RISK FACTORS

Risks Related to the Company

The Covid-19 pandemic and measures to reduce its spread have had, and will likely continue to have, a material adverse impact on the Company's business, results of operations, financial condition and liquidity. In December 2019, a novel strain of coronavirus ("Covid-19") was reported in Wuhan, China, and the World Health Organization ("WHO") subsequently declared Covid-19 a "Public Health Emergency of International Concern". Since February 2020, governments globally have implemented a range of travel restrictions including lockdowns, "do not travel" advisories, restrictions on travel from certain international locations, enhanced airport screenings, mandatory 14-day quarantine requirements, and other similar measures. Other governmental restrictions and regulations in the future in response to Covid-19 could include additional travel restrictions, quarantines of additional populations (including the Company's personnel), restrictions on our ability to access our facilities or aircraft or requirements to collect additional passenger data. In addition, governments, non-governmental organizations and entities in the private sector have issued and may continue to issue non-binding advisories or recommendations regarding air travel or other social distancing measures, including limitations on the number of persons that should be present at public gatherings. Finally, wariness among the public of travel by aircraft due to the perceived risk of health impacts, as well as cancelations of conventions, conferences, sporting events, concerts and other similar events, the closure of popular tourist destinations and the increased use of videoconferencing, have resulted in an unprecedented decline in business and leisure travel. There is no indication of when these restrictions may be lifted, whether they will be reimposed or when demand may return.

Ryanair began experiencing a substantial decline in international and domestic demand related to Covid-19 during the quarter ended March 31, 2020, and this reduction in demand is expected to continue. The Company has taken a number of actions in response to decreased demand and EU flight restrictions, including grounding a substantial portion of its fleet, reducing flight schedules and reducing capital and operating expenditures (including by postponing projects deemed non-critical to the Company's operations, canceling share buybacks, implementing restructurings and freezing recruitment and discretionary spending, and renegotiating contractual terms and conditions (including salaries) with personnel, airports and vendors). The Company may also take additional actions to improve its financial position, including measures to improve liquidity. Ryanair's reduction in expenditures, measures to improve liquidity or other strategic actions that it may take in the future in response to Covid-19 may not be effective in offsetting decreased demand, which could result in a material adverse effect on the Company's business, results of operations, financial condition and liquidity.

In addition, Ryanair has incurred, and will continue to incur, significant Covid-19 related costs for enhanced aircraft cleaning and additional procedures to limit transmission among its personnel and customers. Although these procedures are currently elective, the industry may in the future be subject to further cleaning and safety measures, which may be costly and take a significant amount of time to implement. These measures, individually and combined, could have a material adverse impact on the Company's business.

The full extent of the ongoing impact of Covid-19 on the Company's longer-term operational and financial performance will depend on future developments, many of which are outside of the Company's control, including the duration and spread of Covid-19 and related travel advisories and restrictions, the impact of Covid-19 on overall long-term demand for air travel, the impact of Covid-19 on the financial health and operations of the Company's business partners (particularly Boeing), and future governmental actions, all of which are highly uncertain and cannot be predicted. Even after the Covid-19 pandemic has moderated and the enhanced screenings, quarantine requirements and travel restrictions have eased, the Company may continue to experience similar adverse effects to its businesses, results of operations, financial position and cash flows resulting from a recessionary global economic environment that may persist.

Finally, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or travel restrictions could have a material adverse impact on the Company's business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect the Company's operations.

Ryanair has a significant amount of debt and fixed obligations, and insufficient liquidity may have a material adverse effect on the Company's financial condition. Ryanair carries, and will continue to carry for the foreseeable future, a substantial amount of debt related to aircraft financing commitments, as well as commitments for maintenance and other obligations. Although the Company has historically been able to generate sufficient cash flow from operations to pay debt and other fixed obligations when they become due, the impacts of Covid-19 and other risks described in this report may limit the Company's ability to do so in the future and may adversely affect its overall liquidity. As a result, the Company has incurred and will continue to seek new financing sources to fund its operations for the unknown duration of any economic recovery period. Volatility and uncertainty in the global markets generally, and the air transportation industry specifically, may make it difficult for Ryanair to raise additional capital on acceptable terms, or at all. Additionally, future debt agreements may contain more restrictive covenants or require security beyond historical market terms, which may restrict Ryanair's ability to successfully access capital.

If the Company's liquidity is materially diminished, it may not be able to timely pay aircraft leases and debts or comply with certain operating and financial covenants under its financing agreements or with other material provisions of its contractual obligations. In addition, in light of the affect Covid-19 is having on demand and, in turn, capacity, Ryanair has seen an increase in demand from consumers for refunds on their tickets and/or waiver of change fees, and Ryanair anticipates this will continue to be the case for the near future. Refunds and waivers lower the Company's liquidity. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources" for additional information regarding the Company's liquidity as of March 31, 2020.

Covid-19 has disrupted the Company's strategic growth plans. Covid-19 has disrupted the Company's strategic growth plans in the near term, and there are risks to its business, operating results and financial condition associated with executing its strategic growth plans in the long term. In developing its strategic growth plans, the Company makes certain assumptions, including, but not limited to, those related to customer demand, competition, market consolidation, the availability of aircraft and the global economy. Actual economic, market and other conditions have been and may continue to be different from its assumptions. In fiscal year 2021, demand has been, and is expected to continue to be, significantly impacted by Covid-19, which has materially disrupted the timely execution of the Company's strategic operating plans, including plans to add capacity in fiscal year 2021. If the Company does not successfully execute or adjust its strategic growth plans in the long term, or if actual results continue to vary significantly from its prior assumptions or vary significantly from its future assumptions, the Company's business, operating results and financial condition could be materially and adversely impacted.

The Company faces legal challenges by regulatory authorities and consumers due to delays in processing refunds and its policy of offering travel vouchers in the interim. EU Regulation (EC) No. 261/2004 requires airlines to offer passengers affected by a flight cancellation the option to choose between re-routing to their final destination at the earliest opportunity and refund of their ticket price. As regards re-routing, the Covid-19 outbreak made it impossible for airlines to re-route passengers to their destination within a short period of time and it was not clear when re-routing would become possible. At the beginning of the Covid-19 crisis, when Ryanair was unable to foresee its duration and impact on its operations, the obligation to provide immediate cash refunds under EU Regulation (EC) No. 261/2004 exposed Ryanair to unpredictable liquidity risks. Further, Ryanair's refund processing capacity fell to less than a quarter of the Company's standard capacity with the introduction of lockdown restrictions in Ireland and Spain in mid-March 2020. This coincided with an unprecedented high rate of flight cancellations. The consequent delay in the processing of cash refunds has led Ryanair to consider the alternative of offering travel vouchers, which requires only limited number of staff to activate and manage. Ryanair has been informing passengers about the option to reject the travel voucher, in line with the requirements of EU Regulation (EC) No. 261/2004 and the 'European Commission's Interpretative Guidelines on EU passenger rights regulations in the context of the Covid-19 crisis' of March 18, 2020, in which the Commission recognized airlines' right to offer travel vouchers as long as the offer does not affect passengers' right to opt for a refund instead. While there is a general acceptance by national authorities responsible for the enforcement of EU Regulation (EC) No. 261/2004 that the 7 days' deadline provided for by the Regulation to process refunds is to be interpreted in a reasonable manner in light of the circumstances of the Covid-19 crisis, there is a risk that some authorities may find Ryanair's inability to process refunds within a timeframe acceptable to them to be in breach of the Regulation. There is also a risk that some authorities may find Ryanair's decision to encourage passengers to accept travel voucher in lieu of a refund to amount to a breach of the information obligations contained in the Regulation and/or a misleading commercial practice.

Changes in fuel costs and availability affect the Company's results. Jet fuel is subject to wide price fluctuations as a result of many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict, including increases in demand, sudden disruptions in supply and other concerns about global supply, as well as market speculation. Oil prices in fiscal year 2020 increased when compared to fiscal year 2019. As international prices for jet fuel are denominated in U.S. dollars, Ryanair’s fuel costs are also subject to certain exchange rate risks. Substantial price increases, adverse exchange rates, or the unavailability of adequate fuel supplies, including, without limitation, any such events resulting from international terrorism, prolonged hostilities in the Middle East or other oil-producing regions or the suspension of production by any significant producer, may adversely affect Ryanair’s profitability. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, additional increases in fuel prices or a curtailment of scheduled services could result.

