

Jet2 plc

Annual Report & Accounts

For the year ended 31 March 2022



Jet2 plc (“the Group”) is the home of:

- **Jet2holidays** – the UK’s leading provider of ATOL protected package holidays to destinations across the Mediterranean, Canary Islands and European Leisure Cities; and
- **Jet2.com** – our award-winning leisure airline.

CONTENTS

STRATEGIC REPORT

- Our Chairman's Statement
- Business & Financial Review
- Risk Management
- Engaging with our Stakeholders
- Sustainability
- Our People

GOVERNANCE

- Corporate Governance Statement
- Board of Directors
- Audit and Risk Committee Report
- Remuneration Committee Report
- Directors' Report
- Independent Auditor's Report

FINANCIAL STATEMENTS

- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements
- Parent Company Balance Sheet
- Parent Company Statement of Changes in Equity
- Notes to the Parent Company Financial Statements

SUPPLEMENTARY INFORMATION

- Glossary of Terms
- Secretary and Advisers
- Financial Calendar

STRATEGIC REPORT

OUR CHAIRMAN'S STATEMENT

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

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

Appreciation

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

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

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

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

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

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

[†] Further information on the calculation of this measure can be found in Note 5.

Results for the financial year

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

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

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

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

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

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

† Further information on the calculation of this measure can be found in Note 5.

Dividend

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

Strategy

"We take people on holiday!"

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

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

holiday flight with **Jet2.com**, the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings.

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

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

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

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

Liquidity

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

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

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

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

Customers

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

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

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

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

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

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

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

Colleagues

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

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

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

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

The Board

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

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

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

Culture, Suppliers and Stakeholders

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

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

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

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

Sustainability

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

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

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

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

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

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

Outlook – The Right Product for Tougher Times

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

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

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

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

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

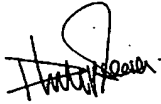
Overall demand for our leisure travel products has continued to strengthen, but with customers booking a little later than normal. Pleasingly, over 35% of our Summer 22 bookings are from completely new customers to **Jet2**. Additionally, package holiday bookings remain encouraging and are displaying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

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

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

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

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



Philip Meeson

Executive Chairman

25 July 2022

BUSINESS & FINANCIAL REVIEW

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

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

* EBITDA is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group. Further information can be found in Note 5.

Customer Demand & Revenue

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

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

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

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

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

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

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

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

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

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

Net Operating Expenses

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

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

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

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

Operating loss

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

Net Financing Expense

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

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

Statutory Loss for the Year

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

Taxation

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

Statutory Net Loss for the year and Earnings Per Share

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

Other Comprehensive Income and Expense

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

Cash Flows and Financial Position

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

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

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

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

Net Cash Generated From / (Used in) Operating Activities

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

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

Net Cash (Used In) / Generated From Investing Activities

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

Net Cash Generated From Financing Activities

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

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

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

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

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

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

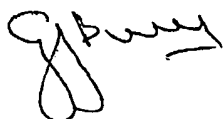
Summary Statement of Financial Position	2022 £m	2021 £m	Change
Non-current assets ^(a)	1,363.9	1,326.3	3%
Net current (liabilities) / assets ^(b)	(87.6)	2.5	(3604%)
Cash and money market deposits	2,228.5	1,379.0	62%
Deferred revenue	(1,189.1)	(322.4)	(269%)
Borrowings	(991.7)	(756.2)	(31%)
Lease liabilities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

(a) Stated excluding derivative financial instruments.

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

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

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



Gary Brown
Group Chief Financial Officer
 25 July 2022

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

See Glossary of Terms on page 168 for further details.

RISK MANAGEMENT

OVERVIEW

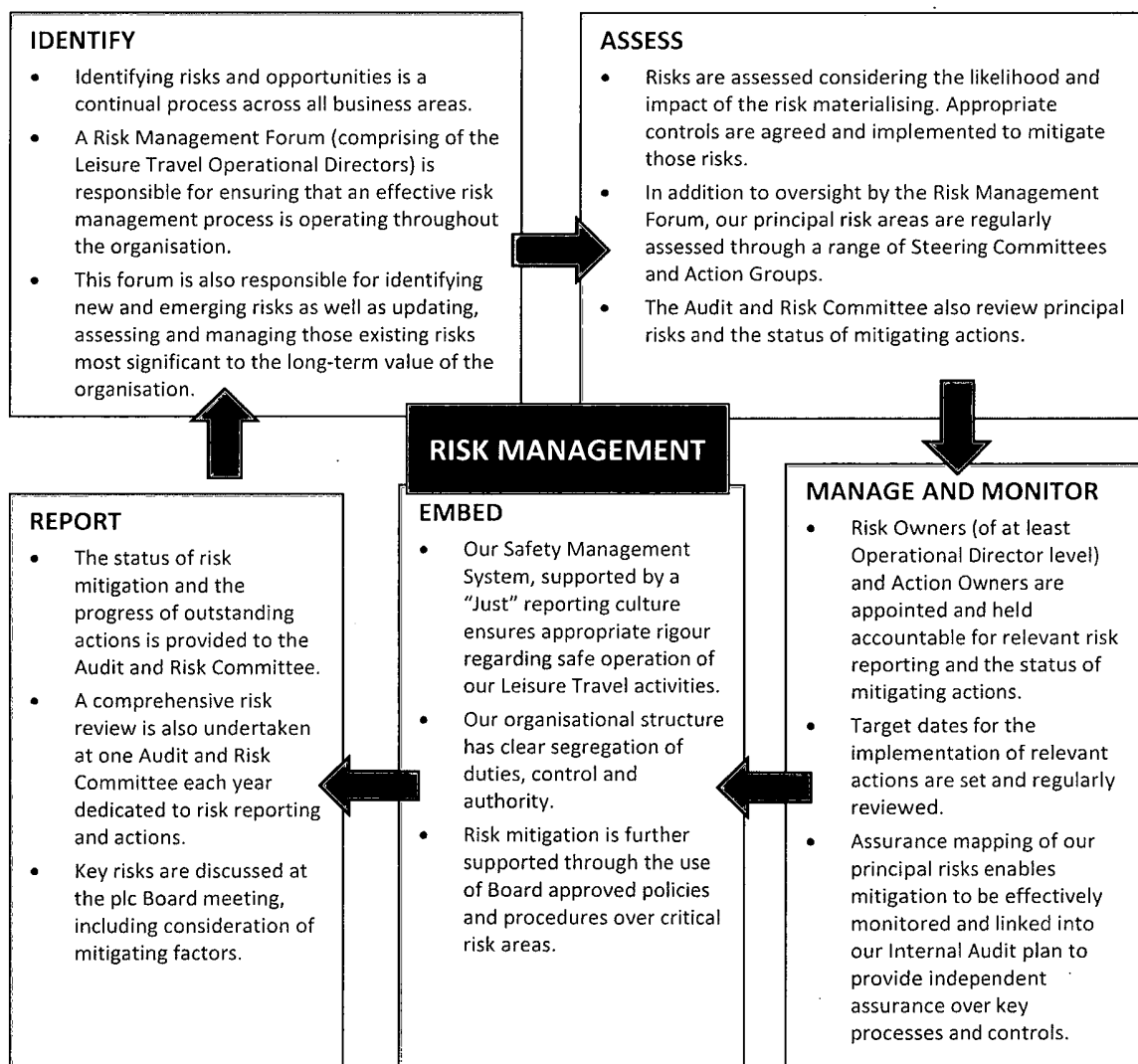
The successful management of existing and emerging risks is critical to the Group achieving its strategic objectives and ensuring long-term sustainable profit growth. The Board of Directors is responsible for the Group's system of risk management and internal control and is ultimately responsible for determining the nature and extent of the principal risks and uncertainties it is willing to accept in order to achieve those strategic objectives. This section describes its approach to them. The list is not intended to be exhaustive and is likely to evolve over time due to the dynamic nature of the leisure travel industry.

Following the publication of the Group's Sustainability Strategy in September 2021, and as a result of our commitment to report in line with Task Force on Climate-Related Financial Disclosures ("TCFD"), the Group have separately identified Climate and Sustainability as a principal risk, having previously included this within its Government policy and regulatory intervention risk.

RISK MANAGEMENT PROCESS

Approach to risk

The Board regularly carries out a robust assessment of the emerging and principal risks facing the Group, which are further articulated below. The key features of the Group's approach to risk and systems of internal control are:

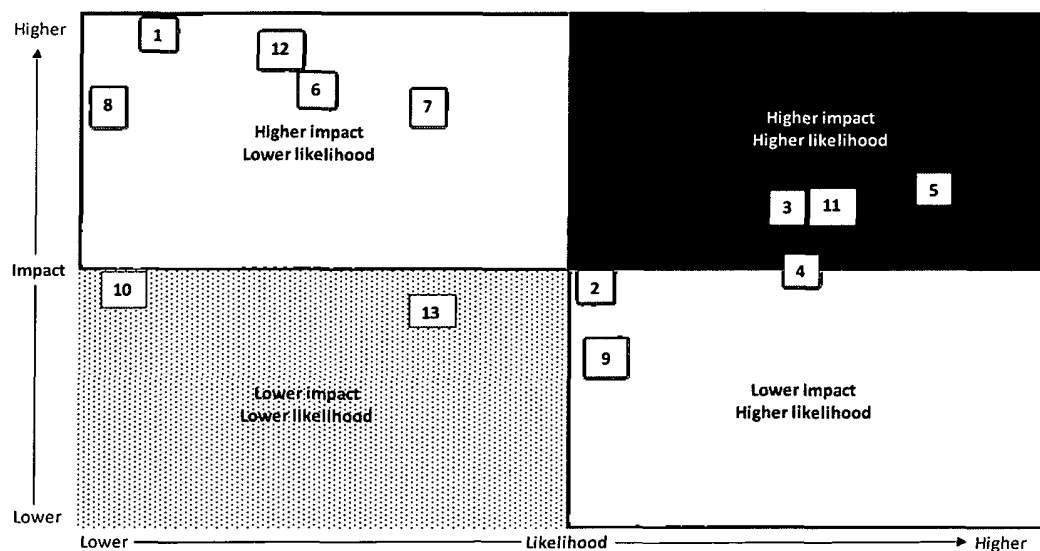


Visualisation of principal risks

Our principal risks have been plotted on the heat map below.

The key changes to our risk heat map in comparison to the previous financial year are:

- 1 new principal risk (Climate and Sustainability)
- 3 risks have increased (Economic conditions, Input cost volatility, including interest and carbon costs and Operational disruption)
- 1 risk has decreased (Liquidity and capital risk)



Risks

1	Health, Safety and Security	8	Liquidity and capital risk
2	Competition	9	Government policy and regulatory intervention
3	Climate and Sustainability	10	Legal / regulatory non-compliance
4	Economic Conditions	11	Operational disruption
5	Input cost volatility, including interest and carbon costs	12	Data Security
6	Epidemic / global pandemic	13	Recruitment and retention of talent
7	IT Development and strategy (including failure of critical technology)		

DETAILED RISK ANALYSIS

Risk movement key  Increased risk  Decreased risk  Stable  New risk	
1. Health, Safety and Security	
Risk movement	
Risk owner – Chief Executive Officer	
Risk description - The health, safety and security of our customers, colleagues and partners is a key priority. - Failure to prevent or deal effectively with a major safety incident, including a security related threat. - The Covid-19 pandemic has resulted in additional scrutiny regarding the manner in which we respond to the operational threat to our business, customers and colleagues.	
Potential consequences - Injury/loss of life - Reduction in future revenue - Operational disruption - Significant cost increase - Loss of customer trust - Damage to brand reputation - Civil/Criminal litigation	
Mitigating actions Our safety and security subject matter experts continue to monitor external trends that may impact the safe operation of our business. These include customer expectations, providing support for our suppliers, and monitoring and adapting to changes in the regulatory environment, in particular changes which were a consequence of Brexit. Our airline business operates a robust Safety Management System (“SMS”) based upon a ‘Just Culture’, which provides an environment where colleagues are encouraged to report and submit safety related information in a timely manner. This enables the proactive assessment and mitigation of risk associated with our airline operation, escalated via regular internal Safety Action Groups to the Safety Review Board (“SRB”). Compliant and effective SMS oversight is provided by the appropriate use of occurrence report investigations, flight data management, safety risk management, health and safety and aviation security inspections, together with compliance and assurance audits across our operations. All airline safety and security matters are managed by our Safety, Compliance and Security Group, which reports directly to the Accountable Manager (the Managing Director of <i>Jet2.com</i> Limited) and the SRB. The SRB meets quarterly, monitors trends and identifies any areas of safety risk that require closer attention, including those that arise from significant business events. A key output of the meeting is the cascade of information back to colleagues in areas of key focus for safe operation. Aviation Security is subject to significant UK and International regulation. <i>Jet2.com</i> have an experienced, dedicated Aviation Security team who hold Government Security Clearance. This team ensures compliance with applicable regulations and have an established security specific risk register to monitor and control current and emerging threats with particular attention being paid to insider threat, both within the organisation and with key operational suppliers. A senior operational leadership team was established to monitor, report and oversee key areas of uncertainty at the start of and throughout the pandemic. This team designed and implemented a number of tactical changes to operational processes in response to the evolving legislative changes both in the UK and overseas. Our risk and safety experts monitored the development of the Covid-19 virus to track infection and vaccine rates across the UK and all our destination countries, which helped to focus decision making on the flying programme. As global restrictions were relaxed and customers were allowed to travel, the focus was realigned towards providing assurance that our hotel and accommodation suppliers were compliant with our safety standards and local regulatory requirements. Jet2holidays’ Risk and Safety team have developed a framework that enables a consistent approach to the assessment, monitoring and control of safety related risk throughout the customer journey, with supplier accommodation, in-resort transfers and excursions all evaluated. The assessment of health and safety risks in the hotels and accommodation that we feature, as well as the other holiday components we package, is part of our normal package holiday business routine. The emphasis for accountability is placed on	

the supplier and **Jet2holidays** uses risk assessment models to identify those suppliers who need additional support to comply with our risk and safety standards.

The **Jet2holidays** Risk and Safety Committee, chaired by the Chief Executive Officer, meets frequently to discuss emerging risks and determine appropriate strategies to mitigate or control those risks. Other inter-departmental subgroups can be established rapidly to provide a forum for subject matter experts to deliberate and take early actions on developing risks.

Compliance with **Jet2holidays'** risk and safety standards is measured in a number of ways, including physical audits and inspections and reviews of documentation and certification. In response to the Covid-19 pandemic, the Group adjusted its approach towards remote auditing activities to ensure our high standards were maintained despite travel restrictions, thus providing assurance that suppliers were compliant and also meeting their regulatory responsibilities for Covid-19 and all other safety related matters.

As the pandemic evolved, we continued to adapt our toolkits and provide our colleagues with updated guidance and support, more recently recommencing our onsite audit and inspection program in April 2022. In addition, our relationship with our hotel partners was strengthened using a number of initiatives including the development and publication of a **Jet2** branded post Covid-19 pre-opening safety brochure and follow up webinars.

Our risk mitigation includes crisis and incident management, and we have made significant investment in facilities, technology, and training to ensure we are prepared and capable of responding. Our aim is to mitigate, prepare, respond and recover, which forms the basis of our emergency response plan. We have a fully functioning emergency response centre where we can implement a formal command structure to manage a range of potentially disruptive events, with simulation exercises conducted on a regular basis to test the preparedness of the Crisis Response Team.

Our business transfers risk to the insurance market using a number of partnership brokers and insurance providers. Our insurance covers all aspects of our business including, but not limited to, Employers Liability Insurance, Tour Operators Insurance, Terrorism cover, Cyber Insurance and Aviation Insurance.

2. Competition

Risk movement



Risk owner – Chief Executive Officer

Risk description

- The business operates in competition with tour operators, online travel agents and low-cost airlines. In addition, new entrants to the market may increase this risk.

3. Climate and sustainability

Risk movement



Risk owner – Chief Executive Officer

Risk description

- As a socially and environmentally responsible airline and package holiday provider we recognise our future growth must be sustainable.
- New environmental legislation and reporting has increased focus on this area.
- Impacts of extreme weather events or rising sea levels on tourism destinations and infrastructure.
- Slow pace of technological advancement to aid decarbonisation such as the availability of Sustainable Aviation Fuel and improvements to aircraft efficiency.

Potential consequences • Reduction in profitability • Reduction of market share • Impact on the availability of quality hotel room stocks • Significant cost increase in marketing or IT to retain market share	Potential consequences • Reputational risk of perceived inaction could adversely impact passenger demand • Significant increase in costs of both existing and new aviation and travel taxes, charges and levies
Mitigating actions The business will continue to focus on its core principles, which are: to provide a “Customer First” service, be family friendly; and offer great value for money. We focus on customer driven scheduling of flights on routes to popular leisure destinations in order to maximise load factor, average package holiday price, average flight-only ticket yield (excluding taxes) and non-ticket revenue, whilst ensuring that our great value proposition remains attractive to customers. Our quick to market, flexible operating model has ensured we can successfully tailor our flying programme in order to respond to changing international travel conditions or restrictions. In response to the Covid-19 outbreak and the resulting widespread travel disruption, we have taken great pride in refunding our customers’ advance deposits promptly. Our virtual contact centre, ably supported by our social media and customer service teams, have worked tirelessly in this regard. <i>Jet2.com</i> and <i>Jet2holidays</i> were named Travel Brand of the Year at this year’s Which? Travel Awards, in recognition of the way that we have treated customers, both during the pandemic and following the reopening of international travel. We work alongside and invest in relationships with selected hoteliers, who take assurance from our financial security and our consistent and timely payment record, to secure dependable and competitive room offerings in the most attractive properties, always ensuring that we are satisfying our customers’ desire for choice and quality. The development of our digital strategy is integral to the business as its capability helps to build customer loyalty, drive revenue growth and deliver greater customer satisfaction. We continue to differentiate our business through innovative product development, such as <i>Jet2Villas</i>® and <i>Jet2CityBreaks</i>®, the provision of added value services such as <i>Indulgent Escapes</i>®, alongside <i>Vibe</i> by <i>Jet2holidays</i>®, specifically crafted for the growing millennial market.	Mitigating actions The Group established a Sustainability Steering Committee during the year, chaired by the Chief Executive Officer and attended by the Director of Business Development and Sustainability, the Sustainability General Manager, the Group Chief Financial Officer, and the Group Legal Director & Company Secretary. The Committee meets on a quarterly basis to review progress against the Group’s targets as set out in its Sustainability Strategy published in September 2021. In addition, new and developing requirements arising from environmental legislation and its impacts are considered and reviewed. The Audit and Risk Committee and the Board are then briefed on pertinent information by the Chief Executive Officer. The Group has a well-established Board approved Hedging Policy to manage carbon price risk, using forward contracts with approved counterparties supplemented with purchases of additional carbon credits from auctions. From 1 January 2022, in line with its Sustainability Strategy the Group has voluntarily offset all carbon emissions not already covered by its Emissions Trading Schemes (“ETS”) obligations, including covering its free allowances. The Group recognises that its carbon offsetting scheme is a short-term solution to its environmental obligations and that an acceleration of decarbonisation requirements in all industries and society is inevitable over the medium to long term. Therefore, the Group has committed to replace certain of its older less efficient aircraft with up to 75 new Airbus A321 neo aircraft to be delivered over the period 2023 to 2029, which is, in our opinion, on a per passenger basis, the most fuel-efficient and sustainable aircraft in its class today. The Group has set a range of Sustainability targets through to 2030 which cover operations in the Air, in Resort and on the Ground. These targets are designed to ensure the Group is well placed to comply with evolving regulations. <i>Jet2</i> maintains a membership of organisations such as Airlines 4 Europe (A4E), Sustainable Aviation and A81A, who provide regular updates on the latest regulatory changes and offer a forum for knowledge sharing. The Group is also a member of the Jet Zero Council (JZC) Sustainable Aviation Fuel subgroup which aids monitoring of policy development in this area. Further information on the Group’s approach to Sustainability can be found within the Sustainability section of this Annual Report & Accounts on pages 39 to 53.

4. Economic conditions

Risk movement 

Risk owner – Chief Executive Officer

Risk description

- Whilst we believe that UK consumers regard their summer holiday as a very important element of the annual household budget, economic conditions (including the current UK “cost of living crisis”) may ultimately have an impact on the level of demand for the Group’s leisure travel services.
- The broader macro-economic climate may also impact the viability of hotel partners, some of whom the Group places monetary deposits with to secure accommodation.

Potential consequences

- Reduction in customer demand
- Reduction in future revenue
- Inability to recover advance hotel deposits

Mitigating actions

The business has built a strong brand and reputation for providing ‘*package holidays you can trust*’™ and the delivery of an attractive and memorable holiday experience engenders loyalty and repeat bookings.

The control of our own seat supply and our frequency of flying, allow us to offer truly variable duration holidays, critical in allowing our Customers the ability to flex their holiday arrangements to suit their individual budgets. We believe we have the **right product for these tougher times**.

We offer our customers a wide choice of hotels and board basis including all-inclusive options to lock in the total cost of the holiday, free child places and truly flexible holiday durations; all vital ingredients to cater for our customers’ differing budget requirements.

Regular promotion of the benefits of travelling with an end-to-end ATOL protected package holiday tour operator serves to increase customer confidence and peace of mind.

5. Input cost volatility, including interest and carbon costs

Risk movement 

Risk owner – Group Chief Financial Officer

Risk description

- The business incurs significant operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates.
- The cost of fuel is also a considerable element of the cost base of the business and the effective management of aviation fuel price volatility is increasingly important, exacerbated by the Russian invasion of Ukraine.
- The Group uses specialist aircraft finance. Some of this borrowing is subject to floating rate interest charges, which generates interest cost volatility.
- Changes to carbon trading schemes including both cost increases and scheme expansion across currently exempt destinations such as the Canary Islands and Turkey.

Potential consequences

- Significant increase in costs and subsequent reduction in profitability
- Loss of free carbon allocations
- Potential increased cost of additional emissions trading schemes in new jurisdictions

Mitigating actions

The Group has a well-established Board approved Hedging Policy to manage foreign exchange rate, interest cost and fuel price risk, using appropriate derivative financial instruments such as forward currency contracts, interest rate swaps and aviation fuel swaps and options, with approved counterparties. Forward contracts are used to manage non-financial items including carbon price risk.

Regular tracking of the foreign exchange, fuel and carbon markets is undertaken, and a summary of the latest market outlook from various Banks is produced on a quarterly basis for the Board. Additionally, the Group works closely with hedge counterparties specialising in the carbon emissions markets, gaining valuable insight into potential future scheme changes and market developments, and how the associated risks can best be managed.

Reporting of all Treasury activity, including compliance with the Hedging Policy, is produced monthly for the Board.

An active control process is in place between flight planning, revenue planning, finance and treasury functions, to continuously assess hedging requirements.

Recoverability of hotel deposits and prepayments is supported by close monitoring of sales performance and the structuring of arrangements to minimise risk of exposure. In addition, financial due diligence is performed and updated by our team of Financial Risk Managers where required (on a risk basis) to enable hotel agreements to be re-assessed and de-risked where appropriate. More recently, the Group has carefully considered the financial stability of any suppliers impacted either directly or indirectly by current sanctions on the Russian Federation and associated citizens.	From 1 January 2022, in line with its Sustainability Strategy the Group has voluntarily offset all carbon emissions not already covered by its ETS obligations, including covering its free allowances. Further information on hedging, the Group's key mitigation to input cost and interest cost volatility risk, and details of the Group's Hedging Policy, are contained within Note 2 to the consolidated financial statements.
6. Epidemic/global pandemic	7. IT development and strategy (including failure of critical technology)
Risk movement 	Risk movement 
Risk owner – Chief Executive Officer	Risk owner – Chief Information Officer
Risk description As demonstrated over the past two years, the business could be impacted by an epidemic or pandemic which includes our inability to operate flights and holidays already booked along with managing changing patterns of consumer demand to travel.	Risk description - The Group is reliant on a number of key IT systems and processes including, but not limited to, operational, commercial and financial, and their scalability and ongoing development is vital. - The loss of access to these systems, or the <i>Jet2.com</i> and <i>Jet2holidays</i> websites may result in significant disruption to operations and could adversely impact the Group's reputation and financial performance. - Customers expect engaging, user friendly websites and social media interaction, which, if not appropriately managed could negatively impact their experience and the Group's customer focused proposition.
Potential consequences - Adverse customer experience - Inability for the business to continue to operate - Insufficient cash to meet financial obligations as they fall due	Potential consequences - Reduction in future revenue - Operational disruption - Significant increase in costs - Adverse media coverage - Regulatory fines/sanctions

Mitigating actions

The business took a proactive, “*Customer First*” approach to managing the exceptional circumstances caused by the Covid-19 pandemic. This included early decisive actions on our flights and holidays programmes, supported by comprehensive customer communications across all touchpoints, as well as simple and clear amendment and cancellation policies. Our approach has earned us praise from various groups including customers, consumer organisations, hoteliers, media and regulatory bodies such as the UK Civil Aviation Authority (“CAA”).

Operational teams have worked throughout the pandemic to minimise the impact on the customer experience and non-operational teams have worked remotely and utilised technology to remain connected and effective.

Our Contact Centre moved to a multi-skilled agent model, enabling improved operational effectiveness when dealing with unpredictable and fluctuating contact volumes. Automated contact channels such as WhatsApp messaging mean we can increase productivity, whilst improving operational resilience by maintaining the ability to manage customers queries in the event that phone lines are oversubscribed.

The self-service development capabilities in our “*Manage my Booking*” portal have reduced reliance on voice calls, whilst providing an efficient and cost-effective way for customers to fulfil changes and amendments to their bookings.

Many of our operational and customer-facing teams ably adapted to new ways of working, which included addressing customer safety concerns throughout the customer journey and maintaining compliance with local authority health requirements. Our pre-travel services colleagues provided the reassurance that customers needed regarding our safety measures and any additional arrival requirements in their destination country.

The Group has also maintained prudent levels of total and ‘Own Cash’ liquid funds to enable the business to continue to operate through a period of sustained disruption.

Mitigating actions

Investment in digital strategy is integral to the Leisure Travel business and considerable resources are committed each year to ensure that the search and booking experience is as effortless and efficient as possible, whether the customer uses a PC, tablet or mobile phone. Additionally, investment in big data, cloud architecture and data science to drive speed, productivity and better-quality intelligence on customer behaviour will ensure that the business remains nimble, leading edge and efficient in its customer acquisition strategy.

The Board continues to commit considerable monies to IT investment underpinning the confidentiality, integrity and availability of Group systems and data, and to improving and enhancing its cyber security defences, reflecting the developing threats in this area.

Each month the Group tests failover of key systems between geographically dispersed data centres and has a 24/7 IT Operations and Incident Response team. In addition, the Group regularly performs incident response exercises with scenarios covering system loss, data loss, site loss and hostile attack.

The Group’s hybrid working policy means it now has many home and remote working colleagues and it has developed a standard set of technical controls, including virtual private network and monitoring tools, which enable remote connection to its systems. Additionally, the Group has a range of collaboration tools to ensure colleagues remain connected and effective.

The Group has a rigorous change management process for development releases and other IT changes requiring sign off after testing from relevant business areas and IT teams. These important processes have not stifled the agility needed to deliver the many releases required to respond to rapidly changing travel conditions, nor the enhancements to enable re-bookings and to provide rapid cash refunds to customers throughout the pandemic.

8. Liquidity and capital risk	9. Government policy and regulatory intervention
Risk movement 	Risk movement 
Risk owner – Group Chief Financial Officer	Risk owner – Chief Executive Officer
Risk description Liquidity and capital risk is the risk that the Group will have insufficient funds to meet its financial obligations as they fall due.	Risk description - New regulation and/or legislation imposed that may impede operations, including regulations introduced in response to the Covid-19 pandemic. - There is a continuing risk of the imposition of taxes and charges, levied by regulatory decision rather than by commercial negotiation, at levels in excess of economic cost.
Potential consequences - Insufficient cash to meet financial obligations as they fall due - Weakening of supplier relationships - Reputational risk	Potential consequences - Adverse effect on passenger demand - Significant increase in costs of existing aviation and travel taxes, charges and levies - Policies to constrain capacity growth - Noise curfews
Mitigating actions The Group has a well-established Board approved Liquidity Policy to guide its management of liquidity and capital risk. The policy is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, whilst securing the continuity and flexibility of funding through the use of committed banking facilities and specialist aircraft finance. Reporting of all Treasury activity, including compliance with the Liquidity Policy, is produced monthly for the Board. Short-term cash flow risk, in relation to margin calls in respect of fuel, carbon, foreign currency and interest rate hedge positions, is minimised through diversification of counterparties together with appropriate credit support thresholds. Regular assessment is made of the Group's banking facility covenant compliance for which there were no breaches during the year. The Group has a well-established and detailed financial planning process, enabling the rapid modelling and reporting against multiple scenarios, which assists the Group in forecasting its ongoing liquidity requirements. The Group's strong financial foundations and consistently positive long-term operational and financial performance pre-pandemic enabled rapid access to a portfolio of external funding sources during the pandemic to ensure that it maintained sufficient 'Own Cash'. This ensured all ongoing obligations were met, customer refunds were processed and our colleagues received "top up" pay above the level of CJRS contributions, supporting retention of our talented workforce. These strong foundations have positioned the Group for a strong recovery, through fleet growth and fleet renewal opportunities.	Mitigating actions The Group held regular dialogue with the Department for Transport throughout the year as international travel restrictions were gradually unwound. This included participation in a cross-industry Expert Steering Group, who prioritised the restart of international travel. The Group continually updates specific guidance on its website for applicable destination entry requirements and also any relevant Covid-19 testing. The Group will maintain its focus on: delivering a great value package holiday product; the careful management of its route network; and committing appropriate levels of resources to maintain and improve on-time performance. The Group engages public affairs advisers and will continue to engage with policy setters and regulators to encourage legislation that is fit for purpose and to ensure full awareness of the implications of any proposed future changes. The Group manages capacity carefully, fully considering airport and airspace capacity issues, including night flight and noise restrictions, and actively participates in the coordination and formulation of policies via Airport Coordination Committees. The Group continues to invest in an effective working relationship with the UK CAA and, amongst other things, ensures it adheres to both aircraft maintenance standards and colleague security vetting requirements. Additionally, the Group regularly shares its financial information with the CAA to provide the assurance they require in issuing <i>Jet2holiday's</i> ATOL licence.

10. Legal / regulatory non-compliance	11. Operational disruption
Risk movement 	Risk movement 
Risk owner – Chief Executive Officer	Risk owner – Chief Executive Officer
Risk description - The leisure travel industry is heavily regulated, and the Group is required to comply with a complex regime of legislation and regulation in a variety of areas. - There is a continual need to remain well informed of any legislative and regulatory provisions or changes in the countries in which the Group operates and to adapt as required.	Risk description - The business is at potential risk of disruption from the force of nature, such as extreme weather conditions and volcanic activity, and through other external factors, such as acts of terrorism and strike action. - The Group is dependent on the performance of certain third-party suppliers to maintain an efficient operation and positive customer experience.
Potential consequences - Loss of operating licence - Operational disruption - Reduction in future revenue - Adverse media coverage - Regulatory fines/sanctions - Loss of consumer trust	Potential consequences - Adverse customer experience - Operational disruption - Increase to operational costs - Aircraft damage
Mitigating actions The Group has an in-house team of lawyers who advise on a range of legal issues and assist the Group to prepare for new regulatory developments. The team also delivers training on key areas throughout the year. Additional external legal support and/or training is sought as appropriate in specialist areas or non-UK jurisdictions. The Group's external lawyers are also instructed to provide updates on legal and regulatory developments which are likely to have an impact on the Group. The Group works with trade associations for both the airline and travel industry to gather further insight into policy development and to assist the Group in influencing future legislation and regulation to minimise its potential impact.	Mitigating actions The business regularly updates a carefully planned response to be implemented by a team of experts, should there be significant disruption to our Leisure Travel activities. Our commercial office in Leeds City Centre and our operations centre at Leeds Bradford Airport give us the ability to run our business from more than one site, which supports business continuity planning. Most office-based colleagues returned to their pre-pandemic place of work during April 2022 as part of a new hybrid working policy which maintains flexibility for remote working should operational disruption occur. The business has a dedicated emergency response facility from which our response to serious operational incidents can be managed and is also used for regular emergency management exercises. We have automated systems to support the activation of our emergency response team, enabling us to respond promptly to incidents, deploy appropriate solutions and thereby mitigate the impact on our customers and limit any potential interruption to our business. The Group foresaw strong consumer demand following the reopening of international travel in early 2022 and was quick to share its operational forecasts with key suppliers including airports, ground handling operators and the Home Office - responsible for Border Force. The Group continues to work closely with these third parties to mitigate the challenges that a ramp up to full operational capacity entails.

12. Data Security

Risk movement



Risk owner – Chief Information Officer

Risk description

- A data breach involves unauthorised access to Group, customer or colleague data, or loss of access to personal data. Protecting that data and its confidentiality is a key priority for the Group.
- In the last twelve months, we note further use of ransomware by cyber criminals and evidence of hostile nation state cyber activity targeting critical sectors and supply chains.

