Jet2 plc

Interim Results 2022

Jet2 plc

Interim Results

Jet2 plc, the Leisure Travel group ("the Group" or "the Company"), announces its unaudited interim results for the half year ended 30 September 2022.

Group financial highlights	**Half year ended 30 September 2022 Unaudited**	Half year ended 30 September 2021 Unaudited	*Half year end change*	Half year ended 30 September 2019 Unaudited
Revenue	**£3,567.6m**	£429.6m	*730%*	£2,615.2m
Operating profit / (loss)	**£516.6m**	(£170.4m)	*403%*	£365.0m
Profit / (loss) before FX revaluation and taxation*	**£505.0m**	(£195.1m)	*359%*	£349.8m
Profit / (loss) before taxation	**£450.7m**	(£205.8m)	*319%*	£339.7m
Profit / (loss) for the period after taxation	**£356.0m**	(£163.5m)	*318%*	£278.6m
Basic earnings per share	**165.9p**	(76.2p)	*318%*	187.0p
Interim dividend per share	**3.0p**	-	*100%*	3.0p

** Further information on the calculation of this measure can be found in Note 4.*

- Despite a difficult return to normal operations, **Group profit before foreign exchange revaluation and taxation increased to £505.0m (2021: £195.1m loss), which was also 44% ahead of the 2019 pre-Covid performance. Total profit for the period after taxation was £356.0m (2021: £163.5m loss).**

- Seat capacity increased 14% against Summer 2019 and buoyant customer demand resulted in the business achieving an average load factor of 90.7% (2019: 93.1%). Higher margin Package Holiday customers mix of total departing passengers was 65.9%, up 13.1ppts against Summer 2019 (2019: 52.8%).

- Flight-only ticket yield per passenger sector at £105.00 (2021: £73.27) was 43% higher than the prior period, due to changes in the mix of destinations flown, notably to those in the Eastern Mediterranean, and strong consumer demand meaning fewer promotional offers were required.

- Our operations were directly impacted by the broader disruption seen across the aviation sector and its supply chains in mid-summer as was widely reported in the media, which has resulted in significant delay and compensation costs in excess of £50.0m.

- Overall liquidity improved significantly with a total cash balance (including money market deposits) at the half year end of £2,830.7m, an increase of 39% (2021: £2,036.9m). **Our 'Own Cash' position (excluding customer deposits) of £1,968.6m increased 29% (2021: £1,524.3m).**

- In mid-October 2022, we were delighted to announce that we had entered into an agreement to purchase a further 35 new firm ordered Airbus A320/A321 neo aircraft with the ability to extend up to 71 aircraft. With its previous orders, the **Group now has a total of 98 firm ordered Airbus A320/A321 neo aircraft, which could eventually extend up to 146 aircraft, and critically has certainty of supply well into the next decade.**

- With Winter 2022/23 bookings encouraging and pricing remaining robust, but recognising that the important post-Christmas booking period is still to come, **we are presently on track to exceed current average market expectations for Group profit before FX revaluation and taxation for the year ending 31 March 2023.**

- Looking ahead, the Group faces input cost pressures including fuel, carbon, a strengthened US dollar and wage increases, plus investment to ensure our Colleagues can thrive and have a balanced lifestyle, further underpinning our operational resilience. This leads us to conclude that margins may come under some pressure.

- **The Right Product for Tougher Times** - our well-established truly variable duration holidays and wide ranging product portfolio will provide customers with plenty of choice and flexibility to be able to tailor their holiday plans to meet their individual budgets. **As a result, we remain confident that our Customers' eagerness to take their much valued and anticipated holidays will remain high.**

Chairman's Statement

I am pleased to report on the Group's trading for the half year ended 30 September 2022, which encompasses *Jet2holidays*, our acclaimed ATOL licensed package holidays provider, and *Jet2.com*, our award-winning leisure airline.

