1
Plan settlement	**–**	(5)
Foreign exchange	**(6)**	3
Fair value of the pension assets as at 30 September	**115**	108

	2021 **£ million**	2020 £ million
Number of active participants	**987**	1,043
Average age of active insured members in years	**40**	39
Average time remaining before active employees reach final age in years	**9**	10
Average active life expectancy in years	**53**	54
Average years of service in years	**9**	8

The weighted average duration of the defined benefit obligation of the Swiss pension scheme is 15 years (2020: 16 years).

The assets held do not have a quoted market price as are within the affiliation contract with Swiss Life Collective BVG Foundation.

Maturity profile of defined benefit obligation

Expected benefit payments during fiscal year ending 30 September:

	2021 **£ million**	2020 £ million
1 year	**8**	7
2 years	**11**	8
3 years	**11**	9
4 years	**11**	7
5 years	**13**	9
6 up to 10 years	**53**	38

20. Share capital

	Number		Nominal value	
	2021 **million**	2020 £ million	**2021** **million**	2020 £ million
Authorised				
At 30 September				
Ordinary shares of 27 $^{2}/_{7}$ pence each *	**–**	458	**–**	125
Allotted, called up and fully paid				
At 30 September	**758**	457	**207**	125

* At the AGM held on 23 December 2020, the shareholders of the Company approved the amendments to the Articles of Association which included removal of Authorised Share Capital to bring the share capital authorities in line with the market practice and to provide flexibility to allot more shares.

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

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

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

easyJet's employee benefit trusts hold the following shares. The cost of these has been deducted from retained earnings:

	2021	2020
Number of shares (million)	**2**	2
Cost (£ million)	**18**	27
Market value at year end (£ million)	**11**	11

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 2020 million	Granted million	Rights issue million	Forfeited million	Exercised million	**30 September 2021 million**
Long Term Incentive Plan						
19 December 2016	0.1	–	–	(0.1)	–	**–**
19 December 2017	0.5	–	–	(0.5)	–	**–**
19 December 2018	1.1	–	0.2	(0.3)	(0.1)	**0.9**
19 December 2019	0.8	–	0.1	(0.3)	–	**0.6**
29 December 2020	–	0.5	0.1	–	–	**0.6**
Restricted Stock Unit						
29 December 2020 - 2 year	–	0.3	–	–	–	**0.3**
29 December 2020 - 3 year	–	0.8	0.1	–	–	**0.9**
Restricted Share Plan						
19 December 2016	0.1	–	–	–	–	**0.1**
Save As You Earn scheme						
1 July 2017	0.7	–	–	(0.7)	–	**–**
1 July 2018	0.2	–	–	(0.1)	–	**0.1**
1 July 2019	2.2	–	0.3	(0.6)	–	**1.9**
1 August 2020	4.9	–	0.8	(0.4)	–	**5.3**
1 August 2021	–	2.9	0.5	–	–	**3.4**
Share Incentive Plans	4.8	–	0.6	(0.4)	(0.6)	**4.4**
	15.4	4.5	2.7	(3.4)	(0.7)	**18.5**

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/or 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. 2021 awards are assessed on performance conditions measured over the three financial years ended 30 September 2023.

Restricted Stock Unit

The plan is given to Executive Directors, and both senior and middle management, which provides for annual awards of Performance Shares worth up to 75% of salary each year. All awards have a two or three year vesting period of which the vesting conditions are continued employment.

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.

21. Share incentive schemes continued

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.

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:

easyJet undertook a Rights Issue in the year which had a dilutive effect on the share price. To compensate for the dilution in value, the number of options in each scheme was increased. At the date of modification, the Rights Issue was non beneficial to individuals as the option number increased by the same factor the share price decreased and therefore there are no incremental changes to the fair values.

Grant date	Share Price £	Exercise Price £	Expected volatility %	Option Life years	Risk-free interest rate %	Fair Value £
Long Term Incentive Plan						
19 December 2016 - ROCE	10.43	–	–	–	–	10.43
19 December 2016 - TSR	10.43	–	35%	3.0	1%	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%	6.89
19 December 2018 - EPS	10.78	–	–	–	–	10.78
19 December 2018 - TSR	10.78	–	47%	3.0	1%	5.39
19 December 2019 - EPS	14.29	–	–	–	–	14.29
19 December 2019 - TSR	14.29	–	53%	3.0	1%	7.15
29 December 2020 - TSR	8.63	–	61%	3.0	–	4.32
Restricted Stock Unit						
29 December 2020 - RSU	8.60	–	–	–	–	8.60
Restricted Share Plan						
29 December 2016	10.43	–	–	–	–	10.43
Save As You Earn scheme						
1 July 2017	12.11	9.7	31%	3.5	–	2.84
1 July 2018	17.43	13.9	30%	3.5	1%	4.41
1 July 2019	10.03	8.0	33%	3.5	1%	2.70
1 August 2020	6.65	6.7	49%	3.5	–	1.95
1 August 2021	9.53	7.6	59%	3.5	1%	3.96

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 20% (2020: 0%) 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 £nil (2020: £12.51).

