Jet2 plc

Preliminary Results 2021

Jet2 plc

PRELIMINARY UNAUDITED RESULTS FOR YEAR ENDED 31 MARCH 2021

Jet2 plc (formerly Dart Group plc), the **Leisure Travel** group (the "Group" or the "Company"), announces its preliminary results for the year ended 31 March 2021. These results are presented in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

* In what has proven to be a period of unparalleled operational and financial challenges, the Group made a **loss before FX revaluation and taxation from continuing operations of £373.8m** (2020: pre-exceptional profit before FX revaluation and taxation from continuing operations of £264.2m)**.**

* As a result of the impact of Covid-19, our 'Own Cash' balance (excluding advance customer deposits) and its careful preservation became a top priority, the Board adapting quickly to the challenges presented by taking considered but decisive actions to minimise losses and reduce cash burn.

* ***Jet2 plc***'s strong financial foundations and previously positive long-term operational and financial performance, **enabled rapid access to £1.0bn of additional funding in the financial year primarily through Shareholder and Bank support, for which we are very grateful**.

* **As a result, our year end liquidity position remained strong** with a total cash balance of £1,379.0m, (2020: £1,387.5m), a decrease of 1% and an 'Own Cash' position of £1,061.7m (2020: £520.4m), an increase of 104%.

* Since 31 March 2021, the Group has further enhanced its liquidity by signing a new unsecured £150.0m term loan maturing in September 2023, and also announced the successful issuance of £387.4m of senior unsecured Convertible Bonds due in 2026, positioning the Company for a strong recovery as lockdown restrictions are lifted, through fleet growth and fleet renewal opportunities. **Consequently, as at 4 July 2021, the Group had a total cash balance of £1,908m and an 'Own Cash' position of £1,460m,** this after **having processed over £1.4bn in refunds to customers since the pandemic began.**

* Extensive international travel restrictions meant our aircraft were fully grounded for approximately 29 weeks of the financial year and operated a significantly reduced programme when flying was permitted. **Consequently, our flying programme concentrated on those routes where we could achieve a positive financial contribution, supported by our quick to market, flexible operating model.**

* As a result, ***Jet2.com*** flew a total of 1.32m single sector passengers, a decrease of 91% (2020: 14.62m). ***Jet2holidays*** package holiday customers represented 58% (2020: 52%) of the overall mix of flown passengers at 0.37m customers (2020: 3.77m), a decrease of 90%.

* **We believe opportunities for financially strong, resilient and trusted operators will only increase.** Bookings for Summer 22, for which package holiday bookings are displaying a materially higher mix of the total are encouraging and with the vaccination progress being made, we are optimistic that Summer 22 will be a considerable improvement on both Summer 20 and Summer 21.

* We are confident that once normality returns, our Customers will be determined to enjoy the wonderful experience of a well-deserved Jet2 holiday and that ***Jet2.com*** and ***Jet2holidays*** will continue to have a thriving future, taking millions of UK holidaymakers annually, to the Mediterranean, the Canary Islands and to European Leisure Cities and that ***Jet2 plc*** will emerge from this crisis an even stronger company.

OUR CHAIRMAN'S STATEMENT

When the financial year began, very few people could have foreseen the prolonged impact of the Covid-19 pandemic. Having delivered record financial results for the financial year ended 31 March 2020 and with strong advance booking momentum ahead of Summer 2020, plus a healthy 'Own Cash' (excluding advance customer deposits) position, our UK Leisure Travel Business – which encompasses ***Jet2holidays***, our acclaimed ATOL licensed package holidays operator and ***Jet2.com***, our award-winning airline – was well placed to deliver another year of strong performance.

However, in what has proven to be a period of unparalleled operational and financial challenges, the pandemic has had an unprecedented impact on ***Jet2 plc*** and the Leisure Travel industry as a whole.

Extensive restrictions on international travel imposed by the UK Government, meant our aircraft fleet was fully grounded for approximately 29 weeks of the financial year and operated with a significantly reduced programme when flying was permitted. Consequently, ***Jet2.com*** flew a total of 1.32m single sector passengers, a decrease of 91% (2020: 14.62m). ***Jet2holidays*** package holiday customers represented 58% (2020: 52%) of the overall mix of flown passengers at 0.37m customers (2020: 3.77m), a decrease of 90%. The passenger volume reduction contributed directly to a decrease in revenue of 89% to £395.4m (2020: £3,584.7m) and consequently a **loss before FX revaluation and taxation from continuing operations** of £373.8m† (2020: pre-exceptional profit before FX revaluation and taxation from continuing operations of £264.2m†).

After accounting for net FX revaluation gains of £3.9m and profits of £28.6m from two months' trading and the subsequent sale of **Fowler Welch**, our non-core Distribution & Logistics business, total **loss before taxation including discontinued operations was £341.3m†** (2020: pre-exceptional profit before taxation of £261.6m†).

Basic earnings per share from total operations decreased to (151.2p) (2020: 77.9p). In consideration of the ongoing impact of Covid-19, the Board does not recommend the payment of a final dividend (2020: 0.0p per share), resulting in a total dividend for the year of 0.0p per share (2020: 3.0p).

Strategy

"*We take people on holiday!"*

Jet2holidays is the UK's largest package holiday operator 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.

On 11 November 2020, we were very pleased to announce our tenth UK operating base at Bristol Airport, from which we successfully commenced flying operations on 2 July 2021, with the required aircraft and crews primarily sourced from our existing fleet and colleagues. This means that holidaymakers in the South West can now look forward to something they have not experienced before - our award-winning customer service and their ***Real Package Holidays from Jet2holidays®***.

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

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!

Our long-term ambition therefore remains – **To become the UK's Leading and Best Leisure Travel Business**.

2021 Key Performance Highlights

Liquidity

At 1 April 2020, the Group had a strong and carefully managed balance sheet with an 'Own Cash' balance of £520.4m and a total cash balance of £1,387.5m.

As a result of the impact of Covid-19, our 'Own Cash' balance and its careful preservation became a top priority. The Board adapted quickly to the challenges by taking considered but decisive actions to minimise losses and reduce cash burn. We reduced operating costs and discretionary spending and cancelled or deferred future additional aircraft deliveries.

In addition, ***Jet2 plc***'s strong financial foundations and previously positive long-term operational and financial performance, has enabled rapid access to £1.6bn of additional funding since the outset of Covid-19.