Results for the half year

Despite a difficult return to normal operations, primarily due to the lack of planning and preparedness of many airports and associated suppliers, and having absorbed substantial associated disruption costs, **Group profit before foreign exchange revaluation and taxation increased to £505.0m (2021: £195.1m loss), which was also 44% ahead of the 2019 pre-Covid performance. Total profit for the period after taxation was £356.0m (2021: £163.5m loss).**

Our Leisure Travel business has continued its encouraging recovery following the reopening of international travel in early 2022. Strong customer demand, in particular for package holidays, plus a robust pricing environment and considered cost control, have underpinned a substantially improved financial performance compared to recent Covid impacted summer seasons, but also against pre-Covid Summer 2019.

The business made considerable investment well ahead of Summer 2022, retaining over 8,000 loyal colleagues throughout the pandemic and significantly topping up the Coronavirus Job Retention Scheme funding on a sliding scale basis up to 100% of salary for the lowest paid, recruiting and training seasonal colleagues in good time, making substantial marketing investments, plus early and meaningful salary increases for all colleagues. This left us very well prepared for our summer operation and also enabled ***Jet2.com*** to earn the accolade of being the only UK airline not to cancel a flight during July and August 2022, according to leading travel intelligence company, OAG.

For the reporting period, seat capacity increased 14% against Summer 2019 and buoyant customer demand resulted in the business achieving an average load factor of 90.7% (2019: 93.1%), with package holiday customers displaying a materially higher mix of the total departing passengers at 65.9%, up 13.1ppts against Summer 2019 (2019: 52.8%).

Despite our Colleagues working incredibly hard and consistently going the extra mile to take our Customers on their long-awaited holidays, unfortunately some customers still faced frustrating delays as our operations were directly impacted by the broader disruption seen across the aviation sector and its supply chains as was widely reported in the media. Regrettably, this resulted in ***Jet2*** incurring delay, compensation and customer expenses reimbursement costs in excess of £50.0m under UK (EU) Regulation 261/2004 ("EU261/2004") which was materially higher than in Summer 2019.

In addition, our inflight retail financial performance was weaker than expected, due to product supply chain issues early in the summer season, plus poor onboard product availability caused by resource constraints at our third party inflight retail provider.

Given these very challenging circumstances, the Board is hugely appreciative of all our Colleagues' tremendous efforts and support over recent months.

As is typical for the business, losses are to be expected in the second half of the financial year, as we continue to invest in: additional aircraft; marketing to ensure we optimise our pre-Summer 2023 forward booking position; retaining increasing numbers of colleagues through the winter months to ensure maximum operational resilience ahead of next summer; and attracting new colleagues in readiness for further expansion of our exciting package holiday and flight-only offerings for Summer 2023, in line with our planned growth targets.

Interim Dividend

Basic earnings per share increased to 165.9p (2021: (76.2p)) and in view of the current full year outlook, the Board has decided to pay an interim dividend of 3.0p per share (2021: £nil). The dividend will be paid on 3 February 2023 to shareholders on the register at 30 December 2022, with the ex-dividend date being 29 December 2022.

Sustainability

The Group continued to implement its Sustainability Strategy with the vision to become "*the leading brand in sustainable air travel and package holidays*". All of our airline emissions not already covered by mandatory carbon pricing mechanisms, namely the UK and EU Emissions Trading Schemes (ETS), have been offset during the period. In addition, the Group is actively negotiating access to Sustainable Aviation Fuel through various channels. More detailed information on the Group's Sustainability Strategy can be found at www.jet2plc.com/sustainability.

Post reporting date events

The strength of our recovery post Covid reinforces our view that we have a great future in the leisure travel industry. Consequently, we were delighted to announce in mid-October 2022 that we were building upon our previous aircraft order with Airbus of up to 75 A321 neo aircraft (63 now firm ordered) and entering into an agreement to purchase a further 35 new firm ordered Airbus A320/A321 neo aircraft with the ability for this to extend up to 71 aircraft. The A321 neo aircraft 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. In addition, this latest order further supports 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, whilst also giving the ability to retire less efficient earlier aircraft models.

These latest firm ordered aircraft deliveries stretch over three years until 2031, and at base price represent a total value of approximately $3.9 billion, with a total transaction value for up to 71 aircraft of approximately $8.0 billion, though the Company has negotiated significant discounts from the base price.

