

# Jet2<sup>®</sup> plc

**Interim Results 2023**



# 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 2023.

<b>Group financial highlights</b>	<b>Half year ended 30 September 2023 Unaudited</b>	Half year ended 30 September 2022 Unaudited	<i>Half year end change</i>
Revenue	<b>£4,407.4m</b>	£3,567.6m	24%
Operating profit	<b>£617.0m</b>	£516.6m	19%
<b>Profit before FX revaluation and taxation*</b>	<b>£664.6m</b>	£505.0m	32%
Profit before taxation	<b>£660.5m</b>	£450.7m	47%
<b>Profit for the period after taxation</b>	<b>£496.0m</b>	£356.0m	39%
Basic earnings per share	<b>231.0p</b>	165.9p	39%
Interim dividend per share	<b>4.0p</b>	3.0p	33%

\* Further information on the calculation of this measure can be found in Note 3.

- **Group operating profit increased by 19% to £617.0m (2022: £516.6m) and Group profit before foreign exchange revaluation and taxation increased by 32% to £664.6m (2022: £505.0m).**
- Against Summer 2022, seat capacity increased 7% and the business achieved an average load factor of 90.7% (2022: 90.7%) with higher margin per passenger Package Holiday mix of total departing passengers up 4.9ppts to 70.8% (2022: 65.9%).
- Flight-only net ticket yield per passenger sector at £124.09 (2022: £105.00) was 18% higher than the comparable period; the average price of a **Jet2holidays** package holiday also increased 11% to £855.
- Our operations were directly impacted by the broader disruption caused by the National Air Traffic Services (“NATS”) failure, Rhodes wildfires and flooding in Skiathos which resulted in approximately £14.0m of lost profitability.
- Total cash balance (including money market deposits) was £3,214.6m, an increase of 14% (2022: £2,830.7m). **Our Own Cash\* (excluding customer deposits) of £2,121.2m increased by 8% (2022: £1,968.6m).**
- For the Winter 2023/24 season, against a 21% increase in on sale seat capacity to 4.49m, the higher margin per passenger Package Holiday mix of departing passengers is currently up by 2.6ppts. Although bookings have been a little slower in recent weeks with average load factors currently 1.3ppts down on Winter 2022/23 at the same point, average pricing to date remains robust.
- **We are currently on track to deliver Group profit before FX revaluation and taxation for the year ending 31 March 2024 of between £480m and £520m, in line with our previous guidance.**
- Looking ahead, current seat capacity for Summer 2024 at 17.19m seats is approximately 12% higher than Summer 2023. Bookings and pricing at this early stage are encouraging, with average load factors 2.0ppts ahead of Summer 2023 at the same point.
- We know that many of our Customers prioritise their hard-earned holidays over other areas of discretionary spend and that they truly cherish their time away from our Rainy Island and want to be properly looked after throughout their holiday experience. As a result, we remain confident that as a *Customer First*, much trusted holiday provider, they will continue to travel with us to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities.

### Analyst and Investor call

The management team will host an investor and analyst conference call at 9.00am UK time, on Thursday, 23rd November 2023. For dial-in details for the conference call, please contact Buchanan Communications in advance to register: [Jet2@buchanan.uk.com](mailto:Jet2@buchanan.uk.com)

## Results for the half year

In what has proven to be a strong first half of the financial year, **Group operating profit increased by 19% to £617.0m (2022: £516.6m) and Group profit before foreign exchange revaluation and taxation increased by 32% to £664.6m (2022: £505.0m).**

Despite the challenging economic environment, the popularity, resilience and flexibility of our holiday products were reinforced, as we capitalised on sustained though later customer demand, in particular for our end-to-end package holidays, with pricing remaining robust.

For the reporting period, seat capacity increased 7% against Summer 2022 with **Jet2.com** flying 11.97m passenger sectors (2022: 11.20m) and achieving an average load factor of 90.7% (2022: 90.7%). Pleasingly, higher margin per passenger Package Holiday mix of total departing passengers was up 4.9ppts against Summer 2022 to 70.8% (2022: 65.9%).

The Group commits considerable investment to be well prepared for its summer operations and this year was no different, as we welcomed over 2,500 new colleagues since 31 March 2023, bringing the total number to over 15,000 at peak summer. All have been comprehensively trained in the company's **'Take Me There'** values (**Be Present; Create Memories; Take Responsibility; and Work As One Team**), which are of paramount importance in upholding our award-winning customer service standards.