This liquidity has been raised from a diversified range of funding sources including: the utilisation of our £65m Revolving Credit Facility; the drawing down of the Bank of England's Covid Corporate Financing Facility ("CCFF") of £199m; the financing of unencumbered owned mid-life aircraft for £102m; the sale of **Fowler Welch**, our non-core Distribution & Logistics business, for gross proceeds of £99m; plus two oversubscribed equity placings raising gross proceeds of £594m, for which we are grateful to our Shareholders for their support.

Post the financial year end on 31 May 2021, ***Jet2 plc*** signed a new unsecured £150m term loan maturing in September 2023 with its supportive Banking group. In addition, on 3 June 2021, the Company announced the successful issuance of £387m of senior unsecured Convertible Bonds due in 2026 carrying a coupon of 1.625%, the offering for which was heavily oversubscribed. The proceeds of the issuance of the bonds will be used to strengthen ***Jet2 plc***'s liquidity further and position the Company for a strong recovery as lockdown restrictions are lifted, through fleet growth and fleet renewal opportunities.

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 have taken great pride in refunding our Customers promptly when their holidays or flights have unfortunately had to be cancelled, although many have opted to reschedule their bookings**. The Group have processed over £1.4bn in refunds since the pandemic began,** with our now virtual contact centre, ably supported by our social media and customer service teams, working tirelessly in this regard. We were duly recognised by both the UK Civil Aviation Authority, as the only UK airline to have been consistently processing cash refunds quickly, and *Which?* who said that, *"Jet2 processed refunds without quibble when requested by customers*".

More recently, *Which?* assessed the flexible booking policies of more than 80 holiday companies to see how well they look after their customers if lockdowns or quarantine restrictions affect their plans and described us as 'rated highly'. Additionally, they list ***Jet2holidays*** as the highest-rated *Which?* Recommended Provider, which is why we continue to be awarded that prestigious accolade.

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. We also know that in times of uncertainty **customers look to operators they can trust and who offer them the best value for money**.

As a result of our unwavering focus to do what is right for our Customers, we are confident that once normality returns, they will be even more determined to enjoy the wonderful experience of a well-deserved Jet2 holiday. We remain completely committed to doing our very best to ensure that when the time comes, 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.

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 enabled us to attain many awards over the years which recognise our outstanding customer service. And, whilst the past year 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.

Though many colleagues have regrettably not been actively required to work this year, many others have worked tirelessly throughout these difficult times. We are very proud of the way in which our Contact Centre and Customer Service teams have dealt with the huge number of cancellations forced upon the business and also how quickly and positively our support offices colleagues transitioned to a home working model - the efficiency and engagement levels have been extremely positive.

For Summer 2020, we had planned for growth which was underpinned by strong advance bookings. Unfortunately, as a result of Covid-19, things did not continue as planned and consequently, we had to take some very difficult decisions as we right sized for a significantly impaired Summer 2020 flying programme and a cautious approach to flying for Summer 2021. Sadly, this meant it was necessary to make 546 valued colleagues redundant from across our business.

The Board's aim throughout the pandemic has been to support our colleagues as fully as possible, ensuring that we communicate with them regularly and reassure them appropriately, protecting as many jobs as possible whilst understanding the anxieties and concerns faced by them. Though we have been hugely appreciative of the UK Government's Coronavirus Job Retention Scheme ("CJRS"), the Board also implemented a generous bespoke salary plan which saw the Company "top up" the CJRS funding to provide further financial support for our loyal colleagues to enable them to cope through these difficult times.

I would therefore like to take this opportunity to sincerely thank all our colleagues for continuing to *Work As One Team* and being dedicated to our business and our Customers throughout these unprecedented times.

And, despite the ongoing immediate challenges, I am confident that once normality returns we will have colleagues 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.

The Board

The Board recognises that it is responsible for the long-term success of the Group and is accountable to shareholders for its proper management. The Board's composition is regularly reviewed to ensure that it maintains the appropriate balance of skill set, background and experience, to enable it to oversee the execution of the Group's strategy.

As a result, and following a rigorous search process, we were delighted to welcome Robin Terrell to the Board on 14 April 2020 as an independent non-executive director. Robin brings extensive experience in leading online and retail businesses and has very relevant financial knowledge given his qualification as a chartered accountant and his recent position as Chair of the Audit Committee of William Hill plc.

Additionally, following the sale of our Distribution & Logistics business, in September 2020, the Company changed its name to ***Jet2 plc***, reflecting the continued focus on its longer-term strategy of growing its leisure travel business. We were delighted to announce the appointment of Stephen Heapy (Chief Executive Officer of ***Jet2.com*** and ***Jet2holidays***) to Chief Executive Officer of ***Jet2 plc***. We are also very fortunate to be extremely well supported by our Group Chief Financial Officer, Gary Brown. I remain the Executive Chairman.

Culture and Stakeholders

The Board and senior management team remain focused on generating long-term shareholder value by making decisions that ensure the foundations of the business remain strong and sustainable in an ever-changing marketplace.

We recognise the importance of strong relationships with our many stakeholders in helping to realise our growth plans. For example, 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. This cooperative spirit enabled us to have positive discussions to reduce monthly outgoings or restructure contracts during the early stages of the pandemic.

Despite the pandemic, we recognise that paying our suppliers, including of course our hotel partners, on time and in full is vital for their financial well-being. Under the 'Duty to report on payment practices and performance' legislation, the average time taken to pay supplier invoices during the year was 34.0 days (2020: 25.3 days). We continue to take pride in supporting all our suppliers through our industry leading payment record.

We engage with our shareholders and institutional investors regularly including at results presentations, individual investor meetings and at the Annual General Meeting. We were pleased to gain overwhelming support and participation for both our equity placings, and the engagement with shareholders that we undertook meant that we could explain the Board's position and answer any questions they had. These equity fund raisings have played a vital role in ensuring we remain a successful and sustainable company in the future.

The Executive Directors and certain senior managers within the organisation regularly engage with senior members of the UK Government and regulatory bodies. Contact this past year has very much focused on the extensive travel restrictions imposed as a result of the pandemic and trying to ensure that restrictions are proportionate and risk-based. 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.

Finally, we continue to place particular emphasis on our corporate culture to help achieve our goals, as epitomised by our ***'Take Me There'*** brand values. We were delighted that the rules of the CJRS allowed us to continue providing ***'Take Me There'*** training even whilst colleagues were not required to work, which enabled us to keep these values and the passion for our brand alive - the active fulfilment of these values has been essential to our accomplishments to date and will remain integral to our future success.

