

Jet2[®] plc

Preliminary Results 2022



PRELIMINARY UNAUDITED RESULTS FOR YEAR ENDED 31 MARCH 2022

Jet2 plc, the **Leisure Travel** group (the “Group” or the “Company”), announces its preliminary results for the year ended 31 March 2022. These results are presented in accordance with UK-adopted international accounting standards and applicable law.

- * Overall liquidity improved significantly with total cash balances (including money market deposits) at the year-end of £2,228.5m (2021: £1,379.0m), an increase of 62%. **'Own Cash'† which excludes customer deposits increased by 2% to £1,083.8m (2021: £1,061.7m).**
- * Although seat capacity increased to 7.01m (2021: 2.00m), and average load factor % increased to 69.2% (2021: 66.0%), fragile consumer confidence arising from the three-weekly UK Government “*traffic light*” reviews during Summer 21, meant customer bookings were significantly closer to departure than normal, leading to a reduction in average flight-only ticket yield per passenger sector of 29% year on year.
- * As a result, *Jet2.com* flew a total of 4.85m single sector passengers, an increase of 267% (2021: 1.32m). **Jet2holidays** package holiday customers represented 51% (2021: 58%) of the overall mix of flown passengers at 1.29m customers (2021: 0.37m), an increase of 249%.
- * Group operating loss reduced by 4% to £323.9m (2021: £336.1m) and Group loss before foreign exchange revaluation and taxation increased by 1% to £376.2m (2021: £373.8m).
- * In order to meet the future anticipated growth of our Leisure Travel business and to refresh our existing aircraft fleet, we were delighted to enter into agreement with Airbus for up to 75 new A321 neo aircraft, of which 60 are now firm orders.
- * Pleasingly, over 35% of our Summer 22 bookings are completely new customers to *Jet2* and package holiday bookings are displaying a materially higher mix of the total up 13ppts. Average load factors are only 1.4ppts behind Summer 19 (against the 14% increase in seat capacity), whilst pricing remains robust.
- * Although we invested well ahead of the Summer 22 season to ensure we had adequate resources to be able to operate efficiently, we have been directly impacted by the broader disruption seen across the aviation sector and its supply chains. Many Suppliers have been woefully ill-prepared and poorly resourced for the volume of customers they could reasonably expect, inexcusable, bearing in mind our flights have been on sale for many months and our load factors are quite normal.
- * Consequently, Group performance for the financial year ending 31 March 2023 very much depends on how quickly the broader aviation sector returns to some level of stability, as well as strength of bookings for the remainder of Summer and the second half of the financial year, a period for which we still have limited visibility.
- * In the medium term, inflationary pressures coupled with the uncertain UK economic outlook for consumers, lead us to conclude that prices are likely to come under some pressure. **However, we believe we have the right product for these tougher times.**
- * The end-to-end package holiday is a **higher yielding, resilient and popular product in difficult economic times** and the control of our own seat supply and our frequency of flying, **allow us to offer truly variable duration holidays**, critical in allowing our Customers the ability to flex their holiday arrangements to suit their individual budgets. Our **'Customer First'** ethos runs deep throughout our company culture with **'People, Service, Profits'** our guiding principles.
- * With our healthy Own Cash position, well-capitalised Balance Sheet and having retained much of our knowledgeable and skilled pre-Covid colleague base, the Group remains well-positioned to grow its leisure travel offering. And, for the long-term, with our customer focused approach and **Right Product for these Tougher Times**, we believe that opportunities for us to grow share as a financially strong and trusted package holiday provider will only increase.

† Further information on the calculation of this measure can be found in Note 8.

OUR CHAIRMAN'S STATEMENT

Back in April 2020 it was hard to imagine a scenario where the Leisure Travel industry would suffer such a prolonged period of extraordinary financial and operational challenges. However, the Covid-19 pandemic and its far-reaching consequences have tested us all.

Fortunately, the many decisive actions taken during the previous financial year meant the business entered the new financial year in April 2021 with a healthy 'Own Cash'[†] (excluding advance customer deposits) balance from which to make considered decisions, meaning our UK Leisure Travel Business – which encompasses *Jet2holidays*, our acclaimed ATOL licensed package holidays provider and *Jet2.com*, our award-winning airline – was well placed to weather a further period of difficult trading conditions, but was also able to respond swiftly once travel restrictions were finally relaxed and customer confidence began to recover.

Appreciation

Before commencing the detailed Statement, I want to record the Board's huge appreciation for all our Colleagues' tremendous support and efforts over recent months, which have enabled *Jet2.com* and *Jet2holidays* to take our Customers on their holidays. This has been achieved despite the currently very challenging airport, onboard and in-destination working environments, which have been exacerbated by many of our Suppliers' failure to adequately plan and resource for the post-Covid operational start up, as has been widely reported in the media.

Broadly, most of our 10 UK Base Airports have been woefully ill-prepared and poorly resourced for the volume of customers they could reasonably expect, as have other suppliers, such as Onboard Caterers and providers of Airport PRM (Passengers with Reduced Mobility) services. Inexcusable, bearing in mind our flights have been on sale for many months and our load factors are quite normal.

Theirs and the Ground Handling suppliers' often atrocious customer service, long queues for Security Search, lack of Staff and congestion in Baggage Handling Areas, and the consequent airport congestion, together with the frequent lack of onboard catering supplies, have each contributed to a very much poorer experience at the start and finish of our Customers' holidays than they were entitled to expect. Inevitably, these customer-facing challenges have put extra pressure on our Colleagues, both in the UK, onboard our aircraft and in our holiday destinations.

This difficult return to normal operations has occurred simply because of the lack of planning, preparedness and unwillingness to invest by many Airports and associated Suppliers.

As a result, *Jet2.com* and *Jet2holidays* management colleagues have worked hard to fully involve themselves in our operations and to ensure that our Colleagues are supported, encouraged, rewarded and properly appreciated. In this respect, we are very pleased to have awarded all our Colleagues a total pay increase of 8% with a further £1k to be paid to all Colleagues at the end of Summer 22.

We sincerely thank all our Colleagues for the support they have given and are giving our Company and our Customers at this, regrettably, very challenging time.

[†] Further information on the calculation of this measure can be found in Note 8.

Results for the financial year

Though the successful rollout of vaccines in the UK and Europe throughout 2021 signalled progress towards normality, the first three months of the financial year were very similar to those of the prior year, with extensive international travel restrictions imposed by the UK Government and the Group not permitted to operate any scheduled flights from 1 April to 24 June 2021.

And, although the UK Government's decision to allow quarantine-free travel to Amber list destinations for those fully vaccinated from 19 July 2021 was a welcome step in the right direction, the limited number of Green destinations and fragile consumer confidence arising from the three-weekly Government "traffic light" reviews undertaken throughout the period, meant that customer bookings were significantly closer to departure than normal which put considerable pressure on pricing. Despite these challenges, the Group was able to progressively tailor its flying programme as further destinations became unrestricted and maintain a disciplined focus on cash generative flying.

The removal of the "traffic light" system in early October heralded a brief hiatus from the impact of the virus as October and November flying operations were relatively unhindered, though this short-lived stability was derailed by the emergence of the Omicron variant in late November 2021 which led to the reimposition of international travel restrictions until early January 2022.

The progressive easing of restrictions since, which culminated in the removal of Covid related formalities including passenger locator forms during March 2022, meant the performance for both February and March was much improved and trending towards historic seasonal norms as customer confidence to travel strengthened.