Our *Customer First* ethos means we endeavour to embed sufficient resilience into our operations, including but not limited to, standby aircraft and crews, generous amounts of in-resort customer helpers, plus responsive 'go teams', which enable us to effectively navigate unforeseen events such as those experienced this summer in Rhodes (wildfires) and Skiathos (flooding), the technological systems failure at NATS, and the record number of air traffic control strikes across Europe. This proactive approach meant we were able to act swiftly to commit the necessary resources to support our Customers during these incidents with our Colleagues responding admirably. As always, the Board is hugely appreciative of all our Colleagues' immense efforts and support, which enabled **Jet2.com** and **Jet2holidays** to fulfil the dreams of so many Customers, taking them on their well-deserved and eagerly anticipated holidays.

As is typical for the Group, 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 2024 forward booking position; retaining increasing numbers of colleagues through the winter months to ensure appropriate operational resilience ahead of next summer; and attracting new colleagues in readiness for further expansion of our exciting package holiday and flight-only offerings, including at our new base at Liverpool John Lennon Airport where operations commence in late March 2024.

## Interim Dividend

Basic earnings per share increased to 231.0p (2022: 165.9p) and in view of the current full year outlook and the Board's continued confidence in the Group's prospects, it has decided to pay an interim dividend of 4.0p per share (2022: 3.0p). The dividend will be paid on 2 February 2024 to shareholders on the register at 29 December 2023, with the ex-dividend date being 28 December 2023.

## Post reporting date events

We continually challenge ourselves to enhance our customer focused product proposition and as a result, we made the bold, but exciting strategic decision to take control of our critical in-flight retail operations. This move was driven by the goal of not only seamlessly providing the in-flight service our Customers have come to expect and enjoy, but also over time delivering an improved, bespoke onboard retail experience and optimising revenue potential.

Consequently, on 18 October 2023, we were delighted to officially open our Retail Operations Centre (“ROC”), the first of its kind in the UK aviation industry, which will set new standards for *Customer First* service, efficiency and security. This 150,000 square foot facility, located in Middlewich, Cheshire, will act as a centre to stock, manage and distribute millions of in-flight retail products for customers to enjoy on their well-deserved leisure flights. The products being managed include drinks and ambient food that can either be pre-ordered or which feature in our in-flight menu, as well as products that can be bought from the onboard shop, such as fragrances, beauty products, gifts and duty-free.

Fully stocked in-flight service carts will be distributed to our UK airport bases by Wincanton Logistics in a fleet of **Jet2.com** and **Jet2holidays** branded trailers, with Gate Gourmet acting as our new ‘Last Mile Provider’, to load the service carts airside. The ROC facility employs leading edge x-ray scanners and security measures and given the nature of the operation, it has undergone thorough examination to ensure it complies with relevant regulations and has been approved by the UK Civil Aviation Authority.

As a result of the opening, up to 300 new jobs will be created. We are thrilled to welcome our new colleagues and look forward to them playing a critical role as we continue to grow.

## The Board

Following the announcement on 6 July 2023 of Philip Meeson's intention to step down as Executive Chairman, the Board collectively and carefully considered the qualities, skillset and experience required of a new Non-Executive Chairman. Of particular importance was the need to ensure a seamless leadership transition together with the requirements to support the Company's continued growth ambitions, uphold its established values of *People, Service, Profits* and contribute to its long-term success in continuing to deliver a *Customer First* experience.

Consequently, it was agreed that the natural candidate for the role should be the Company's existing Senior Independent Non-Executive Director, Robin Terrell, with Philip standing down from the Board from 5 September 2023 and moving to the position of Founder & Adviser, thus allowing the Company to continue to draw on his wisdom and experience from leading the Group over the last four decades as appropriate.

In further developments to the Board, we were also pleased to welcome Simon Breakwell and Angela Luger as new independent Non-Executive Directors during the period and look forward to them contributing to the future success of our business.

## Sustainability

The Group has continued to implement its Sustainability Strategy and during the reporting period exercised a further 12 aircraft options from its order with Airbus. The Group now has 110 firm ordered Airbus A321/320neo aircraft, which could eventually extend up to 146 aircraft. These aircraft have reduced fuel consumption and resultant carbon emissions per seat, plus a much lower noise footprint against previous generation single aisle aircraft models and will enable **Jet2.com** and **Jet2holidays** to grow more sustainably. To date, we have taken delivery of the first five aircraft, with a further six due to arrive next calendar year. Critically this long-term agreement with Airbus ensures certainty of aircraft supply well into the next decade.

Furthermore, in December 2023 we will launch the Group's brand-new hotel sustainability labelling scheme. This scheme will allow customers and independent travel agents to easily find and choose from a collection of certified sustainable hotels which meet Global Sustainable Tourism Council recognised standards.