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 2021, the dividend yield assumption was 3% (2020: 2.5%, 2019: 4.5%, 2018: 3.2%, 2017: 4.2%).

The total share-based payment expense recognised for the year was £16 million (2020: £18 million). The share-based payment liability as at 30 September 2021 was £45 million (2020: £42 million).

22. Reconciliation of operating loss to cash used in operations

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

23. Reconciliation of net cash flow to movement in net debt

	1 October 2020 £ 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 2021 £ million**
Cash and cash equivalents	2,284	(73)	–	–	1,325	**3,536**
Money market deposits	32	–	–	–	(32)	**–**
	2,316	(73)	–	–	1,293	**3,536**
Eurobond	(1,356)	24	(971)		–	**(2,303)**
Drawn down amounts on Revolving Credit Facility	(387)	–	–	–	387	**–**
Commercial Paper (Covid Corporate Financing Facility)	(600)	–	–	–	300	**(300)**
Bank loans	(388)	76	(833)	23	358	**(764)**
Lease liabilities	(710)	63	(693)	–	261	**(1,079)**
	(3,441)	163	(2,497)	23	1,306	**(4,446)**
Net debt	(1,125)	90	(2,497)	23	2,599	**(910)**

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 2021	**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	**135**	**–**	**–**	**–**	**–**	**–**	**135**	**135**
Trade and other receivables	**178**	**–**	**–**	**–**	**–**	**113**	**291**	**291**
Trade and other payables	**–**	**(826)**	**–**	**–**	**–**	**(302)**	**(1,128)**	**(1,128)**
Derivative financial instruments	**–**	**–**	**53**	**153**	**(3)**	**–**	**203**	**203**
Restricted cash	**14**	**–**	**–**	**–**	**–**	**–**	**14**	**14**
Cash and cash equivalents	**1,932**	**–**	**–**	**–**	**1,604**	**–**	**3,536**	**3,536**
Eurobonds [2]	**–**	**(2,303)**	**–**	**–**	**–**	**–**	**(2,303)**	**(2,380)**
Other Borrowings [2]	**–**	**(1,064)**	**–**	**–**	**–**	**–**	**(1,064)**	**(1,064)**
Lease liabilities	**–**	**(1,079)**	**–**	**–**	**–**	**–**	**(1,079)**	**N/A**
Equity investments [3]	**–**	**–**	**–**	**–**	**30**	**–**	**30**	**30**

	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)	N/A
Equity investments [3]	–	–	–	–	33	–	33	33

Information presented for the current year ended 30 September 2021 and comparative year ended 30 September 2020, is presented in accordance with 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 in note 25.
3. The equity investment of £30 million (2020: £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. No dividend was received during the year (2020: £2 million).

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 four Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as on 30 September 2021). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

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

The equity investment is classified as level 3 due to the use of forecast 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 £30 million was determined on this basis by an external valuation firm as at 30 September 2021 (2020: £33 million), representing a reduction of £3 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 2021	**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	**804**	**1**	**7**	**(10)**	**(1)**	**(3)**
Euro	**442**	**–**	**3**	**(12)**	**–**	**(9)**
Swiss franc	**56**	**–**	**1**	**–**	**–**	**1**
Jet fuel	**1**	**25**	**172**	**–**	**–**	**197**
Cross-currency interest rate swaps	**888**	**–**	**–**	**–**	**(33)**	**(33)**
Designated as fair value hedges						
Cross-currency interest rate swaps	**379**	**53**	**–**	**–**	**–**	**53**
Designated as fair value through profit or loss						
US dollar	**762**	**7**	**2**	**(8)**	**(3)**	**(2)**
Euro	**79**	**–**	**–**	**(1)**	**–**	**(1)**
		86	**185**	**(31)**	**(37)**	**203**

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)

For foreign currency forward 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 amount. 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 18 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.

24. Financial instruments continued

Amounts related to USD and EUR 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 statement of financial position 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 the statement of financial position monetary liabilities held in USD and EUR. These trades are all expected to occur on various dates within the next 36 months. Interest rate swap contracts are designated and qualify as either fair value or cash flow hedges to minimise volatility in the income statement.