Ryanair has historically entered into hedging arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering periods of up to 24 months of anticipated jet fuel requirements. Ryanair is exposed to risks arising from fluctuations in the price of fuel, and movements in the euro/U.S. dollar exchange rate because of the limited nature of its hedging program, especially in light of recent volatility in the relevant currency and commodity markets. Any movements in fuel costs could have a material adverse effect on Ryanair’s financial performance. In addition, any strengthening of the U.S. dollar against the euro could have an adverse effect on the cost of buying fuel in euro.

No assurances whatsoever can be given about trends in fuel prices. Average fuel prices for future years may be significantly higher than current prices. There also cannot be any assurance that Ryanair’s current or any future arrangements will be adequate to protect Ryanair from increases in the price of fuel or that Ryanair will not incur losses due to high fuel prices, either alone or in combination with other factors. Because of Ryanair’s low fares and its no-fuel-surcharges policy, as well as Ryanair’s expansion plans, which could have a negative impact on yields, its ability to pass on increased fuel costs to passengers through increased fares or otherwise is somewhat limited. The expansion of Ryanair’s fleet has resulted and will likely (in coming years) continue to result in an increase in Ryanair’s aggregate fuel consumption.

Additionally, declines in the price of oil and/or capacity declines may expose Ryanair to some risk of hedging losses and hedge ineffectiveness that could lead to negative effects, including income statement volatility, on Ryanair’s financial condition and/or results of operations.

Ryanair is subject to cyber security risks and may incur increasing costs in an effort to minimize those risks. As almost all of Ryanair’s reservations are made through its website and mobile app, security breaches could expose it to a risk of loss or misuse of customer information, litigation and potential liability. A third party service organization is used for the reservation process which is also subject to cyber security risks. Ryanair takes steps to secure its website and is fully compliant with the Payment Card Industry Data Security Standard “PCI DSS”. Nevertheless, the security measures which have been or will be implemented may not be effective, and Ryanair’s systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, cyber-attacks, computer viruses, power loss, or other disruptive events. Ryanair may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at Ryanair, its customers and suppliers, or others who have entrusted it with information.

In addition, data and security breaches can also occur as a result of non-technical issues, including breaches by Ryanair or by persons with whom it has commercial relationships that result in the unauthorized release of personal or confidential information. Any such cyber-attack or other security issue could result in a significant loss of reservations and customer confidence in the website and its business which, in turn, could have a material adverse effect on Ryanair’s operating results or financial condition and potentially entail its incurring significant litigation or other costs.

Ryanair is subject to increasingly complex data protection laws and regulations. Ryanair’s business involves the processing and storage on a large scale of personal data relating to its customers, employees, business partners and others and is therefore subject to new and increasingly complex data protection laws and regulations. Ryanair is subject to the European Union’s General Data Protection Regulation 2016/679 (the “GDPR”) (which became fully applicable on May 25, 2018) as well as relevant national implementing legislation (Irish Data Protection Act 2018), which introduced a number of new significant obligations and requirements upon subject companies. Ryanair has set up a Privacy Working Group, which assists the Company Data Protection Officer, to ensure data protection compliance and to implement any additional controls to facilitate compliance with the GDPR and other data protection laws in the future. Ensuring compliance with data protection laws is an ongoing commitment which involves substantial costs, and it is possible that, despite Ryanair’s efforts, governmental authorities or third parties will assert that Ryanair’s business practices fail to comply with these laws and regulations. If its operations are found to be in violation of any of such laws and regulations, Ryanair may be subject to significant civil, criminal and administrative damages, penalties and fines, as well as reputational harm, which could have a material adverse effect on its business, financial condition or results of operations.

Ryanair has seasonally grounded aircraft. In prior years, in response to typically lower traffic and yields from November to March (inclusive) ("winter"), higher airport charges and/or taxes and, at times, higher fuel prices, Ryanair adopted a policy of grounding a certain portion of its fleet during the winter months. Ryanair carries out its scheduled heavy maintenance during the winter months which also results in the grounding of aircraft. In the winter of fiscal year 2020, Ryanair grounded approximately 64 aircraft (compared with 65 aircraft in fiscal year 2019). The Company intends to again ground aircraft in fiscal year 2021 although the number of aircraft grounded may be higher than in previous years due to the gradual ramp up of capacity following the return of flight operations after Covid-19 related aircraft groundings in fiscal year 2021, coupled with the Winter 2021 heavy maintenance program. Ryanair's policy of seasonally grounding aircraft presents some risks. While Ryanair seeks to implement its seasonal grounding policy in a way that will allow it to reduce the negative impact on operating income by operating flights during periods of high oil prices to high cost airports at low winter yields, there can be no assurance that this strategy will be successful.

While seasonal grounding does reduce Ryanair's variable operating costs, it does not avoid fixed costs such as aircraft ownership costs, and it also decreases Ryanair's potential to earn ancillary revenues. Decreasing the number and frequency of flights may also negatively affect Ryanair's labor relations, including its ability to attract flight personnel only interested in year round employment. Such risks could lead to negative effects on Ryanair's financial condition and/or results of operations.

Currency fluctuations affect the Company's results. Although Ryanair is headquartered in Ireland, a significant portion of its operations are conducted in the U.K. Consequently, the Group has significant operating revenues and operating expenses, as well as assets and liabilities, denominated in U.K. pounds sterling. In addition, fuel, aircraft, insurance, aircraft leases and some maintenance obligations are denominated in U.S. dollars. Ryanair's operations and financial performance can therefore be significantly affected by fluctuations in the values of the U.K. pound sterling and the U.S. dollar. Ryanair is particularly vulnerable to direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs are incurred in U.S. dollars and substantially none of its revenues are denominated in U.S. dollars.

Although the Company engages in foreign currency hedging transactions between the euro and the U.S. dollar and, from time to time, between the euro and the U.K. pound sterling, hedging activities are not expected to eliminate currency risks. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

The continuing uncertainty associated with the Brexit process could adversely affect Ryanair's business. The U.K.'s exit from the European Union on January 31, 2020 is likely to have a significant impact on the U.K. and the EU. In order to smooth the transition, the U.K. will remain subject to EU law during an implementation period, which is expected to end on December 31, 2020. According to the withdrawal agreement entered into between the EU and the U.K., this implementation period may be extended by a further two years, subject to political agreement. However, U.K. law currently prohibits the U.K. government from agreeing to an extension, and the U.K. government has confirmed its intention not to seek an extension, which significantly increased the risk of a "no-deal" or "hard" Brexit on December 31, 2020, whereby the U.K. would no longer be subject to EU law but there would be no agreement in place between the EU and the U.K. governing their future relationship, which could affect the Company's business and operations in the U.K.

The future arrangements between the EU and the U.K. could directly impact Ryanair's business in a number of ways. They include, inter alia, the status of the U.K. in relation to the EU's open air transport market, freedom of movement between the U.K. and the EU, employment rules governing the relationship between the U.K. and the EU, and the tax status of EU member state entities operating in the U.K. Adverse changes to any of these arrangements, and continuing uncertainty over potential changes during any period of negotiation, could potentially materially impact on Ryanair's financial condition and results of operations in the U.K. or other markets Ryanair serves.

As a result of no-deal contingency measures unilaterally implemented by both the EU and U.K. in 2019 in anticipation of the then likely no-deal Brexit, the risk of a cessation of flights between the U.K. and the EU27 in a no-deal scenario has been substantially reduced. In the event of market access restrictions between the U.K. and non-EU destinations (and in respect of U.K. domestic traffic), Ryanair expects to be able to use its U.K. subsidiary Ryanair U.K. Limited (“Ryanair U.K.”), which received an Air Operator Certificate and Operating License (“U.K. AOC”) from the U.K. Civil Aviation Authority (“U.K. CAA”) in December 2018. Alternatively, the Company may decide to cancel such routes.

Ryanair is exposed to Brexit-related risks and uncertainties, as approximately 21% of revenue in fiscal year 2020 came from operations in the U.K., although this was offset somewhat by approximately 16% of Ryanair’s non-fuel costs in fiscal year 2020 which were related to operations in the U.K.