The Group intends to update its Sustainability Strategy during the first half of 2024, as we continue to make progress to become more sustainable at every stage of the customer journey: in the air, on the ground and in resort. More detailed information on the Group's Sustainability Strategy can be found at [www.jet2plc.com/sustainability](http://www.jet2plc.com/sustainability).

## Outlook

For the Winter 2023/24 season, against a 21% increase in on sale seat capacity to 4.49m, the higher margin per passenger Package Holiday mix of departing passengers is currently up by 2.6ppts. Although bookings have been a little slower in recent weeks with average load factors currently 1.3ppts down on Winter 2022/23 at the same point, average pricing to date remains robust. With over 40% of Winter bookings traditionally made during the January to March period, we currently remain on track to deliver Group profit before FX revaluation and taxation for the year ending 31 March 2024 of between £480m and £520m, in line with our previous guidance. This remains dependent on no material extraneous events in the balance of the financial year.

Looking ahead, current seat capacity for Summer 2024 at 17.19m seats is approximately 12% higher than Summer 2023. Bookings and pricing at this early stage are encouraging, with average load factors 2.0ppts ahead of Summer 2023 at the same point.

We know that many of our Customers prioritise their hard-earned holidays over other areas of discretionary spend, although we are mindful of the macro-economic environment and are also monitoring the current geo-political challenges and how these may impact future spending behaviour. Therefore, whilst we will carry on investing in our industry-leading customer service proposition and operational resilience, we will continue to responsibly manage our costs to ensure we can maintain our customer offering of great value holidays and flights.

We believe that our Customers cherish their time away from our Rainy Island and want to be properly looked after throughout their holiday experience. 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 – provide customers with plenty of choice and flexibility to be able to tailor their holiday plans to meet their individual budgets.

**Steve Heapy, Jet2 plc** Chief Executive Officer, commented:

“We are pleased to have delivered another strong financial performance during the first half of the financial year, despite the well-publicised external challenges faced. This clearly demonstrates that our end-to-end package holiday is a popular and resilient product and is the **Right Product for Price Conscious Customers**.

Our *Customer First* ethos runs deep throughout our company culture with '*People, Service, Profits*' our guiding principles and our commitment to an innovative, value for money product and exceptional customer service is unwavering. We are truly grateful to have such exceptional Colleagues who are not only some of the best in their profession but are also highly motivated and incredibly proud to provide this level of service.

As a result, we remain confident that as a customer focused and much trusted holiday provider, our Customers will continue to travel with us to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities and that we can continue to deliver on our long-term strategy to be the **UK's Leading and Best Leisure Travel business.**”

## **Business and Financial Performance**

### **Customer Demand & Revenue**

Our Leisure Travel business benefitted from consistent demand for *Real package holidays from Jet2holidays*<sup>®</sup> and scheduled holiday flights from *Jet2.com*, with the later summer months displaying a strong shift towards a later booking profile.

Passenger sectors flown increased by 7% to 11.97m (2022: 11.20m), with customers choosing our end-to-end higher margin per passenger Package Holiday product rising 15% to 4.31m (2022: 3.76m). Consequently, Package Holiday customers represented 70.8% of overall flown passengers (2022: 65.9%) and as a result, single sector passengers choosing our Flight-Only product reduced by 9% to 3.49m (2022: 3.82m).

Average load factor remained stable at 90.7% (2022: 90.7%) on a 7% increase in seat capacity to 13.20m (2022: 12.35m), underlining the popularity and resilience of our Leisure Travel products.

Pricing was robust with Flight-only ticket yield per passenger sector 18% higher than the prior period at £124.09 (2022: £105.00) and the average price of a *Jet2holidays* package holiday up 11% to £855 (2022: £771).

Non-ticket revenue per passenger sector of £25.81 (2022: £25.79) was consistent year-on-year. This performance included improved in-flight product mix and stock availability as compared to the supply issues experienced during the previous summer, offset by lower flight-only hold baggage revenue due to the growing package holiday mix (where the hold bags are included in the holiday price).

As a result, overall Group Revenue increased 24% to £4,407.4m (2022: £3,567.6m).

### **Net Operating Expenses**

Increased passenger volumes and the resultant higher levels of flying activity, plus the shift to a higher proportion of package holiday customers, resulted in a 24% increase in direct operating expenses (including direct staff costs) to £3,285.2m (2022: £2,654.9m), with fuel, carbon and accommodation costs showing disproportionate growth above the volume increase, due to cost inflation.