Potential consequences

- Reduction in future revenue
- Operational disruption
- Significant increase in costs
- Adverse media coverage
- Regulatory fines/sanctions
- Third party liability/class actions
- Loss of consumer or colleague trust

Mitigating actions

The Group uses world-leading web application protection, denial of service protection and real-time data breach monitoring services.

The Group carries out regular, comprehensive, internal and external vulnerability scanning and penetration testing using GCHQ-NCSC accredited third parties. It also continues to strengthen its cyber threat mitigation through a process of repeated testing, hardening, hardware refresh and education. This extends to the ongoing development and testing of a Cyber and Data Incident Response Plan, closely aligned to our Emergency Response and Business Continuity Plans.

The Group's Cyber team monitors hostile activity closely to ensure the Group's defences remain current and has recently bolstered these in response to warnings from the National Cyber Security Centre ("NCSC") about a heightened cyber risk following the Russian invasion of Ukraine. The Group shares situational information with the NCSC and continues to welcome that valuable sharing partnership.

Cyber threats and mitigations are reviewed monthly at the Group's Cyber Security steering group, which includes plc Board members.

A Cyber Security Action Group, which is aligned to ISO 27000, is attended by the Managing Director of *Jet2.com* Limited with support from the Chief Information Officer (CIO) acting as the Cyber Accountable Manager. The Group has received an external independent audit of its cyber preparedness in line with the Cyber Assurance Framework for Aviation (CAP 1753). The rigorous approach the Group takes towards PCI compliance and adherence to the General Data Protection Regulation (GDPR), along with the controls and requirements we place upon the supply chain, stand us in good stead for these areas of compliance.

13. Recruitment and retention of talent

Risk movement



Risk owner – Human Resources Director

Risk description

- The current and future success of the business is reliant on the successful recruitment, development and retention of the right colleagues with suitable capabilities.

Potential consequences

- Inability to deliver key strategic initiatives
- Increased costs of recruitment and training
- Key knowledge deficit/dilution

Mitigating actions

The Group executes role-specific seasonal campaigns to recruit and train the resources required to deliver our operational plans. The Group anticipated high consumer demand once international travel began to reopen at the start of 2022 and therefore commenced its recruitment programme well in advance of the Summer 22 season.

High demand for skilled workers in the aviation sector following the reopening of international travel has meant the Group's proposition to attract new colleagues has had to remain enticing. The Group's decision to "top up" colleague pay over the past two financial years above the level of CJRS contributions has helped retain operational colleagues to support the businesses recovery. Since April 2022, the Group has rewarded all staff with two 4% salary increases and has additionally committed to paying a £1,000 "Thank You Bonus" to all colleagues at the end of the Summer 22 season.

The Group utilised suitable technologies to ensure that a seamless virtual recruitment process was available during the pandemic and continues to use this alongside more traditional in-person recruitment to aid process efficiency.

The Group operates a defined leadership framework, enabling it to identify those colleagues who have the potential to develop into leadership roles. This also supports the succession planning process.

The Group continues to update and promote our internal **Wellbeing Hub** which includes a collection of resources aimed at supporting our colleagues' mental health. We were also pleased to successfully launch our hybrid working policy and welcome back most office-based colleagues to their pre-pandemic place of work in April 2022. Further detail on the support we have offered our valued colleagues is detailed within the Our People section on pages 54 to 58.

An ongoing programme of training (both online and face-to-face), raising awareness on GDPR and cyber security threats and the escalation process of any actual or suspected data breaches has been implemented throughout the Group.

The Group remains confident that it has controls, systems and processes in place appropriate to the current cyber threat landscape, but is well aware that this area needs constant attention and investment to keep pace with the ever-changing tactics and techniques of the Group's cyber adversaries.

The Group has established an Early Years and Future Talent programme incorporating apprenticeship schemes and graduate development programmes. In addition, **Jet2.com** continues to invest in developing its future flight crew talent through its unique and innovative Pilot Apprentice scheme.

The Group will continue to grow its Jet2 Travel Technologies operations in Pune, India, increasing the Group's capacity to progress our many industry-leading IT innovations and business-critical development projects.

GOING CONCERN STATEMENT

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

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

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

The forecasts consider the current cash position, which is after repayment of the £65m Revolving Credit Facility in April 2022, and an assessment of the principal areas of risk and uncertainty as described in more detail on pages 17 to 28, paying particular attention to the impact of Covid-19 and cost of living pressures. The Directors have also considered the headroom in the downside scenario described above in light of the current trading environment as referred to in the Chairman's Statement.

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

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

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

The Directors' responsibility for preparing the financial statements is explained on pages 89 to 90 and the reporting responsibilities of the Auditor are set out in their report on page 97.

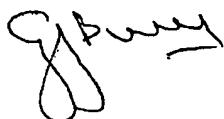
VIABILITY STATEMENT

The Directors have prepared financial forecasts for the Group, covering two scenarios as detailed in the Going Concern statement, comprising of profit before and after taxation, balance sheets and cash flows through to 31 March 2025, and also considered an extended planning horizon to aid the management of its longer-term aircraft fleet objectives. A three-year period has been selected for the viability assessment which aligns with the Group's medium-term fleet and operational planning timelines.

The commencement of deliveries of the Group's Airbus A321 neo aircraft order in early 2023 results in an expected increase in total aircraft to over 110 for the year ended 31 March 2024 and over 120 for the year ended 31 March 2025. Whilst the benefits of the new aircraft, including flying efficiencies and a greater seat capacity, would ordinarily be expected to improve profit margins, the forecasts cautiously assume that other expected increases in variable costs, including both fuel and carbon, may not be able to be fully passed on to consumers. Further, should customer demand prove to be weaker than forecast, due to the mix of aircraft, the Group has the ability to downsize its fleet if required to eliminate the fixed costs associated with those aircraft. Both forecasts assume that the Revolving Credit Facility, term loan and the financing on 12 Boeing 737-800 mid-life aircraft are repaid on maturity during the viability period, and that further financing is obtained to fund deliveries of the Group's Airbus A321 neo aircraft order.

Stress-testing of the Group's forecasts is also undertaken on an ongoing basis to consider the potential impact of a combination of principal risks materialising together. However, future assessments of the Group's prospects are subject to uncertainty that increases with time and cannot be guaranteed or predicted.

The Directors have also taken account of the Group's current cash position, its strong competitive position and consistent historic operating performance, its operating cash flows, the availability of banking facilities, the principal risks and uncertainties it faces, and, as outlined, its ability to mitigate and manage those risks. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2025.



Gary Brown

Group Chief Financial Officer

25 July 2022

ENGAGING WITH OUR STAKEHOLDERS

The Group has a wide range of stakeholders, all of whom are vital to our success in achieving our goal – **To be the UK's Leading and Best Leisure Travel business**. Key decisions must therefore consider and balance the needs of our stakeholder groups in order to best implement our strategy.

SECTION 172 STATEMENT

The Directors of **Jet2 plc** – and those of all UK companies – must act in accordance with a set of duties detailed in the Companies Act 2006 which include, in Section 172, a duty to promote the success of the company for the benefit of its members as a whole. In so doing, the Directors must have regard (amongst other matters) to the following factors:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with customers, suppliers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

Throughout this Annual Report & Accounts, we provide examples of how we have thought about the likely consequences of long-term decisions and how we balance the needs and expectations of a range of stakeholders with those of the business. The Company regards the key stakeholders relevant to its success to be our colleagues, customers, suppliers, shareholders and communities and the environment. More detail on how the Board has had regard to the matters set out in s.172 and has engaged with key stakeholders and developed relationships with them during the year is set out in the subsequent table.

The Board of Directors, both individually and collectively, consider that they have acted in good faith, and in a way which would be most likely to promote the success of the Company for the benefit of its members as a whole and having regard (among other matters) to the above factors, in the decisions taken during the year ended 31 March 2022.

The Board, led by the Executive Chairman, ensures that its processes consider key stakeholders and that there is sufficient time, information and understanding to properly assess their interests when making decisions and considering their long-term implications. Appropriate stakeholder engagement is achieved through various means: direct interaction by Board members; receiving reports from management who engage with stakeholders; and addressing specific stakeholder interests in papers which are presented to the Board.

Supported by the Company Secretary, the Executive Chairman monitors the adequacy of the training received by all new and existing Directors on their duties, including those under s.172. The Board recognises that stakeholder groups will not remain static and can be affected by changes in strategy, legislation or business requirements and therefore these are regularly reviewed, along with the engagement mechanisms, to ensure they remain appropriate.

The consequences of decisions in the long term

The leisure travel industry is dynamic and fast-moving, and the Board needs to remain agile in order to respond to opportunities or emerging issues as they present themselves. The Covid-19 pandemic has been a particularly challenging period given the severe impact on the Group's trading and this has required ever more resilience, agility and judgement from the Board to ensure that the best interests of all stakeholders are served.

The Directors fulfil their duties through a governance framework that delegates day-to-day decision-making to management of the Group, which reflects the highly regulated environment in which the Group operates. Nevertheless, the Board is mindful that many decisions will have a long-term impact, and that a number of its contractual commitments will remain with the Group for many years to come.

During the year, the Group made its **Jet2 Net Zero 2050** commitment, a significant move towards a more sustainable future. This commitment is wide-ranging in its effects on our stakeholders, from the collaboration with our supportive financing partners in our future purchase of up to 75 Airbus A321 neo aircraft, considered, on a per passenger basis, the most fuel-efficient and sustainable in its class, to the positive impact on communities of our investments in carbon offsetting and commitment to the use of sustainable aviation fuel by 2026. The Group has formed a Sustainability Steering Committee to ensure that decisions with regard to the **Jet2 Net Zero 2050** commitment acknowledge and balance the needs of these stakeholders appropriately. Further detail can be found on pages 39 to 53.

High standards of business conduct

The Board recognises the importance of corporate governance, and a description of how the Group has complied with the UK Corporate Governance Code 2018 can be found on pages 59 to 69 of this Annual Report & Accounts.

The Board believes that modern slavery and human trafficking are significant global issues presenting a challenge for businesses worldwide and has committed to continually reviewing its practices to combat both. The Board has a zero-tolerance approach to slavery and human trafficking and expects its suppliers and contractors to uphold the same values. It will not conduct business knowingly with anyone engaged in slavery or human trafficking practices or knowingly permit them to be carried out in any part of its business.

The Modern Slavery Act requires the Company to publish an annual slavery and human trafficking statement. The latest statement can be found on the **Jet2 plc** website at www.jet2plc.com/modern-slavery-act/.

The Group manages its tax affairs responsibly and seeks to build constructive relationships with all tax authorities. During the year, the Board re-reviewed and approved the Group's Tax Policy, with the Group Chief Financial Officer providing regular updates to the Board on tax matters generally. The Group continues to have a low risk tax status with HMRC.

The Board expects all of its colleagues to observe the high standards contained within the Group's policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, IT security, fraud and whistleblowing, each of which is reinforced through appropriate training.

Acting fairly between members of the Company

The Company has only one class of share in issue and as such all shareholders benefit from the same rights as set out in the Company's Articles of Association. The Board recognises its legal and regulatory duties and does not take decisions or actions, such as selectively disclosing confidential or inside information, that would provide any shareholder with an unfair advantage. Detail of the engagement with shareholders is included in the Corporate Governance statement which can be found on page 61 to 62 of this Annual Report & Accounts.

ENGAGEMENT WITH KEY STAKEHOLDERS

How we engaged during the year	Key outcomes during the year
Colleagues Without our much-valued colleagues, we would not be able to provide our award-winning <i>Customer First</i> service. We aim to ensure that all colleagues are proud to represent our 'Take Me There' values and feel supported at work.	

Given the prolonged challenges of the pandemic, the Group has been very mindful of the impact on our colleagues' mental health and wellbeing. The Group encourages two-way communication between colleagues from all areas of the business and our leadership team, using two dedicated inboxes along with our five Information and Consultation Agreement and Protocol ("ICAP") working groups, in order to provide appropriate support and reassurance:

- Virtual ICAP working group meetings have continued to have positive engagement and attendance from Colleague Representatives, who are encouraged to share feedback from their business areas and put forward ideas and suggestions for improvement to their working lives.
- The Group's **Wellbeing Hub** was further developed following its launch in February 2021; this contains a wide range of resources aimed at supporting our colleagues' mental health and wellbeing.
- Trained Mental Health First Aiders are available to provide support and guidance to our colleagues who may feel they need to speak to someone if they are experiencing a difficult time.
- **Jet2Cares** aids colleagues in raising queries and concerns on any matters such as their salary, role, business updates or personal wellbeing.
- '**ShareWithSteve**' allows colleagues at any level of the organisation to write directly to the Chief Executive Officer of **Jet2 plc** regarding any matter or concern they may have, enabling issues raised to be added to the Board agenda for discussion as required.

We also kept colleagues regularly informed, through a variety of information bulletins and newsletters covering a wide range of topics. Remote communications allowed colleagues to maintain awareness of financial performance and economic impacts affecting the Group, and management were encouraged to increase one-to-one time in a remote working environment.

Videoconferencing technology via Microsoft Teams has become a key communication tool, becoming a recognised and vital channel within our colleague community both in the UK and Overseas. This has helped our colleagues to maintain 'face-to-face' collaborative working relationships, albeit via virtual means.

- We were delighted to be named in Glassdoor's **Top 50 Best Places to Work in the UK** for 2022.
- We were pleased to supplement all colleagues' annual leave entitlement with a further 4 days leave during the 2022 calendar year. This will allow them further time to focus on their wellbeing and is a show of our appreciation for their dedication and loyalty throughout such a challenging period.
- We were pleased to be able to welcome back all office-based colleagues to their pre-pandemic place of work from April 2022. We also carefully considered feedback from our colleagues in the design of a Hybrid working policy appropriate for each area of the business.
- Consistent with the Executive Directors, the pay reductions for all colleagues were proportionally lowered on 1 June 2021. From 1 October 2021, we were pleased to be able to reinstate the vast majority of our colleagues to their full contracted salary as global travel restrictions began to ease.

Further information can be found in the *Our People* section on pages 54 to 58 and within the *Remuneration Committee Report* on pages 79 to 87.

How we engaged during the year

Key outcomes during the year

Customers

Now, more than ever, our Customers are seeking an operator they can trust who also offers them great value for money. Engagement with our Customers to improve their holiday choice, experience and enjoyment gives us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth!

The business took a proactive, “*Customer First*” approach to managing the exceptional circumstances caused by the Covid-19 pandemic. This included early decisive actions on our flights and holidays programmes, supported by comprehensive customer communications across all touchpoints, as well as simple and clear amendment and cancellation policies.

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

Our Contact Centre now operate a multi-skilled agent model, enabling improved operational effectiveness when dealing with unpredictable and fluctuating contact volumes. The use of channels such as WhatsApp messaging mean we can use automation and increase productivity, whilst improving operational resilience by maintaining the ability to manage customers queries in the event that phone lines are oversubscribed. Self-service development capabilities in “*Manage my Booking*” have reduced reliance on voice calls, whilst providing an efficient and cost-effective way for customers to fulfil changes and amendments to their bookings.

Our Chief Executive Officer regularly speaks to media outlets such as Travel Weekly to share **Jet2**’s views on latest industry issues and developments, allowing our Customers to connect with us outside of their usual holiday experience.

- Our proactive, Customer First approach has earned us praise from various groups including customers, consumer organisations, hoteliers, the media and regulatory bodies such as the UK Civil Aviation Authority.
- Jet2.com and Jet2holidays were named Travel Brand of the Year 2022 at the Which? Travel Awards, in recognition of the way that we have treated customers, both during the pandemic and following the reopening of international travel.
- A selection of our other awards from some of the most trusted names in the industry are shown at www.jet2plc.com/our-awards

How we engaged during the year**Key outcomes during the year****Suppliers**

A stable supplier base with trusted partners is key in helping us offer our Customers a fantastic holiday experience, whether that be hoteliers, aircraft manufacturers or our supportive banking partners.

Our Chief Executive Officer personally spends significant time in resort building and developing relationships with **Jet2holidays'** hotel partners, who number over 4,100. This presents an opportunity to not only discuss how we can work better together to improve our Customers' holiday experience, but also to reiterate the importance of effective risk management by hoteliers, to maintain the highest standards of safety and hygiene at all times so that **Jet2holidays** can continue to offer '**package holidays you can trust**'™.

Additionally, frequent dialogue with our hotel partners has allowed us to collaborate and share new ideas on how to manage future activities now international travel has fully resumed.

Working with over 4,300 non-hotel suppliers, we seek open, constructive and effective relationships with them to help sustain the successful delivery of the Group's Leisure Travel services.

We expect to resume our annual supplier conference in the forthcoming financial year. Historically, these conferences have focused on how we and our supplier partners work together effectively to build mutually beneficial long-term relationships. The coming year will continue this focus, along with reflecting on new ways of working following the resumption of international travel to pre-pandemic scale.

The Group foresaw strong consumer demand following the reopening of international travel in early 2022 and was quick to share its operational forecasts with key suppliers including airports, ground handling operators and the Home Office - responsible for Border Force. The Group continues to work closely with these third parties to mitigate the challenges that a ramp up to full operational capacity entails.

The Group undertakes comprehensive negotiations with aircraft and associated engine manufacturers regarding all fleet expansion and replenishment opportunities. We are keen to develop and maintain our relationships with both aircraft manufacturers to ensure that our dealings with them represent the best quality and value for our wider stakeholder groups.

The Group Chief Financial Officer and Executive Chairman maintain constructive and effective relationships with our many financing partners, who have assisted in providing additional financing since the onset of the pandemic.

- The Group secured agreements to purchase up to 75 Airbus A321 neo aircraft and up to 160 CFM LEAP-1A engines. This move towards the most fuel efficient and sustainable aircraft in its class on a per passenger basis will aid in our long-term goal to be **"the leading brand in sustainable air travel and package holidays"**
- We continue to take pride in supporting all our suppliers and recognise that paying them on time and in full is vital for their financial well-being. Under the 'Duty to report on payment practices and performance' legislation, the Group's average time taken to pay supplier invoices during the year was 23.9 days (2021: 31.7 days) for **Jet2.com** Limited and 27.5 days (2021: 34.7 days) for **Jet2holidays** Limited.

How we engaged during the year	Key outcomes during the year
Shareholders Our Shareholders are very important to the future success of <i>Jet2 plc</i> . They have supported the Group through a sustained period of growth and during the most challenging period over the course of the pandemic.	

The Board ensures that effective communication with shareholders is given high priority via presentations following the announcement of the Group's half-year and preliminary full year results.

Additionally, the Board customarily uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation, and the Executive Chairman ensures that the Chairs of the Audit and Risk and Remuneration Committees are present to answer questions.

The Group's website (www.jet2plc.com) has a specific section for investors, which is regularly updated with relevant news and information, as well as providing information on the Group's history and trading subsidiaries, with links to their respective websites.

A strong and flexible capital structure is fundamental to our strategy. The Board considered a range of financing options prior to the convertible bond offering in June 2021, concluding that it was the most optimal for the benefit of all Shareholders. The Ordinary Shares underlying the convertible bonds represented approximately 9.99% of the Company's existing ordinary share capital immediately prior to the offering and as a result, the Board consulted with the Company's major shareholders, ahead of its announcement, who endorsed this strategy.

- Full details of voting at the 2021 AGM are published on the Group's website following the meeting. All resolutions were approved.
- In June 2021, *Jet2 plc* issued £387.4m of guaranteed senior unsecured convertible bonds due in 2026. The proceeds of the issuance strengthened its liquidity further and positioned the Group for a strong recovery, through fleet growth and fleet renewal opportunities, which will be to the benefit of all Shareholders.
- Subsequently, in August 2021, the Group was pleased to announce the order of up to 75 Airbus A321 neo aircraft for delivery between 2023 and 2029.
- The Group launched its Sustainability Strategy in September 2021 which includes clear and transparent targets, against which shareholders can readily measure its progress.

Further detail can be found in the Corporate Governance statement on pages 61 to 62 of this Annual Report & Accounts.

How we engaged during the year

Key outcomes during the year

Communities and the environment

The Group takes its environmental responsibilities seriously and aspires to grow its operations sustainably over the coming years. Our local communities are important, including those where our Colleagues live, and their support allows for the effective operation and future growth of our Leisure Travel business.

Across the Group, we endeavour to support our local communities in a variety of ways, including the provision of prizes for local fundraising activities.

We have an early careers booth on our Virtual Recruitment Roadshow platform from which students in schools and colleges can learn about the benefits of applying to one of our programmes once positions are available, as well as providing tools to support them to develop their job skills. Both our Apprentices and Pilot Apprentices visit a range of universities near our operational bases as part of our Early Careers strategy to promote the opportunities available at **Jet2 plc**.

We regularly present to students at Leeds Beckett University, covering the roles available within our business along with attending Graduate fairs to provide career advice. We have recently recruited a number of students from the university following these presentations.

Additionally, we have a partnership with Leeds Beckett University through the ABTA Student Representative Programme, to provide support and mentoring for their Regional Student Representative.

The Group continues to support its chosen charity, Hope for Children at www.hope-for-children.org.

- In September 2021 we launched our Sustainability Strategy with the vision to become **"the leading brand in sustainable air travel and package holidays"**. Having signed both the UK aviation **Net Zero 2050 pledge** in 2020 and the European aviation industry equivalent in 2021, we have implemented our own more ambitious targets to ensure our customers can enjoy **Real Package Holidays from Jet2holidays®** or scheduled holiday flights with **Jet2.com** that are more environmentally sustainable.
- This year, the Group donated £60,000 worth of aeronautical equipment to Preston College, enabling its students to learn and train using some of the most up-to-date and relevant aircraft equipment.
- During the year, 37 new apprentices joined us across a range of departments, allowing us to continue to grow and nurture our talent.

Further detail on the environment can be found in the Sustainability section on pages 39 to 53 of this Annual Report & Accounts.

SUSTAINABILITY

BACKGROUND

Travel and tourism generate tremendous social and economic value, whilst holidays help strengthen family bonds, create shared memories and also have a positive effect on mental wellbeing. Furthermore, travellers and tourists develop a greater appreciation of diversity by being immersed in different cultures and environments.

In addition, travel and tourism are drivers of economic growth both at home and abroad with the sector responsible for 1 in 10 jobs globally prior to the Covid-19 pandemic. In 2019, the UK's outbound travel sector supported the employment of more than 526,000 people across the UK, contributing more than £37 billion per annum to the UK economy. Many livelihoods, both in the UK and globally, will undoubtedly benefit from the return of leisure travel to pre-pandemic levels.

Nevertheless, the conclusions from research on climate change are clear: *Climate Change 2021: The Physical Science Basis* report, published by the Intergovernmental Panel on Climate Change (IPCC) states that it is, “unequivocal that human influence has warmed the atmosphere, ocean and land”.

Like almost all other sectors, travel has an environmental footprint with pre-pandemic estimates putting aviation CO₂ emissions at 2.4% of total global emissions, though information from *Our World in Data* shows that many other sectors contribute significantly more than aviation to global CO₂ emissions, such as Agriculture (18%), Road transport (12%) and Iron & Steel production (7%).

Although aviation also produces non-CO₂ emissions through its release of particulates, water vapour and NO_x at high altitudes which have a climate warming effect, there is still a great deal of uncertainty in estimating the size of these impacts. Therefore, **Jet2**'s primary focus is very much on reducing CO₂ emissions, which in many cases will also address these non-CO₂ impacts.

It is clear that the adverse impacts of climate change are a risk to travel and tourism. The IPCC report, *Climate Change 2022: Impacts, Adaptation and Vulnerability* states, “Coastal areas, coastal infrastructure and beaches, sustaining tourism that contributes significantly to local economies, are under threat from development, sea level rise and increased wave energy during storms”. Consequently, an increase in the severity of extreme weather events may, over time, begin to financially impact operations.

An example of this is increasing temperatures, resulting in melting ice and sea-water expansion, which will in turn lead to a rise in global sea levels. This could result in increased flooding and disruption to those airports, hotels and resorts located in coastal locations and at lower elevations, as well as increasing the risk of coastal erosion and loss or reduction of beaches.

Additionally, in water-scarce countries, **Jet2** may see a reduction in water availability to use within airport and hotel facilities. Higher temperatures also increase the vulnerability to pests and diseases, whilst wildfires, heat waves and loss of natural biodiversity could lead to travel disruption and/or discourage travellers away from destinations.

These wide-ranging impacts are why in September 2021, **Jet2 plc** launched its **Jet2 Net Zero Sustainability Strategy** with the vision to become “*the leading brand in sustainable air travel and package holidays*”. Our stretching but pragmatic targets focus on three pillars: **On the Ground**; **In the Air**; and **In Resort** and will have meaningful positive impacts in making our **Real Package Holidays from Jet2holidays®**, and our scheduled holiday flights with **Jet2.com** more environmentally sustainable.

KEY OBJECTIVES

The key objectives of the Sustainability Strategy are to: align our business strategy with environmental and sustainability impacts; work with our partners to increase positive impacts; and to integrate sustainability further into the business.

1. Align our business strategy with environmental and sustainability impacts

We will ensure that our most material sustainability issues are considered prior to any action and investments **Jet2** make. This will be done by ensuring effective systems are in place to measure, verify and report consistently on compliance with the targets we have set. Given the fast-paced nature of the aviation sector and the significant structural changes which have occurred and are likely to occur in the near future, it is important that we consistently review our most material environmental, social and governance impacts, ensuring that we can adapt to changes and emerging trends.

2. Work with our partners to increase positive impacts

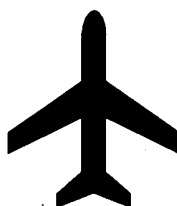
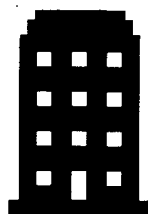
We will strengthen our collaborative efforts with governments, hotels, airports, universities and trade associations that can help us to recognise, and create the right framework for, environmentally conscientious business practices and enable continued investment in sustainable product innovation and technologies. We will also look to partner with appropriate Non-Government Organisations (NGO's) and third-party organisations involved in sustainability initiatives to achieve tangible, long-lasting, outcome focused environmental and social impacts, greater than either party could achieve on their own.

3. Integrate sustainability further into the business

We will integrate sustainability into our corporate governance and risk management as well as our corporate culture through our ‘**Take Me There**’ values. This includes:

- regularly updating the corporate risk register with sustainability issues;
- ensuring there is a feedback mechanism for internal and external stakeholders to discuss sustainability issues;
- integrating sustainability into colleague training; and
- putting in place measures to enable sustainable procurement and supply chain management.

Our sustainability strategy has 3 pillars to enable focus on achieving the key objectives:



ON THE GROUND	IN THE AIR	IN RESORT
Includes activities carried out by our ground handling operations and our support offices.	Encompasses all the activities associated with our airline.	Covers activities associated with the holiday product, specifically working with our partner hotels.

OUR TARGETS AND HOW WE MEASURE AGAINST THEM

Target	Target date	Measurement
ON THE GROUND		
Over 50% Ground Service Equipment (GSE) to be zero carbon emission.	31 December 2023	Measured as electric/bio-diesel percentage of all Jet2.com owned GSE fleet and energy consumption.
Carbon Neutral offices & Ground Handling - run our offices on renewable electricity and offset the remaining residual emissions.	1 January 2022	Covering all offices where we control supply. We will report consumption, show Power Purchase Agreements (PPA) or Renewable Energy Guarantee of Origin (REGOs) and offset all residual emissions. All fuel use from GSE will also be offset.

IN-THE AIR		
Reduce our gCO ₂ per passenger kilometre to 65.0 (3%).	31 December 2025	Airline gCO ₂ per passenger kilometre figure will be reported annually. Baseline is 67.0 gCO ₂ per passenger kilometre for the year ended 31 March 2020.
Reduce our gCO ₂ per passenger kilometre to 60.0 (10%).	31 December 2030	
Commit to first Sustainable Aviation Fuel uplift (SAF) .	31 December 2026	Jet2.com are working closely with a SAF producer with agreement to take first delivery of UK-produced SAF in 2026.
Offset all airline emissions not covered by carbon pricing mechanisms.	1 January 2022	Jet2.com's total Scope 1 and 2 GHG emissions not already covered by regulatory carbon pricing mechanisms will be voluntarily offset. Regulatory carbon pricing mechanisms include Emissions Trading Schemes and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).
Reduce the use of single use plastics onboard our aircraft by 80% .	31 December 2023	The 80% reduction is measured against a baseline of 2019 products and packaging from Jet2.com onboard product.
Implement an improved onboard aircraft recycling measuring system and establish a credible target for increased recycling.	1 January 2022	Implement an ongoing programme to measure and report the total volume of recyclable material onboard our aircraft to establish a baseline, setting a target as a proportion of total waste and monitor performance.
IN RESORT		
Put in place a fair and transparent Hotel Sustainability labelling scheme which includes listing and filtering ability on our website.	31 December 2022	Website to enable sustainability certification filtering for Jet2holidays customers.
Develop a Jet2holidays Global Sustainable Tourism Council (GSTC) recognised Hotel Sustainability Charter .	31 December 2023	Jet2holidays Hotel Sustainability Charter to be GSTC recognised with operational roll out commencing after recognition is achieved.

In launching the strategy, we have started our journey towards our **Net Zero 2050 pledge** and in the next section of our report we update on the progress we have made since launch.

OUR DECARBONISATION APPROACH

Carbon offsetting

Jet2.com has taken the decision to offset as this is action we can take immediately whilst we wait for longer-term technological advances, such as sustainable aviation fuel, new aircraft types and airspace reform, to scale up and help us decarbonise.

Offsetting is an important means of funding essential global decarbonisation whilst increasing the social and economic wellbeing of many people globally. Our offsetting programme is therefore focused on making meaningful real-world impacts, with projects which will invest in renewable energy development and provide essential funding to accelerate the transition away from fossil fuel generation.

We will seek to invest in projects that offset emissions by either reducing, avoiding or sequestering carbon emissions from the atmosphere and will be high quality Gold Standard, Verified Carbon Standard, or UN Clean Development Mechanism credits. A full list of the projects will be made available on our website (www.jet2plc.com/sustainability) later in the year.

Sustainable Aviation Fuel ("SAF")

Sustainable Aviation Fuels are a 'drop-in' fuel, meaning they can be used in existing aircraft (currently up to a 50% mix) as they are almost chemically identical to fossil-based jet fuel. However, SAFs are far less carbon intensive in their production and achieve on average an 80% reduction in carbon emissions when compared to fossil-based jet fuel.

SAF can be produced from a number of sustainable sources, including recycled materials such as used cooking oil, municipal waste, or recycled waste industrial gasses, which are processed via a number of approved production methods, and is a crucial intermediate stage in decarbonising the aviation sector. Investing in UK SAF production has the potential to positively impact UK GDP, creating new green jobs and helping provide low-carbon mobility.

We are committed to the use of sustainable aviation fuel and see this as one of the most viable decarbonisation pathways for our business. Consequently, we are currently in discussions with several leading fuel suppliers and hope to make an investment in SAF production during the coming year. This investment will signify our commitment to lowering emissions wherever possible, investing in new emissions reduction technology and utilising all currently available options to reduce CO₂.

PROGRESS AGAINST OUR TARGETS

Our **Jet2 Net Zero** strategy set targets for the short term (the calendar year ended 31 December 2023), alongside medium term (2024-2026) and also long term (extending until 2030).

Offsetting our Ground handling emissions

We began offsetting the carbon emissions from **Jet2's** in-house ground handling services from 1 January 2022. In a full flying programme, we expect our in-house ground handling services will cover approximately 50% of our customers. Carbon emissions from **Jet2's** in-house ground handling operations totalled 187 tonnes in the 3 months from 1 January 2022.

Powering our offices with renewable energy

In addition, from 1 January 2022, we are also acting upon carbon in our support functions, including the offset of associated emissions. In those offices where we control the electricity supply, **Jet2** consumed 728,779 kWh of electricity (equating to 155 tonnes of CO_{2e}), all of which was from renewable sources backed by renewable energy guarantees of origin certificates. Carbon emissions from other energy consumption in our offices, aircraft maintenance hangars, simulator centre and other areas totalled 364 tonnes (excluding renewable electricity).

Offsetting our airline emissions

Most flights from the UK to Europe and within Europe are covered under UK and EU ETS, meaning airlines pay money to governments for their carbon emissions. Further offsetting schemes include the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), whereby emissions over and above the levels incurred by the industry during 2019 are expected to be offset; however this scheme will not take effect until the global aviation industry has recovered to pre-pandemic levels.

In addition, **Jet2** will voluntarily offset any carbon emissions from our flights which fall outside of these schemes and therefore pay for every tonne of carbon that we emit. By doing so, our valued Customers can be assured that **Jet2** has fully covered their flight's carbon emissions.

Accordingly, from 1 January 2022, we were pleased to meet our target of offsetting our airline emissions not covered by mandatory carbon pricing mechanisms, namely the UK and EU Emissions Trading Schemes (ETS).