Brexit could also present Ryanair with a number of potential regulatory challenges. Brexit could lead to potentially divergent national laws and regulations as the U.K. determines which EU laws (including, but not limited to, in respect of aviation safety and security, consumer rights and the environment) to replace or replicate. It also requires special efforts to ensure Ryanair’s continuing compliance with EU Regulation No. 1008/2008, which requires that air carriers registered in EU member states be majority-owned and effectively controlled by EU nationals. The Board of Directors has taken action to ensure continuing compliance with EU Regulation No. 1008/2008 if U.K. holders of the Company’s shares are no longer treated as EU nationals for the purposes of EU regulation No. 1008/2008. For additional information, please see “––Risks Related to Ownership of the Company’s Ordinary Shares or ADRs” below.

Brexit has caused, and may continue to cause, both significant volatility in global stock markets and currency exchange rate fluctuations, as well as create significant uncertainty among U.K. businesses and investors. In particular, the pound sterling has lost approximately 16% and 14% of its value against the U.S. Dollar and the euro respectively since the Referendum. Further, the Bank of England and other observers have warned of a significant probability of a Brexit-related recession in the U.K., which may be further impacted by the negative economic effects of the Covid-19 pandemic. The Company earns a significant portion of its revenues in pounds sterling, and any significant decline in the value of the pound and/or recession in the U.K. would materially impact its financial condition and results of operations. For the remainder of fiscal year 2021, taking account of timing differences between the receipt of sterling denominated revenues and the payment of sterling denominated costs, Ryanair estimates that every 1 pence sterling movement in the €/£ exchange rate will impact income by approximately €8 million. For additional information, please see “––Currency fluctuations affect the Company’s results” above.

The Company may not be successful in increasing fares to cover rising business costs. Ryanair operates a low-fares airline. The success of its business model depends on its ability to control costs so as to deliver low fares while at the same time earning a profit. Ryanair has limited control over its fuel costs and already has comparatively low operating costs. In periods of high fuel costs, if Ryanair is unable to further reduce its other operating costs or generate additional revenues, operating profits are likely to fall. Furthermore, as part of its change in marketing and airport strategy, the Company expects increased marketing and advertising costs along with higher airport charges at primary airports to which it operates. Ryanair cannot offer any assurances regarding its future profitability. Changes in fuel costs and availability could have a material adverse impact on Ryanair’s results. See “—The Company faces significant price and other pressures in a highly competitive environment” below and “—Changes in Fuel Costs and Availability Affect the Company’s Results” above.

The Company faces significant price and other pressures in a highly competitive environment. Ryanair operates in a highly competitive marketplace, with a number of low-fare, traditional and charter airlines competing throughout its route network. Airlines compete primarily in respect of fare levels, frequency and dependability of service, name recognition, passenger amenities (such as access to frequent flyer programs), and the availability and convenience of other passenger services. Unlike Ryanair, certain competitors are state-owned or state-controlled flag carriers and in some cases may have greater name recognition and resources and may have received, or may receive in the future, significant amounts of subsidies and other state aid from their respective governments as happened (and may continue to happen) during the Covid-19 pandemic. In addition, the EU-U.S. Open Skies Agreement allows U.S. carriers to offer services in the intra-EU market, which could eventually result in increased competition in the EU market. See “Item 4. Information on the Company—Government Regulation—European Union.”

The airline industry is highly susceptible to price discounting, in part because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. Both low-fare and traditional airlines sometimes offer low fares in direct competition with Ryanair across a significant proportion of its route network as a result of the liberalization of the EU air transport market and greater public acceptance of the low-fares model. Any decrease in fuel prices may enable weaker, unhedged, airlines to pass through fuel savings via lower fares. There is no guarantee that lower fuel prices will not lead to greater price competition and encourage new entrants to the market in the short to medium term.

In addition to traditional competition among airline companies and charter operators who have entered the low-fares market, the industry also faces competition from ground transportation (including high-speed rail systems) and sea transportation alternatives, as businesses and recreational travelers seek substitutes for air travel.

Although Ryanair intends to assert its rights against any predatory pricing or other similar conduct, price competition both among airlines and between airlines and ground and sea transportation alternatives could reduce the level of fares and/or passenger traffic on Ryanair's routes to the point where profitability may not be achievable.

The Company will incur significant costs acquiring new aircraft and any instability in the credit and capital markets could negatively impact Ryanair's ability to obtain financing on acceptable terms. Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace older aircraft. Ryanair had over 460 aircraft in its fleet as at June 30, 2020 and has ordered an additional 210 Boeing 737-MAX-200 aircraft (including 135 firm and 75 option aircraft) for delivery post June 30, 2020 over the next 5 years pursuant to a contract with the Boeing Company ("Boeing," and such contract, the "2014 Boeing Contract"). Ryanair expects to have approximately 585 narrow-body aircraft in its fleet following delivery of all the Boeing 737-MAX-200 aircraft, depending on the level of lease returns, Boeing's ability to fulfill the 2014 Boeing Contract and aircraft disposals. For additional information on the Company's aircraft fleet and expansion plans, see "—A majority of Ryanair's aircraft and certain parts are sourced from a single supplier; therefore, Ryanair would be materially and adversely affected if such supplier were unable to provide additional equipment or support," and "Item 4. Information on the Company—Aircraft" and "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources". There can be no assurance that this planned expansion will not outpace the growth of passenger traffic on Ryanair's routes or that traffic growth will not prove to be greater than the expanded fleet can accommodate. In either case, such developments could have a material adverse effect on the Company's business, results of operations, and financial condition.

As a result of a 2013 purchase agreement with Boeing (the "2013 Boeing Contract"), the 2014 Boeing Contract and other general corporate purposes, Ryanair has raised and expects to continue to raise substantial debt financing. Ryanair's ability to raise unsecured or secured debt to pay for aircraft is subject to potential volatility in the worldwide financial markets. Additionally, Ryanair's ability to raise unsecured or secured debt to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties and debt markets to such loan facilities and related loan guarantees, and any future financing is expected to be subject to similar conditions. Any failure by Ryanair to comply with such conditions and any failure to raise necessary amounts of unsecured or secured debt to pay for aircraft, would have a material adverse effect on its results of operations and financial condition.

Using the debt capital markets to finance the Company requires the Company to retain its investment grade credit ratings (the Company has a BBB credit rating from both S&P and Fitch Ratings). There is a risk that the Company will be unable, or unwilling, to access these markets if it is downgraded or is unable to retain its investment grade credit ratings and this could lead to a higher cost of finance for Ryanair and a material adverse effect on its results of operations and financial condition.

Ryanair has also entered into significant derivative transactions intended to hedge some of its aircraft acquisition-related debt obligations. These derivative transactions expose Ryanair to certain risks and could have adverse effects on its results of operations and financial condition. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

A majority of Ryanair's aircraft and certain parts are sourced from a single supplier; therefore, Ryanair would be materially and adversely affected if such supplier were unable to provide additional equipment or support. Because Ryanair currently sources the majority of its aircraft and many related aircraft parts from Boeing, if Ryanair was unable to acquire additional aircraft from Boeing, or if Boeing was unable or unwilling to make timely deliveries of aircraft or to provide adequate support for its products, Ryanair's operations could be materially and adversely affected. For example, in 2019 certain global aviation regulators and airlines grounded the Boeing 737-MAX-8 in response to accidents involving aircraft flown by Lion Air and Ethiopian Airlines (the "Directives"). It is unclear when or if such Directives will be lifted. As of March 31, 2020, Ryanair has up to 135 firm and 75 options Boeing 737-MAX-200 on order from Boeing under the 2014 Boeing Contract, and Ryanair currently expects, given the planned delivery schedule, to operate these aircraft during fiscal year 2021. Boeing are currently working with the FAA and EASA regarding a return to service and the current expectation is that the aircraft will return to service in the United States in the third quarter of 2020 with a return to service in Europe a number of months thereafter. There can be no assurances regarding when Ryanair’s deliveries of the Boeing 737-MAX-200 (which is a variant of the Boeing 737-MAX-8, receiving a separate certification) will commence. The long-term operational and financial impact of the Directives is uncertain and could negatively affect Ryanair based on a number of factors, including, among others, public perception of the safety of the Boeing 737-MAX-200 (and Boeing aircraft generally), the period of time the ordered aircraft are unavailable and the associated loss of anticipated flight capacity. As such, the Directives and their impact on Boeing have caused, and are expected to continue to cause, significant disruption to Ryanair’s customers and financial costs to Ryanair.