Underlying wage costs increased 9% reflecting the challenging inflationary environment and recognising that happy and well-paid Colleagues are fundamental to the future success of our business.

Finally, the Group continued to make considerable investment in brand and direct marketing to sustain average load factors for Summer 2023 and to support customer bookings for Winter 2023/24 and Summer 2024.

As a result, total net operating expenses increased 24% to £3,790.4m (2022: £3,051.0m).

### **Operating Profit**

Overall Group operating profit increased 19% to £617.0m (2022: £516.6m), which included approximately £14.0m of lost profitability from the broader disruption caused by the NATS failure, Rhodes wildfires and flooding in Skiathos as was widely reported in the media.

### **Net Financing Income**

Net financing income (excluding Net FX revaluation losses) increased by £59.0m to £46.9m (2022: £12.1m expense), primarily due to £80.1m (2022: £20.5m) of finance income following multiple bank interest rate increases, combined with higher average cash balances.

### **Group profit before foreign exchange revaluation & taxation**

As a result, Group profit before foreign exchange revaluation and taxation increased 32% to £664.6m (2022: £505.0m). Total profit for the period after taxation increased 39% to £496.0m (2022: £356.0m).

## Cash Flow & Liquidity

In the first half of the financial year, the Group generated cash from operating activities of £802.4m (2022: £787.0m), the increase primarily a result of improved EBITDA, together with higher finance income, offset by a larger run off of customer advances driven by volume growth.

Capital expenditure of £182.0m (2022: £65.3m) represented balance payments for Airbus A321neo deliveries in the period, together with pre-delivery payments for future aircraft deliveries. In addition, we continued to invest in the ongoing maintenance of our existing aircraft fleet, ensuring its long-term reliability and performance. In early May 2023, **Jet2.com** took the opportunity to secure additional premises at Manchester Airport to build a second aircraft maintenance facility (next to its existing facility) which will support our anticipated fleet growth over the forthcoming decade.

Furthermore, we invested in our new ROC to take control of **Jet2.com's** inflight logistics operation, which was officially opened on 18 October 2023.

Purchase of equity investments of £2.0m represented the initial investment in the Fulcrum NorthPoint facility, being developed by Fulcrum BioEnergy Ltd, securing **Jet2.com's** access to sustainable aviation fuel which is planned to be produced by this facility from 2027.

Net cash used in financing activities of £31.7m (2022: £138.7m), comprised £126.4m of debt repayments, which included £47.0m to repay short term mid-life aircraft funding advanced during the pandemic, offset by loans advanced of £94.7m for new aircraft deliveries in the period.

Overall liquidity improved significantly with a total cash balance (including money market deposits) at the half year end of £3,214.6m, an increase of 14% (2022: £2,830.7m). **Our 'Own Cash' position (excluding customer deposits) of £2,121.2m increased by 8% (2022: £1,968.6m).**

Total debt decreased by 12% to £1,393.7m (2022: £1,584.9m) and net cash increased by 46% to £1,820.9m (2022: £1,245.8m).

### Extension of Revolving Credit Facility ("RCF")

Since the half year end, the Group has successfully extended its sustainability-linked RCF by a further year through to 19 October 2027, on the same commercial terms with our four supportive relationship banks: Barclays Bank plc; HSBC UK Bank plc; Lloyds Bank plc; and National Westminster Bank plc.

The Group maintains a robust financial position, characterised by a strong balance sheet and ample liquidity. These invaluable resources form the bedrock of our growth ambitions for the coming years, but also provide us with the necessary financial resilience to adapt to and navigate potential challenges should they arise.

<b>Key Performance Indicators</b>	<b>Half year ended 30 September 2023</b>	Half year ended 30 September 2022	<i>Half year end change</i>
Leisure Travel sector seats available (capacity)	13.20m	12.35m	7%
Leisure Travel passenger sectors flown	11.97m	11.20m	7%
Leisure Travel average load factor	90.7%	90.7%	-
Flight-only passenger sectors flown	3.49m	3.82m	(9%)
Package holiday customers	4.31m	3.76m	15%
Package holiday customers % of total passenger sectors flown	70.8%	65.9%	4.9ppts
Flight-only ticket yield per passenger sector (excl. taxes)	£124.09	£105.00	18%
Average package holiday price (excl. taxes)	£855	£771	11%
Non-ticket revenue per passenger sector	£25.81	£25.79	-
Advance sales made as at 30 September	£2,169.1m	£1,665.5m	30%

*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.*

*Based on Company compiled consensus of 12 analysts, the Board believes current average market expectations for Group profit before FX revaluation and taxation for the year ending 31 March 2024 to be £507m.*

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**Notes to Editors**

- **Jet2holidays** is the UK's largest package holidays provider and **Jet2.com** is the UK's third largest airline by number of passengers flown.
- **Jet2** currently operates from 10 bases across the UK – Belfast, Birmingham, Bristol, East Midlands, Edinburgh, Glasgow, Leeds Bradford, London Stansted, Manchester and Newcastle. Operations at Liverpool John Lennon Airport will commence in March 2024.