Sustainability

The Group takes its environmental obligations seriously. ***Jet2 plc*** endeavours to operate in the most efficient and environmentally responsible way possible, minimising both emissions and carbon intensity (emissions per unit of product delivered). We believe that efficient operations also help to minimise our environmental impact on noise and air quality pollutants.

It is our intention to launch our Sustainability Strategy in September this year and we are putting in place stretching but pragmatic targets which will have meaningful positive impacts, starting the journey towards our Net Zero 2050 pledge and ensuring our Customers can enjoy ***Real Package Holidays from Jet2holidays®*** or scheduled holiday flights with ***Jet2.com*** that are increasingly more environmentally sustainable.

Outlook

Though the continuing successful rollout of vaccines in the UK and the momentum in Europe are encouraging, the first three months of the new financial year have seen little change in the significant challenges facing the Leisure Travel industry. The Government's Global Travel Task Force report in early April was disappointing as it lacked depth and detail, whilst the subsequent 'traffic light system' only served to confuse rather than clarify for consumers.

However, the recent announcement of an expanded 'green watch list' and the potential relaxing of restrictions for those who are double vaccinated to be able to travel to amber list destinations without having to quarantine on return, was a welcome step in the right direction, demonstrating that the UK Government is committed to reopening international travel.

That said, Group performance for the financial year ending 31 March 2022 is very much dependent on the level of flying permitted for the remainder of Summer 21 and performance in the second half of the financial year, periods for which we still have limited visibility. Unsurprisingly given the continuing short-term uncertainty, customers are booking significantly closer to departure for Summer 21; and, although bookings to date for Winter 21/22 are satisfactory, they have slowed more recently given the ongoing speculation around international travel.

Bookings for Summer 22, for which package holiday bookings are displaying a materially higher mix of the total, are encouraging and with the vaccination progress being made, we are optimistic that Summer 22 will be a considerable improvement on both Summer 20 and Summer 21.

We believe opportunities for financially strong, resilient and trusted operators will only increase as restrictions are lifted. Given the significant actions we have taken to carefully protect our cash balance and to improve our available liquidity and with our Own Cash balance as at 4 July 2021 of £1,460m, we are well placed to respond swiftly as the remaining UK Government travel restrictions are finally relaxed and customer confidence recovers.

We are confident that once normality returns, our Customers will be determined to enjoy the wonderful experience of a well-deserved Jet2 holiday and that ***Jet2.com*** and ***Jet2holidays*** will continue to have a thriving future, taking millions of UK holidaymakers annually, to the Mediterranean, the Canary Islands and to European Leisure Cities and that ***Jet2 plc*** will emerge from this crisis an even stronger company.

Philip Meeson
Executive Chairman
8 July 2021

BUSINESS & FINANCIAL REVIEW

The Group's financial performance for the year ended 31 March 2021 is reported in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Summary Income Statement	**2021 £m Unaudited**	2020 £m	*Change*
Revenue	**395.4**	3,584.7	*(89%)*
Net operating expenses	**(731.5)**	(3,291.7)	*78%*
Exceptional item - hedge ineffectiveness	**-**	(108.4)	*100%*
Operating (loss) / profit	**(336.1)**	184.6	*(282%)*
Net financing expense (excluding Net FX revaluation gains / (losses))	**(38.5)**	(29.5)	*(31%)*
Profit on disposal of property, plant and equipment	**0.8**	0.7	*14%*
(Loss) / profit before FX revaluation and taxation	**(373.8)**	155.8	*(340%)*
Net FX revaluation gains / (losses)	**3.9**	(8.1)	*148%*
(Loss) / profit before taxation from continuing operations	**(369.9)**	147.7	*(350%)*
Profit before taxation from discontinued operating activities	**2.1**	5.5	*(62%)*
Profit on disposal of discontinued operations	**26.5**	-	*100%*
(Loss) / profit before taxation	**(341.3)**	153.2	*(323%)*
Net financing expense (including Net FX revaluation gains / (losses))	**34.6**	37.6	*8%*
Depreciation	**163.7**	204.5	*20%*
Exceptional item - hedge ineffectiveness	**-**	108.4	*100%*
Pre-exceptional EBITDA from continuing operations*	**(171.6)**	498.2	*(134%)*

** Pre-exceptional 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

The extensive restrictions imposed on international travel by the UK Government in response to Covid-19 have had a devastating effect on air travel generally, with no flying operations for large parts of the financial year resulting in the Group's financial performance being severely impacted.

After grounding our aircraft fleet in mid-March 2020, we were pleased to be able to resume operations on 15 July 2020 after travel restrictions were lifted for an approved list of countries, enabling us to provide as many of our Customers as possible with their well-deserved and eagerly anticipated ***Real Package Holidays™***.

The rapid reimposition of travel restrictions for Mainland Spain, the Canary Islands and the Balearics in late July, saw us successfully re-focus our flying programme to Eastern Mediterranean destinations, supported by our quick to market, flexible operating model. And, despite the many subsequent changes in UK Government guidance, ***Jet2.com*** continued to demonstrate its operational flexibility, constantly amending its flying programme to concentrate on those destinations which generated a positive financial contribution. We retain that flexibility to react quickly as travel restrictions ease over the coming months.

As we entered the Winter 20 season in November, the flying operation was impaired by further UK lockdowns and, subsequently, from 28 December 2020 to the end of the financial year, no flying was conducted as the UK as a whole entered a third national lockdown and the UK Government deemed international travel illegal.

These extensive and prolonged restrictions meant that ***Jet2.com*** flew a total of 1.32m (2020: 14.62m) single sector passengers during the financial year, a decrease of 91%. Customers choosing our end-to-end package holiday products decreased by 90% to 0.37m (2020: 3.77m), with package holiday customers representing 58% of overall flown passengers (2020: 52%). The uncertainty created by the numerous changes in travel restrictions resulted in an average load factor of 66.0% compared to the prior year of 92.2%.

Average flight-only ticket yield per passenger sector at £95.24 (2020: £85.59) was 11% higher than the prior year, primarily due to the increased mix of Eastern Mediterranean destinations. Conversely, the average price of a ***Jet2holidays*** package holiday decreased by 2% to £676 (2020: £687), reflecting the many special offers received from hoteliers and passed onto our Customers in pricing.

Non-Ticket Retail Revenue per passenger sector grew by 17% to £29.10 (2020: £24.91) as a result of the mix of longer flights to the Eastern Mediterranean, increased take-up of extra leg room and advanced seat assignment, plus the provision of our successful in-flight retail service, a product which our customers have come to expect and enjoy.

As a result, overall Group Revenue decreased by 89% to £395.4m (2020: £3,584.7m).