Jet2 carbon emissions not included within mandatory carbon pricing mechanisms totalled 235,292 tonnes since the beginning of January 2022, representing over 83% of total emissions.

In total, we will offset 235,998 tonnes of carbon emissions for the period from 1 January 2022 to 31 March 2022. This results in annual Scope 1 and 2 emissions, net of offsetting, amounting to 747,198 tonnes.

CURRENT YEAR PERFORMANCE

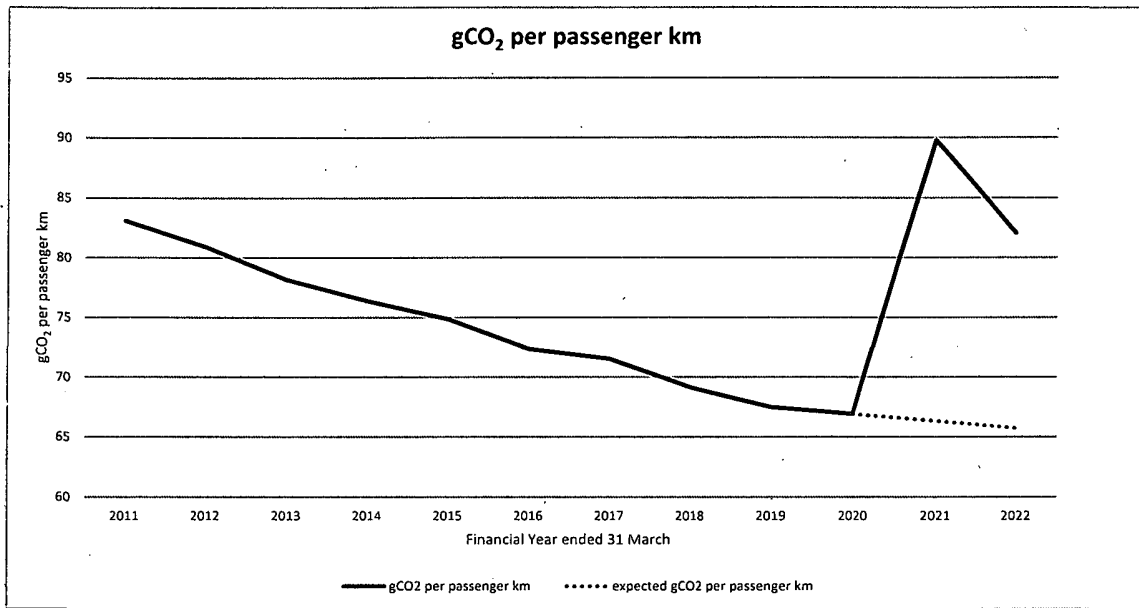
Aircraft CO₂ emissions

Jet2 has suffered a prolonged period of extraordinary financial and operational challenges caused by the pandemic, which continued throughout the majority of the financial year. As a result, our flying programme was once again hindered by travel restrictions, which had a significant detrimental impact on passenger numbers and consequently fuel efficiency. These circumstances, which are beyond our control, have once again hampered **Jet2's** CO₂ efficiency aspirations where we have set a target of 65.0 gCO₂ per passenger kilometre by 2025.

Although average load factors of 69.2% (2021: 66.0%) and Leisure Travel passengers flown of 4.85m (2021: 1.32m) increased significantly compared to the prior year, they were significantly below pre-pandemic levels. Consequently, whilst efficiency increased to 82.0 gCO₂ per pax kilometre (2021: 89.8g), this remains materially above the pre-pandemic level of 67.0 gCO₂ recorded in 2020, which had seen us ranked as the 11th most carbon-efficient airline in the world out of more than 200 in the most recently published 2018 Atmosfair index.

From 2010 until the start of the pandemic, **Jet2** increased efficiency by more than 19%, saving over 1.8 million tonnes of CO₂ in the process, in progress that was considerably better than globally

agreed aviation efficiency goals. The chart below shows our normal rate of efficiency improvement covering this period and illustrates the severe impact of Covid-19 on our recent efficiency.



Over this period **Jet2**'s investment in 34 new Boeing 737-800NG aircraft and our "efficient flying" programme helped to deliver lower per passenger kilometre carbon emissions and increased efficiency. Activities in the "efficient flying" program include:

- single engine taxi operations;
- pre-conditioned air;
- careful fuel requirement planning;
- performance-based navigation approaches;
- reduced contingency fuel;
- reduced thrust take offs and continuous descents; and
- using electric ramp vehicles and fixed electrical ground power where available

In addition, weight saving initiatives including lightweight seats, lighter catering carts, the removal of paper manuals and the introduction of carbon brakes also contributed to the increasing efficiency.

This year we confirmed an order for up to 75 new Airbus A321 neo aircraft, to be fitted with CFM International's LEAP-1A engines. Each aircraft offers an additional 43 seats compared to our Boeing 737-800NG's and will help us to reduce fuel-burn by approximately 20% per passenger flown and will, alongside other operational measures, help us to achieve our 2025 efficiency target. In addition, they will also lower our noise footprint by approximately 50% during take-off and landing and achieve significant NO_x emissions reductions when compared to the previous generation of aircraft. The new aircraft which is, in our opinion, on a per passenger basis the most fuel-efficient and sustainable aircraft in its class today, demonstrates our continued commitment to investing in the latest technology, increasing efficiency and maintaining a trajectory to lower per passenger kilometre emissions in the future.

Streamlined Energy and Carbon Reporting ("SECR") metrics

Jet2 strives to operate in the most environmentally responsible way possible and we are taking action across a range of areas to address our environmental footprint.

Jet2 monitors its energy consumption and greenhouse gas emissions (GHG) in line with Streamlined Energy and Carbon Reporting (SECR) requirements. We use gCO₂ per passenger kilometre as the measure of our environmental intensity, as this is a metric widely used by the sector and is therefore more relevant to our operation.

In the year ended 31 March 2022, total carbon equivalent emissions (tCO_{2e}) from Scope 1 and Scope 2 carbon emissions were 983,196 tonnes (2021: 315,186 tonnes) with over 99% of these emissions arising from our aircraft operations. The remaining emissions sources were ground handling activities, along with our business travel, offices, hangars and engineering facilities. This equated to 82.0g CO₂ per passenger kilometre (2021: 89.8g CO₂ per passenger km) and 3.22kWh/£ revenue (2021: 3.22kWh/£ revenue).

All SECR emissions figures, efficiency and intensity metrics are reported in the "Summary GHG Emissions Results" table, along with a direct comparison to the previous financial year. The increase in emissions across Scope 1 and 2 are attributable to the increased activity of the business compared to the previous year, however, both years are impacted by Covid-19.

We have expanded the range of what we include in our emissions calculations, going beyond mandatory requirements to include within Scope 3 the upstream emissions from our aviation fuel, such as those from the extraction and conversion of fossil fuel ready for use (known as Well to Tank). In order to ensure comparability, we have restated our 2021 Scope 3 emissions to also include Well to Tank emissions.

The table below sets out total energy consumption and resulting GHG emissions by Scope arising from business operations.

Summary GHG Emissions Results

Scope	2022		2021	
	tCO _{2e}	kWh	tCO _{2e} restated	kWh
Scope 1	982,032	3,963,923,295	314,097	1,268,290,447
Scope 2	1,164	5,480,816	1,089	4,669,665
Scope 3	204,465	2,505,704	65,386	408,360
Total	1,187,661	3,971,909,815	380,572	1,273,368,472

Intensity Ratios

gCO ₂ per passenger km aircraft fuel burn only†	82.0	89.8
gCO _{2e} per passenger km including all relevant scope 1, 2 & 3 emissions‡	99.4	110.5

† Metric uses EU ETS emissions factors and includes aircraft fuel burn only (please see methodology)

‡ Emissions included are explained in the methodology section.

GHG emissions are categorised into three Scopes as defined below:

- Scope 1 - Direct emissions resulting from the primary combustion of fuels in organisation-controlled premises, vehicles and plant.
- Scope 2 - Indirect emissions resulting from the consumption of purchased electricity that has been generated off-site and supplied by the national grid.
- Scope 3 - Indirect emissions associated with the consequences of the activities of the organisation but controlled by an entity outside of the Group. Scope 3 tCO_{2e} metrics have been restated for 2021 to encompass upstream emissions from aviation fuel as detailed in the section above.

Calculation methodology

This assessment has been verified by a third-party (Delta-Simons Environmental Consultants Limited) and was carried out in accordance with *ISO14064-1:2006 Greenhouse Gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals*.

This assessment is produced in line with *UK Government Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (March 2019)* in conjunction with *UK Government GHG Conversion Factors for Company Reporting*.

Carbon conversion factors have been taken from '*DBEIS/DEFRA - UK Government Conversion Factors for Company Reporting 2021*' as most of the reporting period falls within the 2021 calendar year. This is in line with environmental reporting guidance.

GHG emissions have been assessed using the '*financial control*' approach, meaning that the Group reports on emissions resulting from its operations, within its direct or indirect financial control.

Actual data was unavailable for business air and rail travel and reasonable estimates could not be produced. The reporting and assurance process has concluded that these areas are not of significance to the carbon footprint data overall although **Jet2** will continue to improve the quality of the data and will work to obtain actual data for these sources in future.

Further “In the Air” Sustainability initiatives

The “In the Air” pillar of our Sustainability Strategy does not only focus on reducing carbon emissions. **Jet2’s** Inflight Retail team are also continuing to work on reducing single use plastics and sourcing more sustainable alternatives. During the financial year, we used 12.8 million single use products on board our aircraft, with 50% being single use non recycled plastic and 50% being more sustainable alternatives. This relates to items **Jet2.com** purchases directly - cups, cutlery, stirrers, drink lids and plastic bags - and means we have avoided the use of millions of single use plastic items.

In addition, work has been ongoing to source more sustainable alternative products, for example material made from a higher proportion of recycled plastics and we are actively working with our supply chain partners to tackle the remaining items of our onboard service. Our in-flight recycling program has been in place since 2019 and enables us to recycle up to 50% of our onboard waste. Closing the loop on waste and ensuring that material that can be recycled does not go to landfill will help us to reduce single use plastic waste.

As part of our Sustainability Strategy, we have targeted over 50% of our **Jet2** owned ground service equipment (GSE) to be powered by electricity, either fully electric or hybrid, or by biodiesel by 2023. At 31 March 2022, 41% of our GSE is now electric. Whilst this has not improved against last financial year, engagement with our partner airports to implement charging facilities enabled us to place orders for over 50 new pieces of electric equipment, including vans, buses, aircraft push back tugs, steps and ground power units. Continuing to move towards more electric equipment not only lowers carbon emissions, it will also enable **Jet2’s** ground handling operations, which deliver services to nearly 50% of our flights, to lower its wider environmental impacts on local communities as electric units have no NO_x emissions and are significantly quieter than comparable traditionally fuelled equipment.

All mobile equipment across our UK bases, including items such as push back tugs and belt loaders, now have telemetry (C-Track) installed. This enables us to monitor fuel use, train staff and look at behavioural change practices to ensure all parts of the ground handling process we control are optimised for efficiency.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

On the launch of our Sustainability Strategy in September 2021, we committed to align our reporting to TCFD recommendations, a year before this was mandated for AIM listed companies. With our external consultants, Delta-Simons and their partner organisation Denkstatt, we carried out a gap analysis of our current disclosure status against the full TCFD recommendations. This gap analysis included information published within both the recent **Jet2 Net Zero** Sustainability Strategy and also areas of this Annual Report & Accounts, such as the Group’s principal risks and uncertainties. This review is presented below and sets out **Jet2’s** summary position against each of the TCFD pillars: Governance; Strategy; Risk Management; and Metrics & Targets.

Key

Green: Disclosures are available to allow **Jet2** to be broadly compliant with the recommendations.

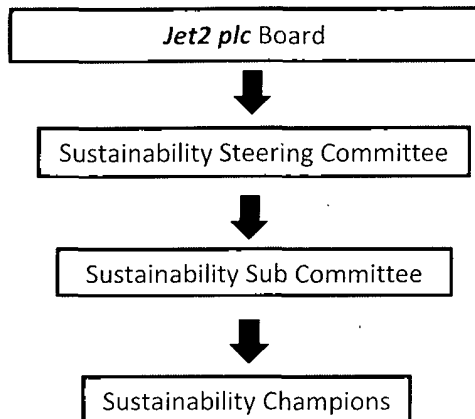
Yellow: Selected disclosures are available, to allow **Jet2** to be compliant with the recommendations in part.

Red: Few or no disclosures are available and work is required to allow **Jet2** to become compliant with the recommendations.

TCFD Recommendation		Our Status	Compliance and next steps
Governance			
1	Describe the board's oversight of climate-related risks and opportunities.		The Group's Sustainability Steering Committee identifies and discusses climate-related risks and opportunities. The Committee will begin reporting its findings to the Board in the forthcoming year. Refer to page 50 for further information.
2	Describe management's role in assessing and managing climate-related risks and opportunities.		Further management level sustainability subgroups will be created in the forthcoming year to empower our colleagues to achieve our sustainability targets. Refer to page 50 for further information.
Strategy			
3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.		Refer to pages 51 to 52 for further information.
4	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.		The Group intends to complete a comprehensive review of climate-related risks and opportunities in the forthcoming year, alongside climate-related scenario planning. Refer to pages 51 to 52 for further information.
5	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		The Group has not yet performed any climate-related scenario analysis but plans to complete a more detailed review in the forthcoming year.
Risk Management			
6	Describe the organisation's processes for identifying and assessing climate-related risks.		The Group's intended new governance structure will embed the identification of climate-related risks further throughout the organisation. Refer to page 52 for further information.
7	Describe the organisation's processes for managing climate-related risks.		Refer to page 52 for further information. The Group expects to perform a more detailed review of its physical climate risks in the forthcoming year, alongside its climate-related scenario review.
8	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		Refer to page 52 for further information.
Metrics and targets			
9	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.		Refer to page 53 for further information.
10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		Refer to page 53 for further information.
11	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		Refer to page 53 for further information. The Group's reported targets are in line with GHG Protocol and SECR guidance for non-FTSE listed Companies. The Group intend to report on further Scope 3 emissions once appropriate controls over their respective calculation are obtained.

Each of these TCFD recommendations are discussed below:

Governance



During the year, **Jet2** established a Sustainability Steering Committee, consisting of our Chief Executive Officer (CEO), Sustainability and Business Development Director, Sustainability General Manager, Group Chief Financial Officer and Group Legal Director & Company Secretary. All sustainability and climate change issues are raised at the Steering Committee, along with progress against targets, upcoming legislative challenges and other **Jet2** initiatives. The CEO then informs the **Jet2 plc** Board of pertinent issues, thus ensuring business strategy and sustainability concerns are aligned.

The frequency of **Jet2 plc** board meetings is recorded within the Corporate Governance section on page 61. The **Jet2 plc** Board regularly discuss key sustainability targets and associated actions, the most recent of which was the procurement of new Airbus A321 neo aircraft and associated engines. The sustainability benefits from this aircraft technology were a key factor in the Board's decision to approve the new aircraft order. Additionally, the Board reviewed and approved the Group's budget for the forthcoming financial year, for which cost increases from the Sustainability Strategy were considered, including the cost of the Group's voluntary carbon offsetting scheme and capital expenditure to fund the new aircraft order and electric GSE equipment. Further Board meetings over the coming year will review progress against the Group's longer-term targets including its key climate metric - gCO₂ per passenger kilometre. Reviews of this metric become more meaningful with the resumption of unhindered flying operations. A report on progress against Sustainability targets will be published each September on the Group's website at www.jet2plc.com/sustainability.

Beneath the Steering Committee, a Sub Committee will be created which will ensure that management colleagues from each department have responsibility for achieving sustainability targets. This will be complemented by a Sustainability Champions network, giving colleagues from across the business the opportunity to input into the Sustainability Strategy or raise issues where appropriate. Sub Committee management colleagues will meet quarterly with the Sustainability and Business Development Director and Sustainability General Manager to be updated on climate-related issues which are relevant to their roles. Sustainability Champions will meet bi-annually with the Sustainability General Manager.

Since the launch of the **Jet2 Net Zero** strategy, we have also focussed on our engagement with partners, raising the profile of sustainability issues at key industry forums and across our supply chain. We have been in discussion with Non-Government Organisations (NGOs) and relevant third-parties and have actively contributed to both ongoing sustainability initiatives and the research of several sector-wide organisations such as ABTA, A4E and Sustainable Aviation UK.

Both sustainability and climate change are separately recognised in the Group's risk register. This assigns Director-level responsibility for sustainability and climate change impacts on the business and highlights our most significant risks. Sustainability training packages for relevant roles are being designed, which aim to focus our colleagues on how their day-to-day roles can impact our sustainability targets. We have gathered information about the environmental and social impacts

of our major third-party suppliers and this information is now used in the consideration of many procurement decisions.

Strategy

The Group has signed up to the UK and European equivalent **Net Zero 2050** pledge, but nevertheless aspires to achieve this earlier than 2050 in line with the steps outlined in its Sustainability Strategy.

The Group defines short term targets as being attainable within the next year, medium term within the next three years and long term as attainable in more than three years.

Short-term

The Group commenced carbon offsetting of emissions from 1 January 2022. Other initiatives expected to be completed during the calendar year 2022 include a hotel sustainability labelling scheme and the utilisation of renewable energy in all property space where the Group is responsible for the energy supply.

The Group has a Board approved Hedging Policy to manage carbon price volatility. Short-term physical risks such as climate change-related weather events impacting the flying programme are mitigated through the Group's flexible operating model which incorporates the use of stand-by aircraft. The occurrence of significant weather events is sporadic and therefore they are not expected to have a material impact on short-term cashflows.

Medium-term

The Group's medium-term targets focus on a reduction in the Group's key climate metric, gCO₂ per passenger kilometre, along with the utilisation of SAF.

There is a transitional risk pertaining to the availability of SAF and the Group is currently in discussions with several leading fuel suppliers and hope to make an investment in SAF production during the coming year to address this risk.

The Group has a well-established and detailed financial planning process, enabling the rapid modelling of and reporting against multiple scenarios. This financial planning process incorporates expected changes to the Group's carbon and fuel obligations over the period to 31 March 2025 along with the financing of its new Airbus A321 neo aircraft.

Long-term

The Group's new aircraft order is part of a longer-term strategy to reduce its key climate metric as more fuel efficient and sustainable Airbus A321 neo aircraft will replace older and less efficient aircraft.

Other transitional risks, including changes to consumer and investor sentiment, are anticipated to evolve over the medium to long-term as the awareness of climate change becomes more widespread and there are more real-world examples of its impact.

The Group maintains membership of organisations such as Airlines 4 Europe (A4E), Sustainable Aviation and ABTA, who provide regular updates on the latest regulatory changes and offer a forum for knowledge sharing. Any longer-term financial risks beyond 31 March 2025 are identified and discussed by the Sustainability Steering Committee, including those still subject to legislative enactment such as SAF mandates and fuel taxes. Any financial risks considered to be both probable and material are communicated to the Board by the CEO.

The Group has not currently modelled the impact of different climate-related scenarios; however, it plans to complete an assessment of at least two climate-related scenarios in the forthcoming year.

Further details of the Group's Strategy over the period to 2030 can be found on its website at www.jet2plc.com/sustainability. The current targets set, as detailed on pages 41 to 42, have been designed to comply with our current knowledge and expected evolution of the UK Government's Climate Strategy. We will, of course, continue to monitor any proposed legislative changes and adapt our strategy accordingly should more rigorous requirements be enacted.

Risk Management

During the year, the Group has separately identified climate and sustainability as a principal risk, having previously covered this within its government policy and regulatory intervention risk. Further details on our management of this risk can be found in the principal risks and uncertainties section on page 20 to 21.

TCFD guidance categorises the risks from climate change as either physical or transitional. Physical risks are environmental events including floods, wildfires or storms, whereas transitional risks arise from changes in policy and/or new technologies such as the growth of renewable energy.

Physical risks are classed as either 'acute' or 'chronic'. Acute risks are event-driven, including drought, floods, extreme precipitation and wildfires. Chronic risks are long-term climatic shifts such as rising temperatures and sea-level, expansion of tropical pests and diseases in temperate zones and accelerating loss of biodiversity. The physical risks are largely measured through scenario analysis or Representative Concentration Pathways (RCPs) which relate to the IPCC Assessment Report 6 (AR6) on Greenhouse Gas (GHG) emissions and concentration pathways and consequent temperature changes. A high-level review has been performed on the potential impacts on our operation as discussed on page 51, which did not have a significant impact on short-term cashflows, but these are yet to be analysed in a greater level of detail for the medium to long-term. The Group expects to perform more detailed analysis on its physical risks in the forthcoming year.

Transitional risks to the Group include the availability of SAF, the cost of carbon offsetting and the development of new aircraft technology to allow for further efficiencies. Further details on how the Group mitigates these risks can be found on pages 20 to 21.

The size and scope of identified risks and their respective prioritisation has been discussed at numerous Director level meetings and at the Sustainability Steering Committee. The materiality of the identified sustainability risks, along with perceived stakeholder impact, was a key consideration when defining our Sustainability Strategy. The Group assessed its climate-related risks using 3 pillars, encompassing the key areas of our operations: On the Ground; In the Air and In Resort. Having considered each of these pillars in turn, the Group identified monitoring and offsetting of its carbon emissions as being the most material sustainability risk, specifically those emitted from its aircraft. This was therefore the Group's primary area of focus in addressing its climate-related risks.

Metrics and Targets

The Group has reported on its emissions and efficiency metrics since the year ended 31 March 2020 and these are aligned to GHG Protocol methodology and SECR guidance for non-FTSE listed organisations. It has also published targets for its key climate metrics through until 2030 during the current year. Further information on these metrics can be found in the *"Our targets and how we measure against them"* section on pages 41 to 42. The Group will endeavour to identify and report on further Scope 3 emissions in the future when it can be confident that the emissions reported are both accurate and complete.

CONCLUSIONS

There has been significant progress during the current year, both in terms of our efforts to offset our carbon emissions and also the scope and breadth of our climate change risk management and reporting. We are excited to continue this momentum into the coming year and will look to publish a further Sustainability Update in September 2022 incorporating our progress to date against our goals.

OUR PEOPLE

In light of the challenges the Leisure Travel industry has faced recently, it is now more important than ever that we continue to provide a truly memorable holiday experience 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, is of paramount importance. This *"Customer First"* approach has set us apart and enabled us to be consistently recognised as an industry leader for our outstanding customer service.

Our guiding principles are *'People, Service, Profits'* and we believe that happy, well paid and motivated Colleagues will continue to provide great service to our Customers and thereby produce sustainable long-term profits. We have always considered our Colleagues to be our most valuable asset, being the very foundation of our success and we are extremely grateful to each and every one of them for the contribution they have made to protect and support the business throughout these unprecedented times.

We were therefore delighted to be recognised as one of Glassdoor's **Top 50 Best Places to Work in the UK** for 2022, a result of voluntary votes and anonymous feedback from our Colleagues. We believe the support which we provided to them over the pandemic was a significant factor in influencing their comments. This is a fantastic accolade and we are proud that the decisions and actions we have taken thus far have helped aid retention and also attract new talent, despite a very dynamic and competitive employment market. We remain committed to providing an exceptional work environment for all our Colleagues and will strive to continuously improve.

SUPPORTING A FLEXIBLE WORK LIFE

Our office colleagues have adapted ably to our hybrid working model, blending remote and in-office working efficiently, thus ensuring we can take advantage of both environments. We were keen to maintain a level of flexibility and freedom, but also eager to encourage face-to-face collaboration to: enable us to proactively lead and develop colleagues; stimulate creative thinking and the generation of new ideas; as well as maintaining strong networks and relationships, qualities which our business thrives on.

Whilst practicalities mean that we cannot offer our operational colleagues the same flexibility, they are able to take advantage of our formal flexible working policy. Colleagues have the opportunity to revise their flexible working considerations every 6 months, as opposed to the statutory annual limit. This has been widely embraced and we now have over a quarter of our overall workforce who are working part time. In addition, we have many flexible, customised roster patterns and ways of working to support our colleagues in balancing their home and work commitments.

Our Contact Centre and Customer Services teams currently have an established home working model that we continue to review and evaluate in terms of performance levels. We are currently working hard to update the phone systems to be able to provide the best tools we can to support our Colleagues and further improve our customer service.

Despite the ongoing disruption in the industry, which led to high volumes of calls and regrettable delays on our phone lines, our Colleagues continued to strive to provide the best service possible. Whilst we are extremely apologetic for the considerable waiting times for those using the service, the customer care provided once connected was recognised by Which? for the best record on delivering refunds during the pandemic.

COLLEAGUE WELLBEING AS A PRIORITY

We are committed to ensuring that our Colleagues' wellbeing remains a key part of our culture. As we returned to full operations and welcomed colleagues back into the workplace, it was important to recognise not only those who had worked tirelessly to support the business over the course of the pandemic, but all of our colleagues who had all, in some way, been impacted by change caused by the pandemic which was outside of their control.

Accordingly, this year we introduced Mental Health Training and made it accessible to all colleagues. We also have 100 colleagues who volunteered and were keen to support others by becoming accredited Mental Health First Aiders. These volunteers were not limited to those with managerial responsibility in their day-to-day roles and we have therefore benefitted from having Mental Health First Aiders across all levels and areas of our business. Our core values really shine through in not only putting customers first but also putting our fellow colleagues first!

We naturally and openly embrace a wellbeing culture and have updated the Employee Assistance Programme to give colleagues and their immediate families access to further emotional and practical support services. These include online GPs, mental health support, smoking cessation, diet and nutrition guidance, burnout prevention and professional counselling, as well as legal and financial guidance.

We also continue to update and promote our internal **Wellbeing Hub**, which was introduced during the pandemic and provides many different resources and support links.

In addition, we ensured that all colleagues who were required to self-isolate were not penalised financially and, if necessary, were afforded additional sick pay to enable them to act responsibly and recover fully in the event that they were not able to fulfil their duties. This was not only important for them individually, but also for other colleagues to feel safe and protected in the workplace.

These initiatives all ensure that our Colleagues receive the support they need when they need it and enable us to drive better working practices for them.

RECRUITING AND RETAINING OUR TALENT

Our ability to anticipate and innovate ways of working has positively impacted on our recruitment and training. **Jet2.com** and **Jet2holidays** reignited their hiring momentum in anticipation of our emergence from the pandemic with over 6,500 new colleagues recruited since April 2021. This proactive approach has ensured that our high levels of customer service continue to be maintained. The pace of training has remained on track and, more recently, has accelerated to support growth towards our planned peak Summer 22 flying programme. Our highly skilled Training Teams across the business have worked tirelessly and efficiently to ensure all new colleagues are fully prepared and equipped for their exciting careers with us.

A large proportion of our new recruits have been in operational roles, for which there has been many industry-specific challenges. Firstly, many more colleagues are needed to support our expanded Summer 22 flying programme and secondly, it is crucial to complete in a timely manner the mandatory security vetting processes to obtain airside passes. Consequently, we have invested a huge amount of resource from across the wider business to ensure we have the requisite amounts of colleagues ready and available to provide our award-winning service at all stages of the customer journey.

The retention of colleagues over the course of the pandemic has been invaluable and has been aided in no small part by the Company's significant investment in topping up colleague pay above the Coronavirus Job Retention Scheme level of contribution, coupled with an ongoing dialogue of engagement through our many communication channels.

Our reputation and awards for how we have continued to treat our Colleagues and Customers has reinforced and enhanced our brand within the marketplace.

As a consequence of Brexit, we have had to understand and react to new restrictions on movement of people in Europe. These have created challenges, in particular in restricting the mobility of our colleagues who in the past have moved around our European network freely. Whilst this has created obstacles, we have successfully adapted and changed our contractual offerings to ensure we can attract colleagues in all of our European workplaces. Our colleagues are essential to the successful delivery of our *"Customer First"* strategy and whilst the days of summer jobs overseas are no longer viable in the same way, our agile and innovative recruitment approach as well as our internal progression paths are allowing us to continue to recruit, retain and develop the talent we need to provide our award-winning service.

TRAINING TO DEVELOP OUR TALENT

We always seek to offer many options to learning, including our more traditional classroom learning, practical training, and blended learning. We have also adapted our approach to training to deliver increased levels of digital learning where it is feasible and relevant. Over the past year we have introduced over 70 new courses to our Jet2Learn platform, including Mental Health and Wellbeing Awareness, Hybrid Working and Sustainability and consequently, over 40,000 courses have been completed online over the past year.

We also offer a range of entry level roles to provide the best possible start to those joining us through our Early Careers and Future Talent programmes. We currently have over 60 Apprentices in the business across IT, Engineering, Finance, Ground Operations Training and Marketing, with 70 new starters planned for this year. As our apprentices complete their programmes, they transition into permanent roles to continue their careers and further development with us. In addition, we coordinate a range of Summer Internships and Placement Year opportunities to ensure we continue to attract, grow and nurture young talent in the industry.

Further to this, we have 21 colleagues on our well-established Pilot apprentice scheme, with 21 new colleagues joining the scheme in the coming year.

Jet2 runs its own UK CAA approved training centre located close to Leeds Bradford Airport. This facility currently houses five Full Flight Simulators and one Fixed Base Simulator, catering for all aircraft types and variants operated by **Jet2**. These will shortly be joined by our new Airbus simulator in anticipation of the new Airbus A321 neo aircraft deliveries which start in early 2023. Cabin Crew door, slide, fire and smoke training simulation devices are also housed at the centre.

Our training centre is exclusively dedicated to training our colleagues, be it flight crew, cabin crew or engineering, to the highest professional standards. This has given us maximum flexibility during and post the Covid-19 pandemic where we were able to maintain qualification, regain recency for our 1,300 pilots and 3,000 Cabin Crew and still support the growth of our skilled workforce.

Our CAA Approved in-house type rating courses are designed to qualify pilot candidates, whether experienced long-haul captains or talented junior pilots from our Pilot Apprentice Scheme. In addition, we have the approvals and capacity to train 'in house' all our pilot instructor, examiner and specialist trainer qualifications numbering in excess of 230 for the 2022 Summer season.

Our ethos is to ensure we recruit, train and remunerate to enable us to support and reflect our brand reputation, which is essential to the successful delivery of our overall strategy and to sustaining business performance over the long term.

OUR BRAND VALUES

The delivery of great service is at the core of **Jet2.com** and **Jet2holidays** brand values, which are known internally as '**Take Me There**'. Our values are to **Create Memories; Be Present; Take Responsibility; and Work As One Team**. These values are intrinsic to our success and are fully embraced by all of our colleagues who are introduced to these simple yet extremely effective values in their induction. In addition, refresher courses are run each year to reinvigorate our teams to provide our award-winning service by living and breathing our values at every opportunity.

COMMUNICATION AND INVOLVEMENT

We recognise the importance of promoting and maintaining good communication and it is especially important that we encourage two-way communication between colleagues from all areas of the business and our senior leadership team. Consequently, we regularly engage through both formal and informal channels, along with encouraging feedback and comments to our dedicated inboxes. One such example is our **Jet2Cares** inbox, which was introduced during the pandemic and owing to its success continues to be utilised to support colleagues. We also actively encourage feedback and suggestions to be shared with our Senior Management including via the **ShareWithSteve** inbox - a direct email to Steve Heapy, our Chief Executive Officer, which he personally responds to.

As well as our all-colleague communications and suggestions boxes, we circulate regular bulletins and newsletters covering a wide range of topics which are tailored to each area of the business. We continue to employ our Information and Consultation Agreement and Protocol, consisting of five separate agreements that cover every UK-based Leisure Travel colleague. These agreements set out how **Jet2.com** and **Jet2holidays** inform and consult with colleagues as well as how each group works in practice, including how Colleague Representatives are elected. Colleague Representatives are actively encouraged to seek views from their business areas and to speak up and challenge as well as put forward ideas and suggestions for improvement to their working lives, which can cover any area of their role or working environment. We are proud of implementing many ideas and suggestions from our colleagues into the business – their feedback is invaluable.

The collective views and ideas generated from communication with our colleagues have helped to contribute to our organisational change, and we have adapted and improved together to ensure we continue to develop. We know that strong engagement helps us to accelerate our colleague development, enhance our leadership capabilities and contributes greatly to our overall performance.

EQUALITY AND DIVERSITY

We employ a diverse workforce in the UK and Overseas and are committed to promoting diversity and ensuring the equality of opportunity for all within the workplace, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy and maternity / paternity, race (including colour, nationality and ethnic or national origin), religion or belief, sex or sexual orientation.

We are also committed to ensuring that our procedures and selection processes in respect of recruitment, terms and conditions of employment, access to training and promotion and the terms upon which we offer access to facilities and services, are free from discrimination.

GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

Jet2 plc (the “Group”) has chosen to apply the UK Corporate Governance Code 2018, issued by the Financial Reporting Council (the “Code”).

Scan this code to download
a copy of the UK Corporate
Governance Code 2018:



An explanation of how the Group has complied with the Code is set out below and also in the Audit and Risk Committee Report on pages 72 to 78 and the Remuneration Committee Report on pages 79 to 87.