As at 30 September 2021 there were no active US dollar, Euro, Swiss franc or Jet derivatives discontinued from a hedge accounting relationship.

The Group maintains cross-currency interest rate swap contracts on a proportion of 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 2021	**Gross Amount £ million**	**Amount not set off £ million**	**Net amount £ million**
Derivative financial instruments			
Assets	**271**	**(52)**	**219**
Liabilities	**(68)**	**52**	**(16)**
	203	**–**	**203**

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)

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS 32 '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. easyJet reduces its exposure to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged.

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.

easyJet's normal rolling foreign exchange and commodity hedging policies have been reduced in order to mitigate the potential for further over hedging. Throughout the year 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:

			2021			2020
	Headline £ million	**Non-headline £ million**	**Total £ million**	Headline £ million	Non-headline £ million	Total £ million
Shareholders' equity	**2,639**	**–**	**2,639**	1,899	–	1,899
Borrowings	**3,367**	**–**	**3,367**	2,731	–	2,731
Lease liabilities	**1,079**	**–**	**1,079**	710	–	710
Cash and money market deposits (excluding restricted cash)	**(3,536)**	**–**	**(3,536)**	(2,316)	–	(2,316)
Capital employed	**3,549**	**–**	**3,549**	3,024	–	3,024
Reported operating (loss)/profit	**(1,036)**	**126**	**(910)**	(775)	(124)	(899)
Tax rate			**19%**			19%
Adjusted operating profit after tax	**(839)**	**102**	**(737)**	(628)	(100)	(728)
Return on capital employed	**(25.5)%**		**(22.4)%**	(19.9)%		(23.0)%

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 liquidity to mitigate the impact of potential business disruption events. easyJet has undertaken swift and decisive action to raise c.£7 billion in liquidity since the beginning of the pandemic, from a diversified range of funding sources including debt and equity.

Liquidity raised in the year includes:

- sale and leaseback transactions were conducted on 35 aircraft and 2 engines generating gross proceeds of £876 million.
- on 8 January 2021 easyJet entered into a new five-year term loan facility of $1.87 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. On 21 January 2021 easyJet drew down $1.05 billion from this facility, utilising funds to repay and cancel the $500 million Revolving Credit Facility and repay term loans of $245 million and £200 million
- on 3 March 2021 easyJet FinCo B.V. issued a €1,200 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited and easyJet plc. The Eurobond pays an annual fixed coupon of 1.875%.
- on 9 September 2021 easyJet announced a fully underwritten rights issue to raise £1,235 million. This was accompanied by a new committed $400 million Revolving Credit Facility, which was undrawn at year end.

The Group continues to monitor liquidity 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.

Throughout the year easyJet had a target minimum liquidity requirement to cover the higher of unearned revenue and £2.6 million per 100 seats in the fleet. In assessing this liquidity metric any undrawn credit facilities need to be taken into consideration. Total cash (excluding restricted cash) and money market deposits at 30 September 2021 was £3,536 million (2020: £2,316 million) with total liquidity at £4,442 million. Surplus funds are invested in high quality short-term liquid instruments, mainly money market funds, bank deposits and tri-party repos. During the 2022 financial year, a new liquidity policy will be introduced to maintain minimum liquidity of at least unearned revenue plus £500 million. easyJet would have been in compliance with this policy throughout the 2021 financial year.

The maturity profile of financial liabilities and derivatives based on undiscounted cash flows and contractual maturities is as follows:

At 30 September 2021	**Within 1 year £ million**	**1-2 years £ million**	**2-5 years £ million**	**Over 5 years £ million**
Borrowings principal and interest	**358**	**488**	**1,762**	**1,070**
Trade and other payables	**1,128**	**-**	**-**	**-**
Lease liabilities	**251**	**239**	**491**	**317**
FX & jet derivative contracts - receipts	**(1,354)**	**(313)**	**(159)**	**-**
FX & jet derivative contracts - payments	**1,230**	**291**	**155**	**-**
Cross-currency swap contracts - receipts	**(16)**	**(446)**	**(872)**	**-**
Cross-currency swap contracts - payments	**30**	**405**	**914**	**-**

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	–

The maturity profile has been calculated based on spot rates for the US dollar, Euro, Swiss franc 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 repos, 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 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.