Entry into service of the Boeing 737-MAX-200. Ryanair has 135 Boeing 737-MAX-200 aircraft on firm order from Boeing. These aircraft were originally due to commence delivery in April 2019. However, an airworthiness directive from the FAA has grounded the Boeing 737-MAX-8 aircraft until further notice. Due to its larger seat density and the addition of two additional emergency doors, the Boeing 737-MAX-200 will require a unique certification permit from the FAA and EASA prior to its release to service. There can be no assurance that the Boeing 737-MAX-8 and the Boeing 737-MAX-200 will receive FAA and EASA regulatory approval or on what date any such approval will be granted.

There also can be no assurance that EASA will not, now or in the future, apply additional maintenance and/or, simulator training in relation to the operation of the Boeing 737-MAX-200 aircraft, that will materially increase the cost of operating this aircraft type. In addition, should any negative public perception develop in relation to the safety of the Boeing 737-MAX aircraft series, Ryanair’s growth plans and profitability could be materially adversely affected.

The Company’s growth may expose it to risks. Ryanair’s operations have grown rapidly since it pioneered the low-fares operating model in Europe in the early 1990s. Ryanair intends to continue to expand its fleet and add new destinations and additional flights, with the goal of increasing Ryanair’s booked passenger volumes to approximately 200m passengers per annum over the next 5 or 6 years, an increase of approximately 35% from the approximately 149m passengers booked in fiscal year 2020. However, no assurance can be given that this target will be met. If growth in passenger traffic and Ryanair’s revenues do not keep pace with the planned expansion of its fleet, Ryanair could suffer from overcapacity and its results of operations and financial condition (including its ability to fund scheduled purchases of the new aircraft and related debt repayments) could be materially adversely affected.

The continued expansion of Ryanair’s fleet and operations combined with other factors, may also strain existing management resources and related operational, financial, management information and information technology systems. Expansion will generally require additional skilled personnel, equipment, facilities and systems. An inability to hire skilled personnel or to secure required equipment and facilities efficiently and in a cost-effective manner may have a material adverse effect on Ryanair’s ability to achieve its growth plans and sustain or increase its profitability.

Ryanair’s new routes and expanded operations may have an adverse financial impact on its results. When Ryanair commences new routes, its load factors and fares tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher, which may result in initial losses that could have a material negative impact on Ryanair’s results of operations as well as require a substantial amount of cash to fund. In addition, there can be no assurance that Ryanair’s low-fares service will be accepted on new routes. Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. Promotional fares may have the effect of increasing load factors and reducing Ryanair’s yield and passenger revenues on such routes during the periods that they are in effect. Ryanair has significant cash needs as it expands, including the cash required to fund aircraft purchases or aircraft deposits related to the acquisition of aircraft. There can be no assurance that Ryanair will have sufficient cash to make such expenditures and investments, and to the extent Ryanair is unable to expand its route system successfully, its future revenue and earnings growth will in turn be limited. See “—The Company will incur significant costs acquiring new aircraft and any instability in the credit and capital markets could negatively impact Ryanair’s ability to obtain financing on acceptable terms” above.

Ryanair’s continued growth is dependent on access to suitable airports; charges for airport access are subject to increase. Airline traffic at certain European airports is regulated by a system of grandfathered “slot” allocations. Each slot represents authorization to take-off and land at the particular airport at a specified time. As part of Ryanair’s recent strategic initiatives, which include more flights to primary airports, Ryanair Group airlines are operating to an increasing number of slot coordinated airports, a number of which have constraints at particular times of the day. There can be no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-coordinated airports that it may wish to serve in the future, at the time it needs them, or on acceptable terms. There can also be no assurance that its non-slot constrained bases, or the other non-slot constrained airports Ryanair serves, will continue to operate without slot allocation restrictions in the future. See “Item 4. Information on the Company—Government Regulation—Slots.” Airports may impose other operating restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway restrictions, and limits on the number of average daily departures. Such restrictions may limit the ability of Ryanair to provide service to or increase service at such airports.

Ryanair’s future growth also materially depends on its ability to access suitable airports located in its targeted geographic markets at costs that are consistent with Ryanair’s strategy. Any condition that denies, limits, or delays Ryanair’s access to airports it serves or seeks to serve in the future would constrain Ryanair’s ability to grow. A change in the terms of Ryanair’s access to these facilities or any increase in the relevant charges paid by Ryanair as a result of the expiration or termination of such arrangements and Ryanair’s failure to renegotiate comparable terms or rates could have a material adverse effect on the Company’s financial condition and results of operations. For additional information, see “Item 4. Information on the Company—Airport Operations—Airport Charges.” See also “—The Company is subject to legal proceedings alleging state aid at certain airports” below.

Labor relations could expose the Company to risk. Ryanair announced in December 2017 its decision to recognize trade unions for collective bargaining purposes. Since then, Ryanair Group airlines have concluded Collective Labor Agreements (“CLA’s”) with Trade Unions in most of their major markets. The CLA’s concluded to date vary by country but include agreements on recognition, seniority, base transfers, promotions, pay and rostering arrangements. There may be a push for legacy type working conditions which if acceded to could decrease the productivity of pilots, increase costs and have an adverse effect on profitability. In May 2020, as a direct response to over 99% of its fleet being grounded due to EU governments reaction to the spread of Covid-19 and uncertainty in relation to the resumption of flight operations, customer demand and capacity, the Company announced that it was commencing discussions with its people and its unions about pay cuts up to 20% and approximately 3,000 job losses. There is no guarantee that the discussions will be successful or that further job losses or pay cuts will not be required. Ryanair intends to retain its low fare, high people productivity model; however, there may be periods of labor unrest as unions challenge the existing high people productivity model which may have an adverse effect on customer sentiment and profitability.

Ryanair has transitioned from Irish to local contracts of employment in a number of EU countries which could impact on costs, productivity and complexity of the business. Any subsequent decision to switch to lower cost locations could result in redundancies and a consequent deterioration in labor relations.

The Company is dependent on external service providers. Ryanair currently assigns its engine overhauls and “rotable” repairs to outside contractors approved under the terms of Part 145, the European regulatory standard for aircraft maintenance (“Part 145”) established by the European Aviation Safety Agency (“EASA”). The Company also assigns its passenger, aircraft and ground handling services at airports (other than Dublin, London Stansted and certain airports in Poland, Spain and Portugal) to established external service providers. See “Item 4. Information on the Company—Maintenance and Repairs—Heavy Maintenance” and “Item 4. Information on the Company—Airport Operations - Airport Handling Services.”

The termination or expiration of any of Ryanair’s service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company’s results of operations. Ryanair will need to enter into airport service agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates. In addition, although Ryanair seeks to monitor the performance of external parties that provide passenger and aircraft handling services, the efficiency, timeliness, and quality of contract performance by external providers are largely beyond Ryanair’s direct control. Ryanair expects to be dependent on such outsourcing arrangements for the foreseeable future.

The Company is dependent on key personnel. Ryanair’s success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O’Leary, the Group CEO, and key financial, commercial, operating, IT and maintenance personnel. See “Item 6. Directors, Senior Management and Employees—Compensation of Directors and Executive Officers—Remuneration Agreement with Mr. O’Leary.” Ryanair’s success also depends on the ability of its Executive Officers and other members of senior management to operate and manage effectively, both independently and as a group. Although Ryanair’s employment agreements with Mr. O’Leary and several of its other

Senior Executives contain non-competition and non-disclosure provisions, there can be no assurance that these provisions will be enforceable in whole or in part. Competition for highly qualified personnel is intense, and either the loss of any Executive Officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect upon Ryanair's business, operating results, and financial condition.

The Company faces risks related to its internet reservations operations and its elimination of airport check-in facilities. Ryanair's flight reservations are made through its website, mobile app and Global Distribution Systems including Travelport (which operates the Galileo and Worldspan GDS) and Sabre (collectively, the "GDSs") (GDSs). Ryanair has established contingency programs which include hosting its website in multiple locations and having a back-up booking engine available to support its existing booking platform in the event of a breakdown in this facility. Nonetheless, the process of switching over to the back-up engine could take some time and there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a major breakdown of its booking engine or other related systems.

All Ryanair passengers are required to use Internet check-in. Internet check-in is part of a package of measures intended to reduce check-in lines and passenger handling costs and pass on these savings by reducing passenger airfares. Ryanair has deployed this system across its network. Any disruptions to the Internet check-in service as a result of a breakdown in the relevant computer systems or otherwise could have a material adverse impact on these service-improvement and cost-reduction efforts. There can be no assurance, however, that this process will continue to be successful or that consumers will not switch to other carriers that provide standard check-in facilities, which would negatively affect Ryanair's results of operations and financial condition.

