Jet2 plc

Annual Report & Accounts 2023

Jet2 plc is the home of:

- ***Jet2holidays*** - the UK's leading provider of ATOL protected package holidays to leisure destinations across the Mediterranean, Canary Islands and European Leisure Cities; and
- ***Jet2.com*** - our award-winning leisure airline, which specialises in scheduled holiday flights.

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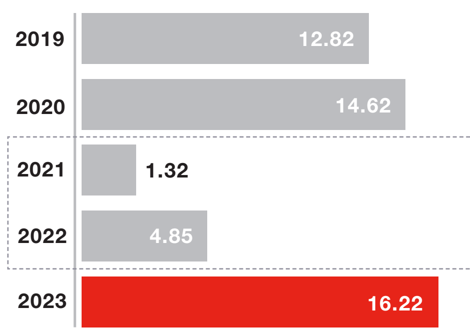
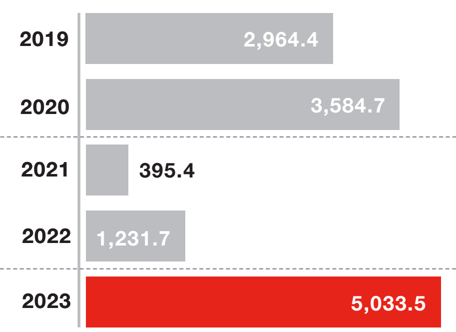
Financial Highlights

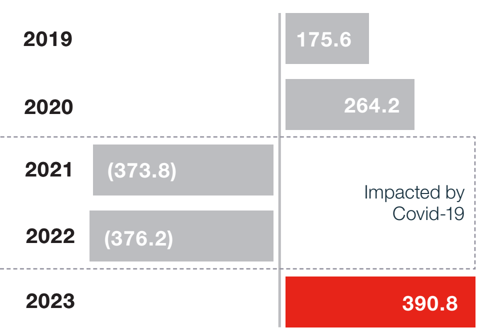
Passenger sectors flown (m)



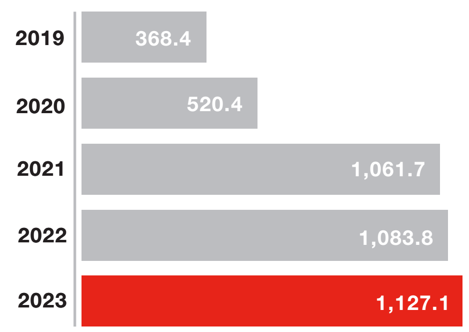
Leisure Travel Revenue (£m)



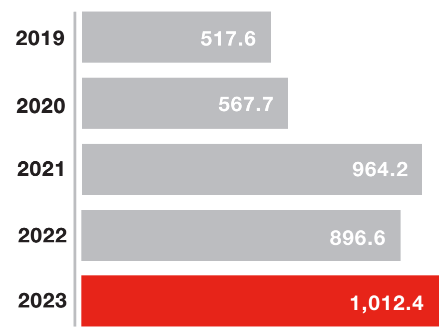
Leisure Travel pre-exceptional profit / (loss) before FX revaluation and taxation† (£m)



Own Cash† (£m)



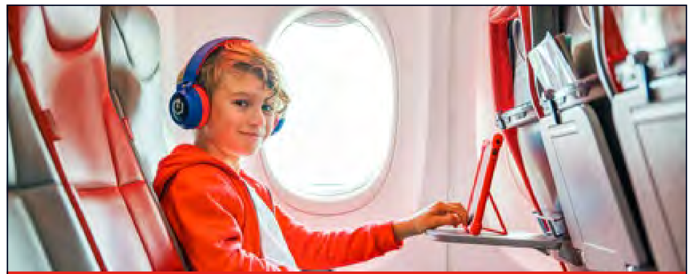
Leisure Travel Net Assets (£m)



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

Our Brands

Jet2.com is the UK's third largest airline, flying from eleven UK bases to over 65 destinations across Europe and beyond and ***Jet2holidays*** is the UK's leading package holiday provider to destinations across the Mediterranean and Canary Islands. But, that's not all we are...

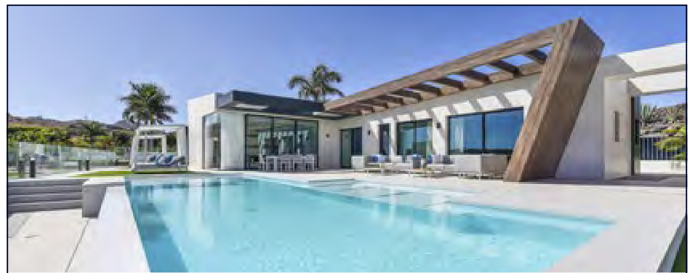


Jet2.com
Friendly low fares

Friendly low fares and award-winning service is what we're all about at ***Jet2.com.*** Jet off to more than 65 Sun, City and Ski destinations across Europe from our 11 UK airports.