**Jet2 plc****Condensed Consolidated Income Statement (Unaudited)**

for the half year ended 30 September 2023

	Note	Half year ended 30 September 2023 £m	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
<b>Revenue</b>		<b>4,407.4</b>	3,567.6	5,033.5
Net operating expenses	5	<b>(3,790.4)</b>	(3,051.0)	(4,639.5)
<b>Operating profit</b>		<b>617.0</b>	516.6	394.0
Finance income		<b>80.1</b>	20.5	58.7
Finance expense		<b>(33.2)</b>	(32.6)	(64.5)
Net FX revaluation losses		<b>(4.1)</b>	(54.3)	(19.8)
<b>Net financing income / (expense)</b>		<b>42.8</b>	(66.4)	(25.6)
Profit on disposal of property, plant and equipment		<b>0.7</b>	0.5	2.6
<b>Profit before taxation</b>		<b>660.5</b>	450.7	371.0
Taxation	7	<b>(164.5)</b>	(94.7)	(80.2)
<b>Profit for the period</b> <i>(all attributable to equity shareholders of the Parent)</i>		<b>496.0</b>	356.0	290.8
<b>Earnings per share</b>				
- basic	6	<b>231.0p</b>	165.9p	135.4p
- diluted	6	<b>207.5p</b>	150.8p	126.6p

**Jet2 plc****Condensed Consolidated Statement of Comprehensive Income (Unaudited)**

for the half year ended 30 September 2023

	<b>Half year ended 30 September 2023 £m</b>	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
<b>Profit for the period</b>	<b>496.0</b>	356.0	290.8
<b>Other comprehensive income / (expense)</b>			
Cash flow hedges:			
Fair value gains / (losses)	<b>87.1</b>	178.1	(49.4)
Net amount transferred to Consolidated Income Statement	<b>22.0</b>	(139.2)	(164.1)
Cost of hedging reserve – changes in fair value	<b>3.3</b>	2.9	(17.0)
Related taxation (charge) / credit	<b>(28.1)</b>	(13.8)	47.6
Revaluation of foreign operations	<b>0.6</b>	7.8	3.9
	<b>84.9</b>	35.8	(179.0)
<b>Total comprehensive income for the period</b>	<b>580.9</b>	391.8	111.8
<i>(all attributable to equity shareholders of the Parent)</i>			

**Jet2 plc****Condensed Consolidated Statement of Financial Position (Unaudited)**

at 30 September 2023

	<b>30 September 2023</b>	30 September 2022	31 March 2023
	<b>£m</b>	£m	£m
<b>Non-current assets</b>			
Intangible assets	<b>26.8</b>	26.8	26.8
Property, plant and equipment	<b>1,039.4</b>	867.2	927.7
Right-of-use assets	<b>552.8</b>	535.0	565.3
Investments	<b>2.0</b>	-	-
Derivative financial instruments	<b>28.1</b>	32.9	14.3
	<b>1,649.1</b>	1,461.9	1,534.1
<b>Current assets</b>			
Inventories	<b>60.7</b>	20.9	40.2
Trade and other receivables	<b>266.1</b>	180.8	281.3
Derivative financial instruments	<b>62.8</b>	201.6	45.8
Money market deposits	<b>1,871.6</b>	1,624.8	1,669.5
Cash and cash equivalents	<b>1,343.0</b>	1,205.9	955.2
	<b>3,604.2</b>	3,234.0	2,992.0
<b>Total assets</b>	<b>5,253.3</b>	4,695.9	4,526.1
<b>Current liabilities</b>			
Trade and other payables	<b>823.3</b>	660.7	339.1
Deferred revenue	<b>1,110.8</b>	877.7	1,547.2
Borrowings	<b>79.2</b>	263.2	125.9
Lease liabilities	<b>104.3</b>	95.9	101.8
Provisions	<b>68.6</b>	94.3	57.4
Derivative financial instruments	<b>38.6</b>	24.8	85.1
	<b>2,224.8</b>	2,016.6	2,256.5
<b>Non-current liabilities</b>			
Deferred revenue	<b>10.1</b>	7.7	16.4
Borrowings	<b>681.7</b>	669.0	603.3
Lease liabilities	<b>528.5</b>	556.8	544.0
Provisions	<b>49.1</b>	35.3	40.0
Derivative financial instruments	<b>0.9</b>	3.8	16.8
Deferred taxation	<b>157.9</b>	114.4	36.7
	<b>1,428.2</b>	1,387.0	1,257.2
<b>Total liabilities</b>	<b>3,653.0</b>	3,403.6	3,513.7
<b>Net assets</b>	<b>1,600.3</b>	1,292.3	1,012.4
<b>Shareholders' equity</b>			
Share capital	<b>2.7</b>	2.7	2.7
Share premium	<b>19.8</b>	19.8	19.8
Cash flow hedging reserve	<b>66.6</b>	181.1	(15.3)
Cost of hedging reserve	<b>(15.5)</b>	(3.4)	(17.9)
Other reserves	<b>55.8</b>	59.1	55.2
Retained earnings	<b>1,470.9</b>	1,033.0	967.9
<b>Total shareholders' equity</b>	<b>1,600.3</b>	1,292.3	1,012.4