The Company is subject to legal proceedings alleging state aid at certain airports. Formal investigations are ongoing by the European Commission into Ryanair's agreements with the Paris (Beauvais), La Rochelle, Carcassonne, Girona, Reus, Târgu Mures and Beziers airports, and Ryanair's agreements from 2009 with Frankfurt (Hahn) airport. The investigations seek to determine whether the agreements constitute illegal state aid under EU law. The investigations are currently expected to be completed in 2020, with the European Commission's decisions being appealable to the EU General Court. Between 2010 and 2019, investigations into Ryanair's agreements with the Bratislava, Tampere, Marseille, Berlin (Schönefeld), Aarhus, Dusseldorf (Weeze), Brussels (Charleroi), Alghero, Stockholm (Västerås), Lübeck and Riga airports, and into Ryanair's agreements prior to 2009 with Frankfurt (Hahn), concluded with findings that these agreements contained no state aid. Between 2014 and 2019, the European Commission announced findings of state aid to Ryanair in its arrangements with Pau, Nimes, Angouleme, Altenburg, Zweibrücken, Cagliari, Klagenfurt and Montpellier airports, ordering Ryanair to repay a total of approximately €32m of alleged state aid. Ryanair has appealed seven of these "aid" decisions to the EU General Court. Ryanair will appeal the Montpellier "aid" decision to the General Court when it is published in the EU's Official Journal.

In late 2018, the General Court upheld the Commission's findings regarding Ryanair's arrangements with Pau, Nimes, Angouleme and Altenburg airports, and overturned the Commission's finding regarding Ryanair's arrangement with Zweibrücken airport. Ryanair appealed these four negative findings to the European Court of Justice but discontinued the appeals in late 2019 after the Court decided to proceed without oral hearings. The appeal proceedings before the General Court regarding Ryanair's arrangements with Cagliari, Klagenfurt and Montpellier airports are expected to take approximately two years. In addition to the European Commission investigations, Ryanair is facing an allegation that it has benefited from unlawful state aid in a German court case in relation to its arrangements with Frankfurt (Hahn). Adverse rulings in the above state aid matters could be used as precedents by competitors to challenge Ryanair's agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in relation to public or state-owned airports across Europe. This could in turn lead to a scaling-back of Ryanair's overall growth strategy due to the smaller number of privately owned airports available for development.

No assurance can be given as to the outcome of these legal proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have a material adverse effect on the results of operations or financial condition of Ryanair.

For additional information, please see "Item 8. Financial Information¾Other Financial Information¾Legal Proceedings."

The Company faces risks related to unauthorized use of information from the Company's website. Screenscraper websites gain unauthorized access to Ryanair's website and booking system, extract flight and pricing information and display it on their own websites for sale to customers at prices which may include hidden intermediary fees on top of Ryanair's fares. Ryanair does not allow any such commercial use of its website and objects to the practice of screenscraping also on the basis of certain legal principles, such as database rights and copyright protection, etc. Ryanair is currently involved in a number of legal proceedings against the proprietors of screenscraper websites in Ireland, Germany, France, Italy and Switzerland. Ryanair's objective is to prevent any unauthorized use of its website and to prevent consumer harm, and the resultant reputational damage to the Company, that may arise due to the failure by some operators of screenscraper websites to provide Ryanair with the passengers' genuine contact and payment method details. Ryanair does allow certain companies who operate fare comparison (i.e. not reselling) websites to access its schedule and fare information for the purposes of price comparison provided they sign a license and use the agreed method to access the data. Ryanair also permits Travelport (trading as Galileo and Worldspan) and Sabre, GDS operators, to provide access to Ryanair's fares to traditional and corporate travel agencies. Ryanair has obtained both favorable and unfavorable rulings in its actions in EU member states against screenscrapers. However, pending the outcome of these legal proceedings and if Ryanair were to be ultimately unsuccessful in them, the activities of screenscraper websites could lead to a reduction in the number of customers who book directly on Ryanair's website and consequently to a reduction in Ryanair's ancillary revenue stream. Also, some customers may be lost to Ryanair once they are presented by a screenscraper website with a Ryanair fare inflated by the screenscraper's intermediary fee. This could also adversely affect Ryanair's reputation as a low-fares airline, which could negatively affect Ryanair's results of operations and financial conditions.

For additional details, see "Item 8. Financial Information—Other Financial Information—Legal Proceedings—Legal Proceedings Against Internet Ticket Touts."

Corporation tax rates could rise. The Company is principally subject to corporation tax on profits across a number of EU jurisdictions from which its airlines are managed and controlled (i.e. Austria, Ireland, Malta, Poland, and the U.K.). There remains a risk that governments could increase corporation tax rates in the future.

Any increase in corporation tax rates to which the Company is exposed, or adverse changes in the basis of calculation would result in the Company paying higher corporation taxes and would have an adverse impact on Ryanair's cash flows, financial position and results of operations.

Change in EU regulations in relation to employers and employee social insurance could increase costs. European legislation governs the country in which employees and employers must pay social insurance costs. Under the terms of legislation introduced in 2012, employees and employers must pay social insurance in the country where the employee is based. Prior to June 2012, Ryanair paid employee and employer social insurance in the country under whose laws the employee's contract of employment was governed, which was either the U.K. or Ireland. The legislation introduced in 2012 included grandfathering rights whereby existing employees (i.e. those employed prior to the introduction of the new legislation in June 2012) were exempt from the effects of the new legislation for a period of 10 years up until 2022 provided they did not transfer between bases. Each country within the EU has different rules and rates in relation to the calculation of employee and employer social insurance contributions and any increase in the rates of contributions will have a material adverse effect on Ryanair's cash flows, financial position and results of operations.

Ryanair is subject to tax audits. The Company operates in many jurisdictions and is, from time to time, subject to tax audits, which by their nature are often complex and can require several years to conclude. While the Company is of the view that it is tax compliant in the various jurisdictions in which it operates, there can be no guarantee, particularly in the current economic environment, that it will not receive tax assessments following the conclusion of the tax audits. In the event that the Company is unsuccessful in defending its position, it is possible that the effective tax rate, employment and other costs of the Company could materially increase. See "— Corporation tax rates could rise" above.

Risks associated with the euro. The Company is headquartered in Ireland and its reporting currency is the euro. As a result of the uncertainty arising from the Eurozone debt crisis, there was widespread speculation regarding the future of the Eurozone. In addition, following Brexit, the pound sterling has been volatile against the euro and could become more volatile over the course of the transition period. Ryanair Group airlines predominantly operates to/from countries within the Eurozone and have significant operational and financial exposures to the Eurozone that could result in a reduction in the operating performance of Ryanair or the devaluation of certain assets. Ryanair has taken certain risk management measures to minimize any disruptions; however, these risk management measures may be insufficient.

The Company has cash and aircraft assets and debt liabilities that are denominated in euro on its balance sheet. In addition, the positive/negative mark-to-market value of derivative-based transactions are recorded in euro as either assets or liabilities on the Company's balance sheet. Uncertainty regarding the future of the Eurozone could have a materially adverse effect on the value of these assets and liabilities. In addition to the assets and liabilities on Ryanair's balance sheet, the Company has a number of cross currency risks as a result of the jurisdictions of the operating business including non-euro revenues, fuel costs, certain maintenance costs and insurance costs. A strengthening in the value of the euro primarily against U.K. pound sterling and other non-Eurozone currencies such as Polish zloty or a weakening against the U.S. dollar could have a material adverse impact the operating results of the Company.

Recession, austerity and uncertainty in connection with the euro could also mean that Ryanair is unable to grow. The recent European recession, austerity measures still in effect in several European countries, the Covid-19 crisis and social and political instability associated with the influx of refugees related to the wars in Syria, Afghanistan and elsewhere could mean that Ryanair may be unable to expand its operations due to lack of demand for air travel.

Risks associated with the Company's restructuring. Over the course of fiscal year 2019 and fiscal year 2020, the Company has undergone a corporate restructuring which resulted in the transition from a single airline operating model (i.e. Ryanair DAC) to an airline modeled through five entities: Buzz (Ryanair Sun), Laudamotion ("Lauda"), Malta Air, Ryanair DAC and Ryanair U.K. (collectively the "Airline Entities").