Net Operating Expenses

At the start of the pandemic the business undertook considered but swift action, putting mitigation measures in place to remove cost and reduce associated cash burn, which included: approximately 80% of our UK colleagues initially being put on temporary leave of absence (‘furloughed’) which made full use of the grants available under the UK Government’s Coronavirus Job Retention Scheme (“CJRS”), with similar schemes also in place for many of our overseas colleagues; the cancellation or deferral of future additional aircraft deliveries; deferral of non-critical capital expenditure; and the freezing of recruitment and discretionary spending. In addition, we also had positive discussions with many suppliers to reduce our monthly outgoings. Despite the CJRS totalling £97.9m in the year, our monthly salary bill remained a substantial proportion of our overall costs and therefore, we asked all colleagues (including, of course, Directors) to take an ongoing pay cut. Additionally, performance related bonuses earned for the financial year ended 31 March 2020, plus the Discretionary Colleague Profit Share Scheme, were not paid.

Though lower levels of flying activity resulted in reduced operational variable costs, certain fixed costs were carried at lower than normal productivity levels, as the business was right sized ahead of its proposed Summer 2021 flying programme.

As a result, net operating expenses reduced by 78% to £731.5m (2020: £3,291.7m).

Operating (loss) / profit

Overall Group operating loss for the year was £336.1m (2020: pre-exceptional operating profit of £293.0m).

Net Financing Expense

Net financing expense of £34.6m (2020: £37.6m) is stated after finance income of £2.0m (2020: £14.5m), the year-on-year decrease a result of reduced interest rates. Interest payable of £40.5m (2020: £44.0m) predominantly related to structured aircraft finance and IFRS 16 lease interest expense.

In addition, net FX revaluation gains of £3.9m (2020: £8.1m loss) resulted from the year end revaluation of foreign currency denominated monetary balances along with FX movements from the crystallisation of prior year ineffective derivatives and current year ineffective currency derivatives.

Discontinued Operations

On 31 May 2020, the Group sold its non-core Distribution & Logistics operating business, **Fowler Welch** which was previously classified as held-for-sale and as a discontinued operation having satisfied the conditions under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The related profit after taxation for the two month period from discontinued operating activities was £1.8m (2020: £4.4m for the twelve month period).

In addition, a profit of £26.5m (2020: nil) was generated on disposal of these discontinued operations, for which the Group did not incur a corporation tax charge.

Statutory Loss for the Year

As a result, the Group made **a statutory loss before taxation from continuing operations of £369.9m** (2020: pre-exceptional statutory profit before taxation of £256.1m).

Taxation

The Group recorded a tax credit of £70.4m compared to an expense of £36.1m in 2020. The Group's effective tax rate of 19% (2020: 24%) was in line with the 19% headline rate of corporation tax. The Finance Bill published on 11 March 2021 detailed a proposed increase in the rate of corporation tax from 19% to 25% from 1 April 2023. However, as this legislation was not substantively enacted at 31 March 2021, the Group has provided for deferred tax at 19% (2020: 19%).

Statutory Net Loss for the year and Earnings Per Share

The Group made a statutory loss after taxation from continuing operations of £299.5m and basic earnings per share decreased to (166.9p).

Other Comprehensive Income and Expense

The Group had other comprehensive income of £20.5m (2020: £44.9m expense); the change compared to the prior year is primarily due to the transfer to the Consolidated Income Statement of prior year cashflow hedge losses on out-of-the-money fuel derivatives.

Cash Flows and Financial Position

Over the last twelve months, the Group has successfully undertaken major cost reduction and cost avoidance measures, alongside maintaining a balance sheet with significant liquidity and managing cash burn to minimum levels.

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

Summary of Cash Flows	**2021 £m Unaudited**	2020 £m	*Change*
EBITDA from continuing operations	**(171.6)**	498.2	*(134%)*
EBITDA from discontinued operating activities	**4.7**	20.9	*(78%)*
Other Income Statement adjustments	**(2.1)**	(0.4)	*(425%)*
Operating cash flows before movement in working capital	**(169.0)**	518.7	*(133%)*
Movements in working capital	**(556.7)**	(21.5)	*(2,489%)*
Payment on settlement of derivatives	**(101.6)**	-	*(100%)*
Interest and taxes	**(7.5)**	(54.1)	*86%*
Net cash (used in) / generated from operating activities	**(834.8)**	443.1	*(288%)*
Purchase of intangibles	**-**	(26.8)	*100%*
Purchase of property, plant and equipment	**(37.4)**	(211.3)	*82%*
Movement on borrowings	**286.2**	27.0	*960%*
Movement on lease liabilities	**(69.2)**	(99.7)	*31%*
Proceeds on issue of shares	**580.4**	0.1	*100%*
Proceeds from sale of discontinued operations (net of cash disposed)	**76.0**	-	*100%*
Other items	**(22.4)**	(6.5)	*(245%)*
Net (decrease) / increase in cash and money market deposits (a)	**(21.2)**	125.9	*(117%)*

(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 Cash Flow Statement reports net cash flow excluding these movements.

Net Cash (Used in) / Generated From Operating Activities

Operating losses from continuing operations of £336.1m (2020: £184.6m profit), primarily offset by depreciation of £166.1m (2020: £218.7m) and exceptional hedge ineffectiveness of £nil (2020: £108.4m), resulted in an operating cash outflow of £169.0m (2020: £518.7m inflow).

In addition, movements in working capital, including settlement of derivatives recorded as ineffective in the previous year, resulted in further cash outflows of £658.3m (2020: £21.5m), primarily due to the business holding lower customer cash receipts as a result of reduced forward bookings, whilst additional cash was expended to refund customers for cancelled flights or holidays. Overall, the Group absorbed £834.8m of cash in its operating activities (2020: £443.1m cash generated).

Net Cash Generated From / (Used In) Investing Activities

Total capital expenditure of £37.4m (2020: £211.3m) related to business critical expenditure including continued investment in the long-term maintenance of our existing aircraft fleet and the acquisition of an A321 flight simulator following the addition of our first Airbus aircraft to the fleet. In addition, the Group sold its non-core Distribution & Logistics business for gross cash consideration of £99.5m.

Net Cash Generated From / (Used In) Financing Activities

In response to Covid-19, the Group negotiated payment deferrals with certain of its aircraft financiers resulting in a reduction in capital repayments to £14.9m (2020: £38.0m) on aircraft loans. Additionally, financing agreements were completed on twelve unencumbered owned mid-life Boeing 737-800NG aircraft resulting in cash inflows of £102.4m (2020: £nil) whilst repayments of £69.2m (2020: £99.7m) were made on existing aircraft and property leases.