25. Financial risk and capital management continued

The credit ratings of counterparties that easyJet holds financial assets with are as follows:

At 30 September 2021	**A- and above £ million**	**Below A- £ million**	**Unrated/ Other £ million**	**£ million**
Financial assets				
Trade receivables	**–**	**–**	**291**	**291**
Other non-current assets	**–**	**–**	**135**	**135**
Derivative financial instruments	**219**	**–**	**-**	**219**
Restricted cash	**14**	**–**	**-**	**14**
Cash and cash equivalents	**3,534**	**2**	**-**	**3,536**
Total	**3,767**	**2**	**426**	**4,195**

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	2,371	3	186	2,560

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 2021 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 calculate an impairment provision.

At 30 September 2021 trade receivables had a total loss allowance of £1 million (2020: £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 USD, EUR and CHF 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 cash flow hedge relationships, in line with the Board approved policy. Throughout the year the policy stated that easyJet hedged 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 the Group separately manages foreign exchange risk related to forecast cash out flows on package holiday costs.

The foreign exchange hedging programmes for operational activities have continued at reduced levels due to uncertainty in exposures.

Significant currency exposures relating to the acquisition cost or sale proceeds of aircraft are also managed through the use of FX forward 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 USD and EUR, which are largely offset by holding USD and EUR cash and money market deposits. FX forward contracts are also used to manage foreign exchange translation risk. These are classified as fair value through profit or loss (e.g. not designated in a hedge relationship). During the year easyJet decided to use EUR lease liabilities to hedge a proportion of its EUR Revenue receipts in a cash flow hedge relationship. Revaluations of these EUR liabilities are held in reserves and released on a straight-line basis over the term of the lease agreement through profit or loss.

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:

	2021	
	Notional	**Gain/(loss)**
USD	**380**	**(4)**
EUR	**200**	**7**
CHF	**61**	**1**

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 2021, easyJet held long-term 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 7 January 2016. Subsequently easyJet plc has issued three bonds under this programme and easyJet FinCo B.V. has issued one bond. All four bonds under this scheme are guaranteed by easyJet Airline Company Limited, easyJet plc and easyJet FinCo B.V.

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 2021 was £380 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 in the statement of financial position was £(53) million. During the year, fair value adjustments totalled £28 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 £25 million gain with the remaining fair value movements relating to the hedging of interest risk.

In October 2016 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond 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 2021 was £447 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

In June 2019 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond 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 2021 was £446 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 2.30% with a weighted average GBP/EUR foreign exchange hedge rate of 1.19.

In March 2021 easyJet FinCo B.V. issued a €1,200 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited and easyJet plc. The Eurobond pays an annual fixed coupon of 1.875%. As at year end this was not hedged.

Interest rate cash flow risk arises on floating rate borrowings and cash investments.

25. Financial risk and capital management continued

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. A significant proportion of the US dollar debt liabilities are matched with US dollar cash assets by value. Operating leases are a mix of fixed and floating rates. Of the 137 aircraft operating leases in place at 30 September 2021 (2020: 124), 95% were based on fixed interest rates and 5% were based on floating interest rates (2020: 90% fixed, 10% floating).

Commodity price risk management

The Group is exposed to commodity risk in the form of jet fuel requirements and Carbon Emissions Trading System schemes (EU-ETS, CH-ETS & UK-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 the income statement in the short term. Throughout the year the policy stated that easyJet hedged between 65% and 85% of estimated exposures up to 12 months in advance, and hedged between 45% and 65% of estimated exposures from 13 up to 24 months in advance. Jet fuel derivatives are entered into a cash flow hedge relationship against the future forecasted jet fuel usage. Treasury strategies and actions will be driven by the need to meet treasury, financial and corporate objectives.

The fuel hedging programme has continued throughout the year at reduced levels due to uncertainty in exposures.

The volume of effective hedge transactions that occurred during the financial year to manage the jet commodity price risk was 0.6 million metric tonnes. This resulted in a £39 million loss (2020: £77 million) (£37 million in relation to release from the Cashflow Hedge Reserve, and £2 million in relation to release from Cost of Hedging) in the fuel line within the Income Statement.

The Group has a regulatory requirement to comply with EU-ETS, CH-ETS & UK-ETS on an annual basis to the relevant environmental agencies. easyJet is required to purchase carbon allowances on the open market to fulfil this requirement and is exposed to price movements that can introduce cash flow volatility. To mitigate this exposure easyJet will purchase its requirement on a spot or forward basis in line with Board approved policy to hedge up to 95% of anticipated exposure up to 24 months out. easyJet holds allowances for 100% of all ETS obligations for calendar year 2021.

Contracts maturing in the year were not classified as financial instruments as they fell 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 or 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 2021.

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 months.