BOARD LEADERSHIP AND COMPANY PURPOSE

The Role of the Board

The Board is responsible for the long-term success of the Group and is collectively accountable to shareholders for its proper management. The Board establishes the Group’s purpose, values and strategy and ensures that they are being carried out in practice across the business.

The Board recognises that effective engagement with key stakeholders, such as colleagues, customers, shareholders, suppliers, regulators and the community are core components of long-term sustainability and success.

The Board has a formal schedule of matters specifically reserved to it for decision, including:

- reviewing and approving the Group’s overall objectives, strategy and direction;
- determining, maintaining and overseeing a framework of prudent and effective controls, audit processes and risk management policies, to ensure the Group operates effectively and sustainably in the long term;
- approval of the financial statements, as well as revenue and capital budgets and plans; and
- approval of material decisions, agreements and non-recurring projects.

Day-to-day management responsibility rests with the Operational Directors.

Culture

Our guiding principles are ‘People, Service, Profits’ and we believe that happy, well paid and motivated Colleagues will continue to give great service and thereby produce sustainable long-term profitability. Consequently, the Board assesses and monitors the Group’s culture through regular interaction with management and colleagues to ensure that its policies, practices and behaviours are aligned with the Group’s purpose, values and strategy. Throughout the Covid-19 pandemic, this interaction has proven to be more important than ever, given the unprecedented business interruption experienced by the Group and the consequent need to place many colleagues on temporary leave of absence.

The delivery of great service is at the core of the **Jet2.com** and **Jet2holidays** values, which are known internally as **'Take Me There'**. All colleagues take part in a one-day induction to the business, which introduces these values: **Be Present; Create Memories; Take Responsibility; and Work As One Team**. Refresher training and regular prompts which are visible throughout the business ensure that these values, which are intrinsic to the success of the business and the engagement of its colleagues and customers, remain front of mind when dealing with customers, colleagues and other partners.

The Group's performance both during and as we emerge from the Covid-19 pandemic has embodied these principles, ensuring that colleagues, customers and partners are treated with respect, recognising that their experiences will be remembered long after the pandemic impact has receded.

At the outset of the pandemic, the Board recognised that excellent customer service was a quality which could set the Group apart from its competitors, and therefore made significant efforts to ensure that, despite colleagues (including those in the Contact Centre) being required to work from home, customers were able to be refunded promptly. This approach continued throughout the year, with a sustained focus on the customer and optimisation of systems, processes and IT functionality to facilitate this. Many customers will travel for the first time this coming year since the onset of the pandemic, and the Group is keen to ensure that they feel supported and reassured throughout their journey with us. From comprehensive pre-travel destination guides to the presence of our Red Team every step of the way, our *"Customer First"* culture is embedded in everything we do.

Resources and Effective Controls

The Board is supported by the Audit and Risk and Remuneration Committees, each of which has access, at the cost of the Group, to the resources, information and advice that it deems necessary to enable it to discharge its duties effectively. Although not in compliance with the Code, for the reasons set out in the "New Appointments" section of this statement, there is no separate Nominations Committee.

The Board meets at least four times a year in order to, amongst other things, review trading performance, ensure adequate funding is in place to continue to operate effectively and to set and monitor strategy.

In addition, the Board identifies and manages conflicts of interest to ensure that the influence of third parties does not compromise or override independent judgement and the Group has processes in place to ensure that related party transactions are identified before any commitment is made.

If the Directors have concerns about the operation of the Board or management of the Group that cannot be resolved, their concerns would be recorded in the Board minutes.

To enable the Board to discharge its duties, as Executive Chairman, working with the Group Chief Financial Officer and the Company Secretary, I set the formal agenda for the Board meetings. Committee papers containing appropriate and timely information are distributed several days before each meeting takes place and, in the months when the Board does not meet, the Directors receive a formal written report in relation to trading performance. Additional meetings are called as and when required.

The number of full Board and committee meetings scheduled, held and attended by each Director during the year was as follows:

	Board meetings	Ad hoc Board meetings†	Remuneration Committee meetings	Audit and Risk Committee meetings
Philip Meeson	5/5	4/4	4/4	-
Gary Brown	5/5	4/4	-	3/3*
Steve Heapy	5/5	3/4	-	3/3*
Mark Laurence	4/5	4/4	4/4	2/3
Rick Green**	5/5	4/4	-	2/3
Robin Terrell	5/5	4/4	4/4	3/3

* By invitation.

** With effect from 1 February 2022, Rick Green stepped down from the Audit and Risk Committee and Robin Terrell replaced Mark Laurence as Chairman of the Remuneration Committee.

† Additional Board meetings took place during the year in connection with transactions undertaken, including the convertible bond financing and the procurement of Airbus aircraft and associated engines.

Shareholder Engagement

The Business & Financial Review on pages 11 to 16 includes a detailed review of the Group's business and future developments. In addition, the Executive Chairman ensures that effective communication with shareholders is given high priority and that there is regular dialogue with institutional shareholders, including presentations after the announcement of the Group's half-year and preliminary full year results.

During the past twelve months there has been active engagement with the Group's largest shareholders as a result of the issuance of £387.4m of guaranteed senior unsecured convertible bonds due in 2026. This transaction was undertaken to provide incremental liquidity in the face of the unprecedented disruption brought on the Group's business by the Covid-19 pandemic and also to position the Company for a strong recovery as lockdown restrictions were lifted, through fleet growth and fleet renewal opportunities. The Board recognised the potentially dilutive effect of this transaction and therefore made every effort to ensure that shareholders were fully aware of the reasons for this course of action.

Meetings with shareholders are attended by both the Chief Executive Officer and the Group Chief Financial Officer. In addition, both the Executive and Non-Executive Directors have the opportunity to meet with other shareholders at the Annual General Meeting and on further occasions during the year as required.

The Board customarily uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation, and the Executive Chairman ensures that the Chairs of the Audit and Risk and Remuneration Committees are present to answer questions. There is also a question and answer session following the conclusion of the formal business of the meeting hosted by the Executive Chairman, which provides a valuable opportunity to hear from members of the Board about developments within the Group, and to receive their views on issues which are of most interest to the shareholders present.

Details of resolutions to be proposed at the Annual General Meeting are included in the Notice of Annual General Meeting and related papers, which are sent to shareholders in advance of the meeting in accordance with the Group's Articles of Association. All votes received for general meetings are properly recorded and counted and details of proxy appointments and voting instructions are provided at the meeting. Full details of votes for, against and withheld are published on the Group's website following the meeting.

If a resolution receives 20% or more of votes cast against, the Board will consult with shareholders to understand the reason behind the result.

The Group's website (www.jet2plc.com) has a specific section for investors, which is regularly updated with relevant news and information, including the Annual Report & Accounts and the Notice of Annual General Meeting, as well as providing information on the Group's history and trading subsidiaries, with links to their respective websites.

Colleague Engagement

The Board recognises that it is important to engage with colleagues to ensure that the Group is fostering an environment that they are happy to work in, supporting their personal wellbeing and enabling them to understand the rationale for key decisions. The Group does not currently use the workforce engagement methods prescribed by the Code, but instead operates an Information and Consultation Agreement and Protocol, consisting of five separate agreements as detailed on page 57 which cover every UK-based colleague and set out how **Jet2.com** and **Jet2holidays** will inform and consult with them.

Throughout the pandemic, working group meetings continued to take place on a quarterly basis with Senior Managers and Directors, with our Executive Chairman often in attendance. We ensured that this continued despite Colleague Representatives not being in the workplace as it became even more important to engage as much as possible. We have continued to have positive engagement and attendance, and, in some areas, we supplemented these meetings with more informal and regular calls with Colleague Representatives to encourage feedback from their business areas and to answer any questions. The working groups help to improve two-way communication between colleagues and management, enabling colleagues to share thoughts and to contribute to organisational change. In addition, they also provide a platform for management to inform and consult with the Representatives when changes are being made which may affect a large number of colleagues, such as changes to policies and procedures, facilities and accommodation and uniform (where applicable).

Additionally, the Group keeps colleagues regularly informed on matters relating to their employment through a variety of weekly and monthly information bulletins and newsletters covering a broad range of topics. Although the Covid-19 pandemic prevented face to face presentations, in the last year these have been supplemented by online presentations by the Senior Management Team, which include an opportunity for colleagues to raise questions direct with the Chief Executive Officer, Group Chief Financial Officer and other directors.

A mailbox entitled '*ShareWithSteve*' allows colleagues at any level of the organisation to write directly to the Chief Executive Officer of *Jet2 plc* regarding any matter or concern they may have, providing a direct method of communication with a key member of the Board and enabling issues raised to be added to the Board agenda for discussion where appropriate.

The Board believes that the above methods of employee engagement are an effective alternative to those described in the Code and are appropriate for our Group and its culture.

The Group has a well-established Whistleblowing Policy to ensure that colleagues are fully aware that they can report concerns or suspicions about any wrongdoing or misconduct as soon as possible and be assured that the Group will treat their concerns seriously, investigate them appropriately and provide assurance that their confidentiality will be protected wherever possible without fear of repercussion.

DIVISION OF RESPONSIBILITIES

The Executive Chairman

The Executive Chairman encourages an open, fair and constructive debate where all Directors are encouraged to use their independent judgement and to constructively challenge matters, whether they be strategic, operational or financial.

The Executive Chairman, with the support of the Company Secretary, is responsible for the Director induction process and ensuring that the Directors receive appropriate training as necessary.

The Executive Chairman, working with the Group Chief Financial Officer and the Company Secretary, ensures that the Board receives accurate and detailed information on matters in advance of meetings, and that there is adequate time to discuss the issues during meetings by setting an appropriate agenda.

Division of Responsibilities between Executive Chairman and Chief Executive Officer

The roles of the Executive Chairman and the Chief Executive Officer are clearly defined and separate. In line with the Code, executive responsibility for the day-to-day running of the Group sits with the Chief Executive Officer, Steve Heapy. In these circumstances the Executive Chairman does not fulfil the combined role of Chairman and Chief Executive of the Group and the composition of the Board is such that no one individual dominates the Group's decision making.

Board Composition

The Board comprises:

- Philip Meeson, who performs the role of Executive Chairman of the Group and has responsibility for the leadership of the Board and for its effectiveness in directing the Group;
- Steve Heapy, Chief Executive Officer;
- Gary Brown, Group Chief Financial Officer;
- Mark Laurence, an independent Non-Executive Director;
- Robin Terrell, an independent Non-Executive Director; and
- Rick Green, a Non-Executive Director.

Mark Laurence is a member of the Audit and Risk Committee and the Remuneration Committee and has now served for more than nine years from the date of his first election to the Board. Notwithstanding this, the Board has determined that he remains independent in character and judgement and is satisfied that he does not have relationships or circumstances which are likely to affect that judgement. He continues to provide valuable challenge as a non-executive director and brings a breadth of financial experience to the Board. Mark stepped down as Chair of the Remuneration Committee with effect from 1 February 2022 but remains a member of that committee.

Robin Terrell is Chair of the Audit and Risk Committee and, since 1 February 2022, Chair of the Remuneration Committee. 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 previous position as Chair of the Audit Committee of William Hill plc.

Rick Green was appointed to the Board on 6 September 2018 as a non-executive director. Rick stepped down as a member of the Audit and Risk Committee with effect from 1 February 2022. Prior to his appointment, Rick worked as a consultant for *Jet2.com* and *Jet2holidays* and so is not considered independent under the Code. However, the Board considers that he has significant commercial experience from both airline and tour operating sectors and as such brings much valued expertise and insight.

Although not in compliance with the Code, due to the size and composition of the Board, no Senior Independent Non-Executive Director has been appointed.

Overall, the Board is satisfied that both its Executive and Non-Executive Directors have an effective and appropriate balance of skills, experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

The biographies of the Directors appear on pages 70 and 71 of this Annual Report & Accounts.

Committee membership as at 31 March 2022

Audit and Risk Committee:	Robin Terrell (Chair)
	Mark Laurence
Remuneration Committee:	Robin Terrell (Chair)
	Mark Laurence
	Philip Meeson

Non-Executive Directors

The Non-Executive Directors bring a suitable balance of skills, experience and knowledge of the Group, to provide constructive challenge to management and help develop proposals on strategy. In addition, their independence of character and integrity prevents any individual or small group from dominating the decision making of the Board as a whole. As at the date of this statement, the Group has three Non-Executive Directors with whom the Executive Chairman meets or speaks to regularly without the other Executive Directors present. Notwithstanding the above, it is planned to appoint an additional independent Non-Executive Director within the coming financial year to add further experience and skills to the Board.

All Non-Executive Directors are required to devote sufficient time to their role as a member of the Board in order to discharge their responsibilities effectively and this is kept under continuous review. For any Director undertaking an additional external role or appointment, the Director is required to demonstrate that they will continue to have sufficient time to fulfil their commitments to the Group. Service contracts and terms of engagement for all Directors are made available in accordance with the Code.

Information and Support

All Directors have access to the advice and services of the Company Secretary, Ian Day, who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

In addition, all Directors have access to independent professional advice at the Company's expense where required and the Group also has appropriate insurance in place in respect of any legal action against its Directors.

COMPOSITION, SUCCESSION AND EVALUATION

New Appointments

Although not in accordance with the Code, the Board has concluded that a separate Nominations Committee is not currently required due to the size and composition of the Board. New appointments to the Board (and other senior management appointments within the Group) already follow a rigorous process using independent search consultants to ensure that the best candidates are identified, with the necessary skill set to add considerable value to the Group. Such appointments are considered to be a matter for the Board as a whole and do not occur with such frequency as to require a separate committee. Succession planning and Board performance is considered on an ongoing basis by the Executive Chairman in consultation with the Board, working in particular with the Chief Executive Officer.

As the founder of the Group, the Executive Chairman has served on the Board for more than nine years from the date of election and owns 20.18%¹ of the issued share capital of the Group. Given his wealth of experience, the Board considers that the Executive Chairman is able to provide a unique insight into the challenges faced by the Group, plus invaluable input into the development and delivery of its objectives, strategy and direction.

¹ As at 30 June 2022

The Board is committed to promoting diversity and ensuring equality of opportunity for all within the Group, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy and maternity / paternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex or sexual orientation and its policy on new appointments is based on merit and the most appropriate candidate in all circumstances.

Re-election to the Board

Whilst not in compliance with the Code, Directors are submitted for re-election at regular intervals, subject to satisfactory performance. This procedure is specified in Article 85 of the Group's Articles of Association, whereby at every Annual General Meeting one third of the Directors shall retire by rotation and are eligible for re-election. Newly appointed Directors are subject to re-election at the first Annual General Meeting after their appointment.

Evaluation

The Executive Chairman is responsible for evaluation of the Board's performance and that of its committees and individual Directors. This evaluation is made on an ongoing basis using feedback from the Group as a whole, supplemented by regular discussions with the Directors in question.

AUDIT, RISK AND INTERNAL CONTROL

Financial and Business reporting

A statement of the Directors' responsibilities in respect of the Annual Report & Accounts and financial statements is set out on pages 89 to 90 of this Annual Report & Accounts. A statement on going concern is given on page 29.

Audit and Risk Committee and Auditors

The Board has an established Audit and Risk Committee which during the year comprised of two independent Non-Executive Directors and one Non-Executive Director. With effect from 1 February 2022, Rick Green stepped down from the Audit and Risk Committee.

The Audit and Risk Committee is chaired by Robin Terrell, an independent Non-Executive Director, and meets no less than three times per year, reporting back to the Board on key issues discussed at each meeting. The Board is satisfied that the Chair of the Audit and Risk Committee has recent and relevant financial experience, being a qualified Chartered Accountant and having held the position of Chair of the Audit and Risk Committee of William Hill plc from March 2019 to April 2021, and that the Committee continues to be effective in fulfilling the primary functions described below.

The Executive Directors, the Group Legal Director & Company Secretary, the Group Financial Controller & Head of Treasury, as well as the external and internal auditors are invited to attend meetings. The Committee's primary function is to assist the Board in:

1. Fulfilling its responsibilities to protect the interests of shareholders by ensuring the integrity and clarity of the financial statements and of any formal announcements relating to the Group's financial performance;
2. Carefully considering key judgements and estimates applied in the preparation of the consolidated financial statements;
3. Overseeing the scope of internal audit work for the year and reviewing the effectiveness of the Internal Audit function;
4. Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies. This includes reviewing risk mitigation status and outstanding actions provided to every meeting and undertaking a more comprehensive risk review annually, dedicated to risk reporting and actions;
5. Considering the appointment of the external auditor, their scope of work and their remuneration, including reviewing their independence and objectivity;
6. Reviewing the findings of the audit with the external auditors, including the effectiveness of the audit process and a discussion of any major accounting or judgemental issues which arose during the audit; and
7. Providing advice on whether the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

The Audit and Risk Committee Chair also engages with both the external and internal auditors, without the Executive Directors or members of the Finance team present.

Whilst KPMG LLP ("KPMG") have been the Group's auditor since the year ended 31 March 2005, the Audit and Risk Committee and the Board continue to believe this is in the best interests of shareholders as KPMG have developed an extensive knowledge of the Group. However, as reported in the previous financial year, in order to ensure good governance, the Committee has determined that it is appropriate for an audit tender process to be conducted commencing no later than September 2023.

The fee paid to KPMG for the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries pursuant to legislation was £0.7m. A breakdown of fees paid to KPMG during the financial year is set out in Note 8. Resolutions to reappoint KPMG as auditor and to authorise the Directors to agree their remuneration will be put to shareholders at the AGM.

A detailed Audit and Risk Committee Report is set out on pages 72 to 78.

The Independent Auditor's Report can be found on pages 91 to 97.

Risk Management and Internal Control

The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. Any such system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board of Directors has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, liquidity or solvency, which can be found on pages 17 to 28 of the Annual Report & Accounts.

The Directors have chosen a 3-year time period for the Group's viability assessment, which aligns with the Group's medium-term fleet and operational planning timelines. The Viability Statement can be found on page 30 of the Strategic Report.

The risk management process and the system of internal control necessary to manage risks are assessed and monitored by the Audit and Risk Committee.

The Board maintains processes for identifying, evaluating and managing the risks faced by the Group which take account of the recommendations set out in the Financial Reporting Council's *Guidance on Risk Management, Internal Control and Related Financial and Business Reporting*.

To ensure compliance with laws and regulations, and to promote effective and efficient operations, the Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

Comprehensive guidance on financial and non-financial matters for all managers and Colleagues is given in the Group Management Manual, within which there are clear procedures for:

- approval of invoices before authorisation for their payment;
- capital investment, with detailed appraisal, authorisation and post-investment review; and
- financial reporting, within a comprehensive financial planning, budgeting, reporting and accounting framework.

The Group has an independent Internal Audit department, which provides assurance by performing full and regular monitoring of the Group's procedures, promoting robustness of controls, highlighting departures from procedures and suggesting relevant key performance indicators for future monitoring. Other areas of risk assessment and monitoring which may normally be carried out by an Internal Audit department are, in the main, covered by the Board either as a whole or within the various meetings highlighted.

Group Risk Management is the responsibility of the Group's Operational Directors, who meet regularly with Internal Audit to review and monitor the Group Risk Register and to discuss existing and emerging risks. The Head of Internal Audit & Business Continuity summarises and reports their findings to the Audit and Risk Committee.

REMUNERATION

The Level and Components of Remuneration

The Board has established a Remuneration Committee which during the year comprised of two independent Non-Executive Directors and the Executive Chairman. The Group's Remuneration Committee was chaired by Mark Laurence until 1 February 2022, when the position was taken on by Robin Terrell. Mark Laurence remains a member of the Remuneration Committee.

Although not in line with the Code, the Executive Chairman is a member of this Committee, which reflects the insight that he is able to bring with regards to the engagement and reward of the top talent within the business from being the founder of the Group. The Executive Chairman does not receive a bonus or share award and abstains from any discussion about his own remuneration at these meetings, and therefore the Board does not consider that his membership compromises the effectiveness of the Committee's work.

The Committee makes recommendations to the Board on an overall remuneration package for the Executive Directors and other senior managers and takes external advice on the value of the total employment packages, and the extent of performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies. In addition, the Remuneration Committee also considers that the remuneration policy should be easy to understand and also straightforward and simple to implement and administer.

Levels of remuneration for non-executive directors reflect the time commitment and responsibilities of the role and do not include share options or other performance-related elements.

Procedure

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Committee determines the contractual terms, remuneration and other benefits for the Executive Directors, including performance-related bonus schemes, and pension and compensation payments.

Further details are set out in the Remuneration Committee Report on pages 79 to 87.

Remuneration Outcomes

Remuneration outcomes are aligned with strategic priorities and the long-term success of the Group. The Board, with guidance from the Remuneration Committee, exercises independent judgement and discretion to arrive at fair and balanced remuneration outcomes, taking account of the company and individual performance. When setting senior executive pay, the Board considers both external pay relativity and wider workforce remuneration and conditions.

BOARD APPROVAL OF THE STATEMENT OF CORPORATE GOVERNANCE

This Corporate Governance Statement is approved by the Board and signed on its behalf by:



Philip Meeson
Executive Chairman
25 July 2022

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Philip Meeson *Executive Chairman*

Appointed: On the purchase of Channel Express Group in April 1983.

Experience: In April 1983, Philip's private company purchased the Channel Express Group which, at that time, distributed flowers grown in the Channel Islands to wholesale markets throughout the UK, and freight from the UK into the Channel Islands. From that original business, he has developed the Group into a leading UK leisure travel provider. Having decided that the Company needed wider access to funding in order to accelerate its growth, Channel Express Group plc was floated on the USM in 1988. In 1991, it changed its name to Dart Group plc and moved to a full listing on the London Stock Exchange before moving to AIM in 2005. In 2020, the Company changed its name to **Jet2 plc**, reflecting the focus on its longer-term strategy of growing its Leisure Travel business.

For information on the history of **Jet2 plc**, please visit the following page of the Group's website: www.jet2plc.com/Jet2-Group-history/

Committees: Remuneration

Steve Heapy *Executive Director and Chief Executive Officer*

Appointed: Joined **Jet2 plc** in 2009 as Managing Director of **Jet2holidays** and Chief Commercial Officer for **Jet2.com** and is now the Chief Executive Officer of **Jet2 plc**. Steve was appointed to the Board as an Executive Director in June 2013.

Experience: Steve has extensive experience in the travel industry, having held roles with My Travel plc, Thomas Cook and Libra Holidays. Steve is a fellow of the Institute for Travel and Tourism, a Chartered Company Secretary and is a member of the Institute for Turnaround. In March 2021, Steve was also appointed as a Director to the Board of ABTA.

Committees: None.

Gary Brown *Executive Director and Group Chief Financial Officer*

Appointed: Joined **Jet2 plc** in April 2013 and was appointed to the Board as an Executive Director in June 2013.

Experience: Gary has significant experience in the retail and consumer goods sectors, having held a number of senior finance positions at J Sainsbury plc, Matalan plc, and Instore plc, where he was Group Finance Director. Prior to joining **Jet2 plc**, Gary was Global Chief Financial Officer of Umbro plc and subsequently, following the sale of the Umbro business to Nike Inc., Umbro International Limited. Gary is a fellow of the Institute of Chartered Accountants of England and Wales.

Committees: None

NON-EXECUTIVE DIRECTORS

Mark Laurence *Independent Non-Executive Director*

Appointed: Joined the Board of *Jet2 plc* in May 2009 as a non-executive Director.

Experience: Mark began his career as a transport sector investment analyst with stockbrokers Kitcat & Aitken, before moving to WI Carr and Merrill Lynch (formerly Smith New Court plc) where the team was ranked No.1 in the 1995 Extel Financial Survey of UK Investment Analysts. Latterly at Merrill Lynch he was a member of the highly ranked UK Equity Strategy team. In 1997, he joined Collins Stewart plc and helped develop the group leading up to its MBO and IPO in 2000. Since 2001, Mark has pursued a career in fund management helping to found Fundsmith in 2010. Mark was recognised at the 2014 Grant Thornton Quoted Company Awards as Non-Executive Director of the Year.

Committees: Audit and Risk; Remuneration

Robin Terrell *Independent Non-Executive Director*

Appointed: Joined the Board of *Jet2 plc* on 14 April 2020 as an independent Non-Executive Director.

Experience: Robin has extensive experience in leading online and retail businesses including Amazon, John Lewis Direct, House of Fraser and Tesco. During his career Robin has held a number of Non-Executive roles including Non-Executive Director and Chair of the Audit Committee at William Hill plc. He is currently Non-Executive Chair of Wetsuit Outlet, Non-Executive Director and Chair of the Audit Committee at New Look and Non-Executive director at Åhléns AB. Robin qualified as a Chartered Accountant with Coopers & Lybrand.

Committees: Audit and Risk (Chair); Remuneration (Chair)

Rick Green *Non-Executive Director*

Appointed: Joined the Board of *Jet2 plc* on 6 September 2018 as a Non-Executive Director, having provided consultancy services and advice to the Directors of *Jet2.com* and *Jet2holidays* on commercial strategy projects since 2010.

Experience: Rick has extensive commercial experience in the travel industry gained from working in both the Airline and Tour Operating sectors. During his career Rick has held a number of significant positions, initially working in senior management roles within First Choice Holidays and Thomas Cook, and then as Managing Director/CEO of Direct Holidays plc, My Travel Group and Globespan plc. Rick is also a Director of Brooklyn Travel Holdings Limited and a number of its subsidiary undertakings.

Committees: None. Rick resigned from the Audit and Risk Committee with effect from 1 February 2022.

AUDIT AND RISK COMMITTEE REPORT

I am pleased to present the Audit and Risk Committee's report for the year ended 31 March 2022.

COMMITTEE COMPOSITION & MEETINGS

The name of the Committee has been updated to the Audit and Risk Committee, reflecting its continuing focus on risk, alongside financial reporting and control matters.

In addition to myself, the Audit and Risk Committee comprises:

- Mark Laurence, **Jet2 plc** Independent Non-Executive Director who provides further breadth of experience, support and challenge to the Audit and Risk Committee.

Rick Green, a **Jet2 plc** Non-Executive Director, resigned from the Committee with effect from 1 February 2022.

Further details of the Committee members, and their respective experience can be found on pages 70 and 71 of the Annual Report & Accounts.

The Committee met formally three times in the year. Although not members of the Audit and Risk Committee, the Chief Executive Officer, the Group Chief Financial Officer, the Group Legal Director and Company Secretary, the Group Financial Controller and Head of Treasury, the Head of Internal Audit and Business Continuity and representatives of KPMG LLP ("KPMG"), our external auditor, were also invited and were in attendance. Details of attendance at Committee meetings during the year can be found on page 61.

I also met informally with both KPMG and Internal Audit without executive management present at regular intervals throughout the year.

COMMITTEE KEY RESPONSIBILITIES

The Committee's primary function is to assist the Board in the following areas:

1. Fulfilling its responsibilities to protect the interests of shareholders by ensuring the integrity and clarity of the financial statements and of any formal announcements relating to the Group's financial performance;
2. Carefully considering key judgements and estimates applied in the preparation of the consolidated financial statements;
3. Overseeing the scope of internal audit work for the year and reviewing the effectiveness of the Internal Audit function;
4. Reviewing and monitoring the adequacy and effectiveness of internal control and risk management policies. This includes reviewing risk mitigation status and outstanding actions at each meeting and undertaking a more comprehensive risk review annually, dedicated to risk reporting and actions;
5. Considering the appointment of the external auditor, their scope of work and their remuneration, including reviewing their independence and objectivity;

6. Reviewing the findings of the audit with the external auditors, including the effectiveness of the audit process and a discussion of any major accounting or judgemental issues which arose during the audit; and
7. Providing advice on whether the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

COMMITTEE KEY AREAS OF FOCUS DURING THE YEAR

- Reviewing and approving the Annual Report & Accounts to 31 March 2021 and half-year results to 30 September 2021, including a review of the going concern basis on which the Annual Report & Accounts is prepared.
- Reviewing a summary of recent Financial Reporting Council ("FRC") thematic reviews, covering topics such as Viability assessment and Climate change reporting, to understand ways in which these may impact the Group's reporting.
- Considering reports and updates from the external auditor and discussing any upcoming accounting or judgemental issues they wish to bring to the Committee's attention, such as new climate change disclosure requirements.
- Considering and reviewing the findings of the Audit Quality Review ("AQR") by the FRC on KPMG's audit of the Group's Annual Report & Accounts for the year ended 31 March 2021.
- Reviewing and considering reports from the work conducted by the Internal Audit function, including their review of the Internal Audit Code of Practice published in January 2022.
- Considering and reviewing the principal risks affecting the Group, including feedback from separate risk review meetings.
- Considering and reviewing the overall IT environment and its controls.

EXTERNAL AUDIT

KPMG were first appointed by **Jet2 plc** on 24 March 2005 to audit the financial statements for the period ended 31 March 2005 and subsequent financial periods. A tender in respect of the external audit has not been sought since, though there are no contractual obligations restricting the Group's choice of external auditor.

The auditor appointment is subject to ongoing monitoring and the Committee revisited their review of KPMG's effectiveness as part of the 2021 year-end process. The Committee considered several factors when determining the effectiveness of the external auditor, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement with the Audit and Risk Committee, both formal and informal, and how issues were reported, followed up and resolved; and the independence of KPMG and whether an appropriate level of challenge and scepticism existed in their work.

The Committee also sought the views of key members of the finance team and senior management on the audit process and the quality and experience of the audit partner. Their feedback confirmed that KPMG had continued to perform well during 2021 and had provided an appropriate level of challenge to management.

Based on the review and feedback received, the Committee was of the view that it was not appropriate to make changes to the external auditor for the year ended 31 March 2022.

Separately, the Company received a letter on 17 February 2022 from the FRC noting that it had carried out an AQR on KPMG's audit of the Group's financial statements for the year ended 31 March 2021. This review covered all the Key Audit Matters specified within KPMG's Independent Auditor's Report in the 2021 Annual Report & Accounts, along with two other areas of audit focus. I met with the FRC team to review and discuss the findings of this exercise. Based on the results of the AQR, we were satisfied with the quality of the audit provided.

The Committee is also satisfied with the performance of the external auditor and the policies and procedures in place to maintain their objectivity and independence. KPMG possesses the skills and experience required to fulfil its duties effectively and efficiently and the audit for the year ended 31 March 2022 was effective. The Committee has therefore recommended to the Board the reappointment of KPMG at the forthcoming Annual General Meeting ("AGM").

Given the length of time KPMG have been appointed as the Group's auditor and in order to ensure good governance, the Committee has determined that it is appropriate for an audit tender process to be conducted commencing no later than September 2023. This will allow time for a thorough process to be carried out and, if required, a smooth handover of responsibilities ahead of the audit for the financial year ending 31 March 2024. The Committee will continue to keep the exact timings of the audit tender under review.

The fee paid to KPMG for the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries pursuant to legislation was £0.7m. With effect from 15 December 2020, KPMG no longer provide any non-audit services to the Group. Resolutions to reappoint KPMG as auditor and to authorise the Directors to agree their remuneration will be put to shareholders at the AGM.

The Group also receives advice as needed from Deloitte LLP and PwC LLP on taxation issues and Herbert Smith Freehills LLP on legal issues relating to corporate matters.

SIGNIFICANT ISSUES CONSIDERED BY THE COMMITTEE

During the year the Committee reconsidered which issues were deemed to be of most significance and therefore required the sharpest focus by its members.

Noting the considerable headroom between the carrying value of the Group's fleet and the lower of their value in use or market value, the Committee determined that impairment of aircraft assets was no longer considered to be a significant issue. The Committee also noted that the forecasts used in reaching this conclusion were consistent with those used in the Group's going concern assessment.

There has been a significant reduction in the quantum of the Group's hotel supplier advances, coupled with a lower level of judgement required on assessment of the recoverability of these balances, as the Group benefits from another year's experience of the impact of the pandemic on our hotel partners. These factors have resulted in this no longer being considered to be a significant issue.

Finally, having closely monitored the Group's revenue recognition policies and monthly reconciliation procedures in reaction to significant new transaction streams for cancellations and rebookings on an unprecedented scale, the Committee is confident that the Company have adapted well to the changing environment and mitigated any resulting risks. Despite this, revenue recognition has remained a significant issue for the Audit and Risk Committee due to the scale and complexity of our revenue transactions.

All risks deemed no longer to be significant will be kept under review in the coming year, to ensure that this judgement remains appropriate.

The Committee formally reviewed and discussed the remaining significant issues in relation to the full-year results as detailed below.

Estimate of useful economic lives of aircraft

The Committee reviewed the accounting treatment in relation to aircraft depreciation and noted that this had been applied consistently and appropriately.

Following the release of the Group's Sustainability Strategy in September 2021, the Committee reviewed the appropriateness of the existing accounting policy. The Committee recognises that the fulfilment of the 2025 and 2030 carbon emissions targets within the strategy is dependent on the retirement of older less fuel efficient aircraft to be replaced by new Airbus A321 neo aircraft over the period 2023 to 2029.

Beyond 2030, the Group is reliant on investment from both the aviation industry and governments to develop lower emission aircraft powered by cleaner energy sources such as hydrogen or electricity. Airbus have stated an ambition to develop the world's first zero-emission commercial aircraft by mid 2030s, but this is currently still in early concept phase.