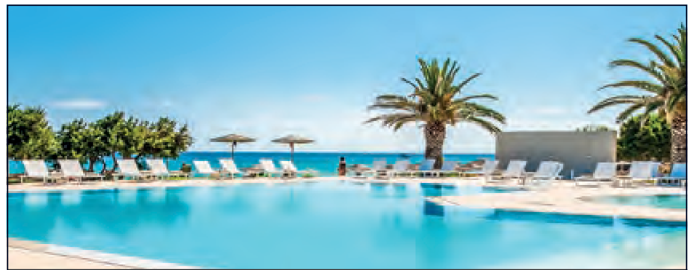
Jet2holidays
Package holidays you can trust

We lead the way with our great-value, ATOL and ABTA protected holidays. You'll get a huge choice of hotels and durations, 22kg baggage and in-resort transfers for just a £60pp deposit.



Jet2Villas
flight | car | villa

For the freedom of your own space and the perks of a package holiday, choose ***Jet2Villas***®. Your villa, flights, 22kg baggage and hire car are all included to make things easier for you!



INDULGENT ESCAPES®
by Jet2holidays

Treat yourself to one of our ultra-luxurious holidays. All our ***Indulgent Escapes***® include a swanky five-star hotel, flights, 25kg baggage and private hotel transfers.

Jet2CityBreaks®
flight | hotel | city

Get ready to explore Europe's greatest cities with ***Jet2CityBreaks***®. We wrap up flights, accommodation and 22kg baggage into one super-easy ATOL protected package.

VIBE
BY
Jet2holidays

From party pads to chilled spots, we've clubbed getaways into groups to help you find your match. And your flights, transfers, hotel and 22kg baggage are all included.

Operational Highlights

Leisure Travel

UK's leading Package Holiday provider

Over 4,500 2–5 Star hotels in our wide-ranging and inviting product portfolio

More than **470 routes** from **11 UK bases** to over 65 sun, city and ski destinations

Over 14,500 colleagues for Summer 2023

We have firm orders for **98 new Airbus A321/A320neo aircraft** to be delivered between 2023–2031

Over 60% of Summer 2023 bookings are from repeat customers

More than **22 million customers** since we launched Jet2holidays in 2007

Over 70% of our bookings for Summer 2023 are Package Holiday customers

Award-winning airline Jet2.com

We will operate a fleet of **120 aircraft** for Summer 2023

3,000+ hotels rated **4-star plus** on Tripadvisor

Our Destinations

- 21 COUNTRIES
- OVER 650 RESORTS
- 11 UK BASES
- OVER 65 OVERSEAS DESTINATIONS
- OVER 470 ROUTES

Alicante Almeria Antalya Athens Barcelona Bergen Bergerac Berlin Bodrum Bourgas Budapest Chambéry Chania Cologne Copenhagen Corfu Dalaman Dubrovnik Faro (Algarve) Fuerteventura Geneva Girona Gran Canaria Grenoble Halkidiki Heraklion Ibiza Innsbruck Izmir Jersey Kalamata Kefalonia Kos Krakow Lanzarote Larnaca Lesvos Lyon Madeira Majorca Malaga Malta Menorca Naples Nice Paphos Paris Pisa Prague Preveza Reus Reykjavik (Iceland) Rhodes Rome Salzburg Santorini Sardinia Sicily Skiathos Split Tenerife Tivat Turin Venice Verona Vienna Zante

Our Awards

2023 Which? Awards TRAVEL BRAND OF THE YEAR

Travel Brand of the Year 2023

Jet2.com, Jet2holidays, Jet2CityBreaks® and Jet2Villas® are all Which? Recommended Providers

JANUARY 2023 Which? Recommended Provider SHORT HAUL AIRLINES

DECEMBER 2022 Which? Recommended Provider BEACH & RESORT HOLIDAYS

DECEMBER 2022 Which? Recommended Provider FAMILY HOLIDAYS

DECEMBER 2022 Which? Recommended Provider SOLO HOLIDAYS

DECEMBER 2022 Which? Recommended Provider CITY BREAKS

JUNE 2023 Which? Recommended Provider VILLAS AND HOLIDAY LETS ABROAD

"We continue to place VIP customer service at the heart of everything we do, meaning that we deliver the industry-leading levels of customer service that our customers expect. This means we continue to win prestigious accolades, which is a reflection of the hard work and dedication that our committed and brilliant Colleagues put into ensuring that our Customers have the very best experience when they travel with Jet2.com and Jet2holidays."

Platinum Trusted Service Award 2023 feefo

Jet2holidays Platinum Trusted Service Award

Trusted Service Award 2023 feefo

Jet2.com Trusted Service Award

Trustpilot

Jet2.com 4.5 Jet2holidays 4.6

Both brands rated 'Excellent'*

*As at 24th July 2023

These are just the latest additions to our ever-growing awards cabinet. Check out the best of the rest at **www.jet2plc.com/our_awards**.