	Currency rates					
At 30 September 2021	**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)	**(43)**	**35**	**42**	**(34)**	**28**	**–**
Impact on other comprehensive income: increase / (decrease)	**75**	**(61)**	**5**	**(4)**	**–**	**57**

	Currency rates					
	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
At 30 September 2020	£ million	£ million	£ million	£ million	£ million	£ million
Income statement impact: gain/(loss)	(13)	10	11	(9)	18	8
Impact on other comprehensive income: increase/(decrease)	(1)	1	(48)	39	–	46

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 2021

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	**498**	**481**
USD foreign exchange hedged notional	**463**	**63**
Average hedge rate	**1.34**	**1.34**
EUR foreign exchange hedged notional	**470**	**–**
Average hedge rate	**1.12**	**–**
CHF foreign exchange hedged notional	**55**	**–**
Average hedge rate	**1.21**	**–**

Notional expressed in the GBP contractual leg for currencies and metric tonnes for jet fuel

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 reduced flying programme easyJet became over-hedged on both jet fuel and FX exposures. Where the forecasted future exposure was 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 within non-headline. These amounts totalled a net £25 million loss in the year.

Any subsequent fair value movements on these discontinued trades was recognised in headline. These amounts totalled a net £30 million gain in the year. In addition, following the discontinuation of hedge accounting easyJet entered into derivatives to close out a proportion of over-hedged positions. These derivatives were traded in an 'equal and opposite' direction to the discontinued trades to economically close out these positions and totalled a net loss of £23 million. These have been included within the total headline fair adjustment value resulting in a net £7 million gain.

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.

Additionally, fair value adjustments of £1 million (2020: £nil) were recorded during the period related to hedge ineffectiveness on hedges of foreign currency denominated borrowings that continue to be effective hedge relationships.

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 addresses and travel details of approximately 9 million customers were accessed and for a very small subset of customers (2,208), credit card details were accessed.

The cyber-attack continues to be under investigation by the Information Commissioner's Office (ICO). As the cyber-attack took place before the United Kingdom left the European Union, the Group expects the ICO to be investigating on behalf of all EU data protection authorities as lead supervisory authority under the GDPR. Any penalty or enforcement action will need to be reviewed and approved by the other EU data protection authorities under the GDPR's cooperation process. In addition, in May 2020, a class action claim was filed in the UK High Court by a law firm representing a class of affected customers and claims have also been commenced or threatened in certain other courts and jurisdictions.

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

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

No amount is recognised in the statement of financial position in respect of any of these financial instruments as it is not probable that there will be an outflow of resources.

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

27. Government grants and assistance

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

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

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

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 15.27% of the issued share capital of easyJet plc as at 30 September 2021.

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

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

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

Three side letters have been entered into: (i) a letter dated 29 September 2016 in which easyGroup consented to easyJet acquiring a portion of the equity share capital in Founders Factory Limited; (ii) a letter dated 26 June 2017 in which the easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 2 February 2018 in which easyGroup agreed that certain affiliates of easyJet have the right to use the brand.

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

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

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

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

29. Events after the statement of financial position date

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

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

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

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2021 £ million**	As at 30 September 2020 £ million
Non-current assets			
Investments in subsidiary undertakings	c	**999**	983
Deferred tax asset		**2**	4
		1,001	987
Current assets			
Other receivables		**91**	4
Amounts due from subsidiary undertakings		**3,594**	2,709
Derivative financial instruments with subsidiary undertakings		**53**	85
		3,738	2,798
Current liabilities			
Amounts due to subsidiary undertakings		**(9)**	(2)
Borrowings	e	**(300)**	(600)
Other payables		**(37)**	(12)
		(346)	(614)
Net current assets		**3,392**	2,184
Non-current liabilities			
Borrowings	e	**(1,285)**	(1,356)
Derivative financial instruments with subsidiary undertakings		**(33)**	–
		(1,318)	(1,356)
Net assets		**3,075**	1,815
Shareholders' equity			
Share capital		**207**	125
Share premium		**2,166**	1,051
Hedging reserve		**(5)**	(15)
Retained earnings		**707**	654
Total equity		**3,075**	1,815

The financial statements on pages 213 to 218 were approved by the Board of Directors and authorised for issue on 30 November 2021 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 £37 million (2020: £35 million). Included in this amount are dividends received of £30 million (2020: £30 million), which are recognised when the right to receive payment is established.