The Group's final deliveries of new 737-800NG aircraft arrived in January 2019 and were some of the last off the production line. Based on a useful economic life of 22 years, these aircraft are forecast to remain in service until, at the latest, 2041. As such, this end date is not markedly different to the current expectations of when new zero-emission aircraft models may be widely available for the Group to acquire.

The Committee therefore concluded that its existing accounting policy remains appropriate.

Revenue recognition

The Committee noted in their review of monthly reconciliation procedures that further progress had been made in the levels of automated matching of cash receipts with the associated sales system bookings.

Consequently, improvements were also seen in the success of KPMG's revenue testing. As in previous years, KPMG's testing centred around extraction of customer booking data for the year and re-performance of the calculation of revenue and deferred revenue based on flight departure dates, using data and analytics audit techniques. Further verification was then performed at a transactional level of revenue to cash receipt matching, along with additional sampling of any unmatched items.

The Committee considered the revenue recognition policies and the monthly reconciliation procedures already performed by the business, alongside KPMG's audit conclusions and is satisfied that revenue has been appropriately recognised in the accounts.

Conclusion

In conclusion, the Audit and Risk Committee reported to the Board that it considered the Annual Report & Accounts for the year ended 31 March 2022 to be fair, balanced and understandable and provides the information necessary for shareholders to assess our strategy, business model and financial position and performance.

GOING CONCERN

The Committee reviewed the going concern basis on which the Annual Report & Accounts is prepared, the Directors having prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2025.

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

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

As part of the review of these forecasts, the Committee also considered: current forward booking performance against the forecast; the availability of banking facilities and their associated covenant measurements; the funding of future aircraft deliveries; the current headroom in the downside scenario described above in light of the current trading environment as referred to in the Chairman's Statement; and the healthy closing cash balance (including money market deposits) of £2,228.5m at 31 March 2022, including £1,083.8m of 'Own Cash'. Based on the combination of these factors, the Committee concluded that there is 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. Therefore, it is appropriate for the Group to continue to adopt the going concern basis in preparing the financial statements for the financial year ended 31 March 2022.

The Going Concern Statement can be found on page 29.

VIABILITY STATEMENT

The Committee reviewed the scenarios prepared for the Going Concern and Viability review, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2025.

The Committee considered the assumption of a three-year viability period and agreed with the Board's assessment that this aligns with the Group's medium-term fleet and operational planning timelines.

The Committee noted that the forecasts sensibly assume that the Group will incur inflationary pressures on cost, including fuel and carbon, which may not be able to be fully passed on to customers given the current economic environment and squeeze on disposable incomes. Further, should customer demand prove to be weaker than forecast, it was noted that due to the mix of aircraft, the Group has the ability to downsize its fleet if required and eliminate the fixed costs associated with those aircraft.

Following a review of these forecasts alongside the principal risks and uncertainties that the Group faces and its ability to mitigate and manage those risks, the Committee have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2025.

The Viability Statement can be found on page 30.

KEY ACCOUNTING JUDGEMENTS AND ESTIMATES CONSIDERED BY THE COMMITTEE

In addition to the judgements and estimates specifically detailed within the *“Significant issues considered by the Committee”* section above, it was noted that there are also key judgements in relation to:

- Initial recognition of the convertible bond, and whether the conversion option therein should be accounted for as equity; and
- Recoverability of the deferred tax asset, in light of the increasing balance in respect of UK tax trading losses accumulated over the previous two financial years.

Further to this, the Committee also noted a key estimate in relation to the discount rate applied in calculation of the fair value of the liability portion of the convertible bond:

Following a review of these areas, the Committee concluded that the key judgements and estimates taken by the Group were reasonable and adequately disclosed within the Annual Report & Accounts.

INTERNAL AUDIT & RISK MANAGEMENT

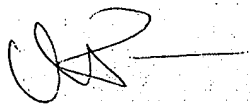
The Group’s Internal Audit team remains a key function within the business and provides independent and objective assurance over the design and operating effectiveness of the system of internal control, through a risk-based approach. The team has unrestricted access to all Group documentation, premises, functions and colleagues to enable it to perform its work, although this has been restricted to virtual access in some cases during the past year. The Head of Internal Audit & Business Continuity reports to the Committee and, administratively, to the Group Chief Financial Officer. The Committee engages directly with the Internal Audit team, who also had two separate meetings with KPMG.

Internal Audit continues to develop the Group’s risk register and works with senior management and the Board to ensure that there is appropriate alignment and understanding of key risks and risk appetite. The risk register itself continues to evolve to include relevant targets to appropriately monitor and manage each of our risks.

Internal Audit also have a key role in the oversight of our Business Continuity capabilities, which included the development of the Group’s response to the Covid-19 pandemic and ensuring that key functions are able to continue to operate effectively.

FUTURE DEVELOPMENTS

Lastly, I would like to thank the Group's finance department on behalf of all shareholders for their ongoing professionalism and dedication which is so crucial in such a high-volume, fast-moving business and makes the task of this Committee that much easier.



Robin Terrell

Non-Executive Director, Chair of the Audit and Risk Committee

25 July 2022

REMUNERATION COMMITTEE REPORT

I am pleased to present the Remuneration Committee's report for the year ended 31 March 2022.

COMMITTEE COMPOSITION & MEETINGS

During the year ended 31 March 2022, the Group's Remuneration Committee (the "Committee") comprised Mark Laurence, Philip Meeson, the Executive Chairman, and myself. I joined the Remuneration Committee in April 2020 and was pleased to take up the role of Chair on 1 February 2022 when Mark Laurence stepped down, though Mark remains a valued member of the Committee. I would like to thank Mark on behalf of the Group's Directors for his contribution as the Chair of the Remuneration Committee.

Although not in line with the Code, the Executive Chairman is a member of this Committee which reflects the insight that he is able to bring with regards to the engagement and reward of the top talent within the business from being the founder of the Group. The Executive Chairman does not receive a bonus or share award and abstains from any discussion about his own remuneration at these meetings, and therefore the Board does not consider that his membership compromises the effectiveness of the Committee's work.

The Committee met formally four times in the year.

COMMITTEE KEY RESPONSIBILITIES

The Committee makes recommendations to the Board on an overall remuneration package for the Executive Directors and other senior managers and takes external advice on the value of the total employment packages, and the extent of performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies. The Committee also review the design of all share incentive plans, including the level of any potential awards and any associated performance targets to be used.

The Remuneration Committee is dedicated to ensuring that the remuneration packages are effective in aligning the interests of the Executive Directors and senior management with those of the Company's shareholders and that they provide appropriate incentivisation to continue to deliver long-term sustainable profitability. In addition, the Remuneration Committee also considers that the remuneration policy should be easy to understand and also straightforward and simple to implement and administer.

COMMITTEE KEY AREAS OF FOCUS DURING THE YEAR

Ongoing impact of Covid-19 on Directors' and Colleagues' Remuneration

As a result of the impact of Covid-19 on our business, the Directors extended into this year a number of actions considered appropriate to align to the experience and perspective of our shareholders and other stakeholders, including our colleagues.

- Voluntary reductions in Executive Directors' salaries were extended until 30 September 2021:
 - Both the Chief Executive Officer and Group Chief Financial Officer continued to receive 80% of basic salary until 31 May 2021. Having taken no basic salary for the year ended 31 March 2021, the Executive Chairman received 80% of basic salary from 1 April 2021 until 31 May 2021. For the period from 1 June 2021 to 30 September 2021, all three Executive Directors received 90% of basic salary.
 - Mark Laurence did not take a fee until 1 August 2021. I took a 70% fee until 1 August 2021, whilst Rick Green took an 80% fee until this point. All Non-Executive Directors increased to 90% fees from 1 August 2021.
 - All Executive and Non-Executive Directors were restored to their full salaries and fees on 1 October 2021.
- There was no payment of cash and deferred shares under the Senior Executive Incentive Plan ("SEIP") for the financial year ended 31 March 2021.
- Consistent with the Executive Directors, the pay reductions for all colleagues were proportionally lowered on 1 June 2021. From 1 October 2021, we were pleased to be able to reinstate the vast majority of our Colleagues to their full contracted salary as international travel restrictions gradually began to ease.
- In order for the Board to support our Colleagues as fully as possible, the Group continued its use of the UK Government's Coronavirus Job Retention Scheme ("CJRS") until its cessation in September, for which it received grants of £30.1m (2021: £97.9m) in the financial year. These amounts continued to be supplemented by our generous bespoke salary plan which saw the Group substantially "top up" the CJRS funding on a sliding scale basis up to 100% of full contractual salary for the lowest paid, to provide further financial support for our loyal Colleagues.
- Additionally, neither performance related bonuses nor the Discretionary Colleague Profit Share Scheme were paid for the financial year ended 31 March 2021.

We thank all our colleagues for their understanding of these difficult decisions and for their continuing hard work, dedication and commitment during this unprecedented period.

Regarding pay and performance for the financial year ended 31 March 2022, given the overall financial loss for the year and the government support received, there are no payments being made under the SEIP, no performance related bonuses for colleagues and no payments under the Discretionary Colleague Profit Share Scheme for the third consecutive year.

All colleagues received a 4% increase to their base salaries from 1 April 2022. A further cost of living increase of 4% was also introduced for all colleagues from 1 July 2022. Our Executive and Non-Executive Directors also participated in these increases on the same basis as other colleagues.

In the coming year, we intend to review the current long-term incentive provision for our Executive Directors. If the Remuneration Committee determines that it is appropriate to make any changes and introduce any new arrangements, details of those proposals will be disclosed in the Remuneration Committee report for the year ended 31 March 2023.

Share Reward Plan (SRP)

Consistent with the approach taken in 2021, when we made an award of “restricted stock” to our **Jet2 plc** Executive Directors and a wider group of our key leaders and senior managers, in July 2022, we made a further award to the same group who we consider to be crucial to our success in emerging from the pandemic as a stronger Company.

The terms of these awards are described within the Executive Director Remuneration Policy section below.

We consider the awards that we have made to be both necessary and appropriate to ensure that the recipients have both a retention mechanism in place as the Group strives to recover strongly from the pandemic and that they have direct alignment to the experience of shareholders in this period as we seek to drive our business’ recovery.

The average share price for the financial year used to calculate the appropriate level of SRP Awards was £12.33 (2021: £9.74). To ensure that the awards are retentive, in each case we have made them at levels which we believe the recipients will regard as meaningful. We believe this maintains our overall culture of offering packages which are effective in aligning the interests of the key leaders and senior managers in our teams with those of the Company’s shareholders, whilst providing appropriate incentivisation.

In addition, we believe that the awards made do not risk over-paying and will provide good value for our shareholders by retaining our key leaders and senior managers in what we hope will be a period of strong recovery in our business activity.

As broader contexts:

- The 87,591 shares (2021: 136,000) and the 66,875 shares (2021: 105,000) awarded as restricted stock to our Chief Executive Officer and Group Chief Financial Officer, together with those awarded in 2021, are the only share plan awards (beyond part deferral of bonus outcomes awarded previously as deferred shares under the SEIP) which they have received since their last awards under the SEIP in July 2019.
- The total number of shares awarded as restricted stock through the 2022 SRP represents 0.99% of the issued share capital and is within our allowed “10% in 10 years” share plans dilution limit.

SEIP for the year ending 31 March 2023

We intend to operate the SEIP for the year ending 31 March 2023, applying the same mix of metrics as we have done for a number of years (Profit metric – 60% weighting; customer metric – 20% weighting; personal metric – 20% weighting). In this context we see attainment of non-financial objectives which will focus on a range of tailored business and personal metrics specific to individual roles, and maintaining our market-leading customer satisfaction performance, as key measures for our business. Accordingly, if it becomes appropriate to do so, we may choose to reward performance against these metrics only. All amounts under the SEIP for the year ending 31 March 2023 will be subject to an overall confirmation of affordability at the time of payment. If it

becomes necessary to do so, we may choose to deliver a greater proportion in shares (and reduce cash outcomes correspondingly).

Share Save

In order to ensure that our colleagues are fully engaged in the future growth of the Company, a Share Save scheme has recently been launched.

This scheme will give our UK, Spanish and Portuguese colleagues the opportunity to save a portion of their monthly salaries, up to £500 (or €500 for colleagues in Spain or Portugal) per month, for a period of 36 months, with an option to purchase shares in **Jet2 plc** at the end of this period. These shares will be available to purchase at a price pre-determined at inception of the scheme, which includes a 20% discount. At the end of the saving period, our colleagues will have the choice to either purchase shares at this discounted price or to receive the cash amount saved.

In approving this scheme, the Board concluded that a Share Save scheme would help engender a greater sense of ownership and pride in being an employee of the Group, in turn aiding retention and inspiring colleagues to fulfil our “*Customer First*” strategy.

EXECUTIVE DIRECTOR REMUNERATION POLICY

The details of individual components of the remuneration package are discussed below.

Remuneration element and purpose	Operation	Measures to assess performance / clawback application
Salary To provide the core compensation for the Executive Director's role, at a level to attract and retain executives of the required calibre.	The basic salary for each Executive Director is determined by individual performance and reference to external market data and each is reviewed annually by the Committee. The basic salary is the only element of remuneration that is pensionable.	Not applicable
Pension To provide an appropriate level of retirement provision.	Executive Directors are eligible to participate in a defined contribution pension plan. In addition, contributions may be made to a personal pension arrangement, including through salary sacrifice, and/or cash payments may be made in lieu of pension contributions. In the financial year ended 31 March 2022, the maximum pension benefit provided was equivalent to 14% of salary.	Not applicable
Benefits To provide customary benefits.	The principal benefits include one or more of the following non-cash benefits: the provision of a company car, fuel allowance, and the provision of private healthcare. The Committee has discretion to determine whether other benefits should be provided. The cost to the Group of providing these benefits may vary year-on-year, and the Group monitors this cost.	Not applicable

Remuneration element and purpose	Operation	Measures to assess performance / clawback application
SEIP (Cash bonus with deferral element) The Senior Executive Incentive Plan ("SEIP") is a performance-related cash bonus plan, with the ability for the Committee to mandate that a proportion of the bonus be deferred into a deferred share award (the "Deferred Award") dependent on the level of bonus achieved. The SEIP is intended to incentivise executives, reward strong performance and align remuneration to the Group's objectives and goals, including a deferral element to provide longer term alignment to shareholders. Philip Meeson, the Executive Chairman, does not participate in the SEIP.	SEIP cash award In order to encourage profit performance and to reward achievement of key customer and individual metrics, bonus awards under the SEIP are determined based on performance conditions set annually. The maximum award value under the SEIP is 150% of base salary. To the extent that the award value achieved exceeds a specified deferral threshold (currently equal to 40% of the maximum award value), half of the award value in excess of the deferral threshold is granted as a Deferred Award. At maximum performance, the Deferred Award will therefore represent 30% of the total award value. Any earned cash bonus element is paid following the announcement of results for the financial year to which it relates. The payment of the cash bonus element under the SEIP is subject to the Executive Director being in employment, and not under notice, on the payment date, subject to the potential for good leaver treatment to apply as set out below.	The specific targets, and the weightings of each metric, will be set annually by the Committee. The profit-based metric will, however, normally represent at least the majority of the total bonus opportunity. Cash bonus payments are subject to clawback at the discretion of the Committee in the event of a misstatement of results within one year of payment, or the discovery of misconduct that occurred at any time prior to payment.

Remuneration element and purpose	Operation	Measures to assess performance / clawback application
	SEIP Deferred Award Deferred Awards are granted over a number of shares to reflect the value of the deferred bonus element based on the higher of: the average share price over the 12 month period to the fifth dealing day following (and including) the date of announcement of results for the relevant financial year; and a scheme minimum share price. Deferred Awards take the form of a right to receive shares at a price payable equal to the nominal value per share. Deferred Awards are subject to a vesting period of three years from the date of grant. On vesting, a dividend equivalent payment will be made on vested shares. The Committee also has discretion to determine that Deferred Awards may be paid in cash. Vesting is not subject to further performance conditions, given that Deferred Awards represent the deferral of previously earned annual bonus. However, the vesting of a Deferred Award under the SEIP is subject to the Executive Director being in employment and not under notice on the vesting date, subject to the potential for good leaver treatment. Good leaver reasons include the Executive Director's death, injury, disability, redundancy, retirement or in connection with a business or company disposal. In these cases, the Deferred Award shall vest (either on the normal vesting date or immediately as determined by the Committee) subject, unless the Committee determines otherwise, to prorating for time. In addition, the Committee retains discretion to permit the payment of cash awards and/or vesting of Deferred Awards in other circumstances.	Deferred Awards are subject to clawback at the discretion of the Committee in the event of a misstatement of results within one year of grant, or the discovery of misconduct that occurred at any time prior to vesting.
Share Reward Plan (SRP) SRP is a deferred share award intended to aid in retention of executives and bring direct alignment of their experience to those of shareholders in this unprecedented period as we seek to drive our business' recovery.	SRP Awards are granted over a number of shares to reflect the value of the Share Reward based on the average share price over the preceding financial year. SRP Awards take the form of a right to receive shares, at a price payable equal to the nominal value per share. SRP awards are subject to a vesting period of three years from the date of grant. Vesting is subject to the Executive Director being in employment and not under notice on the vesting date, subject to the potential for good leaver treatment, as described in the SEIP Deferred Award above. All vestings will be subject to satisfactory personal performance and are reviewed by the Remuneration Committee before approval.	SRP awards are subject to clawback at the discretion of the Committee in the event of a misstatement of results within one year of payment, or the discovery of misconduct that occurred at any time prior to payment.

NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director fees are determined by the Executive Chairman and the Group Chief Financial Officer, having taken advice where necessary on appropriate fee levels. The Non-Executive Directors are not involved in any discussions or decisions about their own remuneration and do not participate in any bonus or share based incentive plans.

SERVICE CONTRACTS AND TERMS GOVERNING LOSS OF OFFICE

Philip Meeson's service contract, dated 20 May 2003, contains a rolling notice period of six months. Gary Brown and Steve Heapy's service contracts, dated 29 April 2013 and 17 June 2013 respectively, contain a twelve-month rolling notice period for notice given by the Company and a nine-month rolling notice period for notice given by the individual.

Each of the Non-Executive Directors has a formal letter of engagement containing a three-month rolling notice period for notice given by either party.

There are no predetermined special provisions for Executive or Non-Executive Directors with regard to compensation in the event of loss of office. The Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Mark Laurence and Gary Brown will retire from the Board at the Annual General Meeting on 1 September 2022 and, being eligible, will offer themselves for re-election.

DIRECTORS' EMOLUMENTS DURING THE YEAR

	Basic salary and fees	Benefits (1)	Pension	SEIP Cash / Deferred Awards (2)	SRP Awards (3)	Total 2022	Total 2021
	£000	£000	£000	£000	£000	£000	£000
Executive Directors:							
Philip Meeson	459	14	-	-	-	473	13
Steve Heapy	684	22	82	-	353	1,141	690
Gary Brown	527	1	73	-	273	874	526
Non-Executive Directors:							
Mark Laurence	32	-	-	-	-	32	-
Robin Terrell	71	-	-	-	-	71	54
Rick Green ⁽⁴⁾	47	-	-	-	-	47	41
Total	1,820	37	155	-	626	2,638	1,324

Notes:

1. The remuneration package of each Executive Director includes one or more of the following non-cash benefits: the provision of a company car; fuel allowance; and private healthcare.
2. There have been no cash or Deferred Awards in relation to the financial performance for the period ended 31 March 2022.
3. These relate to the value of services provided during the year in respect of the Share Reward Plan awarded during July 2021. These are valued using the average of 12 months' share price of £9.74 for the year end 31 March 2021. Further details are provided in the table below.
4. In addition to the remuneration above, Rick Green received £77,000 (2021: £67,000) in respect of consultancy services for the Group.

DIRECTORS' INTEREST IN OPTIONS AND DEFERRED AWARDS

The interests of the Directors who served during the year in options and Deferred Awards over shares were as follows:

Director	Share scheme / Award Plan	Exercise / award Price	At 31 March 2021 No.	Granted during the year No.	Exercised during the year No.	Lapsed in the year No.	At 31 March 2022 No.
Steve Heapy	SEIP Deferred Award	1.25p	38,683	-	(20,421) ³	-	18,262 ¹
Gary Brown	SEIP Deferred Award	1.25p	36,372	-	(19,156) ³	-	17,216 ¹
Steve Heapy	SRP Award	1.25p	-	136,000	-	-	136,000 ²
Gary Brown	SRP Award	1.25p	-	105,000	-	-	105,000 ²

1. Vesting on 17 July 2022.

2. Vesting on 21 July 2024.

3. These Deferred Awards totalling 39,577 shares were exercised on 20 July 2021, on which date the closing mid-market price of a share was £10.50, resulting in total pre-tax gains of £0.4m. For the year ended 31 March 2021, Deferred Awards totalling 49,634 shares were exercised on 20 July 2020, on which date the closing mid-market price of a share was £7.20, resulting in total pre-tax gains of £0.4m.

The share-based payment charge to the Consolidated Income Statement in respect of the above Deferred Awards and SRP Awards, was £729,000 (2021: £195,000). This charge was in respect of Awards granted but not yet vested at the year end.

The closing mid-market price of the Company's shares on 31 March 2022 was £11.45 per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were £15.65 and £9.39, respectively.

DIRECTOR SHAREHOLDINGS

The Directors who held office at 31 March 2022 had the following interests in the ordinary shares of the Company at that date:

Director	31 March 2022	31 March 2021
Philip Meeson	43,305,000	47,305,000
Steve Heapy	261,165	250,611
Gary Brown	90,576	80,676
Mark Laurence	300,000	300,000
Robin Terrell	5,204	5,204
Rick Green	3,000	3,000

The Philip Meeson 2019 Settlement, a UK resident settlement, of which Philip Meeson is a trustee but not a beneficiary holds 5,000,000 ordinary shares in the Company following the sale of 500,000 ordinary shares during the financial year. No other directors have a non-beneficial interest in the shares of the Company. None of the Directors have any direct or indirect interest in any contract or arrangement subsisting at the date of these financial statements that is significant in relation to the business of the Group or the individual and that is not otherwise disclosed.

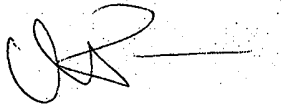
ADVISERS

When required, Herbert Smith Freehills LLP provides legal and regulatory advice to the Company on executive incentive arrangements and the operation of share plans.

During the year FIT Remuneration Consultants LLP ("FIT") also provided the Committee with external remuneration advice. The Remuneration Committee is satisfied that the advice received was objective and independent.

FIT is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure that objective and independent advice is given to remuneration committees.

The Remuneration Committee Report is approved by the Board and signed on its behalf by



Robin Terrell

Non-Executive Director, Chair of the Remuneration Committee

25 July 2022

DIRECTORS' REPORT

This Directors' Report includes the information required to be included under the Companies Act or, where provided elsewhere, an appropriate cross-reference is given as follows:

- Strategic Report: pages 3 to 58;
- Risk Management: pages 17 to 28;
- Sustainability: pages 39 to 53;
- Corporate Governance Statement approved by the Board: pages 59 to 69;
- Details of current Directors and Directors who served through the year: pages 70 and 71; and
- Directors' remuneration: page 85.

Results and dividends

The results for the year are set out in the Consolidated Income Statement and show a loss after taxation of £315.4m (2021: £271.2m). No interim dividends have been paid during the year (2021: nil).

In consideration of the losses incurred, the Board does not recommend the payment of a final dividend (2021: nil), meaning a total dividend for the year of nil (2021: nil).

Post-balance sheet events

There have been no material events after the balance sheet date of 31 March 2022 through to the date of this Annual Report & Accounts.

Issued share capital

Issued share capital increased by 58,185 (2021: 65,651,820) 1.25 pence ordinary shares ("Ordinary Shares") following the exercise of their rights by holders of share options / Deferred Awards granted on the following dates:

Grant Date	Option / award price	No. of options / awards exercised	Scheme
19-Jul-18	1.25p	58,185	SEIP
Total		58,185	

Details of the increases in issued share capital are given in Note 26 to the consolidated financial statements.

Material holdings

Apart from the interest of Philip Meeson in the share capital of the Company, the Directors are aware that the following entities were interested, directly or indirectly, in 3% or more of the issued share capital of the Company as at 30 June 2022:

Silver Point Capital	6.02%
Gobi Investment Partners	4.86%
Artisan Partners	4.36%
Jupiter Asset Management	3.60%
Odey Asset Management	3.44%
abrdn plc	3.41%
JPMorgan Asset Management	3.06%

Annual General Meeting

The Annual General Meeting will be held at 9:30am on 1 September 2022 at Buchanan Communications, 107 Cheapside, London, EC2V 6DN. The Notice of AGM is available at www.jet2plc.com/agm and contains full details of the resolutions to be proposed and the Directors consider that these are in the best interests of the Group and shareholders as a whole.

Disclosure of information to Auditor

Each of the persons who are Directors at the date of approval of this Annual Report & Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report & Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law, and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

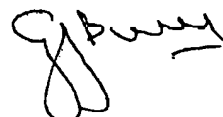
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the Annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report and the Strategic Report on pages 3 to 58 is approved by the Board and signed on its behalf by



Philip Meeson
Executive Chairman
25 July 2022



Gary Brown
Group Chief Financial Officer
25 July 2022



Independent auditor's report

to the members of Jet2 plc

1. Our opinion is unmodified

We have audited the financial statements of *Jet2 plc* ("the Company") for the year ended 31 March 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity and the related notes, including the accounting policies in Note 2 to both the Group and Parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality:	£10.0m (2021: £8.0m)
Group financial statements as a whole	2.6% (2021: 2.2%) of Group loss before tax

Coverage	100% (2021: 100.0%) of Group loss before tax
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Key audit matters vs 2021

Recurring risks	Aircraft depreciation (Group and Parent company)	◀▶
	Revenue recognition	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Property, Plant and Equipment aircraft depreciation (Group and Parent Company) Group (£92.6m; 2021: £101.1m) Parent Company (£42.3m; 2021: £45.7m) Refer to page 75 (Audit and Risk Committee Report), pages 108 and 156 (accounting policy) and pages 127 and 162 (financial disclosures)	Subjective estimate: For the purpose of estimating depreciation an aircraft is first separated into several major components, such as the airframe, the undercarriage and the engines. Depreciation rates are estimated and vary according to the major components of the aircraft and incorporate assumptions over the useful economic life and residual value of those components. Certain of the airframes have useful economic lives extending until 2041 and their continued use over that period is dependent on the Group's required fleet size and its carbon reduction commitments and obligations in that period. This may also impact the residual values of the aircraft at the end of their useful economic lives. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that aircraft depreciation had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.	Our procedures included: —Benchmarking assumptions: We challenged the appropriateness of useful economic lives and residual values by comparing against manufacturer's specification, technical guidance, published estimates of other airlines and the Group's own experience of recorded profit or loss on past aircraft disposals; —Benchmarking assumptions: We evaluated assumptions with regard to market conditions impacting the fleet against independent industry information in order to assess the impact on aircraft useful lives and residual values. This included current estimates of the likely timetable for change in engine technologies to meet carbon reduction commitments and obligations; —Assessing consistency: We assessed the consistency of the planned increase in fleet size (including the new aircraft on order from Airbus) with the Group's longer-term forecasts, and we assessed the ability of the Group to flex the fleet size if necessary, without impacting on the useful lives of existing owned aircraft; and —Assessing transparency: We assessed whether the Group's and Parent Company's disclosures detailing the assumptions and sources of estimation uncertainty concerning useful lives and residual values are adequately disclosed. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Revenue recognition Group (£1,231.7 m; 2021: £395.4m) <i>Refer to page 75 (Audit and Risk Committee Report), page 105 (accounting policy) and page 120 (financial disclosures).</i>	Processing error Revenue from package holidays is apportioned over the duration of the holiday. Revenue from ticket sales for scheduled passenger flights is recognised at the date of departure. Due to the high-volume nature of sales, including Covid-19 driven amendments and cancellations, and the differing timing of when cash is received (flights upon booking, holidays on booking and 10 weeks before departure), there is a risk that the booking systems and the reporting system do not appropriately process the information to recognise the respective revenue accurately in the correct accounting period.	Our procedures included: —Control design and operation: We evaluated the design, implementation and operating effectiveness of automated controls related to the booking systems from which the data, in our independent re-performance of the revenue procedure, was extracted in order to gain comfort that the data was complete and accurate; —Independent re-performance: We checked the accuracy of the Group's revenue recorded in the year by extracting raw customer booking data from the booking systems and performing an independent calculation of revenue and deferred revenue using the flight departure dates and holiday duration which determine the timing of recognition; —Test of detail: Using data and analytics techniques, we matched revenue recognised to flight departure data on a transactional basis to ensure revenue had not been recognised where the performance obligation had not been met; and —Test of detail: Using data and analytics techniques, we matched revenue and deferred revenue to the associated receipt of cash on a transactional level, to test the data used in our independent re-performance of revenue procedure.

In the prior year, we reported Impairment of aircraft assets and Going concern as key audit matters due to the significant impact of Covid-19 on the leisure travel industry. We continue to perform procedures over Impairment of aircraft assets and Going concern. However, following the easing of travel restrictions and recommencement of flying, we have not assessed either of these as one of the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

In the prior year, we also reported a key audit matter in respect of the recoverability of hotel supplier advances. We continue to perform procedures over the recoverability of hotel supplier advances, however, following a reduction in the overall quantum of hotel supplier advances and the reduction in the level of estimation uncertainty around the recoverability, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10.0m (2021: £8.0m), determined with reference to a benchmark of Group loss before taxation of which it represents 2.6% (2021: 2.2% of Group loss before taxation).

Materiality for the Parent Company financial statements as a whole was set at £6.5m (2021: £5.0m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.5% (2021: 0.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group was set at 75.0% (2021: 75.0%) of materiality for the Group financial statements as a whole, which equates to £7.5m (2021: £6.0m) and for the Parent Company was set at 75.0% (2021: 75.0%) of materiality for the Parent Company financial statements as a whole, which equates to £4.9m (2021: £3.8m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.5m (2021: £0.4m) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 13 (2021: 13) reporting components, we subjected 4 (2021: 4) to full scope audits for Group purposes. The components within the scope of our work accounted for 100% (2021: 100%) of Group revenues, 100% (2021: 100%) of Group loss before tax and 100% (2021: 98.2%) of Group total assets.

For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

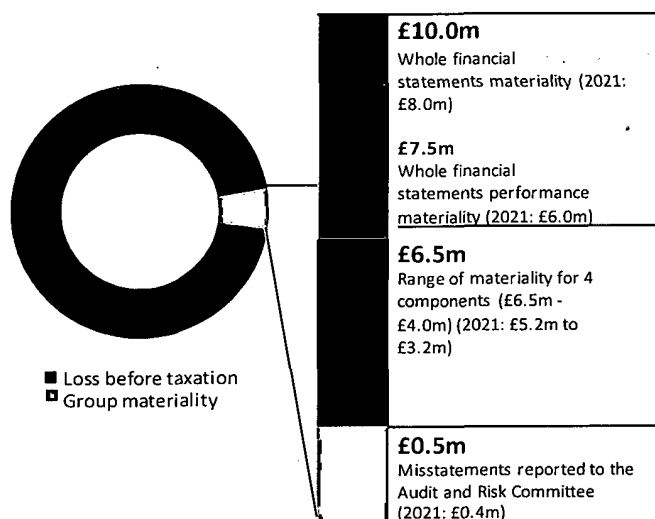
The Group team approved the component materialities, which ranged from £4.0m to £6.5m (2021: £3.2m to £5.2m), having regard to the mix of size and risk profile of the Group across the components. The work on all of the components, including the audit of the Parent Company, was performed by the Group team.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.



Group loss before tax
£388.8m (2021: £369.9m)

Group materiality
£10.0m (2021: £8.0m)



4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group set out its Sustainability targets, with an ultimate goal of *Jet2 plc* being Net Zero by 2050. The majority of the Group's carbon emissions result from combustion of aviation fuels.

The Group considered the impact of climate change and the Group's targets in the preparation of the financial statements, including an evaluation of critical accounting estimates and judgements. The Group concluded that this did not have a material effect on the consolidated financial statements, as described on page 53 and 104.

As a part of our audit we have performed a risk assessment to determine if the potential impacts of climate change may materially affect the financial statements and our audit. We did this by making enquiries of management, including their assessment of critical accounting estimates and judgements, and by researching the expected impact on the Leisure Travel sector. This helped us to understand the extent of the potential impact of climate change risks on the Group's financial statements and the effect on our audit. We held discussions with our own climate change professionals to challenge our risk assessment.

The key audit matter which is impacted by climate targets is the expected remaining useful lives and residual value of aircraft assets. We have considered the impact of the Group's commitment to purchase more fuel-efficient aircraft on the useful economic lives of the existing fleet as reported on page 92.

We have also read the Group's disclosure of climate related information in the Strategic Report within the Annual Report and Accounts as set out on pages 39 to 53 and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risk to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period were:

- the impact of rising fuel and carbon costs; and
- the impact of possible further Covid lockdown restrictions.