**Jet2 plc****Condensed Consolidated Statement of Cash Flows (Unaudited)**

for the half year ended 30 September 2023

	Half year ended 30 September 2023 £m	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
<b>Profit before taxation</b>	<b>660.5</b>	450.7	371.0
Net financing (income) / expense (including Net FX revaluation losses)	<b>(42.8)</b>	66.4	25.6
Depreciation	<b>122.1</b>	98.1	185.2
Profit on disposal of property, plant and equipment	<b>(0.7)</b>	(0.5)	(2.6)
Equity settled share-based payments	<b>7.0</b>	3.9	10.4
<b>Operating cash flows before movements in working capital</b>	<b>746.1</b>	618.6	589.6
Increase in inventories	<b>(20.5)</b>	(12.4)	(31.7)
Decrease / (increase) in trade and other receivables	<b>49.0</b>	5.0	(117.5)
Increase in trade and other payables	<b>436.2</b>	438.7	118.7
(Decrease) / increase in deferred revenue	<b>(442.7)</b>	(303.7)	374.5
Increase in provisions	<b>17.3</b>	52.8	18.6
<b>Cash generated from operations</b>	<b>785.4</b>	799.0	952.2
Interest received	<b>62.3</b>	20.5	58.7
Interest paid	<b>(23.8)</b>	(24.3)	(43.6)
Income taxes paid	<b>(21.5)</b>	(8.2)	(15.2)
<b>Net cash generated from operating activities</b>	<b>802.4</b>	787.0	952.1
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	<b>(180.3)</b>	(65.0)	(193.9)
Purchase of right-of-use assets	<b>(1.7)</b>	(0.3)	(2.7)
Purchase of equity investments	<b>(2.0)</b>	-	-
Proceeds from sale of property, plant and equipment	<b>0.7</b>	0.6	2.7
Net increase in money market deposits	<b>(201.0)</b>	(443.8)	(481.9)
<b>Net cash used in investing activities</b>	<b>(384.3)</b>	(508.5)	(675.8)
<b>Cash flows used in financing activities</b>			
Repayment of borrowings	<b>(71.1)</b>	(100.4)	(287.7)
Payment of lease liabilities	<b>(55.3)</b>	(38.3)	(76.2)
New loans advanced	<b>94.7</b>	-	-
Dividends paid in the year	<b>-</b>	-	(6.4)
<b>Net cash used in financing activities</b>	<b>(31.7)</b>	(138.7)	(370.3)
<b>Net increase / (decrease) in cash in the period</b>	<b>386.4</b>	139.8	(94.0)
Cash and cash equivalents at beginning of period	<b>955.2</b>	1,047.5	1,047.5
Effect of foreign exchange rate changes	<b>1.4</b>	18.6	1.7
<b>Cash and cash equivalents at end of period</b>	<b>1,343.0</b>	1,205.9	955.2