Consequently, **Jet2.com** flew a total of 4.85m single sector passengers (2021: 1.32m) in the year with **Jet2holidays** package holiday customers representing 51% (2021: 58%) of the overall mix of flown passengers at 1.29m customers (2021: 0.37m). The passenger volume growth contributed directly to an increase in revenue to £1,231.7m (2021: £395.4m) and consequently a **loss before FX revaluation and taxation** of £376.2m† (2021: £373.8m†).

After accounting for net FX revaluation losses of £12.6m (2021: £3.9m gain), total **loss before taxation from continuing operations was £388.8m** (2021: £369.9m).

† Further information on the calculation of this measure can be found in Note 8.

Dividend

Basic earnings per share from continuing operations were (147.0p) (2021: (166.9p)) and in consideration of the losses incurred, the Board does not recommend the payment of a final dividend (2021: nil). The dividend policy will continue to be monitored by the Board during the 2023 financial year.

Strategy

"We take people on holiday!"

Jet2holidays is the UK's largest package holiday provider to many Mediterranean and Canary Islands leisure destinations and **Jet2.com** is the UK's 3rd largest airline by number of passengers flown.

Our "Customer First" strategy has remained consistent and is what has driven **Jet2's** continuing success. The delivery of great service is at the core of **Jet2holidays** and **Jet2.com** brand values as we recognise that, whether taking end-to-end **Real Package Holidays from Jet2holidays®**, or a holiday flight with **Jet2.com**, the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings.

Our long-term ambition is: **To be the UK's Leading and Best Leisure Travel business.** To further underpin this strategy and to broaden our geographic reach, we were delighted to successfully commence operations from our new Bristol base on 2 July 2021. The enthusiastic feedback we have received from our new Bristol customers for our customer-centric leisure travel product offering has been hugely encouraging, and we look forward to continuing to grow in the South West of the UK.

Further, in late August and October 2021, we were delighted to announce that in order to meet the future anticipated growth of our Leisure Travel business and to refresh our existing aircraft fleet, we had entered into an agreement with Airbus to purchase 51 new firm ordered A321 neo aircraft. We subsequently exercised 9 of our associated purchase rights to take the firm ordered total to 60 aircraft, with agreed flexibility to extend the order up to 75 aircraft. The firm ordered aircraft are due for delivery between 2023 and 2029, and at list price represented a total value of approximately \$8.1bn, with a total transaction value for up to 75 aircraft of approximately \$10.1bn, though the Company negotiated significant discounts from the list price.

We are delighted to have placed this order with Airbus and will be proud to operate this aircraft, the first of which arrives in early 2023. The A321 neo which has more seats than other aircraft in its class, provides additional environmental and operating benefits through lower fuel consumption per passenger and therefore lower emissions and is, in our opinion, on a per passenger basis, the most fuel efficient and sustainable aircraft in its class today. The Group will retain flexibility in determining the most favourable method of financing the aircraft, which it expects will be through a combination of internal resources and debt.

This order underlines our determination to sustainably grow our successful business and expand our fleet in line with the demand for our award-winning package holidays and flights. The introduction of the A321 neo will continue to ensure that our Customers have a wonderfully comfortable and enjoyable experience as they travel with us for their well-deserved **Real Package Holidays from Jet2holidays®** or on scheduled holiday flights with **Jet2.com**.

Liquidity

The Group began the financial year with a strong and carefully managed balance sheet with an 'Own Cash' balance of £1,061.7m† and a total cash balance of £1,379.0m.

On 3 June 2021, the Group announced the successful issuance of £387.4m of guaranteed senior unsecured convertible bonds due in 2026 carrying a coupon of 1.625%, the offering for which was significantly oversubscribed. The initial conversion price was set at £18.06 representing a premium of 40% above the reference share price of £12.90. The proceeds of the issuance strengthened **Jet2 plc's** liquidity further and positioned the Company for a strong recovery, through fleet growth and fleet renewal opportunities. Additionally, the Group also secured a new £150.0m term loan, which matures in September 2023, from its supportive relationship banks.

Given its strong liquidity position, helped in part by the progressive easing of travel restrictions early in 2022, the Group comfortably repaid its £200m Bank of England Covid Corporate Financing Facility ("CCFF") in March 2022.

Consequently, at 31 March 2022, the Group had a healthy 'Own Cash' balance of £1,083.8m† and a total cash balance (including money market deposits) of £2,228.5m.

† Further information on the calculation of this measure can be found in Note 8.

Customers

We relish the trust our Customers place in us to give them a fantastic holiday experience and, notwithstanding the pandemic, our “*Customer First*” strategy has remained consistent.

We firmly believe the way in which our Company responded to the pandemic will be remembered by our Customers, and we are very proud of the way in which we looked after our Customers in refunding over £1.7bn of their advance deposits in a timely and accurate manner.

There is no better measure of how well we are performing in this regard than recognition from the consumer champion Which? and its members. As well as continuing to receive prestigious Which? *Recommended Provider* status for **Jet2.com**, **Jet2holidays** and **Jet2CityBreaks**, Which? also recognised **Jet2.com** for having the best record on delivering timely and accurate customer refunds for holiday cancellations during the pandemic. Additionally, **Jet2.com** and **Jet2holidays** have recently been named **Travel Brand of the Year 2022**, (for the second time in five years) by Which? - acknowledgement of the way we have treated our Customers, both during the pandemic and following the reopening of international travel.

We know that there is enormous pent-up demand for our holiday flights and ATOL protected package holidays and that customers want nothing more than to get away on one of the most important family experiences of the year. Even during the most uncertain period in late Summer 2021, our Customers’ desire to travel remained intact as we saw bookings soar as destinations were able to reopen, this despite onerous testing obligations and the threat of quarantine.

We also know that in times of uncertainty **customers look to operators they can trust and who offer them the best value for money**. Therefore, ahead of Summer 2022, we have been resolutely focused on delivering the same industry-leading levels of customer service that our Customers expect, investing considerable sums in recruiting and training colleagues well in advance of our peak flying programme operation to ensure the minimum of disruption and the best possible passenger experience.

As a result of our unwavering focus to do what is right for our Customers, we are confident they will be even more determined to enjoy the wonderful experience of a well-deserved **Jet2holiday**. We remain completely committed to doing our very best to ensure that each of our Customers “**has a lovely holiday**” that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving a truly VIP customer service.

The combined power of our proposition, product and people is what will fuel our ongoing success, as we constantly seek to improve our Customers’ holiday choice, experience and enjoyment, giving us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth!

Colleagues

Our Leisure Travel business has its foundations firmly rooted in providing truly memorable holiday experiences for our Customers. Whether in the UK or Overseas, our Colleagues’ ability to excel in their roles whilst continuously displaying our Company’s ‘**Take Me There**’ values (**Be Present; Create Memories; Take Responsibility; and Work As One Team**), is of paramount importance. This “*Customer First*” approach has set us apart and enabled us to be consistently recognised as an industry leader for our outstanding customer service.

In order for the Board to support our Colleagues as fully as possible, the Group continued its use of the UK Government's Coronavirus Job Retention Scheme ("CJRS") until its cessation in September, for which it received grants of £30.1m (2021: £97.9m) in the financial year. These amounts continued to be supplemented by our generous bespoke salary plan which saw the Group substantially "top up" the CJRS funding on a sliding scale basis up to 100% of full contractual salary for the lowest paid, to provide further financial support for our loyal Colleagues. Subsequently, and as our operations began to show signs of recovery, we were pleased to welcome back colleagues and were also able to restore full contractual rates of pay.