We also considered less predictable but realistic second order impacts, such as the erosion of customer confidence, which could result in a reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in Note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in Note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and Audit and Risk Committee minutes;
- Considering remuneration incentive schemes and performance targets for senior management;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because there is little incentive and, due to the high-volume low-value nature of sales, the scale of any fraud would have to be so significant to result in material misstatement that the risk is considered remote.

We also identified a fraud risk related to Property, plant and equipment aircraft depreciation rates in response to possible incentives to accelerate depreciation in the current year given the loss and expected return to profitability in the following year. Our response in respect of the identified fraud risk related to Property, plant and equipment aircraft depreciation is set out in the procedures described in the key audit matter disclosures in section 2 of this report including specifically our critical challenge of management's estimates with reference to external data.

In determining the audit procedures, we considered the results of our evaluation of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual account combinations, those posted after the books close date and those posted without description; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

6. Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: package travel, aviation, health and safety, anti-bribery, data protection, environmental, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the Viability Statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement (page 30) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

7. We have nothing to report on the other information in the Annual Report (continued)

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement on page 90 that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- a. adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- b. the Parent Company financial statements are not in agreement with the accounting records and returns; or
- c. certain disclosures of Directors' remuneration specified by law are not made; or
- d. we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 89 to 90, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

25 July 2022



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2022

	Note	Results for the year ended 31 March 2022 £m	Results for the year ended 31 March 2021 £m
Revenue	6	1,231.7	395.4
Net operating expenses	7	(1,555.6)	(731.5)
Operating loss	8	(323.9)	(336.1)
Finance income		5.1	2.0
Finance expense		(58.5)	(40.5)
Net FX revaluation (losses) / gains		(12.6)	3.9
Net financing expense	9	(66.0)	(34.6)
Profit on disposal of property, plant and equipment		1.1	0.8
Loss before taxation		(388.8)	(369.9)
Taxation	11	73.4	70.4
Loss for the year from continuing operations		(315.4)	(299.5)
Profit after taxation from discontinued operating activities		-	1.8
Profit on disposal of discontinued operations		-	26.5
Loss for the year		(315.4)	(271.2)
<i>(all attributable to equity shareholders of the Parent)</i>			
Earnings per share from continuing operations			
- basic	13	(147.0p)	(166.9p)
- diluted	13	(147.0p)	(166.9p)
Earnings per share from total operations			
- basic	13	(147.0p)	(151.2p)
- diluted	13	(147.0p)	(151.2p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2022

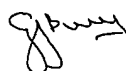
	Note	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Loss for the year		(315.4)	(271.2)
Other comprehensive income / (expense)			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Cash flow hedges:			
Fair value gains / (losses)	25	225.2	(23.6)
Net amount transferred to Consolidated Income Statement	25	22.4	55.0
Cost of hedging reserve – changes in fair value	25	(8.0)	(1.9)
Related taxation charge	11	(46.5)	(5.6)
Revaluation of foreign operations		-	(3.4)
		193.1	20.5
Total comprehensive expense for the year		(122.3)	(250.7)
<i>(all attributable to equity shareholders of the Parent)</i>			
Total comprehensive (expense) / income for the year arises from:			
Continuing operations		(122.3)	(279.0)
Discontinued operations		-	28.3
Total comprehensive expense		(122.3)	(250.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2022

	Note	2022 £m	2021 £m Restated*
Non-current assets			
Intangible assets	14	26.8	26.8
Property, plant and equipment	15	845.2	836.6
Right-of-use assets	16	491.9	462.9
Derivative financial instruments	25	20.5	9.4
		1,384.4	1,335.7
Current assets			
Inventories	17	8.5	1.0
Trade and other receivables	18	185.8	133.8
Derivative financial instruments	25	186.3	23.5
Money market deposits	19	1,181.0	-
Cash and cash equivalents	19	1,047.5	1,379.0
		2,609.1	1,537.3
Total assets		3,993.5	2,873.0
Current liabilities			
Trade and other payables	20	217.8	69.8
Deferred revenue	21	1,173.4	278.0
Borrowings	22	134.5	322.5
Lease liabilities	23	74.8	67.1
Provisions and liabilities	24	41.8	48.2
Derivative financial instruments	25	39.6	58.3
		1,681.9	843.9
Non-current liabilities			
Deferred revenue	21	15.7	44.4
Borrowings	22	857.2	433.7
Lease liabilities	23	503.7	495.0
Provisions and liabilities	24	22.3	14.3
Derivative financial instruments	25	3.5	40.8
Deferred taxation	11	12.6	36.7
		1,415.0	1,064.9
Total liabilities		3,096.9	1,908.8
Net assets		896.6	964.2
Shareholders' equity			
Share capital	26	2.7	2.7
Share premium	26	19.8	19.8
Cash flow hedging reserve	26	155.2	(44.2)
Cost of hedging reserve	26	(5.5)	0.8
Other reserves	26	51.3	(0.1)
Retained earnings	26	673.1	985.2
Total shareholders' equity		896.6	964.2

The financial statements on pages 98 to 151 were approved by the Board of Directors at a meeting held on 25 July 2022 and were signed on its behalf by:



Gary Brown, Group Chief Financial Officer
Jet2 plc, Registered no. 01295221

*The ageing of Provisions and liabilities for the year ended 31 March 2021 have been restated as detailed in Note 33.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Note	2022 £m	2021 £m
Loss from continuing operations before taxation		(388.8)	(369.9)
Profit from discontinued operations before taxation		-	28.6
Net financing expense (including Net FX revaluation losses / (gains))	9, 32	66.0	34.8
Hedge ineffectiveness		0.8	(1.7)
Depreciation	15, 16, 32	158.3	166.1
Profit on disposal of discontinued operations	32	-	(26.5)
Profit on disposal of property, plant and equipment		(1.1)	(0.8)
Equity settled share-based payments	26	3.3	0.4
Operating cash flows before movements in working capital		(161.5)	(169.0)
(Increase) / decrease in inventories		(7.5)	0.3
(Increase) / decrease in trade and other receivables		(35.5)	160.3
Increase / (decrease) in trade and other payables		151.8	(296.4)
Increase / (decrease) in deferred revenue		866.7	(422.8)
Decrease in provisions and liabilities		(9.5)	(2.0)
Movement in assets held for sale		-	3.9
Payment on settlement of derivatives		(15.5)	(101.6)
Cash generated from / (used in) operations		789.0	(827.3)
Interest received		5.1	2.0
Interest paid		(43.5)	(36.7)
Income taxes refunded		0.4	27.2
Net cash generated from / (used in) operating activities		751.0	(834.8)
Cash flows (used in) / generated from investing activities			
Purchase of property, plant and equipment	15	(107.9)	(36.2)
Purchase of right-of-use assets	16	(0.5)	(1.2)
Proceeds from sale of discontinued operations (net of cash disposed)	32	-	76.0
Proceeds from sale of property, plant and equipment		1.1	2.5
Net increase in money market deposits		(1,181.0)	-
Net cash (used in) / generated from investing activities		(1,288.3)	41.1
Cash flows generated from financing activities			
Repayment of borrowings	27	(259.5)	(14.9)
New loans advanced	27	147.9	301.1
Payment of lease liabilities	27	(67.5)	(69.2)
Proceeds on issue of shares	27	-	580.4
Proceeds on issue of convertible bonds	27	380.1	-
Net cash generated from financing activities		201.0	797.4
Net (decrease) / increase in cash in the year		(336.3)	3.7
Cash and cash equivalents at beginning of year		1,379.0	1,400.2
Effect of foreign exchange rate changes	27	4.8	(24.9)
Cash and cash equivalents at end of year		1,047.5	1,379.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Share capital	Share premium	Cash flow hedging reserve	Cost of hedging reserve	Other reserves	Merger reserve	Retained earnings	Total shareholders' equity
	£m	£m	£m	£m	£m	£m	£m	£m
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
Total comprehensive expense	-	-	199.4	(6.3)	-	-	(315.4)	(122.3)
Share-based payments	-	-	-	-	-	-	3.3	3.3
Issue of convertible bonds ¹	-	-	-	-	51.4	-	-	51.4
Balance at 31 March 2022	2.7	19.8	155.2	(5.5)	51.3	-	673.1	896.6

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2022 were authorised by the Board of Directors on 25 July 2022 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Gary Brown, Group Chief Financial Officer. **Jet2 plc** is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM. The address of its registered office is Low Fare Finder House, Leeds Bradford Airport, Leeds, LS19 7TU.

The Group's financial statements consolidate the financial statements of **Jet2 plc** and its subsidiaries.

2. Accounting policies

Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and applicable law ("Adopted IFRS").

The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101 *Reduced Disclosure Framework*; these statements are presented on pages 152 to 167.

The financial statements of the Group and the Parent Company are presented in pounds sterling and all values are rounded to the nearest £100,000, except where indicated otherwise.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

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

Going concern

The Group has disclosed its detailed Going concern statement on page 29.

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

2. Accounting policies (continued)

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the Sustainability section of the Strategic Report on pages 39 to 53.

The Directors have specifically reviewed the Group's aircraft useful economic life and residual value accounting policies in light of the Group's emissions targets set out in its Sustainability Strategy published in September 2021 and the impact this may have on its future fleet requirements and concluded that the existing policies remained appropriate.

The Directors have considered the future profitability of the Group and the forecast impact of future increases in fuel and carbon costs when assessing the recoverability of deferred tax assets, in particular those recognised from trading losses carried forward, and concluded that it is appropriate to record assets in respect of these.

In addition, there are no other material impacts to other accounting policies or judgements in the current year as a result of climate change. This reflects the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows, including those considered in the going concern and viability assessments, other than the purchase of new Airbus A321 neo aircraft which are already factored into these forecasts.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Income Statement is restated as if the operation had been discontinued from the start of the comparative year.

Transactions eliminated on consolidation

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

2. Accounting policies (continued)

Revenue

Revenue (which excludes Value Added Tax and Air Passenger Duty) arises from package holidays, passenger aircraft operations, charter aircraft operations and non-ticket retail activities.

Revenue from package holidays is apportioned over the duration of the holiday. Revenue from ticket sales for scheduled passenger flights is recognised at the date of departure. A proportion of flight delay compensation payments are offset against revenue up to the full value of the ticket price, as the benefits associated with the performance obligation are not transferred to the customer if the flight is delayed. Non-ticket revenues such as hold baggage charges, extra legroom charges and in-flight retail sales are also recognised once the associated flight has departed, or holiday started. Charter aircraft income is recognised in the period in which the service is provided.

Commission earned from car hire bookings is recognised on departure, reflecting the point when services are performed. Commission earned from travel insurance is recognised at the time of booking, as the Group acts solely as an agent of the insurance company.

Cancellation income, in respect of non-refundable amounts paid on bookings cancelled by the customer prior to the date of departure, is recognised at the time of cancellation.

Cash amounts received from customers for whom revenue has not yet been recognised are recorded in the Statement of Financial Position as deferred revenue within current liabilities, or within non-current liabilities if the Group's services are expected to be performed more than 12 months from the reporting date.

Employee benefits

Share based payments

The Company issues equity settled share based payments to certain colleagues. The fair value of these option plans is measured by reference to the closing mid-market share price at the date of grant of the option or, where the share options are subject to terms and conditions that do not apply to traded options, by using the binomial valuation model. At each reporting date, before full vesting, the cumulative expense is calculated based on the extent to which the vesting period has expired and the business' best estimate of the achievement of non-market vesting conditions, and hence the number of equity instruments that will ultimately vest. The resulting cost is recognised in net operating expenses over the period in which the options vest in the Consolidated Income Statement.

To the extent that the Group receives a tax deduction relating to services paid for by means of share awards or options, deferred tax is provided on the basis of the difference between the market price of the underlying equity as at the date of grant and the exercise price of the option. As a result, the deferred tax impact of share options will not directly correlate with the expense reported in the Consolidated Income Statement.

Defined contribution plans

All Group pensions are provided from the proceeds of money purchase schemes. The cost of the scheme is recognised in the Consolidated Income Statement on an accruals basis in line with the scheme rules.

2. Accounting policies (continued)

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 period 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.

Net financing expense

Finance expense

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Lease liabilities are described below, and all other finance expenses are recognised in the Consolidated Income Statement in the period in which they are incurred.

Finance income

Interest income is recognised in the Consolidated Income Statement in the period in which it is earned.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, and differences arising are recognised in the Consolidated Income Statement in the period in which they arise. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are held at the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising are recognised in Other Comprehensive Income ("OCI") and accumulated in other reserves.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in the Consolidated Income Statement or the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity. Current taxation is the expected tax payable on the taxable income for the year and any adjustment to taxation payable in respect of previous years.

2. Accounting policies (continued)

Taxation (continued)

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the (loss) / profit attributable to the equity shareholders 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 attributable to the equity shareholders 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 either year, as their conversion to ordinary shares would decrease the loss per share.

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

As airport slots are held in perpetuity, they have an indefinite useful life provided minimum utilisation requirements are observed and are therefore not amortised. Their useful life is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. These intangible assets are also assessed for impairment at each year end.

2. Accounting policies (continued)

Property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and any provision for impairment. Pre-delivery payments in respect of future new aircraft arrivals are recorded in property, plant and equipment at cost. Depreciation is not charged on these additions until the Group takes delivery of the corresponding aircraft.

Depreciation is calculated to write down the cost of property, plant and equipment to each asset's estimated residual value using the straight-line method over its estimated useful economic life, or the estimated useful economic life of individual major components, as follows:

Freehold property	30 years
Short leasehold property	Over the life of the lease
Aircraft, engines and other components*	2-30 years
Plant, vehicles and equipment	3-7 years

* excluding pre-delivery payments (see above).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of their useful life, break clause date or the end of their lease term. Certain of the Group's lease contracts contain lease extension options, which are taken into account in the measurement of the right-of-use asset only when the Group is reasonably certain that it would later exercise the option. The Group also assesses the right-of-use asset for impairment when such indicators exist.

An element of the cost of acquired aircraft is attributed to its major components and then amortised over the period until the next maintenance event. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and the major overhaul of aircraft and engines, are capitalised and amortised over the expected period of benefit. The element of the cost of acquired aircraft not attributed to major components is depreciated to its expected residual value over its remaining useful life, which is assumed to end 22-30 years from original build date depending on the aircraft type. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining extended life. All other maintenance costs are expensed to the Consolidated Income Statement as incurred.

Residual values are reviewed annually at the balance sheet date and compared to prevailing market rates of equivalently aged assets; if required, depreciation rates are adjusted accordingly on a prospective basis. Carrying values are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

The useful economic lives of all assets have been considered in light of the evolution of environmental legislation and the Group's Sustainability Strategy to both limit and mitigate its impact on the environment; the Group believes these have no impact on either the useful economic lives or carrying values of its assets at this stage.

2. Accounting policies (continued)

Financial instruments

Financial instruments are recognised initially at fair value, which is normally the transaction price.

The Group classifies its financial assets as measured at amortised cost or fair value through profit and loss. The classification of each financial asset is determined by whether the business model of the Group is to hold the asset to collect contractual cash flows or to benefit from changes in the fair value of the asset.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost based on the applicable effective interest rate.

Hotel supplier advances which are payments to hoteliers for services to be incurred in future periods are initially measured at cost and are subject to an annual impairment review in accordance with IAS 36 - *Impairment of Assets*.

Aircraft option payments, where the Group has the ability to exercise a right to secure additional aircraft within its contract with Airbus, are recorded at cost in trade and other receivables. The cost is reclassified to property, plant and equipment on exercise of these options.

Trade and other payables

Trade payables are recognised at fair value and subsequently measured at amortised cost based on the applicable interest rate.

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

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

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

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

Interest bearing loans and borrowings

All loans and borrowings are initially recorded at fair value less any directly-attributable transaction costs. The loans and borrowings are, where applicable, subsequently measured at amortised cost.

2. Accounting policies (continued)

Financial instruments (continued)

Convertible Bonds

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

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

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

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

Derivative financial instruments and hedging

The Group uses foreign currency forward contracts, interest rate and aviation fuel swaps and aviation fuel options to hedge its exposure to foreign exchange rate, interest rate and aviation fuel price volatility. Such derivative financial instruments are stated at fair value.

For those derivatives designated as hedges and for which hedge accounting is sought, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in cash flows of hedged items.

The qualitative technique to test the hedge effectiveness of a hedging relationship is the critical terms match method. Hedge effectiveness testing is performed at inception, at each reporting date, and upon a significant change in the circumstances affecting the hedge effectiveness requirements. Such significant change can occur as follows:

- changes in occurrence or timing of the payment of the hedged item;
- reduction in the total amount or price of the hedged item; and
- a significant change in the credit risk of either party to the hedging relationship.

Where a derivative financial instrument is designated as a hedge of a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument from the inception of the hedging relationship is recognised directly in the cash flow hedging reserve within equity and in OCI. Any ineffective portion is recognised within the Consolidated Income Statement.

2. Accounting policies (continued)

Financial instruments (continued)

For the effective portion of hedging instruments, amounts reported in OCI are subsequently reclassified to the Consolidated Income Statement in the period in which the hedged transaction affects profit and loss.

Changes in the value of foreign currency forward contracts arising as a result of foreign currency basis spread and the time value element of aviation fuel options are held separately when designating the forward contract / option as a hedging instrument. These do not form part of the designated hedging instrument and are instead recognised through OCI, held in a separate cost of hedging reserve, and are subsequently amortised over the life of the associated forward contracts and options.

Those aviation fuel swaps, where value is pre-determined by the average fuel price during March 2022, have been disclosed within trade and other receivables during the current year. These swaps no longer fluctuate in value and therefore do not meet the criteria for a derivative financial instrument.

The Group also uses forward UK and EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge its exposure to Carbon Emissions Allowance price volatility. As the allowances are a non-financial item purchased for the Group's own-use, they are not recorded as a derivative financial instrument in line with IFRS 9 – *Financial Instruments*.

Credit risk

Expected credit losses are recognised as a loss allowance, effectively an impairment of the value of the asset. The carrying values presented in the financial statements are net of loss allowances.

The Group has two types of financial asset that are subject to the credit loss model: trade receivables and cash and cash equivalents. Derivative assets are not subject to the credit loss model, although credit risk is considered when assessing whether those assets are impaired.

The Group makes an assessment to determine whether financial assets are impaired. Credit-impaired receivables would include receivables six months or more past the due date, or receivables where the counterparty's solvency indicates that the Group has no reasonable expectation of recovery. In the latter case, the receivables are written off; in the former case, the expected cash flows are discounted and the difference between the discounted expected cash flows and the face value of the receivable is recognised as a loss allowance, in the form of a provision against doubtful debts.

The Group calculates expected credit losses for its trade receivables using the simplified approach permitted by IFRS 9, applicable where the transaction contains no significant financing element. Under the simplified approach, expected lifetime credit losses are recognised in the period.

The Group's policy is to place funds with deposit takers with a long-term credit-rating no lower than A-/A3 and a short-term credit rating no lower than A-2, F2, P2. In the event of the credit ratings for the deposit taker being inconsistent between agencies, a detailed review is performed to attribute an appropriate rating for the deposit taker. In addition, the Group considers the historical repayment performance of deposit takers for which there have been no defaults to date. As a result, expected credit losses on cash and money market deposits are considered low. Where a deposit taker is considered to be at risk of default, the expected future cash flows are discounted and the difference from the expected cash inflows recognised as a loss allowance.

2. Accounting policies (continued)

Inventories

Consumables include goods held for inflight retail, and are accounted for on a first-in first-out basis and stated at the lower of cost and net realisable value. Net realisable value is the estimated resale value.

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

Money market deposits

Money market deposits comprise deposits with a maturity of more than three months at the point of placement and are accounted for within the amortised cost category of financial assets.

Cash and cash equivalents

Cash and cash equivalents include short-term deposits maturing within three months of placement and restricted cash, if any, paid over to various counterparties as collateral against relevant exposures. For the purposes of the Consolidated Statement of Cash Flows, bank overdrafts which are repayable on demand, and form an integral part of the Group's cash management activities, are included as a component of cash and cash equivalents.

The Group's restricted cash comprises of margin calls and collateral in respect of adverse currency movements on aircraft loans in comparison to their underlying asset value. These are classified as either a current or non-current asset based on the estimated remaining length of the restriction.

Leased assets

The Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses if the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

2. Accounting policies (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the Consolidated Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of: the initial measurement of the lease liability; any initial direct costs incurred by the Group; an estimate of any costs to restore the asset to the condition required by its lessor at the end of its lease; and any lease payments made in advance of the lease commencement date (net of any incentives received).

When determining the lease term, the Group includes periods covered by an option to extend the lease where it is reasonably certain it will be exercised and periods covered by an option to terminate the lease where it is reasonably certain this option will not be exercised.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or alternatively, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. In-substance fixed payments are inclusive of any contractual maintenance obligations which are not dependent on use of the asset.

Maintenance payments which vary based on usage of the underlying asset are not included within the measurement of the initial lease liability; these are instead recognised in the Consolidated Income Statement in line with their usage. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest accrued.

The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease payments are presented in the Consolidated Statement of Cash Flows as follows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities. The Group's variable lease payments relate to payments to aircraft lessors in respect of flying activity on contracted aircraft components, which include Engines, LLPs and APUs. See Note 8 for amounts incurred in the year. The Group will continue to be exposed to these variable lease payments across the life of the lease dependent on flying activity;
- payments for the interest element of lease liabilities are included in 'Interest paid' within Net cash generated from / (used in) operating activities; and
- payments for the principal element of lease liabilities are included in 'Payment of lease liabilities' within Net cash generated from financing activities.

2. Accounting policies (continued)

Leased assets (continued)

For each sale and leaseback transaction, the Group considers whether the sale satisfies the requirements of IFRS 15 – *Revenue from Contracts with Customers* to be accounted for as a sale of the asset. Where the Group deems a sale has taken place, the Group measures its right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Where the Group deems a sale has not occurred, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

As permitted, the Group has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Low-value leases are immaterial to the Group in both the current and prior year. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities have been included within their own category in the Statement of Financial Position.

The Group has applied the practical expedient under IFRS 16 – *Covid-19 Related Rent Concessions*, to account for all rent concessions agreed with lessors as a result of Covid-19. Concessions took the form of delayed payments for leased aircraft and property. The impact of deferring rental payments on the interest expense in the Consolidated Income Statement was immaterial.

Leased aircraft maintenance provisions

Provision is made for the estimated future costs of maintenance events over and above those which can be recovered from the lessor. This reflects the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes during the lease term and to ensure that aircraft are returned to the lessor in accordance with its contractual requirements.

3. Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in future periods if applicable. For each sensitivity considered below, the Group has demonstrated a reasonably possible outcome to aid the users of the financial statements in understanding the impact of the estimate or judgement.

3. Accounting estimates and judgements (continued)

Critical judgements in applying accounting policies

There are no judgements that have a significant effect on the amounts recognised in the financial statements nor are there any major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The accounting estimates and judgements believed to require the most subjectivity or complexity are as follows:

Initial recognition of convertible bond

The fixed principal amount of each bond is convertible into a fixed number of shares; consequently the conversion option meets the “fixed-for-fixed” criterion required for recognition of a separate equity component. The terms of the convertible bonds include anti-dilution provisions to ensure that the holder’s potential interest in the equity of **Jet2 plc** is not diluted in specified circumstances. If these provisions are triggered, the number of shares that will be delivered to the holder is adjusted. On this basis, the Group considers that these provisions exist to ensure that the holder’s potential interest in the equity of the Company is not diluted under each of these circumstances and are not deemed to alter the fixed-for-fixed criterion. Therefore, the conversion option is accounted for as equity.

Recoverability of deferred tax asset

The Group’s net deferred tax liability of £12.6m (2021: £36.7m) includes a £146.4m (2021: £59.5m) asset arising on full recognition of the UK tax trading losses accumulated over the previous two financial years. The Group has concluded that this deferred tax asset will be fully recoverable against the unwind of taxable temporary timing differences and future taxable profits. The Group had a strong history of profitability prior to the onset of the pandemic and is confident that following the reopening of international travel in early 2022, this trend of profitability will continue in forthcoming years. In assessing the recoverability of the deferred tax asset, the Group has used the same long term financial forecasts as used in the review of the going concern and viability assessments. These forecasts incorporate an anticipated increase in costs for both fuel and carbon. The tax losses can be carried forward indefinitely and have no expiry date.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period that the Directors consider to be significant and may have a risk of causing an adjustment to the carrying amounts of assets and liabilities.

Residual values and depreciation of property, plant and equipment and right-of-use assets

Estimations have been made in respect of the residual values and useful economic lives of aircraft included in property, plant and equipment and right-of-use assets, which determine the amount of depreciation charged in the Consolidated Income Statement. These estimated residual values are reviewed annually at the balance sheet date and compared to prevailing market residual values of equivalent aged assets. If the estimated residual values of the Group’s aircraft were all increased by \$1.0m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2022 of £8.6m (2021: £9.9m).

3. Accounting estimates and judgements (continued)

Following the release of its Sustainability Strategy in September 2021, the Group reviewed the useful economic lives of its aircraft, as the fulfilment of the carbon emissions targets within the strategy is dependent on the retirement of older less efficient aircraft for replacement with new Airbus A321 neo aircraft over the period 2023 to 2029.

Beyond 2030, the Group is reliant on investment from both the aviation industry and governments to develop lower emission aircraft powered by cleaner energy sources such as hydrogen or electricity. Airbus have stated an ambition to develop the world's first zero-emission commercial aircraft by the mid 2030s, but this is currently still in early concept phase.

The Group's final deliveries of new 737-800NG aircraft arrived in January 2019 and were some of the last off the production line. Based on a useful economic life of 22 years, these aircraft are forecast to remain in service until 2041. As such, this end date is not markedly different to the current expectations of when new zero-emission aircraft models may be widely available for the Group to acquire.

The Group concluded that its existing accounting policy remains appropriate and aligned to its strategy.

If the estimated useful economic lives of the Group's aircraft were all reduced by one year, this would have resulted in an increase in the depreciation charge for the year ended 31 March 2022 of £8.5m (2021: £7.3m). Further details on the net book value of the Group's property, plant and equipment and right-of-use assets at 31 March 2022 can be found in Notes 15 and 16.

Convertible bond

The initial fair value of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible instrument at the issue date. A 1% increase in this discount rate would have resulted in the liability component decreasing by £15.0m and correspondingly the equity component increasing by £15.0m.

4. New and amended accounting standards and interpretations

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

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

IAS 38 – *Intangible Assets*

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

IFRS 16 – *Leases*

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

Interest Rate Benchmark Reform

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

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

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

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

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

5. Alternative performance measures

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

Loss before FX revaluation and taxation from continuing operations

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

EBITDA from continuing operations

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

5. Alternative performance measures (continued)

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

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

'Own Cash'

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

		2022 £m	2021 £m
Cash and cash equivalents	19	1,047.5	1,379.0
Money market deposits	19	1,181.0	-
Deferred revenue	21	(1,189.1)	(322.4)
Trade and other receivables	21	44.4	5.9
Trade and other payables	21	-	(0.8)
'Own Cash'		1,083.8	1,061.7

6. Segmental reporting

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

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

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

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

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

Leisure Travel other segment information	2022 £m	2021 £m
Property, plant and equipment additions	107.9	36.2
Right-of-use additions	70.3	5.1
Depreciation of property, plant and equipment	(105.2)	(115.2)
Depreciation of right-of-use assets	(53.1)	(48.5)
Share-based payments	(3.3)	(0.4)
Asset and liabilities		
Segment assets	3,993.5	2,873.0
Segment liabilities	(3,096.9)	(1,908.8)
Net assets	896.6	964.2

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

	2022 £m	2021 £m
Flight-only ticket revenue	160.3	53.7
Non-ticket revenue	147.0	38.4
Package holidays	887.9	252.8
Other Leisure Travel	36.5	50.5
Total revenue	1,231.7	395.4

7. Net operating expenses

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

8. Operating loss

	2022	2021
	£m	£m
Operating loss is stated after charging:		
Variable lease payments on aircraft rentals and components	6.1	1.4
Auditor's remuneration	2022	2021
	£m	£m
Audit of these financial statements	0.7	0.5
Amounts receivable by the Auditor and its associates in respect of:		
Other services	-	0.1

9. Net financing expense

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

10. Employees

The average monthly number of persons, including Executive Directors, employed by the Group during the year was:

	2022 Number	2021 Number
Operations	7,212	7,838
Administration	1,058	1,213
	8,270	9,051
	2022 £m	2021 £m
Wages and salaries	287.5	273.5
Share options – value of employee services	3.3	0.4
Social security costs	33.9	30.8
Other pension costs (Note 29)	17.5	16.8
Coronavirus Job Retention scheme	(30.1)	(97.9)
	312.1	223.6

These costs and headcount cover those staff associated with continuing operations in both current and prior year; staff costs and headcount associated with discontinued operations in the previous year are presented in Note 32.

Remuneration of the Directors of the Group and its subsidiaries, who are key management personnel of the Group, is set out below in aggregate. There are no personnel, other than the Directors, who as key management have authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of *Jet2 plc*. No member of key management had any material interest during the year in a contract of significance (other than a service contract) with the Company or any of its subsidiaries other than those disclosed in Note 31.

	2022 £m	2021 £m
Short-term employee benefits	4.5	3.7
Post-employment benefits	0.5	0.4
Share options – value of employee services	1.2	-
Total employee benefit costs of key management personnel	6.2	4.1

For each of the Directors of *Jet2 plc*, the audited disclosures required under AIM Rule 19 and Schedule 5 for the emoluments and compensation, including any cash and non-cash benefits received and the value of any contributions paid to a pension scheme, are summarised within the *Directors' emoluments during the year* section on page 85.

Details of the share options and Deferred Awards for each Director, including information on all outstanding options and awards, are shown within the *Interest in options and Deferred Awards* section and the associated footnotes on page 86.

10. Employees (continued)

	2022	2021
Highest paid Director	£1.1m	£0.7m
Number of Directors for whom retirement benefits accrue	2	2
Number of Directors who exercised share options / Deferred Awards ¹	2	2

¹ These Deferred Awards totalling 39,577 shares were exercised on 20 July 2021, on which date the closing mid-market price of a share was £10.50, resulting in total pre-tax gains of £0.4m.

For the year ended 31 March 2021, Deferred Awards totalling 49,634 shares were exercised on 20 July 2020, on which date the closing mid-market price of a share was £7.20, resulting in total pre-tax gains of £0.4m.

11. Taxation

	2022 £m	2021 £m
Current taxation:		
UK corporation tax based upon the losses for the year:		
- current year	(0.4)	(26.8)
- prior year	(0.4)	0.1
Current tax credit for the year	(0.8)	(26.7)
Deferred taxation:		
Origination and reversal of timing differences		
- current year	(90.7)	(43.7)
- prior year	0.1	-
Effect of rate change on deferred tax net liabilities	18.0	-
Deferred tax credit for the year	(72.6)	(43.7)
Total taxation in Consolidated Income Statement in the year	(73.4)	(70.4)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Taxation relating to components of OCI	46.5	5.6
Total taxation recognised in Consolidated Income Statement and OCI in the year	(26.9)	(64.8)

11. Taxation (continued)

The taxation assessed for the current year is lower (2021: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £m	2021 £m
Loss before taxation	(388.8)	(369.9)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(73.9)	(70.3)
Effects of:		
Expenses not deductible	0.5	(0.2)
Difference between current and deferred tax rates	(17.7)	-
Effect of rate change on opening deferred tax net liabilities	18.0	-
Adjustments to tax charge in previous years	(0.3)	0.1
Total (see above)	(73.4)	(70.4)

	2022 £m	2021 £m
The movement in the deferred taxation liability is as follows:		
Opening at 1 April	36.7	78.7
Credited to Income Statement	(72.6)	(43.7)
Charge taken directly to equity	46.5	5.6
Translation differences	2.0	(3.9)
Closing at 31 March	12.6	36.7

	Accelerated capital allowances	Financial Instruments	Other	Total
	£m	£m	£m	£m
Deferred tax liabilities				
At 31 March 2020	117.0	(36.4)	(1.9)	78.7
Charge / (credit) to Income Statement	0.6	18.2	(62.5)	(43.7)
Charge to equity	-	5.6	-	5.6
Translation differences	(3.7)	-	(0.2)	(3.9)
At 31 March 2021	113.9	(12.6)	(64.6)	36.7
Charge / (credit) to Income Statement	25.1	2.1	(99.8)	(72.6)
Charge to equity	-	46.5	-	46.5
Translation differences	2.3	-	(0.3)	2.0
At 31 March 2022	141.3	36.0	(164.7)	12.6

11. Taxation (continued)

Deferred taxation in relation to financial instruments in the tables above includes the impact of the Group's forward foreign currency contracts, aviation fuel swaps, aviation fuel options and interest rate swaps. Other deferred taxation includes a £146.4m (2021: £59.5m) asset recognised in respect of losses carried forward to be utilised against future profits.

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

12. Dividends

The Group has not paid a dividend following its 2021/22 Interim results (2020/21: £nil) or its 2020/21 Final results (2019/20: £nil).