The Group now has 98 firm ordered Airbus A320/A321 neo aircraft, which could eventually extend up to 146 aircraft and critically has certainty of supply well into the next decade. The Company will retain flexibility in determining the most favourable method of financing the aircraft, which will be through a combination of internal resources and debt.

Outlook – The Right Product for Tougher Times

With Winter 2022/23 bookings encouraging and pricing remaining robust, but recognising that the important post-Christmas booking period is still to come, we are presently on track to exceed current average market expectations for Group profit before FX revaluation and taxation for the year ending 31 March 2023.

Looking ahead, current seat capacity for Summer 2023 is approximately 5% higher than Summer 2022 (and approximately 20% higher than Summer 2019) with bookings at this very early stage encouraging, average load factors broadly in line with Summer 2019 at the same point and pricing strong.

However, the Group faces input cost pressures including fuel, carbon, a strengthened US dollar and wage increases, plus investment to ensure our Colleagues can thrive and have a balanced lifestyle, further underpinning our operational resilience. This leads us to conclude that margins may come under some pressure, but encouragingly the strength of our recovery post Covid underlines our belief that customers truly cherish their weeks away in the sun and want to be properly looked after throughout their holiday experience.

Our 'Customer First' ethos runs deep throughout our company culture with *'People, Service, Profits'* our guiding principles – great and attentive service is where we excel. In addition, our well-established **truly variable duration holidays and wide ranging product portfolio** which includes the All Inclusive Package – all in cost certainty and a wonderful product for challenging economic times – will provide customers with plenty of choice and flexibility to be able to tailor their holiday plans to meet their individual budgets. As a result, we remain confident that our Customers' eagerness to take their much valued and anticipated holidays will remain high.

Our long-term ambition remains **to be the UK's Leading and Best Leisure Travel business**. With **our customer focused approach and Right Product for these Tougher Times,** we are confident that as a financially strong and much trusted holiday provider, 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
24 November 2022

Business and Financial Performance

Customer Demand & Revenue

Following the reopening of international travel in early 2022, our Leisure Travel business has been able to operate to all its popular high-volume leisure destinations allowing us to provide our Customers with their well-deserved and eagerly anticipated ***Real Package Holidays from Jet2holidays®***.

Overall bookings, though a little later than normal, remained consistently strong. As a result, passenger numbers for the period increased by 632% to 11.20m (2021: 1.53m), with customers choosing our end-to-end package holiday product rising 755% to 3.76m (2021: 0.44m) and single sector passengers choosing our flight-only product growing by 431% to 3.82m (2021: 0.72m). Consequently, higher margin package holiday customers represented 65.9% of overall flown passengers (2021: 53.0%).

Pleasingly, average load factor achieved was 90.7% (2021: 57.3%) on a 361% increase in seat capacity to 12.35m (2021: 2.68m), underlining the popularity of our leisure travel product and the resurgence in consumer confidence to travel.

Flight-only ticket yield per passenger sector at £105.00 (2021: £73.27) was 43% higher than the prior year, due to changes in the mix of destinations flown, notably an increase to those in the Eastern Mediterranean, and strong consumer demand meaning fewer promotional offers were required.

The average price of a ***Jet2holidays*** package holiday increased 5% to £782 (2021: £748) reflecting inflationary increases in costs and favourable pricing driven by destination mix and robust consumer demand.

Non-Ticket Retail Revenue per passenger sector declined 17% to £25.79 (2021: £30.97) primarily due to early season product supply chain issues and resource constraints at ***Jet2.com***'s third party in-flight retail supplier which affected onboard product availability and consequently impacted in-flight retail revenues. Pleasingly, as we enter the Winter 2022/23 season this disruption has largely abated, and availability levels are now approaching the high standards our customers have come to expect and enjoy.

As a result, overall Group Revenue increased 730% to £3,567.6m (2021: £429.6m).

Net Operating Expenses

Higher levels of flying activity resulted in an associated 536% increase in direct operating expenses (including direct staff costs) to £2,654.9m (2021: £417.2m), significantly lower than the revenue growth, this despite the severe operational disruption experienced in mid-summer 2022 due to the lack of planning and investment by many airports and associated suppliers. This disruption caused flight delays in excess of three hours deemed eligible under EU261/2004, to be over 700% higher than 2019 and has resulted in significant delay and compensation costs in excess of £50.0m.