The Board is pleased that its investment in fully supporting colleagues during this turbulent period has resulted in a team who are engaged and committed to carry on delivering the outstanding "*Customer First*" service that means so much to our Customers, and which has contributed immeasurably to our long-term success.

Whilst the past two years has seen a very different focus for our Colleagues due to the unexpected and prolonged impact of Covid-19, we will always consider them our most valuable asset. We truly believe in the principle of: *People, Service, Profits* and no praise is high enough for our Colleagues who remained resolutely loyal and helped us navigate this most difficult of periods. I would therefore like to take this opportunity to sincerely thank all our talented, committed and passionate colleagues who represent our '*Take Me There*' values every day for continuing to *Work As One Team* and being dedicated to our business and our Customers throughout these unprecedented times.

The Board

The Board recognises that it is responsible for the long-term success of the Group, for its proper management and is accountable to shareholders in generating long-term shareholder value by making decisions that ensure the foundations of the business remain strong and sustainable in an ever-changing marketplace.

The efficient size and composition of our Board, together with the breadth of experience across the Group's Executive and Non-Executive Directors, allowed us to respond quickly and effectively to the many complex challenges we faced during the last two years, ensuring the business has emerged from the pandemic period in as strong a position as possible.

Nevertheless, the Board's composition is regularly reviewed to ensure that it maintains an appropriate balance of skill sets, background and experience to enable it to oversee the execution of the Group's strategy and we will continue to explore options to add further diversity to our Board structure in order to take the Company forward.

Culture, Suppliers and Stakeholders

We recognise the importance of strong relationships with our many stakeholders in helping to realise our growth plans. For many years we have held an annual supplier conference where we have focused on how we, and our supplier partners, can work together effectively to build mutually beneficial long-term relationships and, notwithstanding the current operational challenges with our Airport and Catering suppliers, these strong relationships are proving crucial as we head towards our peak flying operation in Summer 2022.

We also recognise that paying our suppliers, including of course our hotel partners, on time and in full is vital for their financial well-being and we continued to do so throughout the pandemic. Under the 'Duty to report on payment practices and performance' legislation, the average time taken to pay supplier invoices during the year was 23.9 days (2021: 31.7 days) for **Jet2.com** Limited and 27.5 days (2021: 34.7 days) for **Jet2holidays** Limited.

We engage with our shareholders and institutional investors where appropriate and regularly meet at results presentations, individual investor meetings and at the Annual General Meeting.

The Executive Directors and certain senior managers within the organisation regularly engage with senior members of the UK Government and regulatory bodies, with contact this past year continuing to be focused on the removal of travel restrictions imposed as a result of the pandemic. Additionally, the Chief Executive Officer engages with governments and business and tourism bodies in all our destination countries, at both a national and regional level.

Sustainability

Jet2 plc endeavours to operate in the most efficient and sustainable way possible, minimising both emissions and carbon intensity (emissions per passenger kilometre). Efficient operations also help to minimise our environmental impact in terms of both noise and air quality pollutants. Consequently, between 2011 and 2019, **Jet2 plc** reduced its CO₂ emissions per passenger kilometre from 83.1g to 67.0g, a reduction of more than 19% and in 2018, as published by Atmosfair Index, was ranked 11th best airline in the world in this regard.

Nonetheless, as a socially and environmentally responsible airline and package holiday provider, we recognise our future growth must continue to be sustainable. Therefore, in September 2021, we were very pleased to publish our comprehensive Sustainability Strategy with the vision to be *"the leading brand in sustainable air travel and package holidays"*.

As part of our **Jet2 Net Zero 2050** commitment, in addition to the significant new Airbus A321 neo investment, **Jet2** will offset emissions not currently covered by existing carbon pricing mechanisms (UK and EU Emissions Trading Schemes), thereby taking full responsibility for all its carbon emissions. By going above and beyond regulatory requirements, **Jet2** will see a significant drop in net emissions in the coming months and years. **Jet2** have also worked with their offsetting partner, Vertis, to carefully select how to enact their carbon offsetting programme to maximise its real-world impact, focusing on the development of renewable energy to accelerate the global transition away from fossil fuels. The Group has also committed to using a percentage of UK produced Sustainable Aviation Fuel.

Further, by 2023, 50% of our Ground Support Equipment will be zero carbon and we will have reduced single use plastics on our aircraft by 80% as compared to 2019 – equivalent to removing 11 million items per annum!

Finally, **Jet2holidays** will also act on the environmental impacts in its supply chain by enabling Customers to make more sustainable accommodation choices through its hotel sustainability labelling system. More detailed information on the Group's Sustainability Strategy can be found at www.jet2plc.com/sustainability

We believe that achieving these goals will represent significant steps on our journey to offer sustainable holidays to all our valuable Customers.

Outlook – The Right Product for Tougher Times

Inflationary pressures coupled with the uncertain UK economic outlook for consumers, lead us to conclude that in the medium term prices are likely to come under some pressure. However, we believe we have the **right product for these tougher times**.

The **end-to-end package holiday is a higher yielding, resilient and popular product in difficult economic times** and the Mediterranean and Canary Islands are evergreen destinations where people absolutely want to go. The control of our own seat supply and our frequency of flying, allow us to offer **truly variable duration holidays**, critical in allowing our Customers the ability to flex their holiday arrangements to suit their individual budgets.

And, the All Inclusive Package is a wonderful product for challenging economic times – **all-in holiday cost certainty in a ‘one click’ purchase** – perfect for those budget conscious customers!

Customers want to be looked after throughout their holiday experience and great and attentive service is where we excel. **Our ‘Customer First’ ethos runs deep throughout our company culture** with *‘People, Service, Profits’* our guiding principles. This results in happy, well paid and motivated Colleagues who will continue to provide great service and thereby produce sustainable long-term profits.

In the meantime, our Leisure Travel business has made a satisfactory start to the new financial year, with on sale seat capacity for Summer 22 approximately 14% higher than Summer 19.

Overall demand for our leisure travel products has continued to strengthen, but with customers booking a little later than normal. Pleasingly, over 35% of our Summer 22 bookings are from completely new customers to **Jet2**. Additionally, package holiday bookings remain encouraging displaying a materially higher mix of the total up 13ppts and average load factors for the Summer 22 season are currently only 1.4ppts behind Summer 19 at the same point (against the 14% increase in seat capacity) whilst pricing remains robust.

We are currently fully hedged for jet fuel for Summer 22 and 75% hedged for Winter 22/23 in line with our normal policy.

However, although we invested well ahead of the summer season to ensure we had adequate resources to be able to operate efficiently and we also self-handle at many of our key airport bases, we have been directly impacted by the broader disruption seen across the aviation sector and its supply chains. As stated previously, inexcusably, many Suppliers simply did not plan, prepare or invest for a normal summer season and are now suffering from the difficult employment market which has meant us incurring additional costs to recover the consequent disruption to our flying programme.

Consequently, Group performance for the financial year ending 31 March 2023 very much depends on how quickly the broader aviation sector returns to some level of stability, as well as strength of bookings for the remainder of Summer and the second half of the financial year, a period for which we still have limited visibility.