The liquidity position was further strengthened as two oversubscribed equity share placings were completed in May 2020 and February 2021 raising combined net proceeds of £580.4m. Additionally, in March 2021, ***Jet2 plc*** was re-confirmed as an eligible issuer for the UK Government's Covid Corporate Financing Facility ("CCFF") and fully drew down this funding of £198.7m (2020: £nil). This short-term facility matures in March 2022.

Other items totalling an outflow of £22.4m (2020: £6.5m) are primarily driven by the effect of foreign exchange rate changes on the Group's cash balances.

Overall, this resulted in a net cash outflow from total operations of £21.2m (2020: £125.9m inflow) and a year end gross cash position of £1,379.0m (2020: £1,387.5m). Net cash, stated after borrowings and lease liabilities decreased by 74% to £60.7m (2020: £229.1m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £317.3m (2020: £867.1m), and had increased its 'Own Cash' balance by 104% to £1,061.7m (2020: £520.4m).

There were no (2020: £nil) cash restrictions from Merchant Acquirers and £8.3m (2020: £39.8m) was placed with counterparties in the form of margin calls to cover out-of-the-money hedge instruments and as collateral in respect of adverse currency movements on aircraft loans in comparison to their underlying asset value.

Summary Statement of Financial Position	**2021 £m Unaudited**	2020 £m	*Change*
Non-current assets [(a)]	**1,326.3**	1,492.7	*(11%)*
Net current assets / (liabilities) [(b)]	**2.5**	(138.7)	*102%*
Cash and cash equivalents	**1,379.0**	1,387.5	*(1%)*
Deferred revenue	**(322.4)**	(745.2)	*57%*
Borrowings	**(756.2)**	(485.7)	*(56%)*
Lease liabilities	**(562.1)**	(672.7)	*16%*
Deferred taxation	**(36.7)**	(78.7)	*53%*
Derivative financial instruments	**(66.2)**	(191.5)	*65%*
Net assets held for sale	**-**	66.4	*(100%)*
Total shareholders' equity	**964.2**	634.1	*52%*

(a) Stated excluding derivative financial instruments.

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

Total shareholders' equity increased by £330.1m (2020: £56.2m) primarily comprising the net proceeds of share placings of £580.4m offsetting a loss after taxation of £271.2m (2020: £116.0m profit), and a favourable movement of £23.9m (2020: £48.8m adverse) in the cash flow hedging and cost of hedging reserves, largely a result of the settlement of prior year out-of-the-money jet fuel forward contracts and less volatility in commodity prices at the current year end.

Events Subsequent to 31 March 2021

On 31 May 2021, ***Jet2 plc*** signed a new unsecured £150.0m term loan maturing in September 2023, as further liquidity to enhance its balance sheet capability and flexibility.

In addition, on 3 June 2021, ***Jet2 plc*** announced the successful issuance of £387.4m of senior unsecured Convertible Bonds due in 2026, carrying a coupon of 1.625% per annum. The bonds will be convertible into new and/or existing ordinary shares of the Company if the initial conversion price set at £18.06, representing a premium of 40% above the reference share price of £12.90, is exceeded prior to June 2026.

The proceeds of the bond issuance will be used to strengthen ***Jet2 plc***'s liquidity further and position the Company for a strong recovery as lockdown restrictions are lifted, through fleet growth and fleet renewal opportunities.

These transactions, together, further improve the ability for ***Jet2.com*** and ***Jet2holidays*** to capitalise on any upturn opportunities as the international travel market re-opens.

We will continue to take every step necessary to preserve cash and enhance liquidity to ensure both ***Jet2.com*** and ***Jet2holidays*** are equipped to deal with this most challenging of trading environments and also best positioned for a full return to operations in a stable financial position, to the benefit of all stakeholders.

Gary Brown
Group Chief Financial Officer
8 July 2021

Leisure Travel Key Performance Indicators	**2021**	2020	*Change*
Number of routes operated during the year	**224**	355	*(37%)*
Leisure Travel sector seats available (capacity)	**2.00m**	15.85m	*(87%)*
Leisure Travel passenger sectors flown	**1.32m**	14.62m	*(91%)*
Leisure Travel load factor	**66.0%**	92.2%	*(26.2 ppts)*
Flight-only passenger sectors flown	**0.56m**	7.06m	*(92%)*
Package holiday customers	**0.37m**	3.77m	*(90%)*
Flight-only ticket yield per passenger sector (excl. taxes)	**£95.24**	£85.59	*11%*
Average package holiday price	**£676**	£687	*(2%)*
Non-ticket revenue per passenger sector	**£29.10**	£24.91	*17%*
Average hedged price of fuel (per tonne)	**$483**	$629	*(23%)*
Advance sales made as at 31 March	**£1,162.4m**	£1,679.2m	*(31%)*

For further information please contact:

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This announcement may include statements that are, or may be deemed to be, "forward-looking statements" (including words such as "believe", "expect", "estimate", "intend", "anticipate" and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2021

	Results for the year ended 31 March 2021 £m	Results for the year ended 31 March 2020 £m
Revenue	**395.4**	3,584.7
Net operating expenses	**(731.5)**	(3,291.7)
Exceptional item – hedge ineffectiveness	**-**	(108.4)
Operating (loss) / profit	**(336.1)**	184.6
Finance income	**2.0**	14.5
Finance expense	**(40.5)**	(44.0)
Net FX revaluation gains / (losses)	**3.9**	(8.1)
Net financing expense	**(34.6)**	(37.6)
Profit on disposal of property, plant and equipment	**0.8**	0.7
(Loss) / profit before taxation	**(369.9)**	147.7
Taxation	**70.4**	(36.1)
(Loss) / profit for the year from continuing operations	**(299.5)**	111.6
Profit after taxation from discontinued operating activities*	**1.8**	4.4
Profit on disposal of discontinued operations*	**26.5**	-
Profit for the year from discontinued operations*	**28.3**	4.4
(Loss) / profit for the year *all attributable to equity shareholders of the Parent*	**(271.2)**	116.0

Earnings per share from continuing operations		
- basic	**(166.9p)**	75.0p
- diluted	**(166.9p)**	74.8p
Earnings per share from total operations		
- basic	**(151.2p)**	77.9p
- diluted	**(151.2p)**	77.8p