Further, £108.0m was invested in brand and direct marketing activity as the business ramped up operations post-pandemic and sought to optimise load factors for Summer 2022 and drive customer bookings for Winter 2022/23 and Summer 2023.

As a result, net operating expenses in total increased by 409% to £3,051.0m (2021: £600.0m).

Operating Profit

Overall Group operating profit was £516.6m (2021: £170.4m loss) which was also 42% ahead of 2019.

Net Financing Expense

Net financing expense (excluding Net FX revaluation losses) decreased by £13.2m to £12.1m (2021: £25.3m), with additional interest incurred on the £387.4m convertible bond issuance and £150.0m term loan, more than offset by finance income earned on the Group's higher average cash balances, which was further boosted by recent interest rate increases.

Group profit before foreign exchange revaluation & taxation

As a result, Group profit before foreign exchange revaluation and taxation increased to £505.0m (2021: £195.1m loss), which was also 44% ahead of 2019. Total profit for the period after taxation was £356.0m (2021: £163.5m loss).

Cash Flow & Liquidity

In the first half of the financial year, the Group generated cash from operating activities of £787.0m (2021: £248.4m), primarily a result of significantly improved EBITDA together with working capital benefits from the increased operational activity.

Capital expenditure of £65.3m (2021: £60.6m) 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. The investment in the electrification of ground services equipment and other vehicles continues apace, as older less efficient models reach the end of their useful lives. In addition, as a consequence of our recent aircraft orders and to further underpin our growth ambitions, we took the opportunity to purchase premises at Cheadle, near Manchester Airport, which will become our second flight simulator training centre, building on the success of our first facility near Bradford which commenced operation in 2014. This new centre will provide a bespoke training facility for pilots, engineers and cabin crew and will continue to equip us with well-trained colleagues as we grow over the coming years.

Net cash used in financing activities was £138.7m (2021: £467.8m net cash generated), which included repayment of the existing £65.0m Revolving Credit Facility.

As a result, overall liquidity improved significantly with a total cash balance (including money market deposits) at the half year end of £2,830.7m, an increase of 39% (2021: £2,036.9m). **Our 'Own Cash' position (excluding customer deposits) of £1,968.6m increased by 29% (2021: £1,524.3m).**

Renegotiation of Revolving Credit Facility Agreement (“RCF”)

Since the half year end, the Group has successfully renegotiated its RCF, welcoming one new financing partner, National Westminster Bank plc, alongside our three existing supportive relationship banks: Barclays Bank plc; HSBC UK Bank plc; and Lloyds Bank plc. The new RCF provides the Group with unsecured available facilities of up to £300m, an increase of £200m on its previous RCF. On signature and having considered the Group's current liquidity position and medium-term liquidity requirements, the Board decided to repay in full the Group's £150.0m term loan, which was due to mature in September 2023, with the new RCF remaining undrawn. Importantly, the new RCF will be sustainability-linked from April 2023, incorporating the Group’s key climate metric - gCO_2 per passenger km aircraft fuel burn.

The strength of our balance sheet means the Group is well positioned to capitalise on the growth opportunities that we believe exist for our exciting business and also provides it with necessary financial resilience should circumstances become more challenging.

Key Performance Indicators	**Half year ended 30 September 2022**	Half year ended 30 September 2021	*Half year end change*	Half year ended 30 September 2019
Leisure Travel sector seats available (capacity)	**12.35m**	2.68m	*361%*	10.82m
Leisure Travel passenger sectors flown	**11.20m**	1.53m	*632%*	10.07m
Leisure Travel average load factor	**90.7%**	57.3%	*33.4ppts*	93.1%
Flight-only passenger sectors flown	**3.82m**	0.72m	*431%*	4.75m
Package holiday customers	**3.76m**	0.44m	*755%*	2.71m
Package holiday customers % of total passenger sectors flown	**65.9%**	53.0%	*12.9ppts*	52.8%
Flight-only ticket yield per passenger sector (excl. taxes)	**£105.00**	£73.27	*43%*	£88.87
Average package holiday price	**£782**	£748	*5%*	£702
Non-ticket revenue per passenger sector	**£25.79**	£30.97	*(17%)*	£24.62
Advance sales made as at 30 September	**£1,665.5m**	£1,311.9m	*27%*	£1,206.3m

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.