Despite the looming economic difficulties, for the long term we continue to believe that opportunities for us to grow share as a financially strong and trusted package holiday provider will only increase. **With our customer focused approach, and Right Product for these Tougher Times** we are confident that our Customers will continue to be keen to travel with us from our Rainy Island to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities.

Philip Meeson

Executive Chairman

7 July 2022

BUSINESS & FINANCIAL REVIEW

The Group's financial performance for the year ended 31 March 2022 is reported in accordance with UK-adopted international accounting standards and applicable law.

Summary Income Statement	2022	2021	<i>Change</i>
	£m	£m	
	Unaudited		
Revenue	1,231.7	395.4	212%
Net operating expenses	(1,555.6)	(731.5)	(113%)
Operating loss	(323.9)	(336.1)	4%
Net financing expense (excluding Net FX revaluation (losses) / gains)	(53.4)	(38.5)	(39%)
Profit on disposal of property, plant and equipment	1.1	0.8	38%
Loss before FX revaluation and taxation	(376.2)	(373.8)	(1%)
Net FX revaluation (losses) / gains	(12.6)	3.9	(423%)
Loss before taxation from continuing operations	(388.8)	(369.9)	(5%)
Profit before taxation from discontinued operating activities	-	2.1	(100%)
Profit on disposal of discontinued operations	-	26.5	(100%)
Loss before taxation	(388.8)	(341.3)	(14%)
Net financing expense (including Net FX revaluation (losses) / gains)	66.0	34.6	(91%)
Depreciation	158.3	163.7	3%
EBITDA from continuing operations*	(164.5)	(171.6)	4%

* EBITDA is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group. Further information can be found in Note 8.

Customer Demand & Revenue

As a result of the continuing impact of the Covid-19 pandemic, for large periods of the financial year the Group faced significant operational challenges, being unable to operate its aircraft fleet to anywhere near full potential, which has resulted in its financial performance being severely impacted.

With no scheduled flying activity from 1 April 2021, we were pleased to be able to resume limited flying operations to Jersey on 24 June, and subsequently to the Balearic Islands and Madeira in early July. Following the UK Government's decision to allow quarantine-free travel to Amber list destinations for the fully vaccinated from mid-July 2021, **Jet2.com** and **Jet2holidays** broadened its Summer 21 flying programme to 37 leisure destinations, though this still only represented approximately 55% of pre-Covid Summer 19 capacity.

The dissolution of Green and Amber lists from 4 October 2021 saw the business flex its flying programme in order to optimise performance, and as a result, passenger sectors flown and average load factors in October and November 2021 increased markedly. However, the improving conditions were short-lived as the emergence of the Omicron variant and subsequent reimposition of international travel restrictions, both served to dampen customer confidence and negatively affected December 2021 and January 2022 financial performance.

Pleasingly, as international travel restrictions were progressively lifted from early January 2022, the Group's financial performance for both February and March was much improved and trending towards historic seasonal norms as customer confidence to travel steadily improved.

As a result, during the financial year **Jet2.com** flew a total of 4.85m (2021: 1.32m) single sector passengers, an increase of 267% with customers choosing our end-to-end package holiday products increasing by 249% to 1.29m (2021: 0.37m).

Although the mix of package holiday customers dropped by 7ppts to 51% of overall flown passengers (2021: 58%), this was a direct result of the uncertainty created by the numerous changes in travel restrictions which resulted in customer booking behaviour displaying a pronounced move to very short lead times from departure.

Consequently, ticket prices were heavily discounted to drive average load factors and generate positive financial contribution which played to the shorter lead time, more price sensitive flight-only product. As a result, average flight-only ticket yield per passenger sector at £67.90 (2021: £95.24) was 29% lower than the prior year with average load factor showing a slight increase to 69.2% (2021: 66.0%), though materially down on the pre-Covid level of 92.2% in 2020.

Conversely, the average price of a **Jet2holidays** package holiday increased by 2% to £689 (2021: £676), reflective of heavily discounted hotelier prices in the previous year which were passed on to consumers.

Non-Ticket Retail Revenue per passenger sector grew by 4% to £30.28 (2021: £29.10) due to an increased take-up of advanced seat assignment and hold baggage. Additionally, our successful in-flight retail service, a product which our Customers have come to expect and enjoy, performed strongly, in part assisted by changes to passenger duty-free allowances that came into effect from 1 January 2021, plus the limited opening of retail outlets at many of our airport bases.

As a result, overall Group Revenue increased by 212% to £1,231.7m (2021: £395.4m).

Net Operating Expenses

Higher levels of flying activity resulted in an associated 145% increase in direct operating expenses (including direct staff costs) to £1,099.3m (2021: £449.6m). Additionally, the Group continued to take mitigating actions where appropriate to control costs and associated cash burn, including the continued use of the Coronavirus Job Retention Scheme (“CJRS”) to support those colleagues who were unfortunately unable to work, claiming grants of £30.1m (2021: £97.9m) until its cessation in September. These amounts continued to be substantially “topped up” to provide further financial support for our loyal Colleagues.

The increase in operational activity in the second half of the year meant that we were able to progressively welcome back colleagues and also to remove temporary pay cuts which had been in place for approximately 18 months.

Additionally, as the business planned for recovery well ahead of its proposed Summer 22 flying programme, the Group invested significant monies in the recruitment and training of colleagues to support its operational requirements and also in marketing to drive forward bookings to ensure the business was as well-placed as possible to capitalise on pent-up consumer demand.

As a result, net operating expenses increased by 113% to £1,555.6m (2021: £731.5m).

Operating loss

Overall Group operating loss for the year was £323.9m (2021: £336.1m).

Net Financing Expense

Net financing expense of £66.0m (2021: £34.6m) is stated after finance income of £5.1m (2021: £2.0m), which improved 155% due to the increase in central bank interest rates in the second half of the financial year. Finance expenses of £58.5m (2021: £40.5m) increased primarily due to the Group's convertible bond issuance in June 2021, which resulted in an additional expense of £13.6m (2021: £nil), the remainder being interest on the £200m Covid Corporate Financing Facility ("CCFF") which was drawn down in March 2021 and a new term loan of £150m secured in May 2021.

In addition, a net FX revaluation loss of £12.6m (2021: £3.9m gain) resulted from the year end revaluation of foreign currency denominated monetary balances, along with FX movements from the crystallisation of prior year ineffective derivatives.

Statutory Loss for the Year

As a result, the Group made a **statutory loss before taxation from continuing operations of £388.8m** (2021: £369.9m), at a loss per flown passenger of £80 (2021: loss per flown passenger of £280), with the reduction in loss per flown passenger on the prior year due to the more efficient absorption of fixed costs as a result of the increased flying activity.

Taxation

The Group recorded a tax credit of £73.4m (2021: £70.4m), with an effective tax rate of 19% (2021: 19%). The Finance Bill enacted on 10 June 2021 detailed a proposed increase in the rate of corporation tax from 19% to 25% from 1 April 2023 and consequently, the Group has provided for all deferred tax expected to reverse beyond this effective date at 25% (2021: 19%).

Statutory Net Loss for the year and Earnings Per Share

The Group made a statutory loss after taxation from continuing operations of £315.4m (2021: £299.5m) and basic earnings per share were (147.0p) (2021: (166.9p)).

Other Comprehensive Income and Expense

The Group had other comprehensive income of £193.1m (2021: £20.5m); the change compared to the prior year is primarily due to significant increases in the valuation of in-the-money fuel derivatives that the Group has entered into for the forthcoming financial year.