**Jet2 plc****Condensed Consolidated Statement of Changes in Equity (Unaudited)**

for the half year ended 30 September 2023

	Share capital	Share premium	Cash flow hedging reserve	Cost of hedging reserve	Other reserves <sup>1</sup>	Retained earnings	<b>Total shareholders' equity</b>
	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 31 March 2022</b>	<b>2.7</b>	<b>19.8</b>	<b>155.2</b>	<b>(5.5)</b>	<b>51.3</b>	<b>673.1</b>	<b>896.6</b>
Total comprehensive income	-	-	25.9	2.1	7.8	356.0	<b>391.8</b>
Share-based payments	-	-	-	-	-	3.9	<b>3.9</b>
<b>Balance at 30 September 2022</b>	<b>2.7</b>	<b>19.8</b>	<b>181.1</b>	<b>(3.4)</b>	<b>59.1</b>	<b>1,033.0</b>	<b>1,292.3</b>
Total comprehensive expense	-	-	(196.4)	(14.5)	(3.9)	(65.2)	<b>(280.0)</b>
Share-based payments	-	-	-	-	-	6.5	<b>6.5</b>
Dividends paid in the year	-	-	-	-	-	(6.4)	<b>(6.4)</b>
<b>Balance at 31 March 2023</b>	<b>2.7</b>	<b>19.8</b>	<b>(15.3)</b>	<b>(17.9)</b>	<b>55.2</b>	<b>967.9</b>	<b>1,012.4</b>
Total comprehensive income	-	-	81.9	2.4	0.6	496.0	<b>580.9</b>
Share-based payments	-	-	-	-	-	7.0	<b>7.0</b>
<b>Balance at 30 September 2023</b>	<b>2.7</b>	<b>19.8</b>	<b>66.6</b>	<b>(15.5)</b>	<b>55.8</b>	<b>1,470.9</b>	<b>1,600.3</b>

<sup>1</sup> 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 £4.4m at 30 September 2023.

## **Jet2 plc**

### **Notes to the consolidated interim report**

for the half year ended 30 September 2023 (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. 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 2023 does not constitute statutory accounts as defined in s435 of the Companies Act 2006. The financial statements for the year ended 31 March 2023 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 2023.

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 2026.

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 2024 flying programme utilising a fleet of 127 aircraft at average load factors above 90%, against a 12% increase in seat capacity; and
- A downside scenario with load factors reduced to 80% for 12 months from November 2023 to reflect a possible reduction in demand, but with no restrictions on flying to any of the Group's destinations.

The forecasts consider the current cash position 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 how this may affect consumers' future spending.

In addition to forecasting the cost base of the Group, both scenarios incorporated the funding of some future aircraft deliveries with our well-established aircraft financing partners and no mitigating actions taken to defer uncommitted capital expenditure during the forecast period.

## Jet2 plc

### Notes to the consolidated interim report - continued

for the half year ended 30 September 2023 (Unaudited)

#### 2. Accounting policies (continued)

##### **Going concern** (continued)

The Directors concluded that, given the combination of a closing cash balance (including money market deposits) of £3,214.6m at 30 September 2023, together with the forecast monthly cash utilisation, under both scenarios the Group would have sufficient liquidity throughout a period of 12 months from the date of approval of this interim financial report. In addition, the Group is forecast to meet its RCF covenants at 31 March 2024 and 30 September 2024 under both scenarios with significant headroom.

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 2023.

#### 3. 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 before FX revaluation and taxation**

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.

	<b>Half year ended 30 September 2023 £m</b>	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
<b>Profit before taxation</b>	<b>660.5</b>	450.7	371.0
Net FX revaluation losses	<b>4.1</b>	54.3	19.8
<b>Profit before FX revaluation and taxation</b>	<b>664.6</b>	505.0	390.8

##### **'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.

	<b>Half year ended 30 September 2023 £m</b>	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
Cash and cash equivalents	<b>1,343.0</b>	1,205.9	955.2
Money market deposits	<b>1,871.6</b>	1,624.8	1,669.5
<b>Cash and money market deposits</b>	<b>3,214.6</b>	2,830.7	2,624.7
Deferred revenue	<b>(1,120.9)</b>	(885.4)	(1,563.6)
Trade and other receivables	<b>27.5</b>	23.3	66.0
<b>'Own Cash'</b>	<b>2,121.2</b>	1,968.6	1,127.1

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

## Jet2 plc

### Notes to the consolidated interim report - continued

for the half year ended 30 September 2023 (Unaudited)

#### 4. 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.

Revenues for the Group can be further disaggregated by their nature for the purposes of IFRS 15 as follows:

	Half year ended 30 September 2023 £m	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m Restated
Package holidays*	3,628.9	2,857.8	3,969.7
Flight-only ticket revenue†	429.4	390.6	556.7
Non-ticket revenue	308.9	288.8	421.5
Other Leisure Travel‡	40.2	30.4	85.6
<b>Total revenue</b>	<b>4,407.4</b>	<b>3,567.6</b>	<b>5,033.5</b>

\* Package holidays revenue is stated net of government taxes and incorporates a timing adjustment in respect of holidays still in progress at the period end as per IFRS 15 – *Revenue from Contracts with Customers*.