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Notes to Editors

- ***Jet2holidays*** is the UK's largest package holidays provider to many Mediterranean and Canary Islands leisure destinations and ***Jet2.com*** is the UK's third largest airline by number of passengers flown.
- ***Jet2*** currently operates from 10 bases across the UK - London Stansted, Manchester, Birmingham, Bristol, East Midlands, Leeds Bradford, Edinburgh, Glasgow, Newcastle and Belfast International.

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Condensed Consolidated Income Statement (Unaudited)

for the half year ended 30 September 2022

	Note	**Half year ended 30 September 2022 £m**	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Revenue		**3,567.6**	429.6	1,231.7
Net operating expenses	6	**(3,051.0)**	(600.0)	(1,555.6)
Operating profit / (loss)		**516.6**	(170.4)	(323.9)
Finance income		**20.5**	1.7	5.1
Finance expense		**(32.6)**	(27.0)	(58.5)
Net FX revaluation losses		**(54.3)**	(10.7)	(12.6)
Net financing expense		**(66.4)**	(36.0)	(66.0)
Profit on disposal of property, plant and equipment		**0.5**	0.6	1.1
Profit / (loss) before taxation		**450.7**	(205.8)	(388.8)
Taxation	8	**(94.7)**	42.3	73.4
Profit / (loss) for the period *(all attributable to equity shareholders of the Parent)*		**356.0**	(163.5)	(315.4)
Earnings per share				
- basic	7	165.9p	(76.2p)	(147.0p)
- diluted	7	150.8p	(76.2p)	(147.0p)

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Condensed Consolidated Statement of Comprehensive Income (Unaudited)

for the half year ended 30 September 2022

	Half year ended 30 September 2022 £m	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Profit / (loss) for the period	**356.0**	(163.5)	(315.4)
Other comprehensive income / (expense)			
Cash flow hedges:			
Fair value gains	**178.1**	64.7	225.2
Net amount transferred to Consolidated Income Statement	**(139.2)**	18.7	22.4
Cost of hedging reserve – changes in fair value	**2.9**	1.6	(8.0)
Related taxation charge	**(13.8)**	(15.4)	(46.5)
Revaluation of foreign operations	**7.8**	0.9	-
	35.8	70.5	193.1
Total comprehensive income / (expense) for the period *(all attributable to equity shareholders of the Parent)*	**391.8**	(93.0)	(122.3)

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Condensed Consolidated Statement of Financial Position (Unaudited)

at 30 September 2022

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
		Restated*	
Non-current assets			
Intangible assets	**26.8**	26.8	26.8
Property, plant and equipment	**867.2**	843.9	845.2
Right-of-use assets	**535.0**	464.2	491.9
Derivative financial instruments	**32.9**	9.5	20.5
	1,461.9	1,344.4	1,384.4
Current assets			
Inventories	**20.9**	0.8	8.5
Trade and other receivables	**180.8**	124.2	185.8
Derivative financial instruments	**201.6**	68.2	186.3
Money market deposits	**1,624.8**	941.1	1,181.0
Cash and cash equivalents	**1,205.9**	1,095.8	1,047.5
	3,234.0	2,230.1	2,609.1
Total assets	**4,695.9**	3,574.5	3,993.5
Current liabilities			
Trade and other payables	**660.7**	231.3	217.8
Deferred revenue	**877.7**	516.2	1,173.4
Borrowings	**263.2**	332.3	134.5
Lease liabilities	**95.9**	73.4	74.8
Provisions and liabilities	**94.3**	49.3	41.8
Derivative financial instruments	**24.8**	33.0	39.6
	2,016.6	1,235.5	1,681.9
Non-current liabilities			
Deferred revenue	**7.7**	9.3	15.7
Borrowings	**669.0**	881.6	857.2
Lease liabilities	**556.8**	480.9	503.7
Provisions and liabilities	**35.3**	20.4	22.3
Derivative financial instruments	**3.8**	13.3	3.5
Deferred taxation	**114.4**	10.9	12.6
	1,387.0	1,416.4	1,415.0
Total liabilities	**3,403.6**	2,651.9	3,096.9
Net assets	**1,292.3**	922.6	896.6
Shareholders' equity			
Share capital	**2.7**	2.7	2.7
Share premium	**19.8**	19.8	19.8
Cash flow hedging reserve	**181.1**	24.1	155.2
Cost of hedging reserve	**(3.4)**	2.1	(5.5)
Other reserves	**59.1**	52.2	51.3
Retained earnings	**1,033.0**	821.7	673.1
Total shareholders' equity	**1,292.3**	922.6	896.6