13. Earnings per share

Earnings per share from continuing operations

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

13. Earnings per share (continued)

Earnings per share from total operations

	Earnings £m	2022 Weighted average number of shares millions	EPS pence	Earnings £m	2021 Weighted average number of shares millions	EPS pence
Basic EPS						
Loss attributable to ordinary shareholders	(315.4)	214.6	(147.0)	(271.2)	179.4	(151.2)
Effect of dilutive instruments						
Share options and Deferred Awards	-	-	-	-	-	-
Convertible bond	-	-	-	-	-	-
Diluted EPS	(315.4)	214.6	(147.0)	(271.2)	179.4	(151.2)

In accordance with IAS 33 – *Earnings per Share*, the Group shows no dilutive impact in respect of its share options, Deferred Awards or convertible bond for either year as their conversion to ordinary shares would decrease the loss per share.

14. Intangible assets

Airport Slots

Cost

At 31 March 2021 and 2022

£m

26.8

Impairment

At 31 March 2021 and 2022

-

Net book value

At 31 March 2021 and 2022

26.8

15. Property, plant and equipment

	Land and buildings £m	Aircraft, engines and other components £m	Plant, vehicles and equipment £m	Total £m
Cost				
At 1 April 2020	29.1	1,332.5	115.2	1,476.8
Additions	-	32.1	4.1	36.2
Disposals	-	(51.7)	(0.1)	(51.8)
Foreign exchange rate movements	-	(17.4)	-	(17.4)
At 31 March 2021	29.1	1,295.5	119.2	1,443.8
Additions	0.4	104.0	3.5	107.9
Disposals	-	(27.6)	(0.1)	(27.7)
Foreign exchange rate movements	-	7.8	-	7.8
At 31 March 2022	29.5	1,379.7	122.6	1,531.8
Depreciation				
At 1 April 2020	(11.2)	(463.2)	(70.6)	(545.0)
Charge for the year	(1.6)	(101.1)	(12.5)	(115.2)
Disposals	-	50.2	0.1	50.3
Foreign exchange rate movements	-	2.7	-	2.7
At 31 March 2021	(12.8)	(511.4)	(83.0)	(607.2)
Charge for the year	(1.7)	(92.6)	(10.9)	(105.2)
Disposals	-	27.6	0.1	27.7
Foreign exchange rate movements	-	(1.9)	-	(1.9)
At 31 March 2022	(14.5)	(578.3)	(93.8)	(686.6)
Net book value				
At 31 March 2022	15.0	801.4	28.8	845.2
At 31 March 2021	16.3	784.1	36.2	836.6

Aircraft, engines and other components additions include £59.4m (2021: £nil) relating to pre-delivery payments. Depreciation is not charged on these assets until the Group takes delivery of the corresponding aircraft.

16. Right-of-use assets

	Aircraft, engines and other components £m	Other £m	Total £m
Cost			
At 1 April 2020	655.9	60.1	716.0
Additions	4.2	0.9	5.1
Disposals	(1.9)	(1.1)	(3.0)
Foreign exchange rate movements	(32.5)	-	(32.5)
At 31 March 2021	625.7	59.9	685.6
Additions	68.4	1.9	70.3
Disposals	(5.0)	(1.4)	(6.4)
Foreign exchange rate movements	15.0	-	15.0
At 31 March 2022	704.1	60.4	764.5
Depreciation			
At 1 April 2020	(164.0)	(17.9)	(181.9)
Charge for the year	(43.8)	(4.7)	(48.5)
Disposals	1.7	1.1	2.8
Foreign exchange rate movements	4.9	-	4.9
At 31 March 2021	(201.2)	(21.5)	(222.7)
Charge for the year	(47.6)	(5.5)	(53.1)
Disposals	5.0	1.4	6.4
Foreign exchange rate movements	(3.2)	-	(3.2)
At 31 March 2022	(247.0)	(25.6)	(272.6)
Net book value			
At 31 March 2022	457.1	34.8	491.9
At 31 March 2021	424.5	38.4	462.9

Net book value of other right-of-use assets of £34.8m (2021: £38.4m) includes land and buildings of £34.5m (2021: £38.3m), and plant, vehicles and equipment of £0.3m (2021: £0.1m).

Aircraft under finance lease which are classed as a right-of-use assets had additions resulting in a cash outflow of £0.5m (2021: £1.2m) during the year. The additions during the year related to maintenance expenditure which is capital in nature and adds long-term value to the aircraft.

17. Inventories

	2022 £m	2021 £m
Carbon emission allowances	7.3	-
Consumables	1.2	1.0
	8.5	1.0

Carbon emissions allowances purchased in advance are recorded in inventories at their historic cost and are not subsequently revalued as they are held for own use.

18. Trade and other receivables

	2022 £m	2021 £m
Current:		
Trade receivables	50.6	9.3
Hotel supplier advances	49.0	85.4
Prepayments	45.7	28.8
Other receivables	40.5	10.3
	185.8	133.8

Hotel supplier advances include balances totalling £4.3m (2021: £10.4m) recoverable after more than one year.

Ageing analysis of Trade receivables

	31 March 2022 £m			31 March 2021 £m		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	48.4	-	48.4	7.3	-	7.3
Up to one month past due	0.2	-	0.2	0.9	-	0.9
Over one month past due	2.1	(0.1)	2.0	1.3	(0.2)	1.1
	50.7	(0.1)	50.6	9.5	(0.2)	9.3

Expected credit losses in relation to the Other receivables balance of £40.5m (2021: £10.3m) are immaterial to the Group.

19. Cash and cash equivalents and money market deposits

	2022 £m	2021 £m
Free cash and cash equivalents	1,047.3	1,370.5
Money market deposits	1,181.0	-
Total free cash and cash equivalents and money market deposits	2,228.3	1,370.5
Margin calls paid over	-	8.3
Other restricted cash	0.2	0.2
Total restricted cash	0.2	8.5
Total cash and cash equivalents and money market deposits	2,228.5	1,379.0

The Group's 'Own Cash' balance of £1,083.8m (2021: £1,061.7m) excludes advance customer deposits, as detailed in Note 5. However, there are no restrictions to the use of customer deposits and therefore these are not a form of restricted cash.

20. Trade and other payables

	2022	2021
	£m	£m
Current:		
Trade payables	74.8	17.1
Other taxation and social security	15.3	7.1
Other creditors and accruals	127.7	45.6
	217.8	69.8

21. Deferred revenue

	2022				2021
	Receivables	Deferred revenue	Payables	Advance customer deposits	Advance customer deposits
	£m	£m	£m	£m	£m
Balance at 1 April	5.9	(322.4)	(0.8)	(317.3)	(867.1)
Revenue recognised that was included in deferred revenue at the beginning of the year	-	98.6	-	98.6	106.8
Increase / (decrease) in receivables	38.5	-	-	38.5	(24.9)
Decrease in payables	-	-	0.8	0.8	151.9
Net cash (received) / refunded, excluding amounts recognised as revenue in the year	-	(965.3)	-	(965.3)	316.0
Balance at 31 March	44.4	(1,189.1)	-	(1,144.7)	(317.3)

Receivables relates to invoicing of amounts due from travel agents in respect of package holiday deposits and balance payments and is included within Trade receivables in Note 18.

Payables relates to refund credit notes issued and cash refunds not yet paid out for flights and holidays cancelled prior to year end and is included within Other creditors and accruals in Note 20.

The Group's aggregate sales value allocated to the performance obligations that were unsatisfied (or partially unsatisfied) as at 31 March 2022 was £2,396.0m (2021: £1,162.4m) of which £2,296.2m (2021: £896.4m) is expected to be recognised as revenue within one year. The remaining balance will be recognised as revenue between one and two years.

22. Borrowings

Borrowings are repayable as follows:

	Bank facilities		CCFF		Convertible bond		Aircraft loans		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Within one year	65.0	65.0	-	198.7	-	-	69.5	58.8	134.5	322.5
Between one and two years	148.6	-	-	-	-	-	121.7	68.7	270.3	68.7
Between two and five years	-	-	-	-	337.2	-	134.7	205.5	471.9	205.5
Over five years	-	-	-	-	-	-	115.0	159.5	115.0	159.5
Total	213.6	65.0	-	198.7	337.2	-	440.9	492.5	991.7	756.2

23. Lease liabilities

Lease liabilities are repayable as follows:

	2022	2021
	£m	£m
Within one year	74.8	67.1
Between one and two years	72.0	61.0
Between two and five years	306.3	185.6
Over five years	125.4	248.4
Total	578.5	562.1

24. Provisions and liabilities

	Maintenance		Customer compensation claims		Total	
	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m
Opening at 1 April	42.3	43.8	20.2	23.9	62.5	67.7
Provision in the year	18.3	10.7	3.9	0.1	22.2	10.8
Utilised	(6.0)	(2.5)	(2.1)	(0.4)	(8.1)	(2.9)
Released unused	(4.0)	(9.7)	(8.5)	(3.4)	(12.5)	(13.1)
Closing at 31 March	50.6	42.3	13.5	20.2	64.1	62.5
Current liabilities*	28.3	28.0	13.5	20.2	41.8	48.2
Non-current liabilities*	22.3	14.3	-	-	22.3	14.3
Total	50.6	42.3	13.5	20.2	64.1	62.5

Maintenance provisions relate entirely to the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes during the lease term, and to ensure that aircraft are returned to the lessor in accordance with its contractual requirements. A charge is made in the Consolidated Income Statement, based on hours or cycles flown or on a calendar basis.

Estimates are required in relation to the likely utilisation of the leased aircraft and the expected cost of maintenance events at the time they are expected to occur. The interaction of the Group's estimations of aircraft utilisation together with the cost of maintenance events could lead to a significant fluctuation in the provision. If the Group's estimated cost of a maintenance event alone were to increase by 5% for each event respectively, this would have resulted in an increase in the provision at 31 March 2022 of £1.0m (2021: £1.1m).

Current aircraft maintenance provisions relate to maintenance obligations expected to be fulfilled in the coming financial year. Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft falling due over one year from the balance sheet date.

24. Provisions and liabilities (continued)

Customer compensation claim provisions and liabilities relate to the Group's obligation to possible passenger claims for historical flight delays under The Air Passenger Rights and Air Travel Organisers' Licensing (Amendment) (EU Exit) Regulations 2019; coupled with possible customer compensation claims that cannot be reclaimed from hotels. The main assumptions underlying the possible passenger claims for flight delays and possible customer compensation claims are the number of valid claims received and which may be received, the amount at which those claims may be settled and, additionally for customer compensation claims, the proportion which may be reclaimed from hotels. The majority of cash outflows connected with these provisions and liabilities are expected to occur within three years of the balance sheet date.

* The ageing of Provisions and liabilities for the year ended 31 March 2021 have been restated as detailed in Note 33.

25. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the Group has policies and procedures in place to ensure such risk is limited and sets credit limits for each counterparty accordingly. The Group regularly monitors such limits, incorporating this information into credit risk controls, and does not currently hold any collateral.

Since the Group does not place funds with any deposit taker with a long-term credit rating lower than A-/A3, and a short-term credit rating lower than A-2, F2, P2, expected credit losses for cash and cash equivalents and money market deposits are considered low and hence no impairments were identified. The Group considers that expected credit losses on derivative assets arising from the default of counterparties are not material.

As any expected credit losses are reflected in the value of financial assets, the maximum exposure to credit risk is limited to the net carrying value of each asset as summarised in section (a) below.

Liquidity risk

The Group's strategy for managing liquidity risk is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, while securing the continuity and flexibility of funding through the use of committed banking facilities and specialist aircraft finance.

Short-term cash flow risk, in relation to margin calls in respect of fuel and foreign currency hedge positions, is minimised through diversification of counterparties together with appropriate credit thresholds. In addition, a regular assessment is made of the Group's banking facility covenant compliance, for which there were no covenant breaches during the year. The Group continues to monitor its liquidity levels in conjunction with its Board approved Liquidity Policy.

25. Financial instruments (continued)

Foreign currency risk

The Group incurs significant operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates.

Transactional currency exposures arise as a result of expenditure on hotel accommodation, aviation fuel, aircraft maintenance, air traffic control, lease liability payments and airport charges.

The Group's policy is to forward cover up to 90% of foreign currency requirements by the start of the season. The remainder of the Group's requirement is hedged within the season. The Group enters into forward foreign currency exchange contracts up to 18 months in advance of the hedged transaction.

Aviation fuel price risk

The cost of fuel is a considerable element of the cost base of the business and the effective management of aviation fuel price volatility remains important.

The Group's policy is to forward cover up to 90% of fuel requirements with aviation fuel swaps and options by the start of the season. The remainder of the Group's requirement is hedged within the season. The Group enters into aviation fuel swaps and options up to 18 months in advance of the hedged transaction.

Carbon price risk

The Group is exposed to carbon price risk through its obligation to purchase carbon emissions allowances to offset emissions in each calendar year. The Group hedges carbon emissions allowances in line with its approved policy. As these allowances are a non-financial item purchased for the Group's own-use, they are not recorded as a derivative financial instrument in line with IFRS 9 – *Financial Instruments*.

The Group purchases carbon emissions allowances for both its UK and EU carbon requirements under fixed price forward contracts with different maturity dates from a range of domestic and international sources.

Since 1 January 2022, the Group has voluntarily offset all carbon emissions not already covered by the UK and EU Emissions Trading Schemes (ETS), in line with its Sustainability Strategy.

Interest rate risk

As part of its strategy for achieving continuity and flexibility of funding, the Group uses specialist aircraft finance. Some of this borrowing is subject to floating rate interest charges, which generates interest cost volatility. The Group's policy is to mitigate, to an acceptable level, this possible cost volatility.

The Group uses interest rate swaps to cover a proportion of floating rate borrowings and as at 31 March 2022 had hedged a substantial proportion of its forecast cash flows in relation to floating rate borrowings for 2022/23 and subsequent years. All hedging has been carried out in line with the Group's Hedging Policy.

Under IFRS 9, the forward currency, fuel and interest derivatives are eligible for cash flow hedge accounting. Movements in fair value are summarised in section (b) below.

25. Financial instruments (continued)

(a) Carrying amount and fair values of financial instruments

The following table discloses the carrying amounts and fair value of the Group's financial assets and liabilities at the year end.

31 March 2022			
	Measured at amortised cost	Derivative hedging instruments measured at fair value through profit and loss	Total carrying amount
	£m	£m	£m
Financial assets			
Cash and cash equivalents	1,047.5	-	1,047.5
Money market deposits	1,181.0	-	1,181.0
Trade receivables	50.6	-	50.6
Other receivables	22.0	-	22.0
Derivative financial instruments	-	206.8	206.8
Total financial assets	2,301.1	206.8	2,507.9
Financial liabilities			
Trade payables	74.8	-	74.8
Bank facilities	213.6	-	213.6
Convertible bond	337.2	-	337.2
Aircraft loans	440.9	-	440.9
Lease liabilities	578.5	-	578.5
Derivative financial instruments	-	43.1	43.1
Total financial liabilities	1,645.0	43.1	1,688.1
31 March 2021			
	Measured at amortised cost	Derivative hedging instruments measured at fair value through profit and loss	Total carrying amount
	£m	£m	£m
Financial assets			
Cash and cash equivalents	1,379.0	-	1,379.0
Trade receivables	9.3	-	9.3
Derivative financial instruments	-	32.9	32.9
Total financial assets	1,388.3	32.9	1,421.2
Financial liabilities			
Trade payables	17.1	-	17.1
Bank facilities	65.0	-	65.0
CCFF	198.7	-	198.7
Aircraft loans	492.5	-	492.5
Lease liabilities	562.1	-	562.1
Derivative financial instruments	-	99.1	99.1
Total financial liabilities	1,335.4	99.1	1,434.5

25. Financial instruments (continued)

(a) Carrying amount and fair values of financial instruments (continued)

- assets categorised as fair value through profit and loss at 31 March 2022 are, by concession, deferred through OCI as the movements relate to the effective portion of the cash flow hedge;
- due to the short maturity of money market deposits and cash and cash equivalents, amortised cost is considered to be a close approximation to fair value;
- for trade receivables and trade payables, carrying value at amortised cost approximates to fair value;
- all loans and borrowings are initially recorded at fair value less any directly-attributable transaction costs. Loans, borrowings and lease liabilities are, where applicable, subsequently measured at amortised cost; and
- the fair value of derivative financial instruments has been measured by reference to their fair value, as provided by external counterparties.

IFRS 13 – *Fair Value Measurement* requires the classification of fair value measurements using a hierarchy that reflects the nature of the inputs used in making the assessments. The fair values of the Group's derivative financial instruments are derived using available market information, other than quoted prices in active markets for identical assets and liabilities. The inputs into the fair value calculations include quotations by brokers and price index data and are classified as level 2 within the fair value hierarchy.

The valuation methodologies used are as follows:

- the fair values of forward foreign exchange contracts are calculated by discounting the contracted forward values and translating at the appropriate balance sheet rates;
- the fair values of aviation fuel swaps and options are calculated by discounting expected future cash flows and translating at the appropriate balance sheet rates;
- the fair values of interest rate swaps are calculated by discounting expected future principal and interest cash flows.

The Group uses derivative financial instruments to manage its exposure to currency exchange rates, aviation fuel prices and interest rates, consistent with its risk management policies and objectives.

25. Financial instruments (continued)

(a) Carrying amount and fair values of financial instruments (continued)

These derivatives are analysed as follows:

	31 March 2022					
	Asset fair value	Liability fair value	Other receivables	Hedge ineffectiveness	Cost of hedging reserve	Cash flow hedging reserve
	£m	£m	£m	£m	£m	£m
US dollar forward contracts	18.5	(0.5)	-	-	0.7	(18.7)
Euro forward contracts	5.3	(36.7)	-	-	4.1	27.3
Aviation fuel swaps	180.6	(2.6)	22.0	-	-	(200.0)
Aviation fuel options	-	(2.2)	-	-	2.2	-
Interest rate swaps	2.4	(1.1)	-	-	-	(1.3)
Total	206.8	(43.1)	22.0	-	7.0	(192.7)

	31 March 2021					
	Asset fair value	Liability fair value	Other receivables	Hedge ineffectiveness	Cost of hedging reserve	Cash flow hedging reserve
	£m	£m	£m	£m	£m	£m
US dollar forward contracts	0.4	(16.4)	-	5.0	0.6	10.4
Euro forward contracts	0.2	(56.9)	-	7.1	(1.7)	51.3
Aviation fuel swaps	32.3	(9.2)	-	0.5	-	(23.6)
Interest rate swaps	-	(16.6)	-	-	-	16.6
Total	32.9	(99.1)	-	12.6	(1.1)	54.7

25. Financial instruments (continued)

(a) Carrying amount and fair values of financial instruments (continued)

The impact of cash flow hedging instruments, by category of risk hedged, on the Statement of Financial Position is as follows:

Hedging instruments and location in Statement of Financial Position	31 March 2022		31 March 2021	
	Notional amount £m	Carrying amount £m	Notional amount £m	Carrying amount £m
Currency forward contracts				
Non-current assets	367.4	4.4	30.7	0.4
Current assets	815.1	19.4	50.1	0.2
Current liabilities	1,302.9	(36.6)	1,131.2	(49.5)
Non-current liabilities	153.8	(0.6)	621.5	(23.8)
	2,639.2	(13.4)	1,833.5	(72.7)
Aviation fuel swaps and options				
Non-current assets	66.8	13.7	55.0	9.0
Current assets	300.0	166.9	92.5	23.3
Current liabilities	57.5	(2.6)	91.8	(8.8)
Non-current liabilities	62.1	(2.2)	12.4	(0.4)
	486.4	175.8	251.7	23.1
Interest rate swaps				
Non-current assets	163.2	2.4	-	-
Current assets	-	-	-	-
Current liabilities	4.0	(0.4)	-	-
Non-current liabilities	110.6	(0.7)	306.4	(16.6)
	277.8	1.3	306.4	(16.6)

For presentation purposes, the notional values of the interest rate swaps have been aged as either current or non-current using the ultimate maturity dates.

25. Financial instruments (continued)

(b) Movements in fair value of financial instruments:

Net movements in fair value of financial instruments	Fair value of hedging instrument	
	Assets £m	Liabilities £m
At 31 March 2020	79.0	(270.5)
Other comprehensive (expense) / income	(18.4)	47.9
(Charged) / credited to Income Statement	(27.7)	123.5
At 31 March 2021	32.9	(99.1)
Other comprehensive income	192.9	14.8
(Charged) / credited to Income Statement	(19.0)	41.2
At 31 March 2022	206.8	(43.1)

The impact of hedge instrument on cash flow hedging reserve	Foreign currency risk £m	Aviation fuel price risk £m	Carbon price risk £m	Interest rate risk £m	Total cash flow hedging reserve £m
Balance at 31 March 2020	(29.6)	79.8	0.2	19.2	69.6
Losses / (gains) taken into reserves	84.1	(53.3)	-	(7.2)	23.6
Transfer to profit and loss for the year	14.0	(68.7)	(0.3)	-	(55.0)
Deferred tax movement	(18.6)	23.1	0.1	1.4	6.0
Balance at 31 March 2021	49.9	(19.1)	-	13.4	44.2
Gains taken into reserves	(15.6)	(191.6)	-	(18.0)	(225.2)
Transfer to profit and loss for the year	(37.5)	15.1	-	-	(22.4)
Deferred tax movement	10.4	34.3	-	3.5	48.2
Balance at 31 March 2022	7.2	(161.3)	-	(1.1)	(155.2)

Gains and losses on revaluation of derivatives designated as cash flow hedges, shown in the table above, have an equal and opposite impact on OCI. There were no reclassification adjustments other than the transfer of gains and losses from the cash flow hedging reserve into the profit and loss account.

The impact of hedge instrument on cost of hedging reserve	Foreign currency risk £m	Aviation fuel price risk £m	Carbon price risk £m	Interest rate risk £m	Total cost of hedging reserve £m
Balance at 31 March 2020	(2.3)	-	-	-	(2.3)
Losses taken into reserves	1.9	-	-	-	1.9
Transfer to profit and loss for the year	-	-	-	-	-
Deferred tax movement	(0.4)	-	-	-	(0.4)
Balance at 31 March 2021	(0.8)	-	-	-	(0.8)
Losses taken into reserves	5.7	2.1	-	-	7.8
Transfer to profit and loss for the year	0.2	-	-	-	0.2
Deferred tax movement	(1.2)	(0.5)	-	-	(1.7)
Balance at 31 March 2022	3.9	1.6	-	-	5.5

25. Financial instruments (continued)

(c) Maturity profile of financial assets and liabilities

The maturity profile of the Group's financial assets and liabilities at the end of the year was as follows:

Period of maturity	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2022 Total £m
Financial assets				
Liquid assets and receivables	2,301.1	-	-	2,301.1
Derivative financial instruments	186.3	18.1	2.4	206.8
Total financial assets	2,487.4	18.1	2.4	2,507.9
Financial liabilities				
Trade payables	74.8	-	-	74.8
Bank facilities	65.0	148.6	-	213.6
Convertible bond	-	-	337.2	337.2
Aircraft loans	69.5	121.7	249.7	440.9
Lease liabilities	74.8	72.0	431.7	578.5
Derivative financial instruments	39.6	2.8	0.7	43.1
Total financial liabilities	323.7	345.1	1,019.3	1,688.1

Period of maturity	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2021 Total £m
Financial assets				
Liquid assets and receivables	1,388.3	-	-	1,388.3
Derivative financial instruments	23.5	9.4	-	32.9
Total financial assets	1,411.8	9.4	-	1,421.2
Financial liabilities				
Trade payables	17.1	-	-	17.1
Bank facilities	65.0	-	-	65.0
CCFF	198.7	-	-	198.7
Aircraft loans	58.8	68.7	365.0	492.5
Lease liabilities	67.1	61.0	434.0	562.1
Derivative financial instruments	58.3	24.2	16.6	99.1
Total financial liabilities	465.0	153.9	815.6	1,434.5

25. Financial instruments (continued)

(c) Maturity profile of financial assets and liabilities (continued)

The expected contractual maturity of derivative financial instruments that are marked to market based on the undiscounted cash flows is set out below. Where the amount payable or receivable is not fixed, the amount has been determined by reference to market data, including forward commodity prices and foreign exchange rates, illustrated by forward yield curves at the reporting date.

Period of maturity (undiscounted cash flows)	Less than one year	Between one and two years	More than two years	31 March 2022 Total
	£m	£m	£m	£m
At 31 March 2022				
Currency forward contracts payment	815.1	367.4	-	1,182.5
Currency forward contracts receipt	(834.5)	(371.8)	-	(1,206.3)
Aviation fuel swaps payment	300.0	66.8	-	366.8
Aviation fuel swaps receipt	(466.9)	(80.5)	-	(547.4)
Interest rate swaps payment	-	-	163.2	163.2
Interest rate swaps receipt	-	-	(165.6)	(165.6)
Net derivative settlement – financial assets	(186.3)	(18.1)	(2.4)	(206.8)
Currency forward contracts payment	1,302.9	153.8	-	1,456.7
Currency forward contracts receipt	(1,266.3)	(153.2)	-	(1,419.5)
Aviation fuel swaps payment	57.5	-	-	57.5
Aviation fuel swaps receipt	(54.9)	-	-	(54.9)
Aviation fuel options payment	-	62.1	-	62.1
Aviation fuel options receipt	-	(59.9)	-	(59.9)
Interest rate swaps payment	4.0	-	110.6	114.6
Interest rate swaps receipt	(3.6)	-	(109.9)	(113.5)
Net derivative settlement – financial liabilities	39.6	2.8	0.7	43.1
Trade payables	74.8	-	-	74.8
Bank facilities	65.0	150.0	-	215.0
Convertible bond	-	-	387.4	387.4
Aircraft loans	83.4	132.2	274.3	489.9
Lease liabilities	84.7	91.4	519.8	695.9
Total other financial liabilities	307.9	373.6	1,181.5	1,863.0
Total	161.2	358.3	1,179.8	1,699.3

25. Financial instruments (continued)

c) Maturity profile of financial assets and liabilities (continued)

Period of maturity (undiscounted cash flows)	Less than one year	Between one and two years	More than two years	31 March 2021 Total
	£m	£m	£m	£m
At 31 March 2021				
Currency forward contracts payment	50.1	30.7	-	80.8
Currency forward contracts receipt*	(50.3)	(31.1)	-	(81.4)
Aviation fuel swaps payment	92.5	55.0	-	147.5
Aviation fuel swaps receipt*	(115.8)	(64.0)	-	(179.8)
Net derivative settlement – financial assets	(23.5)	(9.4)	-	(32.9)
Currency forward contracts payment	1,131.2	621.5	-	1,752.7
Currency forward contracts receipt*	(1,081.7)	(597.7)	-	(1,679.4)
Aviation fuel swaps payment	91.8	12.4	-	104.2
Aviation fuel swaps receipt*	(83.0)	(12.0)	-	(95.0)
Interest rate swaps payment	-	-	306.4	306.4
Interest rate swaps receipt*	-	-	(289.8)	(289.8)
Net derivative settlement – financial liabilities	58.3	24.2	16.6	99.1
Trade payables	17.1	-	-	17.1
Bank facilities	65.0	-	-	65.0
CCFF	200.0	-	-	200.0
Aircraft loans	75.1	83.0	404.3	562.4
Lease liabilities	82.1	74.8	505.1	662.0
Total other financial liabilities	439.3	157.8	909.4	1,506.5
Total	474.1	172.6	926.0	1,572.7

*The Group has restated its contractual maturity profile to separately disclose derivative assets and derivative liabilities and include both gross contractual cash outflows and inflows as at 31 March 2021 in line with its current year reporting.

25. Financial instruments (continued)

(d) Borrowing facilities

The Group has various borrowing facilities and financing arrangements available to it. The total committed borrowing facilities available at 31 March were as follows:

	Amounts utilised		Total facilities available	
	2022	2021	2022	2021
	£m	£m	£m	£m
Revolving credit facility ⁱ	65.0	65.0	85.8	85.0
Term loan facility ⁱⁱ	148.6	-	148.6	-
CCFF	-	198.7	-	198.7
Convertible bond	337.2	-	337.2	-
Aircraft loans	440.9	492.5	440.9	492.5
Lease liabilities	578.5	562.1	578.5	562.1
	1,570.2	1,318.3	1,591.0	1,338.3

- i. The Group signed a Senior Facilities Agreement on 1 December 2017 for a five-year term. The agreement provides a £100.0m revolving credit facility plus a £40.0m uncommitted accordion revolving credit facility. As at 31 March 2022, £14.2m (2021: £15.0m) has been utilised in relation to letters of credit and £65.0m (2021: £65.0m) has been drawn down as cash borrowings.
- ii. The Group signed a Term Loan Facilities Agreement on 31 May 2021 which has a maturity date of 30 September 2023. The agreement provides a £150.0m loan facility against which the Group have offset its transaction costs in line with IFRS 9 – *Financial Instruments*.

(e) Interest rate risk

Financial assets - cash and cash equivalents and money market deposits:

	31 March 2022			31 March 2021		
	Interest bearing financial assets	Financial assets on which no interest is receivable	Total	Interest bearing financial assets	Financial assets on which no interest is receivable	Total
	£m	£m	£m	£m	£m	£m
Sterling	2,079.1	0.8	2,079.9	1,079.0	0.9	1,079.9
US dollar	138.1	-	138.1	284.1	-	284.1
Euro	8.7	0.8	9.5	12.7	0.8	13.5
Other	1.0	-	1.0	1.5	-	1.5
	2,226.9	1.6	2,228.5	1,377.3	1.7	1,379.0

The interest bearing financial assets comprise cash on deposit and money market deposits at various market rates according to currency and term.

25. Financial instruments (continued)

(e) Interest rate risk (continued)

Financial liabilities – borrowings and lease liabilities:

	31 March 2022			31 March 2021		
	Floating rate financial liabilities	Fixed rate financial liabilities	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Total
	£m	£m	£m	£m	£m	£m
Sterling	213.6	721.8	935.4	65.0	628.6	693.6
US dollar	101.5	531.5	633.0	109.7	512.5	622.2
Euro	-	1.8	1.8	-	2.5	2.5
	315.1	1,255.1	1,570.2	174.7	1,143.6	1,318.3

(f) Currency exposure

Financial instruments that are not denominated in the functional currency of the operating unit involved expose the Group to currency risk. The carrying value of the Group's financial instruments at 31 March, including derivative financial instruments, on which exchange differences would be recognised in the Consolidated Income Statement in the following year, were as follows:

	US dollar £m	Euro £m	Other £m	Total £m
31 March 2021	(82.8)	(12.2)	1.5	(93.5)
31 March 2022	(217.8)	(82.3)	0.9	(299.2)

(g) Sensitivity analysis

The following table shows the impact of currency translation exposures arising from monetary assets and liabilities of the Group that are not denominated in sterling, along with the impact of a reasonably possible change in fuel prices and interest rates, with all other variables held constant.

	31 March 2022		31 March 2021	
	Income Statement (charge) / credit	Other Comprehensive Income credit / (charge)	Income Statement credit / (charge)	Other Comprehensive Income credit / (charge)
10% increase in aviation fuel prices	-	68.9	17.5	10.0
10% weakening in GBP vs USD	(24.2)	79.5	1.4	32.5
10% weakening in GBP vs EUR	(9.2)	212.4	34.9	115.8
1ppt increase in interest rate	-	9.0	-	11.4
10% decrease in aviation fuel prices	-	(68.8)	(17.5)	(10.0)
10% strengthening in GBP vs USD	19.8	(65.0)	(1.2)	(26.6)
10% strengthening in GBP vs EUR	7.5	(173.7)	(28.6)	(95.3)
1ppt decrease in interest rate	-	(9.0)	-	(11.4)

26. Called up share capital and reserves

(a) Share capital

	Number of shares	2022 £m	2021 £m
Allotted, called up and fully paid:			
As at 1 April	214,561,294	2.7	1.9
Share options / Deferred Awards exercised	58,185	-	-
Share placings	-	-	0.8
As at 31 March	214,619,479	2.7	2.7

Issued share capital increased by 58,185 (2021: 65,651,820) 1.25 pence ordinary shares ("Ordinary Shares") which were all share options / Deferred Awards exercised as detailed in the Directors' Report on page 88.

(b) Employee share schemes

Jet2 plc has one legacy share option scheme in operation, a Senior Executive Incentive Plan ("SEIP") and a Share Reward Plan ("SRP") which was issued in July 2021. These plans have been accounted for in accordance with the fair value recognition provisions of IFRS 2 – *Share-based Payment*, which means that IFRS 2 has been applied to all grants of employee share-based payments that had not fully vested at 31 March 2022. The total expense recognised for the period arising from share-based payments was £3.3m (2021: £0.4m).