JOHAN LUNDGREN
Director

KENTON JARVIS
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 2020	**125**	**1,051**	**(19)**	**4**	**654**	**1,815**
Profit for the year	**–**	**–**	**–**	**–**	**37**	**37**
Other comprehensive income	**–**	**–**	**10**	**–**	**–**	**10**
Total comprehensive income	**–**	**–**	**10**	**–**	**37**	**47**
Share incentive schemes						
Net proceeds from rights issue	**82**	**1,115**	**–**	**–**	**–**	**1,197**
Movement in reserves for employee share schemes	**–**	**–**	**–**	**–**	**16**	**16**
At 30 September 2021	**207**	**2,166**	**(9)**	**4**	**707**	**3,075**

	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 loss	–	–	(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

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

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

No ordinary dividend in respect of the year ended 30 September 2021 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.

The disclosures required in respect of share capital are shown in note 20 to the consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Note	**Year ended 30 September 2021 £ million**	Year ended 30 September 2020 £ million
Cash flows from operating activities			
Cash generated from/(used in) operations (excluding dividends)	f	**57**	(20)
Interest received		**41**	39
Interest paid		**(35)**	(36)
Dividends received		**30**	30
Dividends paid		**–**	(174)
Tax credit/(charge)		**4**	(5)
Net cash generated from/(used in) operating activities		**97**	(166)
Cash flows from investing activities			
Capital contribution to subsidiaries		**–**	(20)
Loans to subsidiaries		**(879)**	(855)
Cash used in investing activities		**(879)**	(875)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**1,144**	409
Proceeds from drawdown of bank loans and other borrowings		**–**	600
Repayment of bank loans and other borrowings		**(371)**	–
Net cash generated from financing activities		**773**	1,009
Effect of exchange rate		**9**	32
Cash and cash equivalents at beginning and end of year		**–**	–

NOTES TO THE COMPANY ACCOUNTS

a) Significant accounting policies

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company's principal activity is that of a holding company for a group of companies engaged in providing low-cost European flights and holidays.

The significant accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 1 to the consolidated financial statements with the addition of the following.

The financial statements have been prepared on a going concern basis; details of going concern are provided on pages 74 to 77.

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 investment '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.

Receivables

Receivables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less any expected credit losses.

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 £37 million (2020: £35 million). Included in this amount are dividends received of £30 million (2020: £30 million), which are recognised when the right to receive payment is established.

The Company has eight employees at 30 September 2021 (2020: 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 financial statements and in the Directors' Remuneration Report on pages 130 to 153.

c) Investments in subsidiary undertakings

Investments in subsidiary undertakings were as follows:

	2021 £ million	2020 £ million
At 1 October	**983**	945
Capital contributions to subsidiaries	**16**	38
At 30 September	**999**	983

During the year £16 million (2020: £18 million) capital contributions of share awards (as explained in note a above) was provided to Group companies. No other cash contributions were made during the year (2020: £20 million).

A full list of Group companies is 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 MT Limited (8)	Malta	Insurance	100
easyJet HQ Holdings Limited (2) (7)	England and Wales	Holding company	100
easyJet HQ Limited (2) (7)	England and Wales	Development of building projects	100
easyJet HQ Development Limited (2) (7)	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.
7. These UK entities are all 100% owned by the Group and are dormant subsidiary entities. They are exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 200, exempt from audit by virtue of s479A of the Companies Act 200 and exempt from filing with the registrar by virtue of s448A of the Companies Act 2006.
8. Newly incorporated in the 2021 financial year

* 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 financial statements on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a 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 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 1.125%. 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 a €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.

On 6 April 2020 easyJet issued a £600 million Commercial Paper through the Covid Corporate Financing Facility (CCFF). This is an unsecured, short term paper issued at a discount, of which £300 million was repaid in March 2021 and the remaining £300 million was repaid in November 2021.

For further details please refer to note 24 of the consolidated financial statements.

e) Borrowings

At 30 September 2021	**Current £ million**	**Non-current £ million**	**Total £ million**
Eurobond	**–**	**1,285**	**1,285**
Commercial Paper (Covid Corporate Financing Facility)	**300**	**–**	**300**
	300	**1,285**	**1,585**

At 30 September 2020	Current £ million	Non-current £ million	Total £ million
Eurobond	–	1,356	1,356
Commercial Paper (Covid Corporate Financing Facility)	600	–	600
	600	1,356	1,956

f) Reconciliation of profit for the year to cash generated from operations

	2021 **£ million**	2020 £ million
Profit for the year	**37**	35
Adjustments for:		
Net finance and other similar income	**(6)**	(4)
Unrealised foreign exchange differences	**–**	(1)
Tax credit	**(2)**	–
Dividends received	**(30)**	(30)
Operating cash flows before movement in working capital	**(1)**	–
Changes in working capital:		
Increase in trade and other debtors	**(33)**	–
Increase in trade and other payables	**25**	12
Increase in amounts due from subsidiary undertakings	**(16)**	(4)
Increase in amounts due to subsidiary undertakings	**7**	–
Increase/(decrease) in derivative financial instruments	**75**	(28)
	57	(20)

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.