*The ageing of Provisions and liabilities for the period ended 30 September 2021 have been restated as detailed in Note 11.

Jet2 plc

Condensed Consolidated Statement of Cash Flows (Unaudited)

for the half year ended 30 September 2022

	Half year ended 30 September 2022 £m	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Profit / (loss) before taxation	**450.7**	(205.8)	(388.8)
Net financing expense (including Net FX revaluation losses)	**66.4**	36.0	66.0
Hedge ineffectiveness	**-**	0.8	0.8
Depreciation	**98.1**	81.6	158.3
Profit on disposal of property, plant and equipment	**(0.5)**	(0.6)	(1.1)
Equity settled share-based payments	**3.9**	-	3.3
Operating cash flows before movements in working capital	**618.6**	(88.0)	(161.5)
(Increase) / decrease in inventories	**(12.4)**	0.2	(7.5)
Decrease / (increase) in trade and other receivables	**5.0**	4.1	(35.5)
Increase in trade and other payables	**438.7**	161.2	151.8
(Decrease) / increase in deferred revenue	**(303.7)**	203.1	866.7
Increase / (decrease) in provisions and liabilities	**52.8**	2.6	(9.5)
Payment on settlement of derivatives	**-**	(15.5)	(15.5)
Cash generated from operations	**799.0**	267.7	789.0
Interest received	**20.5**	1.7	5.1
Interest paid	**(24.3)**	(21.0)	(43.5)
Income taxes (paid) / refunded	**(8.2)**	-	0.4
Net cash generated from operating activities	**787.0**	248.4	751.0
Cash flows used in investing activities			
Purchase of property, plant and equipment	**(65.0)**	(60.6)	(107.9)
Purchase of right-of-use assets	**(0.3)**	-	(0.5)
Proceeds from sale of property, plant and equipment	**0.6**	0.6	1.1
Net increase in money market deposits	**(443.8)**	(941.1)	(1,181.0)
Net cash used in investing activities	**(508.5)**	(1,001.1)	(1,288.3)
Cash flows (used in) / generated from financing activities			
Repayment of borrowings	**(100.4)**	(25.2)	(259.5)
New loans advanced	**-**	147.9	147.9
Payment of lease liabilities	**(38.3)**	(35.0)	(67.5)
Proceeds on issue of convertible bonds	**-**	380.1	380.1
Net cash (used in) / generated from financing activities	**(138.7)**	467.8	201.0
Net increase / (decrease) in cash in the period	**139.8**	(284.9)	(336.3)
Cash and cash equivalents at beginning of period	**1,047.5**	1,379.0	1,379.0
Effect of foreign exchange rate changes	**18.6**	1.7	4.8
Cash and cash equivalents at end of period	**1,205.9**	1,095.8	1,047.5