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2021

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
(Loss) / profit for the year	**(271.2)**	116.0
Other comprehensive (expense) / income		
Items that are or may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Fair value losses	**(23.6)**	(68.6)
Add back losses transferred to income statement	**55.0**	5.0
Cost of hedging reserve – changes in fair value	**(1.9)**	2.9
Related taxation (charge) / credit	**(5.6)**	11.9
Revaluation of foreign operations	**(3.4)**	3.9
	20.5	(44.9)
Total comprehensive (expense) / income for the year	**(250.7)**	71.1
all attributable to equity shareholders of the Parent		

Total comprehensive (expense) / income for the year arises from:		
Continuing operations	**(279.0)**	66.7
Discontinued operations*	**28.3**	4.4
Total comprehensive (expense) / income	**(250.7)**	71.1

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2021

	2021 £m	2020 £m
Non-current assets		
Intangible assets	**26.8**	26.8
Property, plant and equipment	**836.6**	931.8
Right-of-use assets	**462.9**	534.1
Derivative financial instruments	**9.4**	25.1
	1,335.7	1,517.8
Current assets		
Inventories	**1.0**	1.3
Trade and other receivables	**133.8**	294.1
Derivative financial instruments	**23.5**	53.9
Cash and cash equivalents	**1,379.0**	1,387.5
Assets held for sale*	**-**	128.2
	1,537.3	1,865.0
Total assets	**2,873.0**	3,382.8
Current liabilities		
Trade and other payables	**69.8**	366.4
Deferred revenue	**278.0**	736.0
Borrowings	**322.5**	104.4
Lease liabilities	**67.1**	76.2
Provisions and liabilities	**62.5**	67.7
Derivative financial instruments	**58.3**	216.5
Liabilities held for sale*	**-**	61.8
	858.2	1,629.0
Non-current liabilities		
Deferred revenue	**44.4**	9.2
Borrowings	**433.7**	381.3
Lease liabilities	**495.0**	596.5
Derivative financial instruments	**40.8**	54.0
Deferred taxation	**36.7**	78.7
	1,050.6	1,119.7
Total liabilities	**1,908.8**	2,748.7
Net assets	**964.2**	634.1
Shareholders' equity		
Share capital	**2.7**	1.9
Share premium	**19.8**	12.9
Cash flow hedging reserve	**(44.2)**	(69.6)
Cost of hedging reserve	**0.8**	2.3
Other reserves	**(0.1)**	3.3
Retained earnings	**985.2**	683.3
Total shareholders' equity	**964.2**	634.1

** As at the year ended 31 March 2020, the Group classified its Distribution & Logistics segment as a discontinued operation, with its associated assets and liabilities held for sale, as detailed in Note 7.*

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the year ended 31 March 2021

	2021 **£m**	2020 £m
(Loss) / profit from continuing operations before taxation	**(369.9)**	147.7
Profit from discontinued operations before taxation*	**28.6**	5.5
Net financing expense (including Net FX revaluation (gains) / losses)	**34.8**	38.8
Hedge ineffectiveness	**(1.7)**	108.4
Depreciation	**166.1**	218.7
Profit on disposal of discontinued operations*	**(26.5)**	-
Profit on disposal of property, plant and equipment	**(0.8)**	(0.9)
Equity settled share-based payments	**0.4**	0.5
Operating cash flows before movement in working capital	**(169.0)**	518.7
Decrease / (increase) in inventories	**0.3**	(0.3)
Decrease / (increase) in trade and other receivables	**160.3**	(7.9)
(Decrease) / increase in trade and other payables	**(296.4)**	172.8
Decrease in deferred revenue	**(422.8)**	(194.7)
(Decrease) / increase in provisions and liabilities	**(2.0)**	8.6
Movement in assets held for sale	**3.9**	-
Payment on settlement of derivatives	**(101.6)**	-
Cash (used in) / generated from operations	**(827.3)**	497.2
Interest received	**2.0**	14.5
Interest paid - of which £21.8m (2020: £23.5m) relates to leases	**(36.7)**	(40.5)
Income taxes refunded / (paid)	**27.2**	(28.1)
Net cash (used in) / generated from operating activities	**(834.8)**	443.1
Cash flows generated from / (used in) investing activities		
Purchase of intangibles	**-**	(26.8)
Purchase of property, plant and equipment	**(36.2)**	(210.3)
Purchase of right-of-use assets	**(1.2)**	(1.0)
Proceeds from sale of discontinued operations (net of cash disposed)	**76.0**	-
Proceeds from sale of property, plant and equipment	**2.5**	2.5
Net decrease in money market deposits	**-**	50.0
Net cash generated from / (used in) investing activities	**41.1**	(185.6)
Cash generated from / (used in) financing activities		
Repayment of borrowings	**(14.9)**	(38.0)
New loans advanced	**301.1**	65.0
Payment of lease liabilities	**(69.2)**	(99.7)
Proceeds on issue of shares	**580.4**	0.1
Equity dividends paid	**-**	(15.5)
Net cash generated from / (used in) financing activities	**797.4**	(88.1)
Net increase in cash in the year	**3.7**	169.4
Cash and cash equivalents at beginning of year	**1,400.2**	1,224.3
Effect of foreign exchange rate changes	**(24.9)**	6.5
Cash and cash equivalents at end of year	**1,379.0**	1,400.2
- From continuing operations	**1,379.0**	1,387.5
- From discontinued operations*	**-**	12.7

** The Group has classified its Distribution & Logistics segment as a discontinued operation as detailed in Note 7.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the year ended 31 March 2021

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Other reserves £m	Merger reserve	Retained earnings £m	**Total shareholders' equity £m**
Balance at 31 March 2019	**1.9**	**12.8**	**(18.5)**	**-**	**(0.6)**	**-**	**582.3**	**577.9**
Total comprehensive income	-	-	(51.1)	2.3	3.9	-	116.0	**71.1**
Issue of share capital	-	0.1	-	-	-	-	-	**0.1**
Dividends paid in the year	-	-	-	-	-	-	(15.5)	**(15.5)**
Share-based payments	-	-	-	-	-	-	0.5	**0.5**
Balance at 31 March 2020	**1.9**	**12.9**	**(69.6)**	**2.3**	**3.3**	**-**	**683.3**	**634.1**
Total comprehensive income	-	-	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**

NOTES TO THE UNAUDITED PRELIMINARY ANNOUNCEMENT

for the year ended 31 March 2021

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("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 2021 and 31 March 2020 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 2020 is derived from the statutory accounts for the year ended 31 March 2020, which have been delivered to the Registrar of Companies. The Auditor has reported on the year ended 31 March 2020 accounts; 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 statutory accounts for the year ended 31 March 2021 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 2021 Annual Report and Accounts (including the Auditor's Report) will be made available to shareholders during the week commencing 9 August 2021. The ***Jet2 plc*** Annual General Meeting will be held on 2 September 2021.