Summary of options / Deferred Awards outstanding

The terms and conditions of grants are as follows, with all settled by physical delivery of shares:

Scheme	Grant date	Option / award price	31 March 2022 shares	31 March 2021 shares	Timing of exercise and expiry
SEIP	Various	1.25 p	61,802	119,987	62k exercisable from 17 July 2022.
SRP	21 Jul 21	1.25p	1,223,000	-	All shares are exercisable from 21 July 2024 and expire on 21 July 2031.
Total Unapproved			1,284,802	119,987	
Approved 2005	04 Aug 11	85.00 p	-	22,500	
Approved 2005	01 Aug 12	76.38 p	5,000	5,000	All exercisable, expiring 01 Aug 22
Total Approved			5,000	27,500	
Total			1,289,802	147,487	

The estimate of the fair value of the services received is measured based by reference to the closing mid-market share price at the date of grant of the option or, where the share options are subject to terms and conditions that do not apply to traded options, by using the binomial valuation model. The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

26. Called up share capital and reserves (continued)

(b) Employee share schemes (continued)

Share options are granted under a service condition. Such conditions are not considered in the grant date fair value measurement of the services received. The number and weighted average exercise prices of share options are as follows:

	2022		2021	
	Number of options / Deferred Awards	Weighted average exercise price Pence	Number of options / Deferred Awards	Weighted average exercise price Pence
Outstanding at 1 April	147,487	16.57	272,198	17.53
Granted	1,251,000	1.25	-	1.25
Exercised	(58,185)	1.25	(109,711)	8.93
Lapsed	(50,500)	38.56	(15,000)	89.75
Outstanding at 31 March	1,289,802	1.54	147,487	16.57
Exercisable at 31 March	5,000	76.38	27,500	83.42
Estimated weighted average share price at date of exercise		1,050.00		798.35

Options / awards outstanding at 31 March 2022 are in respect of all options / awards issued since 1 August 2012 (see Note 2 - employee benefits). The options / awards outstanding at the year end have an exercise price in the range of 1.25p to 76.38p and a weighted average contractual life of 9.2 years (2021: 6.5 years). On 21 July 2021, the Group granted 1,251,000 options to colleagues under its Share Reward Plan which had a fair value at the date of grant of £11.23.

Reserves

The share premium reserve represents amounts received in excess of the nominal value of shares in respect of share options / Deferred Awards and retail share issues.

The cash flow hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet matured.

The cost of hedging reserve represents changes in the value of foreign currency forward contracts arising as a result of foreign currency basis spread and the time value element of aviation fuel options, which are held separately when designating the forward contract / option as a hedging instrument. These do not form part of the designated hedging instrument, and are instead recognised through OCI, held in a separate cost of hedging reserve, and are subsequently amortised over the life of the associated forward contracts and options.

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. Following the liquidation of the Jersey cashbox entities, this merger reserve became distributable and the Group chose to transfer this amount to its Retained Earnings reserve during the previous year.

Other reserves include both the equity component of the convertible bond issued in June 2021, which represents the value of the conversion rights at initial recognition of £51.4m, net of transaction costs of £1.0m; and foreign exchange translation differences arising on revaluation of non-sterling functional currency subsidiaries of the Group (£0.1m).

27. Notes to Consolidated Statement of Cash Flows

Changes in cash and financing liabilities	Net cash / (debt)					Other	Total	
	Cash and cash equivalents	Money market deposits	Borrowings	Lease liabilities	Share capital / premium	Other reserves	Retained earnings	
	£m	£m	£m	£m	£m		£m	£m
At 1 April 2021	1,379.0	-	(756.2)	(562.1)	(22.5)	0.1	(985.2)	(946.9)
Repayment of borrowings	-	-	259.5	-	-	-	-	259.5
New loans advanced	-	-	(147.9)	-	-	-	-	(147.9)
Payment of lease liabilities	-	-	-	67.5	-	-	-	67.5
Proceeds on issue of convertible bonds ¹	-	-	(328.7)	-	-	(51.4)	-	(380.1)
Total changes from financing cash flows	-	-	(217.1)	67.5	-	(51.4)	-	(201.0)
Other cash flows	(336.3)	1,181.0	-	-	-	-	-	844.7
Exchange differences	4.8	-	(10.1)	(21.7)	-	-	-	(27.0)
Unwind of interest ²	-	-	(11.2)	-	-	-	-	(11.2)
Lease movements ³	-	-	-	(64.8)	-	-	-	(64.8)
Reclassification of transaction costs from other receivables ⁴	-	-	2.9	2.6	-	-	-	5.5
Other equity related changes	-	-	-	-	-	-	312.1	312.1
At 31 March 2022	1,047.5	1,181.0	(991.7)	(578.5)	(22.5)	(51.3)	(673.1)	(88.6)

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

² Unwinding of interest relates to the discount rates applied on receipt of Borrowings including the CCFF and convertible bonds.

³ Lease movements include new leases and lease term amendments.

⁴ Transaction costs from aircraft loan financing completed in previous years and previously held in Trade and other receivables, have been reclassified to better reflect their relationship with Borrowings in line with IFRS 9 – Financial Instruments.

27. Notes to Consolidated Statement of Cash Flows (continued)

Changes in cash and financing liabilities	Net cash / (debt)				Other		Total
	Cash and cash equivalents	Borrowings	Lease liabilities	Share capital / premium	Other reserves	Retained earnings	
	£m	£m	£m	£m		£m	£m
At 1 April 2020	1,387.5	(485.7)	(672.7)	(14.8)	(3.3)	(683.3)	(472.3)
Repayment of borrowings	-	14.9	-	-	-	-	14.9
New loans advanced	-	(301.1)	-	-	-	-	(301.1)
Payment of lease liabilities	-	-	69.2	-	-	-	69.2
Proceeds on issue of shares	-	-	-	(7.7)	-	(572.7)	(580.4)
Total changes from financing cash flows	-	(286.2)	69.2	(7.7)	-	(572.7)	(797.4)
Other cash flows	16.4	-	-	-	-	-	16.4
Exchange differences	(24.9)	15.7	50.0	-	-	-	40.8
Lease movements	-	-	(8.6)	-	-	-	(8.6)
Other equity related changes	-	-	-	-	3.4	270.8	274.2
At 31 March 2021	1,379.0	(756.2)	(562.1)	(22.5)	0.1	(985.2)	(946.9)

28. 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.

29. Pension scheme

The Group operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Group into the scheme and amounted to £17.5m (2021: £16.8m).

30. Contractual commitments

During the year, the Group entered into an agreement with Airbus to purchase 51 new firm ordered A321 neo aircraft, and subsequently exercised 9 purchase rights to take the firm ordered total to 60 aircraft, with agreed flexibility to extend the order up to 75 aircraft. The firm ordered aircraft are due for delivery between 2023 and 2029, and at list price represented a total value of approximately \$8.1bn, with a total transaction value for up to 75 aircraft of approximately \$10.1bn, though the Company negotiated significant discounts from the list price.

The Group has contractual commitments to purchase carbon emissions allowances for its EU and UK ETS obligations with a value of £85.6m (2021: £nil).

31. Related party transactions

Compensation of key management personnel

The compensation of key management personnel, comprising the Executive and Non-Executive Directors of **Jet2 plc** and its subsidiaries, is summarised in Note 10 to the consolidated financial statements.

Both the Chief Executive Officer and Group Chief Financial Officer continued to receive 80% of basic salary until 31 May 2021. Having taken no basic salary for the year ended 31 March 2021, the Executive Chairman received 80% of basic salary from 1 April 2021 until 31 May 2021. For the period from 1 June 2021 to 30 September 2021, all three Executive Directors received 90% of basic salary. All Executive and Non-Executive Directors were restored to their full salaries and fees on 1 October 2021. Further details can be found within the Remuneration Committee Report on page 85.

Congress Team International (UK) Limited and Stewart Travel Limited, being subsidiaries of Brooklyn Travel Holdings Limited, along with ABTA had related party transactions with the Group during the financial year ended 31 March 2022.

	Relationship	Revenue / (expense) in the year		Amounts outstanding at year end	
		2022 £m	2021 £m	2022 £m	2021 £m
Congress Team International (UK) Limited	Common directorship	4.4	0.2	-	0.2
Stewart Travel Limited*	Common directorship	(0.5)	(0.1)	0.6	0.1
ABTA Limited**	Common directorship	(0.2)	-	-	-

* Expenses in respect of Stewart Travel Limited relate to commissions paid for holidays sold by the agent on the Group's behalf.

** Expenses with ABTA Limited relate to the Group's membership of the regulatory body for package holidays.

32. Discontinued operations

During the previous year, the Group sold its Distribution & Logistics operating segment, **Fowler Welch** on 31 May 2020.

There are no results from discontinued operating activities during the year (2021: £1.8m for the two-month period). In addition, there is no profit on disposal of discontinued operations during the year (2021: £26.5m).

(i) Results of discontinued operations

	2022 £m	2021 £m
Revenue	-	27.6
Net operating expenses	-	(25.3)
Operating profit	-	2.3
Net financing expense	-	(0.2)
Profit before taxation from discontinued operating activities	-	2.1
Taxation	-	(0.3)
Profit after taxation from discontinued operating activities	-	1.8
Profit on disposal of discontinued operations (Note 32 (iii))	-	26.5
Total profit after taxation from discontinued operations	-	28.3
Earnings per share		
- basic	-	15.8p
- diluted	-	15.8p

	2022			2021		
Earnings per share from discontinued operations	Earnings	Weighted average number of shares	EPS	Earnings	Weighted average number of shares	EPS
	£m	millions	pence	£m	millions	pence
Basic EPS						
Profit attributable to ordinary shareholders	-	-	-	28.3	179.4	15.8
Effect of dilutive instruments						
Share options and Deferred Awards	-	-	-	-	-	-
Convertible bond	-	-	-	-	-	-
Diluted EPS	-	-	-	28.3	179.4	15.8

32. Discontinued operations (continued)

(ii) Segmental results of discontinued operations

Distribution & Logistics other segment information	2022 £m	2021 £m
Property, plant and equipment additions	-	0.1
Depreciation of property, plant and equipment	-	(0.4)
Depreciation of right-of-use assets	-	(2.0)
Wages and salaries	-	(8.4)
Social security costs	-	(0.8)
Other pension costs	-	(0.3)

During the previous year, the average monthly number of persons, including Executive Directors, employed by the Distribution & Logistics segment during the two-month period was 1,445.

(iii) Effect of disposal on financial position of Group

	2022 £m	2021 £m
Consideration received (net of sale costs)	-	94.6
Less: Cash disposed of	-	(18.6)
Proceeds from sale of discontinued operations	-	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

(iv) Cash flows from discontinued operations

	2022 £m	2021 £m
Net cash generated from operating activities	-	8.0
Net cash used in investing activities	-	(0.1)
Net cash used in financing activities	-	(2.0)
Net increase in cash in the period	-	5.9
Cash and cash equivalents at beginning of period	-	12.7
Cash and cash equivalents at disposal	-	18.6

33. Restatement of prior year financial statements

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

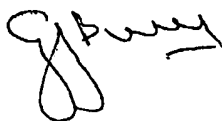
*The Group has restated its Provisions and liabilities to better reflect the timing of when its leased aircraft maintenance obligations fall due, having previously recognised the full balance as a current liability.

PARENT COMPANY BALANCE SHEET

at 31 March 2022

	Note	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	6	690.7	676.4
Right-of-use assets	7	109.8	115.3
Investments	8	300.3	3.1
Derivative financial instruments		20.5	9.4
Derivative financial instruments with subsidiary undertakings		0.3	29.5
		1,121.6	833.7
Current assets			
Debtors	9	720.2	874.7
Cash and cash equivalents		299.5	380.8
Money market deposits		580.5	-
		1,600.2	1,255.5
Current liabilities			
Creditors	10	(1,009.3)	(790.4)
Net current assets		590.9	465.1
Total assets less current liabilities		1,712.5	1,298.8
Non-current liabilities			
Borrowings	11	(759.3)	(325.1)
Lease liabilities	12	(123.4)	(133.2)
Derivative financial instruments		(3.5)	(40.8)
Derivative financial instruments owed to subsidiary undertakings		(15.3)	(2.5)
Deferred taxation	13	(60.3)	(62.3)
Net assets		750.7	734.9
Shareholders' equity			
Share capital		2.7	2.7
Share premium		19.8	19.8
Cash flow hedging reserve		1.2	(3.6)
Other reserves		51.4	-
Profit and loss account		675.6	716.0
Total shareholders' equity		750.7	734.9

The Company reported a loss after taxation for the financial year ended 31 March 2022 of £43.7m (2021: £101.9m profit). The financial statements on pages 152 to 167 were approved by the Board of Directors at a meeting held on 25 July 2022 and were signed on its behalf by:



Gary Brown
Group Chief Financial Officer
Jet2 plc Registered no. 01295221

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Share capital	Share premium	Cash flow hedging reserve	Other reserve	Merger reserve	Profit and loss account	Total shareholders' equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2020	1.9	12.9	(5.0)	-	-	41.0	50.8
Total comprehensive income	-	-	1.4	-	-	101.9	103.3
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	(3.6)	-	-	716.0	734.9
Total comprehensive income	-	-	4.8	-	-	(43.7)	(38.9)
Issue of share capital	-	-	-	-	-	-	-
Reserves transfer	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	3.3	3.3
Convertible bonds issued	-	-	-	51.4	-	-	51.4
Balance at 31 March 2022	2.7	19.8	1.2	51.4	-	675.6	750.7

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2022

1. Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council and has adopted FRS 101 *Reduced Disclosure Framework* accordingly.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and property, plant and equipment;
- transactions with other Group companies;
- capital management;
- the effects of new but not yet effective IFRS;
- a statement of financial position as at the beginning of the preceding period when applying an accounting policy retrospectively or making a retrospective restatement;
- compensation of key management personnel; and
- certain disclosures required by paragraphs 52, 89, 90, 91 and 93 of IFRS 16 – *Leases*.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 – *Share-based Payment* in respect of Group settled share based payments; and
- Certain disclosures required by IFRS 13 – *Fair Value Measurement* and the disclosures required by IFRS 7 – *Financial Instruments: Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in relation to future financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. Significant accounting policies

Going concern

The Company provides aircraft leasing, treasury, legal and IT management services to the Group and, accordingly, its financial performance is inextricably linked with the performance of its subsidiaries.

The Group disclosed its detailed Going concern statement on page 29.

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

2. Significant accounting policies (continued)

Revenue

Revenue arises from the leasing of aircraft to **Jet2.com** Limited, the Company's subsidiary undertaking, and is recognised on a straight-line basis over the lease term.

Employee benefits

Pension costs

All pensions are provided from the proceeds of money purchase schemes. The cost of the scheme is recognised in the profit and loss on an accruals basis in line with the scheme rules.

Share based payments

The Company issues equity settled share based payments to certain colleagues. The fair value of these option plans is measured by reference to the closing mid-market share price at the date of grant of the option or, where the share options are subject to terms and conditions that do not apply to traded options, by using the binomial valuation model. At each reporting date, before full vesting, the cumulative expense is calculated based on the extent to which the vesting period has expired and the business' best estimate of the achievement of non-market vesting conditions, and hence the number of equity instruments that will ultimately vest. The resulting cost is recognised in net operating expenses over the period in which the options vest in the profit and loss account.

Government Grants

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.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, and differences arising are recognised in the Income Statement in the period in which they arise. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are held at the exchange rate at the date of the transaction.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed, as required by IAS 12 – *Income Taxes*.

Investments

Investments are recorded at cost, less provision for impairment in value where appropriate.

2. Significant accounting policies (continued)

Property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and any provision for impairment. Pre-delivery payments in respect of future new aircraft arrivals are recorded in property, plant and equipment at cost. Depreciation is not charged on these additions until the Group takes delivery of the corresponding aircraft.

Depreciation is calculated to write down the cost of property, plant and equipment to each asset's estimated residual value using the straight-line method over its estimated useful economic life, or the estimated useful economic life of individual major components, as follows:

Freehold property	30 years
Short leasehold property	Over the life of the lease
Aircraft, engines and other components*	2-30 years
Plant, vehicles and equipment	3-7 years

* excluding pre-delivery payments (see above).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of their useful life or the end of their lease term. Certain of the Company's lease contracts contain lease extension options, which are taken into account in the measurement of the right-of-use asset only when the Company is reasonably certain that it would later exercise the option. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The element of the cost of acquired aircraft not attributed to major components is depreciated to its expected residual value over its remaining useful life, which is assumed to end 22-30 years from original build date depending on the aircraft type. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining extended life.

Aircraft are leased to **Jet2.com** Limited, a wholly owned subsidiary undertaking. Engines and other components are not depreciated by the Company, as these components are expected to be returned in at least the original condition in which they were initially leased to **Jet2.com**.

Residual values are reviewed annually at the balance sheet date and compared to prevailing market rates of equivalently aged assets; if required, depreciation rates are adjusted accordingly on a prospective basis. Carrying values are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

The useful economic lives of all assets have been considered in light of the evolution of environmental legislation and the Group's Sustainability Strategy to both limit and mitigate its impact on the environment; the Company believes these have no impact on either the useful economic lives or carrying values of its assets at this stage.

2. Significant accounting policies (continued)

Aircraft maintenance costs

Jet2.com leases aircraft from the Company and has a legal obligation to undertake specific periodic maintenance on the aircraft it operates. These obligations require **Jet2.com** to continue to maintain each aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease.

The Company receives a monthly maintenance rental from **Jet2.com** based on a usage calculation, with the rental set at a level which is estimated to cover the cost of future maintenance events when they occur.

Once incurred, the costs of each maintenance event are reimbursed to **Jet2.com** up to the value of maintenance rental payments previously paid over to the Company. Maintenance rental payments received are included within Amounts owed to Group undertakings within the Balance Sheet.

Interest bearing loans and borrowings

All loans and borrowings are initially recorded at fair value less any directly-attributable transaction costs. The loans and borrowings are, where applicable, subsequently measured at amortised cost.

Leased assets

The Company considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the balance sheet. The right-of-use asset is measured at cost, which is made up of: the initial measurement of the lease liability; any initial direct costs incurred by the Company; an estimate of any costs to dismantle and remove the asset at the end of the lease; and any lease payments made in advance of the lease commencement date (net of any incentives received).

When determining the lease term, the Company includes periods covered by an option to extend the lease where it is reasonably certain it will be exercised and periods covered by an option to terminate the lease where it is reasonably certain this option will not be exercised.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or alternatively, the Company's incremental borrowing rate.

2. Significant accounting policies (continued)

Leased assets (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Right-of-use assets and lease liabilities have been included within their own category in the Balance Sheet.

As permitted, the Company has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Low-value leases are immaterial to the Company in both the current and prior year. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Lessor accounting

When the Company acts as a sub-lessor, it determines at sub-lease inception whether each lease is a finance lease or an operating lease.

To classify each sub-lease, the Company makes an overall assessment of whether the sub-lease transfers substantially all of the risks and rewards incidental to ownership of the right-of-use asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the sub-lease is for the major part of the economic life of the right-of-use asset.

Convertible Bonds

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

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

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

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

2. Significant accounting policies (continued)

Money market deposits

Money market deposits comprise deposits with a maturity of more than three months at the point of placement and are accounted for within the amortised cost category of financial assets.

Cash and cash equivalents

Cash and cash equivalents include short-term deposits maturing within three months of placement and restricted cash, if any, paid over to various counterparties as collateral against relevant exposures.

Restricted cash, if any, comprises of margin calls and collateral in respect of adverse currency movements on aircraft loans in comparison to their underlying asset value. These are classified as either a current or non-current asset based on the estimated remaining length of the restriction.

3. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in future periods if applicable. For each sensitivity considered below, the Company has demonstrated a reasonably possible outcome to aid the users of the financial statements in understanding the impact of the estimate or judgement.

Critical judgements in applying accounting policies

There are no judgements that have a significant effect on the amounts recognised in the financial statements nor are there any major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The accounting estimates and judgements believed to require the most subjectivity or complexity are as follows:

Initial recognition of convertible bond

The fixed principal amount of each bond is convertible into a fixed number of shares; consequently the conversion option meets the "fixed-for-fixed" criterion required for recognition of a separate equity component. The terms of the convertible bonds include anti-dilution provisions to ensure that the holder's potential interest in the equity of **Jet2 plc** is not diluted in specified circumstances. If these provisions are triggered, the number of shares that will be delivered to the holder is adjusted. On this basis, the Company considers that these provisions exist to ensure that the holder's potential interest in the equity of the Company is not diluted under each of these circumstances and are not deemed to alter the fixed-for-fixed criterion. Therefore, the conversion option is accounted for as equity.

3. Accounting estimates and judgements (continued)

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period that the Directors consider to be significant and may have a risk of causing an adjustment to the carrying amounts of assets and liabilities.

Residual values and depreciation of property, plant and equipment and right-of-use assets

Estimations have been made in respect of the useful economic lives and residual values of aircraft included in property, plant and equipment and right-of-use assets, which determine the amount of depreciation charged in the profit and loss account. These estimated residual values are reviewed annually at the balance sheet date and compared to prevailing market residual values of equivalent aged assets. If the estimated residual value of the Company's aircraft were all increased by \$1.0m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2022 of £7.9m (2021: £9.2m).

Following the release of the Group's Sustainability Strategy in September 2021, the Company reviewed the useful economic lives of its aircraft, as the fulfilment of the carbon emissions targets within the strategy is dependent on the retirement of older less efficient aircraft for replacement with new Airbus A321 neo aircraft over the period 2023 to 2029.

Beyond 2030, the Company is reliant on investment from both the aviation industry and governments to develop lower emission aircraft powered by cleaner energy sources such as hydrogen or electricity. Airbus have stated an ambition to develop the world's first zero-emission commercial aircraft by mid 2030s, but this is currently still in early concept phase.

The Company's final deliveries of new 737-800NG aircraft arrived in January 2019 and were some of the last off the production line. Based on a useful economic life of 22 years, these aircraft are forecast to remain in service until 2041. As such, this end date is not markedly different to the current expectations of when new zero-emission aircraft models may be widely available for the Company to acquire.

The Company concluded that its existing accounting policy remains appropriate and aligned to its strategy.

If the estimated useful economic lives of the Company's aircraft were all reduced by one year, this would have resulted in an increase in the depreciation charge for the year ended 31 March 2022 of £7.6m (2021: £6.4m). Further details on the net book value of the Company's property, plant and equipment at 31 March 2022 can be found in Notes 6 and 7.

Convertible bond

The initial fair value of the liability portion of the convertible bond is determined using a market interest rate for an equivalent non-convertible instrument at the issue date. A 1% increase in this discount rate would have resulted in the liability component decreasing by £15.0m and correspondingly the equity component increasing by £15.0m.

4. New and amended accounting standards and interpretations

In the current year, the Company has applied one amendment to IFRSs issued by the international accounting standards Board ("IASB") that was mandatorily effective for an accounting period that begins on or after 1 January 2021.

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

IAS 38 – *Intangible Assets*

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

IFRS 16 – *Leases*

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

The expedient has been applied to all instances of rent concessions within the Company and the impact of applying this accounting standard amendment is not material to the Company.

Interest Rate Benchmark Reform

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

The Company continues to engage with those financing partners to which it has US LIBOR exposures to transition these agreements to the Secured Overnight Financing Rate ("SOFR") ahead of the 30 June 2023 deadline. The Company's USD denominated borrowings at 31 March 2022 that are subject to the transition are £88.8m. The impact of this is not expected to be material.

See Note 4 of the Group Consolidated Financial Statements for the new and amended accounting standards that have an effective date after the date of these financial statements.

5. (Loss) / profit for the year

The Company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has elected to not publish its own profit and loss account for the year. Of the Group's loss on ordinary activities after taxation for the year, a loss of £43.7m (2021: £101.9m profit) is dealt with in the financial statements of the Company.

6. Property, plant and equipment

	Land and buildings £m	Aircraft, engines and other components £m	Plant, vehicles and equipment £m	Total £m
Cost				
At 31 March 2021	3.3	894.3	12.8	910.4
Additions	-	63.9	-	63.9
Disposals	-	(7.9)	-	(7.9)
At 31 March 2022	3.3	950.3	12.8	966.4
Depreciation				
At 31 March 2021	(1.8)	(220.2)	(12.0)	(234.0)
Charge for the year	(0.1)	(42.3)	(0.6)	(43.0)
Disposals	-	1.3	-	1.3
At 31 March 2022	(1.9)	(261.2)	(12.6)	(275.7)
Net book value				
At 31 March 2022	1.4	689.1	0.2	690.7
At 31 March 2021	1.5	674.1	0.8	676.4

7. Right-of-use assets

	Aircraft, engines and other components £m	Other £m	Total £m
Cost			
At 31 March 2021	101.1	35.8	136.9
Additions	-	0.3	0.3
Disposals	-	(0.2)	(0.2)
At 31 March 2022	101.1	35.9	137.0
Depreciation			
At 31 March 2021	(11.0)	(10.6)	(21.6)
Charge for the year	(3.5)	(2.3)	(5.8)
Disposals	-	0.2	0.2
At 31 March 2022	(14.5)	(12.7)	(27.2)
Net book value			
At 31 March 2022	86.6	23.2	109.8
At 31 March 2021	90.1	25.2	115.3

Net book value of other right-of-use assets of £23.2m (2021: £25.2m) includes land and buildings £22.9m (2021: £25.1m) and plant, vehicles and equipment of £0.3m (2021: £0.1m).

8. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 31 March 2021	3.1
Additions ¹	300.0
Disposals ²	(2.8)
At 31 March 2022	300.3

¹ During the year the Company increased its investment in Jet2.com Limited by £300.0m (2021: £nil)

² The disposal relates to the reimbursement of historical share-based payments from the Company's subsidiaries – Jet2.com Limited and Jet2holidays Limited.

8. Investments (continued)

The subsidiary undertakings of the Company are:

Subsidiary undertaking	Principal activity	Country of incorporation or registration
Principal subsidiary undertakings:		
Dart Leasing & Finance Limited*	Aircraft leasing and financing services	United Kingdom
Dart Leasing and Finance (MSN 63154/63156) Limited	Aircraft leasing and financing services	United Kingdom
Jet2.com Limited*	Leisure travel airline services	United Kingdom
Jet2holidays Limited	Leisure travel package holiday services	United Kingdom
Jet2 Support Services (Spain) Limited*	Leisure travel support services	United Kingdom
Jet2 Support Services (Cyprus) Limited	Leisure travel support services	Cyprus
Jet2 Support Services (Malta) Limited	Leisure travel support services	Malta
Other subsidiary undertakings:		
Vardy Limited*	Aviation services	Republic of Ireland
Dormant subsidiary undertaking:		
Jet2 UK Limited*	Dormant company	United Kingdom
Jet2 Transport Services Limited	Dormant company	United Kingdom

* Indicates investments held directly by **Jet2 plc** as at 31 March 2022.

The Group owns 100% of the issued share capital and voting rights of all the companies above.

The issued share capital of each subsidiary undertaking consists entirely of ordinary shares.

All of the above subsidiaries have been consolidated in the **Jet2 plc** consolidated financial statements.

With the exception of the following entities, all of the above subsidiaries share the same registered address as **Jet2 plc**, which is provided on page 169:

Jet2 Support Services (Cyprus) Limited	Jet2 Support Services (Malta) Limited	Vardy Limited
11 Michael Paridi 1095 Nicosia Cyprus	Level 1 LM Complex Brewery Street Zone 3 Central Business District Birkirkara CBD3040 Malta	1 Grant's Row Lower Mount Street Dublin 2 D02 HX96 Ireland

9. Debtors

	2022	2021
	£m	£m
Other debtors and prepayments	10.8	7.2
Amounts owed by Group undertakings	494.8	809.2
Derivative financial instruments with subsidiary undertakings	28.3	34.8
Derivative financial instruments	186.3	23.5
	720.2	874.7

Expected credit losses in relation to the Amounts owed by Group undertakings balance of £494.8m (2021: £809.2m) are immaterial to the Company. The Amounts owed by Group undertakings are repayable on demand.

10. Creditors: amounts falling due within one year

	2022	2021
	£m	£m
Trade creditors	1.9	0.5
Amounts owed to Group undertakings	653.0	406.5
Derivative financial instruments owed to subsidiary undertakings	175.4	-
Derivative financial instruments	39.6	58.3
Other creditors and accruals	7.9	4.6
Aircraft loans	54.0	44.5
Other borrowings	65.0	263.7
VAT payable	0.4	0.2
Lease liabilities	12.1	12.1
	1,009.3	790.4

Included in amounts owed to Group undertakings are £267.2m (2021: £195.6m) of amounts received from **Jet2.com** in respect of potential future aircraft maintenance events.

11. Borrowings

Borrowings are repayable as follows:

	Bank facilities		CCFF		Convertible bond		Aircraft loans		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Within one year	65.0	65.0	-	198.7	-	-	54.0	44.5	119.0	308.2
Between one and two years	148.6	-	-	-	-	-	107.4	53.8	256.0	53.8
Between two and five years	-	-	-	-	337.2	-	90.6	164.3	427.8	164.3
Over five years	-	-	-	-	-	-	75.5	107.0	75.5	107.0
	213.6	65.0	-	198.7	337.2	-	327.5	369.6	878.3	633.3

12. Lease liabilities

Lease liabilities are repayable as follows:

	2022	2021
	£m	£m
Within one year	12.1	12.1
Between one and two years	12.2	12.0
Between two and five years	61.8	37.7
Over five years	49.4	83.5
	135.5	145.3

13. Deferred taxation

	2022	2021
	£m	£m
Deferred taxation arising from:		
Opening balance	62.3	59.3
(Credit) / charge to income	(3.2)	2.7
Charge to equity	1.2	0.3
Deferred tax liability at end of year	60.3	62.3

Deferred taxation breakdown:

Accelerated Capital Allowances	48.2	62.1
Other short-term timing differences	11.7	1.0
Derivative financial instruments	0.4	(0.8)
	60.3	62.3

There are no unrecognised deferred taxation balances at 31 March 2022 (2021: £nil).

14. Directors and employees

	2022	2021
	£m	£m
Wages and salaries	1.8	1.1
Social security costs	0.3	0.2
Other pension costs	0.2	0.1
Share based payments	0.7	0.4
	3.0	1.8

On average, the Company had seven employees during the year ended 31 March 2022 (2021: six).

Details of Directors' emoluments are set out in the Remuneration Committee Report on page 85.

	2022	2021
Details of Directors' remuneration:		
Highest paid Director	£1.1m	£0.7m
Number of Directors for whom retirement benefits accrue	2	2
Number of Directors who exercised share options / Deferred Awards	2	2

15. Contingent liabilities

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

16. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 8(k) of FRS 101, not to disclose transactions and balances with other Group companies.

17. Other information

Disclosure notes relating to Auditor's remuneration, called up share capital and reserves are included within the Consolidated Financial Statements of the Group in Notes 8 and 26 respectively.

18. Contractual commitments

During the year, *Jet2 plc* entered into an agreement with Airbus to purchase 51 new firm ordered A321 neo aircraft, and subsequently exercised 9 purchase rights to take the firm ordered total to 60 aircraft, with agreed flexibility to extend the order up to 75 aircraft. The firm ordered aircraft are due for delivery between 2023 and 2029, and at list price represented a total value of approximately \$8.1bn, with a total transaction value for up to 75 aircraft of approximately \$10.1bn, though the Group negotiated significant discounts from the list price.

SUPPLEMENTARY INFORMATION

GLOSSARY OF TERMS

ATOL	Air Travel Organiser's Licence.
Average Flight-only Net Ticket Yield	Flight-only ticket revenue, excluding taxes, divided by the number of flight-only Passenger Sectors Flown.
Average Package Holiday Price	Total Package Holiday Price (inclusive of taxes) paid by the customer excluding discretionary non-ticket revenue, divided by the number of Package Holiday Customers departing in that period.
Capacity	See Sector Seats Available below.
Load Factor	The percentage relationship of Passenger Sectors Flown to Sector Seats Available.
Non-ticket Revenue	All discretionary non-ticket revenue, including hold baggage charges, extra leg room fees, in-flight sales and commissions earned on car hire and insurance bookings.
Passenger Sectors Flown	Number of passengers flown on a Sector (or single leg flight journey), including no-shows.
Sector	A single leg flight journey.
Sector Seats Available	Total number of seats available according to the Leisure Travel scheduled flying programme (also known as Capacity).

SECRETARY AND ADVISERS

Registered number	01295221	
Secretary and Registered Office	Ian Day Low Fare Finder House Leeds Bradford Airport Leeds LS19 7TU	
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA	
Registrar	Link Group Central Square 29 Wellington Street Leeds LS1 4DL	
Bankers	Barclays Bank plc Barclays House 5 St. Ann's Street Newcastle upon Tyne NE1 3DX	HSBC Bank plc 4 th Floor City Point 29 King Street Leeds LS1 2HL
	Lloyds Bank plc 10 Gresham Street London EC2V 7AE	
Stockbrokers	Jefferies International Limited 100 Bishopsgate London EC2N 4JL	Canaccord Genuity Limited 9th Floor 88 Wood Street London EC2V 7QR
Nominated adviser	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS	
Solicitors	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP
	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ	

FINANCIAL CALENDAR

Annual General Meeting

1 September 2022

Results for the six months to 30 September 2022

24 November 2022

Results for the twelve months to 31 March 2023

July 2023