On 8 January 2021 the Company guaranteed the contractual obligations of easyJet Airline Company Limited, a subsidiary undertaking, in respect of a $1.87 billion term loan facility, from which easyJet Airline Company Limited drew down $1.05 billion on the 22 January 2021. This facility is due to expire in January 2026.

On 3 March 2021 the Company guaranteed the contractual obligations of easyJet FinCo B.V, a subsidiary undertaking, in respect of a €1.2 billion bond issuance under the Euro Medium Term Note (EMTN) Programme. The bond has a coupon of 1.875% and matures in March 2028.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited, a subsidiary undertaking, in respect of a $400 million Revolving Credit Facility. The Revolving Credit Facility was agreed on 9 September 2021, for a minimum of four and a maximum of six years.

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, easyJet Airline Company Limited and easyJet Holidays Transport Limited to maintain its ATOL's under The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012. easyJet plc has also issued guarantees in favour of easyJet Holidays Limited and easyJet Airline Company Limited relating to processing of credit card transactions; and brand licence agreement with easyGroup Limited.

No amount is recognised in 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 financial statements.

i) Events after the balance sheet date

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

FIVE-YEAR SUMMARY

	2021 (as reported) £ million	2020 (as reported) £ million	2019 (restated) £ million	2018 (as reported) £ million	2017 (restated) £ million
Income statement					
Revenue	**1,458**	3,009	6,385	5,898	5,047
Total EBITDAR	**(425)**	(358)	970	839	709
Headline EBITDAR	**(551)**	(273)	970	961	733
Total operating (loss)/profit	**(910)**	(899)	466	463	404
Headline operating (loss)/profit	**(1,036)**	(777)	466	595	428
Total (loss)/profit before tax	**(1,036)**	(1,273)	430	445	385
Headline (loss)/profit before tax	**(1,136)**	(835)	427	578	408
Total (loss)/profit after tax	**(858)**	(1,079)	349	358	305
Headline (loss)/profit after tax	**(900)**	(725)	349	466	325
Basic total (loss)/earnings per share - pence	**(159.0)**	(222.9)	88.6	90.9	77.4
Basic headline (loss)/earnings per share - pence	**(166.9)**	(149.7)	88.7	118.3	82.5
Diluted total (loss)/earnings per share - pence	**(159.0)**	(222.9)	87.8	90.2	76.8
Diluted headline (loss)/earnings per share - pence	**(166.9)**	(149.7)	87.8	117.4	81.9
Ordinary dividend per share - pence	**–**	–	43.9	58.6	40.9
Statement of financial position					
Non-current assets	**5,608**	5,910	6,044	4,994	4,237
Current assets	**4,165**	2,563	2,119	1,999	1,734
Current liabilities	**(2,677)**	(3,826)	(2,668)	(2,060)	(1,670)
Non-current liabilities	**(4,457)**	(2,748)	(2,510)	(1,700)	(1,499)
Net assets	**2,639**	1,899	2,985	(3,233)	2,802
Net (debt)/cash					
Operating activities	**(1,035)**	(776)	761	961	663
Investing activities	**719**	23	(863)	(906)	(515)
Financing activities (excluding movements in borrowings and money market deposits)	**(1)**	(22)	(9)	(21)	(10)
Loan issue costs	**23**	–	6	(1)	6
Fair value and foreign exchange gains/(losses)	**(64)**	(66)	(86)	6	–
Net (decrease)/increase in net (debt)/cash	**(390)**	(841)	(191)	39	144
Key performance indicators					
Headline return on capital employed	**(25.5)%**	(19.9)%	11.4%	14.6%	11.9%
Net (debt)/cash	**(910)**	(1,125)	(326)	396	357
Airline total (loss)/profit before tax per seat (£)	**(36.33)**	(22.66)	4.1	4.68	4.45
Airline headline (loss)/profit before tax per seat (£)	**(39.87)**	(14.68)	4.07	6.07	4.71
Airline revenue per seat (£)	**50.54**	54.35	60.81	61.94	58.23
Airline total cost per seat (£)	**(86.87)**	(77.01)	56.71	57.26	53.78
Airline headline cost per seat (£)	**(90.41)**	(69.03)	56.74	55.87	53.52
Airline total cost per seat excluding fuel (£)	**(73.72)**	(63.92)	43.23	44.82	41.53
Airline headline cost per seat excluding fuel (£)	**(77.25)**	(55.94)	43.26	43.43	41.27
Seats flown (millions)	**28.2**	55.1	105.0	95.2	86.7

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 – ALTERNATIVE PERFORMANCE MEASURES (APMS)

Non-headline items	Material non-recurring items or items which are not considered to be reflective of the trading performance of the business (See note 1a)
Headline loss before tax	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.