Cash Flows and Financial Position

The Group has maintained a strong balance sheet with significant liquidity and also secured additional financing to underpin its growth aspirations and to refresh certain of its aircraft fleet.

The following table sets out condensed cash flow data and the Group's cash and cash equivalents:

Summary of Cash Flows	2022	2021	<i>Change</i>
	£m	£m	
	Unaudited		
EBITDA from continuing operations	(164.5)	(171.6)	4%
EBITDA from discontinued operating activities	-	4.7	(100%)
Other Income Statement adjustments	3.0	(2.1)	243%
Operating cash flows before movements in working capital	(161.5)	(169.0)	4%
Movements in working capital	966.0	(556.7)	274%
Payment on settlement of derivatives	(15.5)	(101.6)	85%
Interest and taxes	(38.0)	(7.5)	(407%)
Net cash generated from / (used in) operating activities	751.0	(834.8)	190%
Purchase of property, plant and equipment and right-of-use assets	(108.4)	(37.4)	(190%)
Movement on borrowings	268.5	286.2	(6%)
Movement on lease liabilities	(67.5)	(69.2)	2%
Proceeds on issue of shares	-	580.4	(100%)
Proceeds from sale of discontinued operations (net of cash disposed)	-	76.0	(100%)
Other items	5.9	(22.4)	126%
Net increase / (decrease) in cash and money market deposits ^(a)	849.5	(21.2)	4107%

(a) Cash flows are reported including the movement on money market deposits (cash deposits with maturity of more than three months from point of placement) to give readers an understanding of total cash generation. The Consolidated Statement of Cash Flows reports net cash flow excluding these movements.

Net Cash Generated From / (Used in) Operating Activities

Operating losses from continuing operations of £323.9m (2021: £336.1m), primarily offset by depreciation of £158.3m (2021: £166.1m), resulted in an operating cash outflow of £161.5m (2021: £169.0m).

In addition, movements in working capital and settlement of derivatives resulted in cash inflows of £950.5m (2021: £658.3m outflows), principally due to holding more customer cash deposits from much improved forward bookings and an increase in trade and other payables as the business geared up ahead of its Summer 22 flying programme. After net interest payments of £38.0m, overall the Group generated £751.0m of cash in its operating activities (2021: £834.8m cash absorbed).

Net Cash (Used In) / Generated From Investing Activities

Total capital expenditure of £108.4m (2021: £37.4m) predominately reflected pre-delivery payments made for the Group's Airbus A321 neo order, plus continued investment in the long-term maintenance of our existing aircraft fleet.

Net Cash Generated From Financing Activities

On 3 June 2021, the Company announced the successful issuance of £387.4m of senior unsecured convertible bonds due in 2026 carrying a coupon of 1.625%, the offering for which was heavily oversubscribed, plus a new unsecured £150.0m term loan maturing in September 2023 from its supportive relationship banks.

Repayments of borrowings and lease liabilities amounted to £327.0m (2021: £84.1m) including the Covid Corporate Financing Facility ("CCFF") of £200.0m, which was repaid in full in March 2022.

Other items totalling an inflow of £5.9m (2021: £22.4m outflow) are largely driven by the effect of foreign exchange rate changes on the Group's cash balances.

Overall, this resulted in a net cash inflow from total operations of £849.5m (2021: £21.2m outflow) and a year-end gross cash position (including money market deposits) of £2,228.5m (2021: £1,379.0m). Net cash, stated after borrowings and lease liabilities increased by 985% to £658.3m (2021: £60.7m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £1,144.7m (2021: £317.3m) and had increased its 'Own Cash' balance to £1,083.8m (2021: £1,061.7m).

At the reporting date, the Group had no cash restrictions from Merchant Acquirers (2021: £nil) or margin calls (2021: £8.3m).

Summary Statement of Financial Position	2022	2021	
	£m	£m	<i>Change</i>
	Unaudited		
Non-current assets ^(a)	1,363.9	1,326.3	3%
Net current (liabilities) / assets ^(b)	(87.6)	2.5	(3604%)
Cash and money market deposits	2,228.5	1,379.0	62%
Deferred revenue	(1,189.1)	(322.4)	(269%)
Borrowings	(991.7)	(756.2)	(31%)
Lease liabilities	(578.5)	(562.1)	(3%)
Deferred taxation	(12.6)	(36.7)	66%
Derivative financial instruments	163.7	(66.2)	347%
Total shareholders' equity	896.6	964.2	(7%)

(a) Stated excluding derivative financial instruments.

(b) Stated excluding cash and cash equivalents, money market deposits, deferred revenue, borrowings, lease liabilities and derivative financial instruments.

Total shareholders' equity decreased by £67.6m (2021: £330.1m increase) which included the loss after taxation of £315.4m (2021: £271.2m). This was partially offset by gains within the cash flow hedging and cost of hedging reserves of £193.1m, notably fair value movements on in-the-money fuel derivatives, coupled with a £51.4m equity component of the convertible bond, representing the embedded derivative that allows for the conversion of the bond into equity.

With our strong Own Cash position, a well-capitalised Balance Sheet and having retained much of our knowledgeable and skilled pre-Covid colleague base, the Group remains well-positioned to grow its leisure travel offering and believes it has lost none of the positive momentum or customer loyalty which it had when it entered the pandemic period back in April 2020.

Gary Brown

Group Chief Financial Officer

7 July 2022

Leisure Travel Key Performance Indicators	2022	2021	<i>Change</i>
Number of routes operated during the year	329	224	47%
Leisure Travel sector seats available (capacity)	7.01m	2.00m	251%
Leisure Travel passenger sectors flown	4.85m	1.32m	267%
Leisure Travel load factor	69.2%	66.0%	3.2 pts
Flight-only passenger sectors flown	2.36m	0.56m	321%
Package holiday customers	1.29m	0.37m	249%
Flight-only ticket yield per passenger sector (excl. taxes)	£67.90	£95.24	(29%)
Average package holiday price	£689	£676	2%
Non-ticket revenue per passenger sector	£30.28	£29.10	4%
Average hedged price of fuel (per tonne)	\$715	\$483	48%
Advance sales made as at 31 March	£2,396.0m	£1,162.4m	106%

For further information please contact:

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Gary Brown, Group Chief Financial Officer

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Joint Broker
Ed Matthews

Buchanan **020 7466 5000**

Financial PR
Richard Oldworth

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2022

		Results for the year ended 31 March 2022 £m	Results for the year ended 31 March 2021 £m
Revenue		1,231.7	395.4
Net operating expenses		(1,555.6)	(731.5)
Operating loss		(323.9)	(336.1)
Finance income		5.1	2.0
Finance expense	5	(58.5)	(40.5)
Net FX revaluation (losses) / gains		(12.6)	3.9
Net financing expense		(66.0)	(34.6)
Profit on disposal of property, plant and equipment		1.1	0.8
Loss before taxation		(388.8)	(369.9)
Taxation		73.4	70.4
Loss for the year from continuing operations		(315.4)	(299.5)
Profit after taxation from discontinued operating activities		-	1.8
Profit on disposal of discontinued operations		-	26.5
Loss for the year		(315.4)	(271.2)
<i>(all attributable to equity shareholders of the Parent)</i>			

Earnings per share from continuing operations			
- basic	6	(147.0p)	(166.9p)
- diluted	6	(147.0p)	(166.9p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2022