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Condensed Consolidated Statement of Changes in Equity (Unaudited)

for the half year ended 30 September 2022

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Other reserves £m	Retained earnings £m	**Total shareholders' equity £m**
Balance at 31 March 2021	**2.7**	**19.8**	**(44.2)**	**0.8**	**(0.1)**	**985.2**	**964.2**
Total comprehensive expense	-	-	68.3	1.3	0.9	(163.5)	**(93.0)**
Issue of convertible bonds[1]	-	-	-	-	51.4	-	**51.4**
Balance at 30 September 2021	**2.7**	**19.8**	**24.1**	**2.1**	**52.2**	**821.7**	**922.6**
Total comprehensive expense	-	-	131.1	(7.6)	(0.9)	(151.9)	**(29.3)**
Share-based payments	-	-	-	-	-	3.3	**3.3**
Balance at 31 March 2022	**2.7**	**19.8**	**155.2**	**(5.5)**	**51.3**	**673.1**	**896.6**
Total comprehensive income	-	-	25.9	2.1	7.8	356.0	**391.8**
Share-based payments	-	-	-	-	-	3.9	**3.9**
Balance at 30 September 2022	**2.7**	**19.8**	**181.1**	**(3.4)**	**59.1**	**1,033.0**	**1,292.3**

[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. The remaining balance held in other reserves relates to foreign exchange translation differences arising on revaluation of non-sterling functional currency subsidiaries of the Group, which totalled £7.7m at 30 September 2022.

Notes to the consolidated interim report

for the half year ended 30 September 2022 (Unaudited)

1. General information

Jet2 plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. The address of its registered office is Low Fare Finder House, Leeds Bradford Airport, Leeds, LS19 7TU.

The Group's interim financial report consolidates the financial statements of ***Jet2 plc*** and its subsidiaries.

This interim report has been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and applicable law ("Adopted IFRS"). It does not fully comply with IAS 34 – *Interim Financial Reporting*, which is not currently required to be applied by AIM companies.

2. Accounting policies

Basis of preparation of the interim report

This unaudited consolidated interim financial report for the half year ended 30 September 2022 does not constitute statutory accounts as defined in s435 of the Companies Act 2006. The financial statements for the year ended 31 March 2022 were prepared in accordance with UK-adopted international accounting standards and applicable law and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under s495(3) nor (4) of the Companies Act 2006.

The interim financial report has been prepared under the historical cost convention except for all derivative financial instruments, which have been measured at fair value. The accounting policies applied within this interim report are consistent with those detailed in the Annual Report & Accounts for the year ended 31 March 2022.

The Group's interim financial report 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 projected cash flows through to 31 March 2025.

For the purpose of assessing the appropriateness of the preparation of the Group's interim financial report 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 a full unhindered Summer 2023 flying programme, utilising an aircraft fleet of 112 at average load factors above 90%, although at lower gross profit margins than Summer 2022 to reflect rising fuel, carbon and other associated inflationary cost increases that may not be fully passed onto consumers; and
- A downside scenario assuming reduced consumer demand resulting in materially lower average load factors, but with no restrictions on flying to any of the Group's destinations.

The forecasts consider the current cash position, which is after the early repayment of the £150.0m term loan in October 2022, and an assessment of the principal areas of risk and uncertainty, paying particular attention to the impact of the current UK macro-economic environment and 'cost of living' pressures on our customers.

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.

2. Accounting policies (continued)

Going concern (continued)

The Directors concluded that given the combination of a closing cash balance (including money market deposits) of £2,830.7m at 30 September 2022, together with the forecast monthly cash utilisation that, under both scenarios, the Group would have sufficient liquidity throughout a period of 12 months from the date of approval of this interim financial report. In addition, the Group is forecast to meet its banking covenants at 31 March 2023 and 30 September 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 interim financial report. For this reason, they continue to adopt the going concern basis in preparing the unaudited interim report for the half year ended 30 September 2022.

3. New accounting standards

The following revision to accounting standards became effective from January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2

The Group renegotiated the terms of its LIBOR financing agreements to Sterling Overnight Index Average Rate (SONIA) during the year to 31 March 2022.

The Group continues to engage with those financing partners to which it has US LIBOR exposures on its aircraft financing and any associated floating-to-fixed interest rate swaps, to transition these agreements to the Secured Overnight Financing Rate ("SOFR") ahead of the 30 June 2023 deadline. The impact of this is not expected to be material.

4. 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.

Profit / (loss) before FX revaluation and taxation

Profit / (loss) 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.