	Year ended 30 September 2021	Year ended 30 September 2020
Statutory loss before tax	**(1,036)**	(1,273)
Total non-headline (credit)/charge before tax (see note 5)	**(100)**	438
Headline loss before tax	**(1,136)**	(835)

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

	Year ended 30 September 2021 £ million	Year ended 30 September 2020 £ million
Statutory operating loss	**(910)**	(899)
Add back:		
Aircraft dry leasing	**5**	1
Depreciation	**456**	485
Amortisation of intangible assets	**24**	18
EBITDAR	**(425)**	(395)
Non-headline (credit)/charge within operating profit (see note 5)	**(126)**	122
Headline EBITDAR	**(551)**	(273)

Net debt	Total cash less borrowings and lease liabilities. (Cash includes money market deposits but excludes restricted cash).

	2021 Total £ million	2020 Total £ million
Borrowings	**3,367**	2,731
Lease Liabilities	**1,079**	710
Cash and money market deposits (excluding restricted cash)	**(3,536)**	(2,316)
Net debt	**910**	1,125

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

	2021 Total £ million	2020 Total £ million
Shareholders' equity	**2,639**	1,899
Net debt	**910**	1,125
Capital employed	**3,549**	3,024
Reported operating (loss)/profit	**(910)**	(899)
Tax rate	**19%**	19%
Adjusted operating profit after tax	**(737)**	(728)
Return on capital employed	**(22.4)%**	**(23.0)%**
Reported operating (loss)/profit	**(910)**	(899)
Non-headline (credit)/charge within operating profit (see note 5)	**(126)**	122
Headline Reported operating (loss)/profit	**(1,036)**	(777)
Tax rate	**19%**	19%
Adjusted headline operating profit after tax	**(839)**	(629)
Headline return on capital employed	**(25.5)%**	**(19.9)%**

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

	2021 £ million	2020 Restated £ million
Total loss for the year	**(858)**	(1,079)
Total non-headline (credit)/charge before tax (see note 5)	**(100)**	438
Tax impact of non-headline items	**58**	(84)
Headline Loss	**(900)**	(725)

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

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

Constant currency measures	These performance measures are calculated by comparing 2021 financial year performance translated at the 2020 financial year effective exchange rate, excluding foreign exchange gains and losses in statement of financial position revaluations.

GLOSSARY

Aircraft dry / wet leasing	Dry leasing arrangements relate solely to the provision of an aircraft. Wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
Aircraft owned/leased at end of year	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
ATC	Air Traffic Control
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.
CCFF	Covid Corporate Financing Facility
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.
CRM	Customer Relationship Management
CSAT	Customer Satisfaction
CSAT	A weighted average of responses of surveys sent to customers who experienced either an on-time, delayed, severely delayed or cancelled flight.
Gearing	Net cash/debt divided by the sum of shareholders' equity and adjusted net cash/debt.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Normalised operating profit after tax	Reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year.
OEM	Original Equipment Manufacturer
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 and the profit or loss on the disposal of property plant and equipment.
Other income	Includes insurance receipts, compensation, dividends received and gains on sale and leaseback transactions.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Profit before tax per seat	Profit before tax divided by seats flown.
RCF	Revolving Credit Facility
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.
SAF	Sustainable Aviation Fuel
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight
UKEF	UK Export Finance
VCS	Verified Carbon Standard

SHAREHOLDER INFORMATION

MANAGING YOUR SHARES AND SHAREHOLDER COMMUNICATIONS

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; and
- 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 Board currently intends to hold the AGM on 10 February 2022 at 11.00am, subject to the ongoing Covid-19 pandemic and any UK Government guidance on social distancing, non-essential travel or public gatherings. The arrangements for the Company's 2022 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website. Guidance on whether physical attendance by shareholders will be possible will be determined nearer the time of the AGM.

INDEPENDENT AUDITOR

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CORPORATE WEBSITE

You can access the corporate website at https://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 https://corporate.easyjet.com/investors

SHARE PRICE INFORMATION

Details of our share price data and other share price tools are available at https://corporate.easyjet.com/investors

DIVIDENDS

Should the Company pay any dividends, they 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 020 7930 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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