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Loss for the year	(315.4)	(271.2)
Other comprehensive income / (expense)		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Cash flow hedges:		
Fair value gains / (losses)	225.2	(23.6)
Net amount transferred to Consolidated Income Statement	22.4	55.0
Cost of hedging reserve – changes in fair value	(8.0)	(1.9)
Related taxation charge	(46.5)	(5.6)
Revaluation of foreign operations	-	(3.4)
	193.1	20.5
Total comprehensive expense for the year	(122.3)	(250.7)
<i>(all attributable to equity shareholders of the Parent)</i>		
Total comprehensive (expense) / income for the year arises from:		
Continuing operations	(122.3)	(279.0)
Discontinued operations	-	28.3
Total comprehensive expense	(122.3)	(250.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2022

	2022 £m	2021 £m Restated
Non-current assets		
Intangible assets	26.8	26.8
Property, plant and equipment	845.2	836.6
Right-of-use assets	491.9	462.9
Derivative financial instruments	20.5	9.4
	1,384.4	1,335.7
Current assets		
Inventories	8.5	1.0
Trade and other receivables	185.8	133.8
Derivative financial instruments	186.3	23.5
Money market deposits	1,181.0	-
Cash and cash equivalents	1,047.5	1,379.0
	2,609.1	1,537.3
Total assets	3,993.5	2,873.0
Current liabilities		
Trade and other payables	217.8	69.8
Deferred revenue	1,173.4	278.0
Borrowings	134.5	322.5
Lease liabilities	74.8	67.1
Provisions and liabilities	41.8	48.2
Derivative financial instruments	39.6	58.3
	1,681.9	843.9
Non-current liabilities		
Deferred revenue	15.7	44.4
Borrowings	857.2	433.7
Lease liabilities	503.7	495.0
Provisions and liabilities	22.3	14.3
Derivative financial instruments	3.5	40.8
Deferred taxation	12.6	36.7
	1,415.0	1,064.9
Total liabilities	3,096.9	1,908.8
Net assets	896.6	964.2
Shareholders' equity		
Share capital	2.7	2.7
Share premium	19.8	19.8
Cash flow hedging reserve	155.2	(44.2)
Cost of hedging reserve	(5.5)	0.8
Other reserves	51.3	(0.1)
Retained earnings	673.1	985.2
Total shareholders' equity	896.6	964.2

The ageing of Provisions and liabilities shown for the year ended 31 March 2021 have been restated as detailed in Note 9.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 March 2022

	2022 £m	2021 £m
Loss from continuing operations before taxation	(388.8)	(369.9)
Profit from discontinued operations before taxation	-	28.6
Net financing expense (including Net FX revaluation losses / (gains))	66.0	34.8
Hedge ineffectiveness	0.8	(1.7)
Depreciation	158.3	166.1
Profit on disposal of discontinued operations	-	(26.5)
Profit on disposal of property, plant and equipment	(1.1)	(0.8)
Equity settled share-based payments	3.3	0.4
Operating cash flows before movement in working capital	(161.5)	(169.0)
(Increase) / decrease in inventories	(7.5)	0.3
(Increase) / decrease in trade and other receivables	(35.5)	160.3
Increase / (decrease) in trade and other payables	151.8	(296.4)
Increase / (decrease) in deferred revenue	866.7	(422.8)
Decrease in provisions and liabilities	(9.5)	(2.0)
Movement in assets held for sale	-	3.9
Payment on settlement of derivatives	(15.5)	(101.6)
Cash generated from / (used in) operations	789.0	(827.3)
Interest received	5.1	2.0
Interest paid	(43.5)	(36.7)
Income taxes refunded	0.4	27.2
Net cash generated from / (used in) operating activities	751.0	(834.8)
Cash flows (used in) / generated from investing activities		
Purchase of property, plant and equipment	(107.9)	(36.2)
Purchase of right-of-use assets	(0.5)	(1.2)
Proceeds from sale of discontinued operations (net of cash disposed)	-	76.0
Proceeds from sale of property, plant and equipment	1.1	2.5
Net increase in money market deposits	(1,181.0)	-
Net cash (used in) / generated from investing activities	(1,288.3)	41.1
Cash generated from financing activities		
Repayment of borrowings	(259.5)	(14.9)
New loans advanced	147.9	301.1
Payment of lease liabilities	(67.5)	(69.2)
Proceeds on issue of shares	-	580.4
Proceeds on issue of convertible bonds	380.1	-
Net cash generated from financing activities	201.0	797.4
Net (decrease) / increase in cash in the year	(336.3)	3.7
Cash and cash equivalents at beginning of year	1,379.0	1,400.2
Effect of foreign exchange rate changes	4.8	(24.9)
Cash and cash equivalents at end of year	1,047.5	1,379.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 31 March 2022

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Other Reserves £m	Merger reserve £m	Retained earnings £m	Total shareholders' equity £m
Balance at 31 March 2020	1.9	12.9	(69.6)	2.3	3.3	-	683.3	634.1
Total comprehensive expense	-	-	25.4	(1.5)	(3.4)	-	(271.2)	(250.7)
Issue of share capital	0.8	6.9	-	-	-	572.7	-	580.4
Reserves transfer	-	-	-	-	-	(572.7)	572.7	-
Share-based payments	-	-	-	-	-	-	0.4	0.4
Balance at 31 March 2021	2.7	19.8	(44.2)	0.8	(0.1)	-	985.2	964.2
Total comprehensive expense	-	-	199.4	(6.3)	-	-	(315.4)	(122.3)
Share-based payments	-	-	-	-	-	-	3.3	3.3
Issue of convertible bonds ¹	-	-	-	-	51.4	-	-	51.4
Balance at 31 March 2022	2.7	19.8	155.2	(5.5)	51.3	-	673.1	896.6

¹ In June 2021, senior unsecured convertible bonds were issued generating gross proceeds of £387.4m. The equity component of these bonds was valued at £51.4m and recognised in other reserves.

NOTES TO THE UNAUDITED PRELIMINARY ANNOUNCEMENT

for the year ended 31 March 2022

1. Accounting policies and general information

Basis of preparation

The financial information in this preliminary announcement has been prepared and approved by the Board of Directors in accordance with UK-adopted international accounting standards and applicable law (“Adopted IFRS”).

Whilst the information included in this preliminary announcement has been prepared in accordance with Adopted IFRS, the financial information contained within this preliminary announcement for the years ended 31 March 2022 and 31 March 2021 does not itself contain sufficient information to comply with Adopted IFRS and nor does it comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006.

The financial information for 2021 is derived from the financial statements for the year ended 31 March 2021, which have been delivered to the Registrar of Companies. The Auditor has reported on the year ended 31 March 2021 financial statements; their report:

- i. was unqualified;
- ii. did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report; and
- iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial statements for the year ended 31 March 2022 will be finalised on the basis of the financial information presented by the Board of Directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

The 2022 Annual Report & Accounts (including the Auditor’s Report) will be made available to shareholders during the week commencing 8 August 2022. The **Jet2 plc** Annual General Meeting will be held on 1 September 2022.

The financial information has been prepared under the historical cost convention except for all derivative financial instruments, which have been measured at fair value.

The Group’s financial information is presented in pounds sterling and all values are rounded to the nearest £100,000 except where indicated otherwise.

1. Accounting policies and general information (continued)

Going concern

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2025.