The cost of implementing these plans has been material, and the Company may continue to incur additional material expenses in relation thereto. In addition, the implementation of the changes involves a number of risks related to both the revised structure and also the process of transition to such new structure. For example:

Increased costs and complexity related to establishing and maintaining intra-group agreements for management, funding, shared services and customer support between the Airline Entities;
Increased costs and complexity related to compliance with the applicable regulatory authorities and legal regimes governing each Airline Entity;
Operational risks related to the addition of Airbus aircraft to the Company's predominantly Boeing fleet, including impacts related to expanding the Company's aircraft maintenance programs;
Development and implementation of consistent and efficient operating models across the Airline Entities; and
Potential accounting consequences, including tax costs, as a result of asset transfers in connection with the restructuring.

As a result, the implementation of the restructuring could have a material adverse effect on the Company's business, its financial condition, results of operations and prospects.

Risks Related to the Airline Industry

Any significant outbreak of any airborne disease could significantly damage Ryanair's business. Worldwide, there has, from time to time, been substantial publicity in recent years regarding certain potent influenza viruses and other disease epidemics and pandemics. Publicity of this type may have a negative impact on demand for air travel in Europe. Past outbreaks of MERS, SARS, foot-and-mouth disease, avian flu, swine flu, Zika virus and the current Covid-19 pandemic have adversely impacted the travel industries, including aviation, in certain regions of the world, including Europe. The Company believes that if any influenza or other pandemic becomes severe in Europe, its effect on demand for air travel in the markets in which Ryanair operates could be material, and it could therefore have a significantly adverse effect on the Company's financial performance. A severe outbreak of swine flu, MERS, SARS, foot-and-mouth disease, avian flu or another pandemic or livestock-related disease may also result in European or national authorities imposing/re-imposing restrictions on travel, further damaging Ryanair's business. A serious pandemic could therefore severely disrupt Ryanair's business, resulting in the cancellation or loss of bookings, and adversely affecting Ryanair's financial condition and results of operations. See "Risks Related to the Company – The Covid-19 pandemic and measures to reduce its spread have had, and will likely continue to have, a material adverse impact on the Company's business, results of operations, financial condition and liquidity" and "Covid-19 has disrupted the Company's strategic growth plans" above.

EU Regulation on passenger compensation could significantly increase related costs. EU Regulation (EC) No. 261/2004 requires airlines to compensate passengers (holding a valid ticket) who have been denied boarding or whose flight has been canceled or delayed more than three hours on arrival. The regulation calls for compensation of €250, €400, or €600 per passenger, depending on the length of the flight and the cause for the cancellation or delay, i.e. whether it is caused by "extraordinary circumstances". As Ryanair's average flight length is less than 1,500 Km – the upper limit for short-haul flights – the amount payable is generally €250 per passenger. Passengers subject to flight delays over two hours are also entitled to "assistance," including meals, drinks and telephone calls, as well as hotel accommodation if the delay extends overnight. For delays of over five hours, the airline is also required to offer the option of a refund of the cost of the unused ticket. There can be no assurance that the Company will not incur a significant increase in costs in the future due to the impact of this regulation if Ryanair experiences a large number of delays or canceled flights, which could occur as a result of certain types of events beyond its control. Further, recently courts in several jurisdictions have been narrowing the definition of the term "extraordinary circumstances", thus allowing increased consumer claims for compensation. In September 2015, the Court of Justice of the EU, in Van der Lans v KLM, held that airlines are required to provide compensation to passengers even in the event of a flight cancellation on account of unforeseen technical defects. Further, in April 2018, the Court of Justice of the EU found in Krusemann v TUIfly that "wildcat" strikes which stem from restructuring measures taken by an air carrier do not constitute extraordinary circumstances. Ryanair considers that the union-led strikes which it experienced during 2018 can be differentiated from the Krusemann case, because it believes the union-led strikes were beyond Ryanair's control and did not stem from a decision taken by Ryanair, but there is a risk that courts may find differently. See "—Extreme Weather Events Could Affect the Company and Have a Material Adverse Effect on the Company's Results of Operations" below.

Under the terms of Regulation (EC) No. 261/2004, described above, in addition to the payment of compensation, Ryanair has certain duties to passengers whose flights are canceled. In particular, Ryanair is required to reimburse passengers who have had their flights canceled for certain reasonable, documented expenses – primarily for accommodation and food. Passengers must also be given a re-routing option if their flight is delayed over three hours or if it is canceled. Such re-routing options are not limited to Ryanair flights and other carriers must be considered if no suitable Ryanair flight can be sourced. If a passenger elects for a refund, Ryanair's re-routing obligations cease.

The airline industry is particularly sensitive to changes in economic conditions: a continued recessionary environment would negatively impact Ryanair's result of operations. Ryanair's operations and the airline industry in general are sensitive to changes in economic conditions. Unfavorable economic conditions such as government austerity measures, the uncertainty relating to the Eurozone and the U.K. following Brexit, high unemployment rates, constrained credit markets and increased business operating costs could lead to reduced spending by both leisure and business passengers. Unfavorable economic conditions, such as the conditions persisting as of the date hereof, also tend to impact Ryanair's ability to raise fares to counteract increased fuel and other operating costs. A continued recessionary environment, combined with austerity measures by European governments and increased Brexit-related uncertainty in the U.K., will likely negatively impact Ryanair's operating results. It could also restrict the Company's ability to grow passenger volumes, secure new airports and launch new routes and bases, and could have a material adverse effect on its financial results.

The introduction of government/environmental taxes on travel could damage Ryanair's ability to grow and could have a material adverse impact on operations. Travel taxes are levied on a per passenger basis in a number of Ryanair markets. In the U.K., Air Passenger Duty (APD) is charged at £13 per adult passenger. In Germany there is an air passenger tax of €12.90. Similar taxes exist in Morocco (MAD100), Norway (NOK76.50), Sweden (SEK62) and Italy (municipal taxes of €6.50). In July 2020, the Austrian Parliament voted to approve an increase to the Austrian travel tax from September 1, 2020 to €12 (previously €3.50), as well as introducing a €30 travel tax on flights where the destination is less than 350 kilometers. These taxes are levied as a flat amount per departing passenger and account for a higher percentage when applied to low fares. In Ryanair's experience the imposition of travel taxes reduces the growth potential of a market as fares do not increase by the amount of the tax. In most markets transfer passengers are exempt from these taxes and as a result they distort the market by giving an unfair subsidy to inefficient high cost airlines who operate connecting flight networks.

The introduction of government taxes on travel has had a negative impact on passenger volumes, particularly given the current period of decreased economic activity within the industry as a result of the Covid-19 pandemic. The introduction of further government taxes on travel across Europe could have a material adverse effect on Ryanair’s financial results.

In 2020 some national politicians in Austria and Italy called for the introduction of minimum prices on airline tickets and/or for a ban on prices lower than the sum of applicable government taxes and airport charges. While management believes that any such restriction of airlines’ commercial freedom would be incompatible with EU law, it cannot be guaranteed that some form of government intervention in airline ticket prices will not be introduced at a national or European level. This would severely impact the Company’s ability to attract the most price sensitive consumers.

Political uncertainty and an increase in trade protectionism could have a material adverse effect on Ryanair’s business, results of operation and financial condition. The current U.S. administration has voiced strong concerns about imports from countries that it perceives as engaging in unfair trade practices, and has imposed tariffs on certain goods imported into the United States and raised the possibility of imposing significant, additional tariff increases. The announcement of unilateral tariffs on imported products by the U.S. has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a “trade war”. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. Others are considering the imposition of sanctions that will deny U.S. companies access to critical raw materials. These measures could increase the price of goods and services globally and may affect Ryanair, which has exposure, either directly or indirectly, to certain raw materials, including steel used for aircraft it purchases and jet fuel. A “trade war” of this nature or other governmental action related to tariffs or international trade agreements could have a material adverse effect on demand for Ryanair’s services, its costs, customers, suppliers and/or the Irish, EU, U.S. or world economy or certain sectors thereof and, thus, Ryanair’s business and financial results.