† Flight-only ticket revenue is stated net of a proportion of flight delay compensation payments up to the full value of the ticket price. Any remaining compensation which exceeds the full value of the ticket price is charged to net operating expenses.

‡ Other Leisure Travel revenue of £40.2m (2022: £30.4m) consists of cancellation income and charter revenues.



## Jet2 plc

### Notes to the consolidated interim report - continued

for the half year ended 30 September 2023 (Unaudited)

#### 5. Net operating expenses

	Half year ended 30 September 2023 £m	Half year ended 30 September 2022 £m	Year ended 31 March 2023 £m
Direct operating costs:			
Accommodation	1,771.5	1,415.6	1,973.6
Fuel	468.3	324.5	521.4
Landing, navigation and third-party handling	314.2	271.4	403.4
Agent commission	123.3	103.9	142.0
Carbon	76.9	57.3	76.7
Maintenance	74.2	52.1	105.2
In-flight cost of sales	57.2	45.0	76.7
Aircraft rentals (less than twelve months)	54.2	53.9	61.1
Other direct operating costs	155.3	181.0	190.1
Staff costs including agency staff	379.3	288.1	590.4
Depreciation of property, plant and equipment	70.7	65.9	118.9
Depreciation of right-of-use assets	51.5	32.2	66.3
Other operating charges	193.8	160.1	313.7
<b>Total net operating expenses</b>	<b>3,790.4</b>	<b>3,051.0</b>	<b>4,639.5</b>

#### 6. Earnings per share

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

Diluted earnings per share is calculated by dividing the profit attributable to the equity owners of the Parent Company 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.

	Half year ended 30 September 2023			Half year ended 30 September 2022		
	Earnings £m	Weighted average number of shares millions	EPS Pence	Earnings £m	Weighted average number of shares millions	EPS Pence
<b>Basic EPS</b>						
Profit attributable to ordinary shareholders	496.0	214.7	231.0	356.0	214.6	165.9
<b>Effect of dilutive instruments</b>						
Share options and deferred awards	-	5.9	(6.2)	-	4.6	(3.5)
Convertible bonds	6.7	21.7	(17.3)	7.0	21.5	(11.6)
<b>Diluted EPS</b>	<b>502.7</b>	<b>242.3</b>	<b>207.5</b>	<b>363.0</b>	<b>240.7</b>	<b>150.8</b>

## Jet2 plc

### Notes to the consolidated interim report - continued

for the half year ended 30 September 2023 (Unaudited)

#### 7. Taxation

The taxation charge for the period of £164.5m (2022: £94.7m) reflects an estimated effective tax rate of approximately 25% (2022: 21%).

#### 8. Dividends

The declared interim dividend of 4.0p per share (2022: 3.0p) will be paid out of the Company's available distributable reserves on 2 February 2024, to shareholders on the register at 29 December 2023, with the ex-dividend date being 28 December 2023. 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.

#### 9. Notes to Consolidated Statement of Cash Flows

Changes in cash and financing liabilities	Cash and cash equivalents	Money market deposits	Borrowings	Lease liabilities	Total Net cash / (debt)
	£m	£m	£m	£m	£m
At 1 April 2023	955.2	1,669.5	(729.2)	(645.8)	1,249.7
Repayment of borrowings	-	-	71.1	-	71.1
Payment of lease liabilities	-	-	-	55.3	55.3
New loans advanced	-	-	(94.7)	-	(94.7)
<b>Total changes from financing cash flows</b>	-	-	<b>(23.6)</b>	<b>55.3</b>	<b>31.7</b>
Other cash flows	587.4	-	-	-	587.4
Deposit placements	(998.7)	998.7	-	-	-
Deposit receipts	797.7	(797.7)	-	-	-
Exchange differences	1.4	1.1	(2.2)	(6.6)	(6.3)
Unwind of interest <sup>1</sup>	-	-	(5.9)	(2.7)	(8.6)
Lease movements <sup>2</sup>	-	-	-	(33.0)	(33.0)
<b>At 30 September 2023</b>	<b>1,343.0</b>	<b>1,871.6</b>	<b>(760.9)</b>	<b>(632.8)</b>	<b>1,820.9</b>

<sup>1</sup> Unwind of interest relates to the discount rates applied on receipt of the convertible bond and amortisation of transaction costs associated with Borrowings and Lease liabilities.

<sup>2</sup> Lease movements include new leases and lease term amendments.

#### 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. Other matters

This report will be posted on the Group's website, [www.jet2plc.com](http://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.