For the purpose of assessing the appropriateness of the preparation of the Group's financial statements on a going concern basis, two financial forecast scenarios have been prepared for the 12 month period following approval of these financial statements:

- A base case which assumes an unhindered flying operation, utilising an aircraft fleet of 104 at pre-pandemic load factors above 90%, and includes significant cost increases in fuel and carbon; and
- A downside scenario with load factors reduced by 10ppts between July and October 2022 to reflect a possible reduction in demand. In addition, the Group has incorporated a two month period of no flying followed by two months of flying at reduced average load factors over the winter months to reflect the potential impact of the emergence of a new Covid variant.

The forecasts consider the current cash position, which is after repayment of the £65m Revolving Credit Facility in April 2022, and an assessment of the principal areas of risk and uncertainty as described in more detail in the Group's Annual Report & Accounts, paying particular attention to the impact of Covid-19 and cost of living pressures. The Directors have also considered the headroom in the downside scenario described above in light of the current trading environment as referred to in the Chairman's Statement.

In addition to forecasting the cost base of the Group, both scenarios incorporated the funding of future aircraft deliveries with our well-established aircraft financing partners, and no mitigating actions taken to defer uncommitted capital expenditure. Whilst the maturity of the £150m term loan in September 2023 occurs outside of the 12-month going concern period, the Group's longer term viability forecasts incorporate the repayment of this facility.

The Directors concluded that, given the combination of a closing cash balance (including money market deposits) of £2,228.5m at 31 March 2022 together with the forecast monthly cash utilisation, under both scenarios, the Group would have sufficient liquidity throughout a period of 12 months from the date of approval of the financial statements at the end of July 2022. In addition, the Group is forecast to meet its banking covenants at 30 September 2022 and 31 March 2023 under both scenarios.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2022.

Accounting policies

The accounting policies adopted are consistent with those described in the Annual Report & Accounts for the year ended 31 March 2021, aside from those described below which are in addition to the policies previously disclosed.

1. Accounting policies and general information (continued)

Convertible Bonds

Convertible bonds are compound financial instruments, and as a result their liability and equity components are presented separately in accordance with IAS 32 - *Financial Instruments: Presentation*.

On issuance of the convertible bonds, the initial fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption, with amortisation recorded through net financing expense in the Consolidated Income Statement.

The remainder of the proceeds raised on issuance of the convertible bonds is allocated to the conversion option that is recognised in equity; this equity component is not remeasured in subsequent years, until redemption of the liability or conversion into shares.

Transaction costs related to the convertible bond issuance are recorded proportionally against the corresponding liability and equity components.

Carbon

Trade and other payables

Free carbon allowances are received under the EU and UK Emissions Trading Schemes ("ETS"). The Group records the shortfall between the free allowance and its mandatory carbon obligations under both EU and UK ETS within trade and other payables.

These mandatory ETS liabilities are measured using the annual weighted average of purchased ETS allowances and carbon forward contracts where these are already in place. If there are insufficient carbon forward contracts at the point of emission, these liabilities are accrued using a market price of the relevant ETS allowance at this date.

In addition, from 1 January 2022 in line with its Sustainability Strategy, the Group has voluntarily offset all carbon emissions not already covered in its ETS obligations, including covering its free allowances. The cost of voluntary carbon emission offsetting is recorded in the Consolidated Income Statement when the flight occurs with a corresponding liability in trade and other payables.

These voluntary carbon offsetting liabilities are accrued using the purchase price on a first-in first-out basis where there are already sufficient purchase commitments for relevant offsetting schemes or by using a weighted average market price for such schemes where purchase commitments are not yet in place.

Inventories

Carbon emissions credits purchased in advance are recorded in inventories at their historic cost and are not subsequently revalued as they are held for own use. When the Group settles its carbon obligations, the balances held in inventories and trade and other payables are derecognised. At 31 March 2022, the value of carbon emission allowances held in inventories exceeded the amounts accrued in trade and other payables.

2. New and amended accounting standards and interpretations

The following amendments to IFRS became mandatorily effective in the current year and did not have a material impact.

International Financial Reporting Standards	Applying to accounting periods beginning after
IAS 38 – <i>Intangible Assets</i> – IFRS IC decision on Configuration or Customisation Costs in a Cloud Computing Arrangement	March 2021
IFRS 16 - <i>Leases</i> – Extension of amendments in relation to Covid-19 related rent concessions	April 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2	January 2021

IAS 38 – *Intangible Assets*

The publication details how to account for configuration and customisation costs in cloud computing arrangements and whether they should be capitalised as an intangible asset or a prepayment in the Statement of Financial Position, or if they are required to be expensed when incurred. The Group has cloud computing contracts, but the IFRS IC decision had no material impact on the financial statements of the Group due to the limited use of such software.

IFRS 16 – *Leases*

The amendment to IFRS 16 – *Leases* - published by the IASB on 28 May 2020, and subsequently revised on 31 March 2021, provides lessees with an exemption from assessing whether a Covid-19 related rent concession is a lease modification. Lessees applying the exemption have to account for the rent concessions as if they were not lease modifications. The amendments are available for rent concessions reducing lease payments due on or before 30 June 2022.

Interest Rate Benchmark Reform

The only interest rate benchmarks which the Group was exposed to and that were subject to reform are LIBOR and US LIBOR. These exposures related to the Revolving Credit Facility, aircraft financing and any associated floating-to-fixed interest rate swaps. The Group renegotiated the terms of its LIBOR financing agreements during the financial year to Sterling Overnight Index Average Rate (SONIA). The impact of this was not material.

The Group continues to engage with those financing partners to which it has US LIBOR exposures to transition these agreements to the Secured Overnight Financing Rate (“SOFR”) ahead of the 30 June 2023 deadline. The Group’s USD denominated borrowings and lease liabilities at 31 March 2022 that are subject to the transition are £517.2m. The impact of this is not expected to be material.

2. New and amended accounting standards and interpretations (continued)

The following are the new and amended accounting standards that have an effective date after the date of these financial statements and are not expected to have a material impact on the Group's reported financial performance or position.

International Financial Reporting Standards	Applying to accounting periods beginning after
New standards	
IFRS 17 – <i>Insurance Contracts</i>	January 2023
Amendments to existing standards	
Amendments to IFRS 3 – <i>Business Combinations</i> – Reference to the conceptual framework	January 2022
Amendments to IAS 16 – <i>Property, Plant and Equipment</i> – Proceeds before intended use	January 2022
Amendments to IAS 37 – <i>Provisions, Contingent Liabilities and Contingent Assets</i> – Costs of fulfilling a contract	January 2022
Amendments to IAS 1 – <i>Presentation of Financial Statements</i> – Disclosure of accounting policies	January 2023
Amendments to IAS 1 – <i>Presentation of Financial Statements</i> – Classification of liabilities as current or non-current	January 2023
Amendment to IAS 12 – <i>Income Tax</i> – Deferred tax related to assets and liabilities arising from a single transaction	January 2023
Amendments to IAS 8 – <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> – Definition of accounting estimates	January 2023

3. Segmental reporting

IFRS 8 – *Operating segments* requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM").

The CODM is responsible for the overall resource allocation and performance assessment of the Group. The Board of Directors approves major capital expenditure, assesses the performance of the Group and also determines key financing decisions. Consequently, the Board of Directors is considered to be the CODM.

The Group disposed of its Distribution & Logistics segment in the previous year; consequently, the information presented to the CODM for the purpose of resource allocation and assessment of the Group's performance now relates to its Leisure Travel segment as shown in the Consolidated Income Statement.