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.

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 2024.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, two financial forecast scenarios have been prepared:

- A base case which assumes flying restarts in July 2021 with a gradual ramp up of flying operations for the Summer 21 season, initially running at reduced average load factors; and
- Due to the continuing uncertainty of how Government imposed travel restrictions will evolve, a downside scenario was modelled to assess the liquidity position of the Group in an extended "no fly" period through to 1 April 2022, followed by a rapid ramp up to a full flying programme in Summer 2022 thereafter.

1. Accounting policies and general information (continued)

Going concern (continued)

The forecasts consider the current cash position and an assessment of the principal areas of risk and uncertainty as described in more detail in the Group's Annual Report and Accounts, paying particular attention to the impact of Covid-19.

In addition to forecasting the cost base of the Group, both scenarios incorporated full use of the UK Government's Coronavirus Job Retention Scheme up until its current conclusion on 30 September 2021 and assume that the Group's £200m Covid Corporate Financing Facility ("CCFF") is repaid on maturity in March 2022.

The Directors have also considered: the liquidity actions taken since 31 March 2021, being the signing of a new unsecured £150.0m term loan maturing in September 2023 and the issuance of a convertible bond of £387.4m maturing in June 2026; plus the availability of banking facilities and their associated revised covenant measurements.

The Directors concluded that given the combination of a closing cash balance of £1,379.0m at 31 March 2021, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, that under both the base and downside 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 2021. In addition, the Group is forecast to meet its revised banking covenants at 30 September 2021 and 31 March 2022 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 2021.

Accounting policies

The accounting policies adopted are consistent with those described in the Annual Report and Accounts for the year ended 31 March 2020, aside from those described below which are in addition to the policies previously disclosed.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the Consolidated Income Statement in the relevant operating expenses line in the periods in which the expenses are recognised.

Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within Borrowings. All existing loans are considered to be at market value.

1. Accounting policies and general information (continued)

Reserves

The merger reserve represents the total premium to nominal value of share issues effected by way of a Jersey cash box structure, offset by incremental transaction costs. During the year, the Group made two such share placings totalling 64,948,548 of ordinary shares at a total premium to nominal value of £585.8m and incurred £13.1m of incremental transaction costs, resulting in a net total premium of £572.7m. The Group has applied merger relief under the Companies Act 2006 and recognised a merger reserve of £572.7m which represents this net premium realised. Following the liquidation of the Jersey cashbox entities, this merger reserve has become distributable. As a result, the Group has chosen to transfer this amount to its Retained Earnings reserve.

2. New IFRS and amendments to IAS 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 1 – *Presentation of Financial Statements*	January 2020
IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material	January 2020
IFRS 3 – *Business Combinations* – Definition of business	January 2020
Revised conceptual framework for financial reporting	January 2020
IFRS 16 – *Leases* – Amendments in relation to Covid-19 related rent concessions	June 2020

In respect of the amendment to IFRS 16 – *Leases* - published by the IASB on 28 May 2020, the amendment 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.

The following amendments to IFRS have an effective date after the date of these financial statements.

International Financial Reporting Standards	**Applying to accounting periods beginning after**
New standards	
IFRS 17 – *Insurance Contracts*	January 2023
Amendments to existing standards	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2	January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 2022
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 2023

The application of these standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position.

2. New IFRS and amendments to IAS and interpretations (continued)

In respect of the amendments to Interest Rate Benchmark Reform, the only interest rate benchmarks which the Group are exposed to and that are subject to reform are LIBOR and US LIBOR. These exposures relate to the Revolving Credit Facility, Aircraft Financing and any associated interest rate swaps.

The Group is closely monitoring the market and output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA)) regarding the transition away from LIBOR to Sterling Overnight Index Average Rate (SONIA).

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 Group disposed of its Distribution & Logistics segment in May 2020; 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 results of the Distribution & Logistics segment are presented in Note 7 (i) along with the relevant segment information for its contribution to the Group's performance during two months of the financial period in Note 7 (ii).

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation.

Leisure Travel other segment information	**2021** **£m** **Unaudited**	2020 £m
Intangible additions	-	26.8
Property, plant and equipment additions	36.2	207.9
Right-of-use additions	5.1	55.9
Depreciation of property, plant and equipment	(115.2)	(134.2)
Depreciation of right-of-use assets	(48.5)	(70.3)
Share-based payments	(0.4)	(0.5)
Asset and liabilities		
Segment assets	2,873.0	3,254.6
Segment liabilities	(1,908.8)	(2,686.9)
Net assets	**964.2**	567.7

4. Net operating expenses

	2021 £m Unaudited	2020 £m
Direct operating costs:		
Accommodation costs	**113.0**	1,340.0
Fuel	**79.9**	359.1
Landing, navigation and third-party handling	**34.3**	329.5
Maintenance costs	**25.7**	100.2
Aircraft rentals	**-**	31.8
Agent commission	**9.0**	81.4
In-flight cost of sales	**8.2**	57.4
Other direct operating costs	**2.3**	132.8
Staff costs including agency staff	**224.2**	444.7
Depreciation of property, plant and equipment	**115.2**	134.2
Depreciation of right-of-use assets	**48.5**	70.3
Other operating charges	**71.2**	210.3
Total net operating expenses (excluding hedge ineffectiveness)	**731.5**	3,291.7
Exceptional item - Hedge ineffectiveness	**-**	108.4
Total net operating expenses	**731.5**	3,400.1

In the financial year ended 31 March 2020, the Group recorded hedge ineffectiveness of £108.4m as an exceptional item in order to highlight the quantum of this balance to the users of the financial statements.

For the year ended 31 March 2021, the impact of hedge ineffectiveness is significantly lower and as a result has been recorded either within net operating expenses or within Net FX revaluation gains dependent on the nature of the underlying hedge instrument.

5. Net financing expense

	2021 £m Unaudited	2020 £m
Finance income	**2.0**	14.5
Interest payable on aircraft and other loans	**(17.8)**	(17.6)
Interest payable on lease liabilities	**(22.7)**	(26.4)
Net foreign exchange revaluation gains / (losses)	**3.9**	(8.1)
Net financing expense	**(34.6)**	(37.6)

6. Earnings per share from continuing operations

Basic earnings per share is calculated by dividing the (loss) / profit from continuing operations 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) / profit from continuing operations 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 and Deferred Awards for the year ended 31 March 2021 as their conversion to ordinary shares would decrease the loss per share from continuing operations.