The Company is substantially dependent on discretionary air travel. Because a substantial portion of airline travel (both business and personal) is discretionary and because Ryanair is substantially dependent on discretionary air travel, any prolonged general reduction in airline passenger traffic could have a material adverse effect on the Company’s profitability or financial condition. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company’s profitability or financial condition. As a consequence, any future aircraft safety incidents (particularly involving other low-fare airlines or aircraft models flown by Ryanair), changes in public opinion regarding the environmental impacts of air travel, terrorist attacks in Europe, the U.S. or elsewhere, significant military actions by the United States or EU nations, or any related economic downturn may have a material adverse effect on demand for air travel and thus on Ryanair’s business, operating results, and financial condition. See “—The Company is dependent on the continued acceptance of Low-fares airlines.”

Environmental Regulation will increase costs. Many aspects of Ryanair’s operations are subject to increasingly stringent national and international laws, regulations and levies protecting the environment, including those relating to carbon emissions, clean water, management of hazardous materials and climate change. Compliance with existing and future environmental laws, regulations and levies can require significant expenditures, and violations can lead to significant fines, penalties and reputational damage.

In particular, the EU Emissions Trading Scheme (“ETS”), is a cap-and-trade system for CO_2 emissions to encourage industries to improve their CO_2 efficiency. Under the legislation, airlines are granted initial CO_2 allowances based on historical performance and a CO_2 efficiency benchmark. Any shortage of allowances has to be purchased in the open market and/or at government auctions. The cost of such allowances increased significantly during fiscal year 2019 and continued to rise in fiscal year 2020 and into fiscal year 2021. There can be no assurance that Ryanair will be able to obtain sufficient carbon credits or that the cost of the credits will not have a material adverse effect on the Company’s business, operating results, and financial condition.

Extreme weather events could affect the Company and have a material adverse effect on the Company’s results of operations. In 2010 and 2011 a significant portion of the airspace over northern Europe was closed by authorities as a result of safety concerns presented by emissions of ash from an Icelandic volcano, which resulted in the cancellation of a significant number of flights.

Extreme weather events may happen again and could lead to further significant flight cancellation costs which could have a material adverse impact on the Company’s financial condition and results of operations. Furthermore, the occurrence of such events and the resulting cancellations due to the closure of airports could also have a material adverse effect on the Company’s financial performance indirectly, as a consequence of changes in the public’s willingness to travel within Europe due to the risk of flight disruptions.

The Company is dependent on the continued acceptance of low-fares airlines. In past years, accidents or other safety-related incidents involving certain other low-fares airlines have had a negative impact on the public’s acceptance of such airlines. Any adverse event potentially relating to the safety or reliability of low-fares airlines (including accidents or negative reports from regulatory authorities) could adversely impact the public’s perception of, and confidence in, low-fares airlines like Ryanair (regardless of Ryanair’s own safety record), and could have a material adverse effect on Ryanair’s financial condition and results of operations. In particular, an accident or other safety-related incident involving an aircraft operated by another airline of the same model or manufacturer as operated by Ryanair could have a material adverse effect on Ryanair if such accident or other safety-related incident resulted in actions or investigations by global aviation authorities or created a public perception that Ryanair’s operations are not safe or reliable, or are less safe or reliable than other airlines. Such regulatory actions and/or public perceptions could, in turn, result in adverse publicity for Ryanair, cause harm to Ryanair’s brand and reduce travel demand on Ryanair’s flights, resulting in a material adverse effect on the Company’s financial condition and results of operations. For additional information, see “—Risks Related to the Company—A majority of Ryanair’s aircraft and certain parts are sourced from a single supplier; therefore, Ryanair would be materially and adversely affected if such supplier were unable to provide additional equipment or support.”

The Company faces the risk of loss and liability. Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve costs related to the repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against the Company from injured passengers and others who experienced injury or property damage as a result of the accident or incident, including ground victims. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, and other business insurance in amounts per occurrence that are consistent with industry standards.

Ryanair currently believes its insurance coverage is adequate (although not comprehensive). However, there can be no assurance that the amount of insurance coverage will not need to be increased, that insurance premiums will not increase significantly, or that Ryanair will not be forced to bear substantial losses from any accidents not covered by its insurance. Airline insurance costs increased dramatically following the September 2001 terrorist attacks on the United States. See “—The Company is substantially dependent on discretionary air travel” above. Substantial claims resulting from an accident in excess of related insurance coverage could have a material adverse effect on the Company’s results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could lead to the public perception that Ryanair’s aircraft were less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair’s business.

EU Regulation No. 2027/97, as amended by Regulation No. 889/2002, governs air carrier liability. See “Item 4. Information on the Company—Insurance” for details of this regulation. This regulation increased the potential liability exposure of air carriers such as Ryanair. Although Ryanair has extended its liability insurance to meet the requirements of the regulation, no assurance can be given that other laws, regulations, or policies will not be applied, modified or amended in a manner that has a material adverse effect on Ryanair’s business, operating results, and financial condition.

Airline industry margins are subject to significant uncertainty. The airline industry is capital intensive and is characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for approximately 37% of total operating expenses in fiscal year 2020, management anticipates that this percentage may vary significantly in future years. See “—Changes in Fuel Costs and Availability Affect the Company’s Results” above. The operating costs of each flight do not vary significantly with the number of passengers flown, and therefore, a relatively small change in the number of passengers, fare pricing, or traffic mix could have a disproportionate effect on operating and financial results. Accordingly, a relatively minor shortfall from expected revenue levels could have a material adverse effect on the Company’s growth or financial performance. See “Item 5. Operating and Financial Review and Prospects.” The very low marginal costs incurred for providing services to passengers occupying otherwise unsold seats are also a factor in the industry’s high susceptibility to price discounting.

See "—Risks Related to the Company—The Company faces significant price and other pressures in a highly competitive environment" above.

Safety-related undertakings could affect the Company's results. Aviation authorities in Europe and the United States periodically require or suggest that airlines implement certain safety-related procedures on their aircraft. In recent years, the FAA and EASA have required a number of such procedures with regard to Boeing 737 aircraft, including major modifications to implement changes to the take-off configuration warning lights, cabin pressurization system, pitot system heating, CFM fan blade nondestructive testing (NDT) on certain production CFM-56 engines, fuel tank boost pump electrical arcing protection, and the European Commission's Datalink mandate. Additionally, global aviation authorities are currently undertaking certain safety reviews of the Boeing 737-MAX-8 as a result of the grounding of such aircraft due to safety concerns in March 2019, which has delayed the delivery of Boeing 737-MAX-200 aircraft ordered from Boeing. Ryanair's policy is to implement any required safety procedures in accordance with FAA and EASA guidance and to perform such procedures in close collaboration with Boeing. In the past twelve months, the FAA and EASA have implemented a regular inspection requirement of the aircraft pickle fork for all aircraft with more than 22,600 cycles and this inspection requirement will continue and may become more stringent. To date, all such procedures have been conducted as part of Ryanair's standard maintenance program and have not interrupted flight schedules nor required any material increases in Ryanair's maintenance expenses. However, there can be no assurance that the FAA and EASA or other regulatory authorities will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact Ryanair's operating results or financial condition.

There also can be no assurance that new regulations will not be implemented in the future that would apply to Ryanair's aircraft and result in an increase in Ryanair's cost of maintenance, delays in the delivery of aircraft or other costs beyond management's current estimates. In addition, should Ryanair's aircraft cease to be sufficiently reliable or should any public perception develop that Ryanair's aircraft are less than completely reliable, Ryanair's business could be materially adversely affected.

State Aid to the Company's competitors could adversely affect its results. In response to the Covid-19 pandemic, several European governments have pledged to support their flag carrier airlines with State aid through recapitalizations, loans, loan guarantees and other measures. As at the date of this report, over €30bn in such aid was pledged, agreed or granted to approximately fifteen airlines, with the European Commission having so far authorized close to €20bn of this aid. Ryanair believes that aid that includes a nationality condition is discriminatory and therefore unlawful under EU law, and has decided to challenge the European Commission's approval decisions in the EU General Court. However, the result of these appeals is uncertain. Should Ryanair be unsuccessful, its competitors may use the aid to offer below cost prices in the market, which could negatively impact the Company's business and operations.