The Leisure Travel business specialises in offering package holidays by its ATOL licensed provider, **Jet2holidays**, to leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities, and scheduled holiday flights by its airline, **Jet2.com**. Resource allocation decisions are based on the entire route network and the deployment of its entire aircraft fleet. All **Jet2holidays** customers fly on **Jet2.com** flights, and therefore these segments are inextricably linked and represent the only continuing segment within the Group.

Revenue is principally generated from within the UK, the Group's country of domicile. No customer represents more than 10% of the Group's revenue.

4. Net operating expenses

	2022	2021
	£m	£m
	Unaudited	
Direct operating costs:		
Accommodation	473.5	113.0
Landing, navigation and third-party handling	139.5	34.3
Fuel	132.8	79.9
Maintenance	38.7	25.7
Agent commission	29.5	9.0
In-flight cost of sales	28.9	8.2
Aircraft rentals	0.6	-
Other direct operating costs	64.6	2.3
Staff costs including agency staff	313.2	224.2
Depreciation of property, plant and equipment	105.2	115.2
Depreciation of right-of-use assets	53.1	48.5
Other operating charges	176.0	71.2
Total net operating expenses	1,555.6	731.5

5. Net financing expense

	2022	2021
	£m	£m
	Unaudited	
Finance income	5.1	2.0
Interest expense on aircraft loans	(16.0)	(15.1)
Interest expense on other loans	(7.7)	(2.7)
Interest expense on convertible bond	(13.6)	-
Interest expense on lease liabilities	(21.2)	(22.7)
Net foreign exchange revaluation (losses) / gains	(12.6)	3.9
Total net financing expense	(66.0)	(34.6)

6. Earnings per share from continuing operations

Basic earnings per share is calculated by dividing the loss attributable to the equity owners of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the loss attributable to the equity owners of the Parent Company by the weighted average number of ordinary shares in issue during the year, adjusted for the effects of potentially dilutive instruments.

In accordance with IAS 33 – *Earnings per Share*, the Group shows no dilutive impact in respect of its share options, Deferred Awards and convertible bonds for the years ended 31 March 2022 or 31 March 2021 as their conversion to ordinary shares would decrease the loss per share.

	2022			2021		
	Earnings £m	Unaudited Weighted average number of shares millions	EPS pence	Earnings £m	Weighted average number of shares millions	EPS pence
Earnings per share						
Basic EPS						
Loss attributable to ordinary shareholders	(315.4)	214.6	(147.0)	(299.5)	179.4	(166.9)
Effect of dilutive instruments						
Share options and Deferred Awards	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-
Diluted EPS	(315.4)	214.6	(147.0)	(299.5)	179.4	(166.9)

7. Convertible bonds

On 3 June 2021, the Group announced the launch of an offering of £387.4m of guaranteed senior unsecured convertible bonds due in 2026. Settlement and delivery of the convertible bonds took place on 10 June 2021. The total bond offering of £387.4m covers a five-year term beginning on 10 June 2021 with a 1.625% per annum coupon payable semi-annually in arrears in equal instalments. The bonds are convertible into new and/or existing ordinary shares of *Jet2 plc*. The initial conversion price was set at £18.06 representing a premium of 40% above the reference share price on 3 June 2021 of £12.90. If not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par on 10 June 2026.

The convertible bonds are deemed to be a compound financial instrument, with their accounting treatment as detailed in Note 1. Accordingly, £328.7m was initially recognised as a liability in the Statement of Financial Position on issue and £51.4m was recognised in equity, representing the conversion option. These two amounts are net of transaction costs of £7.3m, which were allocated proportionally between the components, with £6.3m recorded against the liability and £1.0m recorded against equity.

Further detail of the judgement and estimate taken in the initial recognition of these convertible bonds is disclosed in the Group's Annual Report & Accounts.

8. Alternative performance measures

The Group's alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements.

Loss before FX revaluation and taxation from continuing operations

Loss before FX revaluation and taxation from continuing operations is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group excluding the impact of foreign exchange volatility.

EBITDA from continuing operations

Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group.

These can be reconciled to the IFRS measure of loss before taxation from continuing operations as below:

	2022	2021
	£m	£m
	Unaudited	
Loss before taxation from continuing operations	(388.8)	(369.9)
Net FX revaluation losses / (gains)	12.6	(3.9)
Loss before FX revaluation and taxation from continuing operations	(376.2)	(373.8)
Net financing expense (excluding Net FX revaluation losses / (gains))	53.4	38.5
Depreciation of property, plant and equipment	105.2	115.2
Depreciation of right-of-use assets	53.1	48.5
EBITDA from continuing operations	(164.5)	(171.6)

'Own Cash'

'Own Cash' comprises cash and cash equivalents and money market deposits and excludes advance customer deposits. It is included as an alternative measure in order to aid users in understanding the liquidity of the Group.

	2022	2021
	£m	£m
Cash and cash equivalents	1,047.5	1,379.0
Money market deposits	1,181.0	-
Deferred revenue	(1,189.1)	(322.4)
Trade and other receivables	44.4	5.9
Trade and other payables	-	(0.8)
'Own Cash'	1,083.8	1,061.7

Trade and other receivables relates to invoicing of amounts due from travel agents in respect of package holiday deposits and balance payments.

Trade and other payables relates to refund credit notes issued and cash refunds not yet paid out for flights and holidays cancelled prior to year end.

9. Restatement of prior year financial statements

	Year ended 31 March 2021 As restated	Provisions and liabilities restatement*	Year ended 31 March 2021 As originally reported
	£m	£m	£m
Non-current assets			
Intangible assets	26.8	-	26.8
Property, plant and equipment	836.6	-	836.6
Right-of-use assets	462.9	-	462.9
Derivative financial instruments	9.4	-	9.4
	1,335.7	-	1,335.7
Current assets			
Inventories	1.0	-	1.0
Trade and other receivables	133.8	-	133.8
Derivative financial instruments	23.5	-	23.5
Cash and cash equivalents	1,379.0	-	1,379.0
	1,537.3	-	1,537.3
Total assets	2,873.0	-	2,873.0
Current liabilities			
Trade and other payables	69.8	-	69.8
Deferred revenue	278.0	-	278.0
Borrowings	322.5	-	322.5
Lease liabilities	67.1	-	67.1
Provisions and liabilities	48.2	(14.3)	62.5
Derivative financial instruments	58.3	-	58.3
	843.9	(14.3)	858.2
Non-current liabilities			
Deferred revenue	44.4	-	44.4
Borrowings	433.7	-	433.7
Lease liabilities	495.0	-	495.0
Provisions and liabilities	14.3	14.3	-
Derivative financial instruments	40.8	-	40.8
Deferred taxation	36.7	-	36.7
	1,064.9	14.3	1,050.6
Total liabilities	1,908.8	-	1,908.8
Net assets	964.2	-	964.2
Shareholders' equity			
Share capital	2.7	-	2.7
Share premium	19.8	-	19.8
Cash flow hedging reserve	(44.2)	-	(44.2)
Cost of hedging reserve	0.8	-	0.8
Other reserves	(0.1)	-	(0.1)
Retained earnings	985.2	-	985.2
Total shareholders' equity	964.2	-	964.2

* The Group has restated its Provisions and liabilities to better reflect the timing of when its aircraft maintenance obligations fall due, having previously recognised the full balance as a current liability.

10. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information as stipulated under the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time, until the release of this announcement.