	2021 Unaudited			2020		
Earnings per share from continuing operations	**Earnings £m**	**Weighted average number of shares millions**	**EPS pence**	Earnings £m	Weighted average number of shares millions	EPS pence
Basic EPS						
(Loss) / profit attributable to ordinary shareholders	**(299.5)**	**179.4**	**(166.9)**	111.6	148.9	75.0
Effect of dilutive instruments						
Share options and Deferred Awards	**-**	**-**	**-**	-	0.2	(0.2)
Diluted EPS	**(299.5)**	**179.4**	**(166.9)**	111.6	149.1	74.8

7. Discontinued Operations

On 31 May 2020, the Group sold its Distribution & Logistics operating segment, **Fowler Welch**. The Distribution & Logistics segment was previously classified as held-for-sale and as a discontinued operation.

The profit after taxation for the two month period from discontinued operating activities was £1.8m (2020: £4.4m for the twelve month period).

In addition, a profit of £26.5m (2020: nil) was generated on disposal of these discontinued operations, for which the Group did not incur a corporation tax charge.

This results in a total discontinued earnings per share of 15.8p (2020: 3.0p).

(i) Results of discontinued operations

	2021 £m Unaudited	2020 £m
Revenue	**27.6**	166.8
Net operating expenses	**(25.3)**	(160.3)
Operating profit	**2.3**	6.5
Net financing expense	**(0.2)**	(1.2)
Profit on disposal of property, plant and equipment	**-**	0.2
Profit before taxation from discontinued operating activities	**2.1**	5.5
Taxation	**(0.3)**	(1.1)
Profit after taxation from discontinued operating activities	**1.8**	4.4
Profit on disposal of discontinued operations (Note 7 (ii))	**26.5**	-
Total profit after taxation from discontinued operations	**28.3**	4.4
Earnings per share		
- basic	**15.8p**	3.0p
- diluted	**15.8p**	3.0p

Earnings per share from discontinued operations	**2021 Unaudited Earnings £m**	**2021 Unaudited Weighted average number of shares millions**	**2021 Unaudited EPS Pence**	2020 Earnings £m	2020 Weighted average number of shares millions	2020 EPS Pence
Basic EPS						
Profit attributable to ordinary shareholders	**28.3**	**179.4**	**15.8**	4.4	148.9	3.0
Effect of dilutive instruments						
Share options and Deferred Awards	**-**	**-**	**-**	-	0.2	-
Diluted EPS	**28.3**	**179.4**	**15.8**	4.4	149.1	3.0

7. Discontinued Operations (continued)

(ii) Segmental results of discontinued operations

Distribution & Logistics other segment information	2021 £m Unaudited	2020 £m
Property, plant and equipment additions	0.1	2.4
Right-of-use additions	-	25.0
Depreciation of property, plant and equipment	(0.4)	(2.4)
Depreciation of right-of-use assets	(2.0)	(11.8)
Asset and liabilities		
Segment assets	-	128.2
Segment liabilities	-	(61.8)
Net assets	**-**	66.4

(iii) Effect of disposal on financial position of Group

	2021 **£m** **Unaudited**
Consideration received (net of sale costs)	94.6
Less: Cash disposed of	(18.6)
Proceeds from sale of discontinued operations (net of cash disposed)	**76.0**
Net Assets disposed of:	
Goodwill	6.8
Property, plant and equipment	37.2
Right-of-use assets	34.9
Inventories	0.6
Trade and other receivables	33.4
Trade and other payables	(25.6)
Deferred revenue	0.2
Lease liabilities	(36.2)
Provisions and liabilities	(0.7)
Deferred taxation	(1.1)
Net Assets	**49.5**
Profit on disposal of discontinued operations	**26.5**

7. Discontinued Operations (continued)

(iv) Cash flows from discontinued operations

	2021 £m Unaudited	2020 £m
Net cash generated from operating activities	**8.0**	18.4
Net cash used in investing activities	**(0.1)**	(1.4)
Net cash used in financing activities	**(2.0)**	(11.7)
Net increase in cash in the period	**5.9**	5.3
Cash and cash equivalents at beginning of period	**12.7**	7.4
Cash and cash equivalents at disposal / end of period	**18.6**	12.7

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.

Pre-exceptional (loss) / profit before FX revaluation and taxation

Pre-exceptional (loss) / profit before FX revaluation and taxation 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 and exceptional items.

Pre-exceptional EBITDA from continuing operations

Pre-exceptional 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) / profit before taxation as below:

	2021 £m Unaudited	2020 £m
(Loss) / profit before taxation	**(369.9)**	147.7
Exceptional item - hedge ineffectiveness	-	108.4
Net FX revaluation (gains) / losses	(3.9)	8.1
Pre-exceptional (loss) / profit before FX revaluation and taxation	**(373.8)**	264.2
Net financing expense (excluding Net FX revaluation (gains) / losses)	38.5	29.5
Depreciation	163.7	204.5
Pre-exceptional EBITDA from continuing operations	**(171.6)**	498.2

8. Alternative performance measures (continued)

Pre-exceptional (loss) / profit before taxation including discontinued operations is shown to illustrate the results before taxation of the full Group and calculated as shown below:

	2021 £m Unaudited	2020 £m
(Loss) / profit before taxation (from continuing operations)	**(369.9)**	147.7
Profit before taxation from discontinued operating activities	2.1	5.5
Profit on disposal of discontinued operations	26.5	-
Exceptional item - hedge ineffectiveness	-	108.4
Pre-exceptional (loss) / profit before taxation including discontinued operations	**(341.3)**	261.6

9. Post Balance Sheet Events

On 31 May 2021, ***Jet2 plc*** signed a new unsecured £150.0m term loan maturing in September 2023, as further liquidity to enhance its balance sheet capability and flexibility.

In addition, on 3 June 2021, ***Jet2 plc*** announced the successful issuance of £387.4m of senior unsecured Convertible Bonds due in 2026, carrying a coupon of 1.625% per annum. The bonds will be convertible into new and/or existing ordinary shares of the Company if the initial conversion price set at £18.06, representing a premium of 40% above the reference share price of £12.90, is exceeded prior to June 2026.

The proceeds of the bond issuance will be used to strengthen ***Jet2 plc***'s liquidity further and position the Company for a strong recovery as lockdown restrictions are lifted, through fleet growth and fleet renewal opportunities.

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.