Profit / (loss) before FX revaluation and taxation is calculated as below:

	Half year ended 30 September 2022 £m	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Profit / (loss) before taxation	**450.7**	(205.8)	(388.8)
Net FX revaluation losses	**54.3**	10.7	12.6
Profit / (loss) before FX revaluation and taxation	**505.0**	(195.1)	(376.2)

'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.

	Half year ended 30 September 2022 £m	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Cash and cash equivalents	**1,205.9**	1,095.8	1,047.5
Money market deposits	**1,624.8**	941.1	1,181.0
Deferred revenue	**(885.4)**	(525.5)	(1,189.1)
Trade and other receivables	**23.3**	18.2	44.4
Trade and other payables	**-**	(5.3)	-
'Own Cash'	**1,968.6**	1,524.3	1,083.8

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 the period end.

5. 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 information presented to the CODM for the purpose of resource allocation and assessment of the Group's performance 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 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.

6. Net operating expenses

	Half year ended 30 September 2022 £m	Half year ended 30 September 2021 £m	Year ended 31 March 2022 £m
Direct operating costs:			
Accommodation	**1,415.6**	170.4	473.5
Fuel	**324.5**	42.5	132.8
Landing, navigation and third-party handling	**271.4**	47.6	139.5
Agent commission	**103.9**	10.1	29.5
Carbon	**57.3**	3.4	11.0
Aircraft rentals	**53.9**	-	0.6
Maintenance	**52.1**	17.4	38.7
In-flight cost of sales	**45.0**	9.4	28.9
Other direct operating costs	**181.0**	30.1	53.6
Staff costs including agency staff	**288.1**	127.2	313.2
Depreciation of property, plant and equipment	**65.9**	56.2	105.2
Depreciation of right-of-use assets	**32.2**	25.4	53.1
Other operating charges	**160.1**	60.3	176.0
Total net operating expenses	**3,051.0**	600.0	1,555.6

7. Earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing the profit / (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options and Deferred Awards, along with the potential conversion of the convertible bonds to ordinary shares at maturity in June 2026. In accordance with IAS 33, these were not included in the calculation of diluted earnings per share for the half year ended 30 September 2021, as they were anti-dilutive.

	Half year ended 30 September 2022			Half year ended 30 September 2021		
	Earnings	**Weighted average number of shares**	**EPS**	Earnings	Weighted average number of shares	EPS
	£m	**millions**	**Pence**	£m	millions	Pence
Basic EPS						
Profit / (loss) attributable to ordinary shareholders	356.0	214.6	165.9	(163.5)	214.6	(76.2)
Effect of dilutive instruments						
Share options and Deferred Awards	-	4.6	(3.5)	-	-	-
Convertible bonds	7.0	21.5	(11.6)	-	-	-
Diluted EPS	363.0	240.7	150.8	(163.5)	214.6	(76.2)

8. Taxation

The taxation charge for the period of £94.7m (2021: £42.3m credit) reflects an estimated effective tax rate of approximately 21% (2021: 21%).

9. Dividends

The declared interim dividend of 3.0p per share (2021: £nil) will be paid out of the Company's available distributable reserves on 3 February 2023, to shareholders on the register at 30 December 2022, with the ex-dividend date being 29 December 2022. In accordance with IAS 1, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge to the Consolidated Income Statement.

10. Contingent liabilities

The Group has issued various guarantees in the ordinary course of business, none of which are expected to lead to a financial gain or loss.

11. Restatement of prior year interim financial report

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

Provisions totalling £20.4m previously reported as current liabilities have been restated and presented as non-current liabilities. This has resulted in current provisions reducing from £69.7m to £49.3m at 30 September 2021 and non-current provisions increasing from £nil to £20.4m. Consequently, total current liabilities decreased from £1,255.9m to £1,235.5m and total non-current liabilities increased from £1,396.0m to £1,416.4m.

12. Other matters

This report will be posted on the Group's website, *www.jet2plc.com* and copies are available from the Group Company Secretary at the registered office address: Low Fare Finder House, Leeds Bradford Airport, Leeds, LS19 7TU.