Risks Related to Ownership of the Company's Ordinary Shares or ADRs

EU Rules impose restrictions on the ownership of Ryanair Holdings' ordinary shares by Non-EU Nationals, and the Company has instituted a ban on the purchase of ordinary shares by Non-EU nationals. EU Regulation No. 1008/2008 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority-owned and effectively controlled by EU nationals. The Board of Directors of Ryanair Holdings is given certain powers under Ryanair Holdings' articles of association (the "Articles") to take action to ensure that the number of Ordinary Shares held in Ryanair Holdings by non-EU nationals ("Affected Shares") does not reach a level that could jeopardize the Company's entitlement to continue to hold or enjoy the benefit of any license, permit, consent, or privilege which it holds or enjoys and which enables it to carry on business as an air carrier. The Directors, from time to time, set a "Permitted Maximum" on the number of the Company's Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU law. The Permitted Maximum is currently set at 49.9%. In addition, under certain circumstances, the Directors can take action to safeguard the Company's ability to operate by identifying those Ordinary Shares, ADSs or Affected Shares which give rise to the need to take action and treat such Ordinary Shares, the American Depositary Receipts ("ADRs") evidencing such ADSs, or Affected Shares as "Restricted Shares."

The Board of Directors may, under certain circumstances, deprive holders of Restricted Shares of their rights to attend, vote at, and speak at general meetings, and/or require such holders to dispose of their Restricted Shares to an EU national within as little as 21 days. The Directors are also given the power to transfer such Restricted Shares themselves if a holder fails to comply. In 2002, the Company implemented measures to restrict the ability of non-EU nationals to purchase Ordinary Shares, and non-EU nationals are currently effectively barred from purchasing Ordinary

Shares, and will remain so for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted. Additionally, these foreign ownership restrictions could result in Ryanair's exclusion from certain stock tracking indices. Any such exclusion may adversely affect the market price of the Ordinary Shares and ADRs. Since April 2012, the Company has had the necessary authorities in place to repurchase ADRs as part of its general authority to repurchase up to 10% of the issued share capital in the Company. See "Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals" for a detailed discussion of restrictions on share ownership and the current ban on share purchases by non-EU nationals.

In light of Brexit, in March 2019 the Board of Directors passed a number of resolutions which become effective from the date on which U.K. nationals cease to qualify as nationals of Member States for the purposes of Article 4 of EU Regulation No. 1008/2008 ("Hard Brexit Day"). In accordance with the powers delegated to the Board of Directors pursuant to the Articles, the Board has resolved that with effect from Hard Brexit Day:

(i)All Ordinary Shares and Depositary Shares held by or on behalf of non-EU (including U.K.) shareholders will be treated as "Restricted Shares" (within the meaning of the Articles);

(ii)Restricted Share Notices will be issued to the registered holder(s) of each Restricted Share, specifying that the holder(s) of such shares shall not be entitled to attend, speak or vote at any general meeting of the Company for so long as those shares are treated as Restricted Shares;

(iii)Notwithstanding the powers vested in the chairman of general meetings of the Company pursuant to Article 41(J)(i) of the Articles, the chairman will not vote any Restricted Shares at any meeting of the Company.

Licensing authorities in Austria, Malta, Ireland and Poland have confirmed respectively in the case of Lauda, Malta Air, Ryanair DAC and Buzz that these resolutions ensure that the Company's subsidiaries will remain compliant with EU Regulation No. 1008/2008 should Hard Brexit Day occur. These resolutions will remain in place until the Board determines that the ownership and control of the Company is no longer such that there is any risk to the airline licenses held by the Company's subsidiaries pursuant to EU Regulation No. 1008/2008. For the avoidance of doubt, the prohibition (referred to in the second paragraph of this section) on non-EU nationals acquiring Ordinary Shares in Ryanair Holdings plc, as announced by the Company on February 5, 2002, continues to apply. Consequently, with effect from Hard Brexit Day, U.K. nationals will not be permitted to acquire Ordinary Shares in the Company. In addition, in order to provide contingency in the event of disruption to existing traffic rights on Brexit, in December 2018 the Company's subsidiary, Ryanair U.K., secured a U.K. AOC.

As of June 30, 2020, ADRs accounted for approximately 44.8% of Ryanair Holdings' issued ordinary shares (assuming conversion of all outstanding ADRs into Ordinary Shares).

Holders of ordinary shares are currently unable to convert those shares into ADRs. In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York Mellon, the depositary for its ADR program (the "Depositary"), to suspend the issuance of new ADRs in exchange for the deposit of Ordinary Shares until further notice. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADRs during this suspension, and there can be no assurance that the suspension will ever be lifted. See also "—EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals" above.

The Company's results of operations may fluctuate significantly. The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. See "Item 5. Operating and Financial Review and Prospects—Seasonal Fluctuations." Among the factors causing these variations are the airline industry's sensitivity to general economic conditions, the seasonal nature of air travel, accounting standards in relation to the timing of recognition of revenue and trends in airlines' costs, especially fuel costs. Because a substantial portion of airline travel (both business and personal) is discretionary, the industry tends to experience adverse financial results during general economic downturns. The Company is substantially dependent on discretionary air travel.

The trading price of Ryanair Holdings' Ordinary Shares and ADRs may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and the operating results of other airlines. In addition, the global stock markets from time to time experience extreme price and volume fluctuations that affect the market prices of many airline company stocks. These broad market fluctuations may materially adversely affect the market price of the Ordinary Shares and ADRs.

Ryanair Holdings may or may not pay dividends. Since its incorporation in 1996, Ryanair Holdings, has only occasionally declared special dividends on both its Ordinary Shares and ADRs. Ryanair Holdings' ability to pay dividends in the future will be dependent on the financial performance of the Company and there is no guarantee that any further dividends will be paid. See "Item 8. Financial Information—Other Financial Information—Dividend Policy". As a holding company, Ryanair Holdings does not have any material assets other than its shares in the Company's operating airlines and in other entities within the Ryanair Holdings group structure.

Increased costs for possible future ADR and share repurchases. As the ADRs have historically traded on the NASDAQ Stock Market ("NASDAQ") at a premium compared to Ordinary Shares, the inclusion of ADRs in buyback programs may result in increased costs in performing share buybacks. Since fiscal year 2008 the Company has repurchased shares as follows:

Year Ended March 31,	**No. of shares (m)**	**Approx. cost (€m)**
2009-2011	18.1	46.0
2012	36.5	124.6
2013	15.0	67.5
2014	69.5	481.7
2015	10.9	112.0
2016	53.7	706.1
2017	72.3	1,017.9
2018	46.7	829.1
2019	37.8	560.5
2020	47.2	580.5
Period through July 23, 2020	—	—
Total	407.7	4,525.9

In the absence of an alternative solution or the granting of equivalent status to the Euroclear UK & Ireland / CREST system, a failure by Ryanair Holdings to participate in the Migration from the CREST system to Euroclear Bank SA/NV, the CSD in Belgium, may adversely impact the Company and/or the holders of Ordinary Shares and the ADRs. Ireland does not have a domestic central securities depository ("CSD"), and Irish issuers, including Ryanair Holdings, whose shares are traded on Euronext Dublin or the London Stock Exchange have historically relied on CREST. CREST is a system which facilitates the recording of ownership and effecting transfers of shares in Irish incorporated companies operated by Euroclear U.K. & Ireland ("EUI") which is authorized as a CSD in the United Kingdom. Irish issuers are required by EU CSD Regulation (EU/2014/909) (the "CSDR") to use a CSD authorized in an EU Member State.

One of the consequences of the United Kingdom's decision to leave the European Union is that at the end of the Brexit transition period and absent a grant of equivalence, the CREST system will no longer be authorized to act as a CSD for Irish uncertificated securities. This is because EUI is a U.K.-incorporated company which passports its services into Ireland pursuant to European law and so EUI will become a third country CSD following Brexit. The European Commission has agreed, as a temporary measure, to recognize EUI as a third country CSD until March 30, 2021. Thereafter, the CREST system will cease to be available for the settlement of relevant Irish securities.

In December 2019, Ireland passed the Migration of Participating Securities Act 2019 (the "Migration Act"), which was intended to provide the statutory basis for facilitating the migration of Irish issuers' securities from the CREST System to another EU-authorized CSD. Pursuant to the Migration Act, each participating issuer is required to obtain the consent of its shareholders in order to implement a migration. The legislation also requires participating issuers to comply with certain procedural and disclosure requirements in connection with the relevant shareholder meetings. The Migration Act also requires any alternative CSD to be duly authorized and passported into Ireland for the purposes of CSDR.

Euroclear Bank SA/NV ("Euroclear Bank"), the CSD in Belgium, is the only CSD which has taken active steps to facilitate the migration of Irish issuers' securities from the CREST System to its CSD system (the "Migration"). The Euroclear Bank model is structurally different to CREST. Euroclear Bank operates an "intermediated" settlement system,