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Nothing Beats a Jet2holiday!

'I wouldn't travel with anyone else...'

"Travelling with a child as a single parent, it has to be right and with ***Jet2*** it felt safe due to the incredibly organised and friendly staff at every step. I wouldn't travel with anyone else as ***Jet2*** take away all the stress, leaving my daughter and I to have the best time."

Debra travelled with her daughter from Birmingham to Ibiza in April 2023

Business Model

Our resources

Airline

Operation of our own fleet of aircraft with full flexibility and **total control of our seat supply.**

People

Whether in the UK or Overseas, our Colleagues aim to excel in their roles whilst continuously displaying our Company's '***Take Me There***' values.

Product

Carefully controlled and developed resulting in a **strong brand awareness and loyal customers**.

Financials

The strength of our balance sheet means the Group is well positioned to capitalise on the growth opportunities that we believe exist for our exciting and dynamic business, but also provides us with the necessary financial resilience to adapt to and navigate potential challenges should they arise.

What we do

Package holidays

A diverse hotel choice and quality 2-star to 5-star accommodation is provided. We cater for the young, not so young and families alike. Our holidays represent value for money for all budgets.

Flight-only

We offer friendly low fares and award winning customer service to over 65 Sun, City and Ski destinations across Europe.

How we do it

End to end ownership and control of product

- Flying from 10 UK Bases (from March 2024 11 bases)
- Full control of our aircraft seat supply
- Control of all ground handling operations at 70% of our bases
- Bespoke IT systems

A relentless focus on customer service

- Frequency of flying enables **truly variable duration holidays**
- Over 4,500 2–5* hotels in our wide-ranging and inviting product portfolio – something for everybody

Value for Stakeholders

Colleagues

We're proud to provide a secure and enjoyable place of work to over 14,500 colleagues in an exciting forward-thinking business.

Customers

Our "*Customer First*" approach results in memorable, relaxing and well organised holidays for a growing and loyal customer base.

Suppliers

We support our suppliers through collaborative and constructive relationships - in particular, hotelier relationships have been built and cultivated over more than 15 years.

Shareholders

Our continued focus on sustainable growth whilst maintaining our flexible operating model delivers value for shareholders.

Communities and the environment

We endeavour to grow our Leisure Travel business in a sustainable manner whilst also supporting local communities.

Strategy

To be the UK's Leading and Best Leisure Travel business

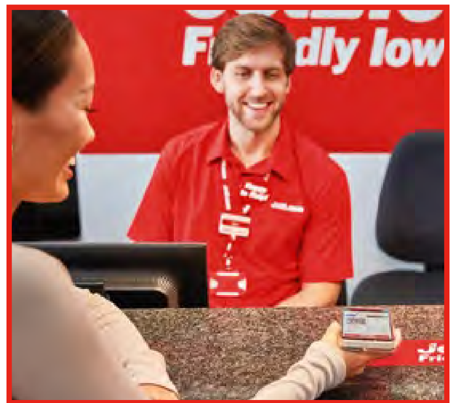
Our Strategic Pillars		Our objectives	Our performance during the year	Our future plans
Growth of both our Flight-only & Package Holidays Products		• Focus on customer-driven scheduling of flights on routes to popular leisure destinations in the Mediterranean, Canary Islands and European Leisure Cities to optimise load factor, flight-only ticket yield and average package holiday price.	• Our commitment to our *"Customer First"* ethos has helped propel ***Jet2holidays*** to the position of the UK's largest tour operator. • Package Holiday customers grew by 310% to 5.29m (2022: 1.29m) and were a materially higher mix of total departing passengers at 64.9% (2022: 51.3%). Flight-only passengers increased by 141% to 5.69m (2022: 2.36m).	• Our flying programme for Summer 2023 will be approximately 7.5% larger than Summer 2022, supported by 120 aircraft. • The proportion of package holiday customers is expected to increase to over 70% of flown passengers during Summer 2023.
Careful Control of our Product		• Full control of our aircraft seat supply. • Build and invest in relationships with selected hoteliers, who align with our ***Jet2*** brand values. • Retain and expand our loyal customer base, with our consistent *"Customer First"* approach.	• The decisions made in late 2021 to retain over 8,000 loyal Colleagues throughout the pandemic along with recruiting and training further colleagues in good time for Summer 2022 proved vital to maintaining our *"Customer First"* service. • Despite widespread travel disruption during Summer 2022, ***Jet2.com*** earned the accolade of being the only UK airline not to cancel a flight during July and August 2022, according to leading travel intelligence company, OAG.	• Continue to differentiate our Leisure Travel business through innovative product development. • Our ***Jet2Villas***® product was recently named a Which? Recommended Provider for the first time – a great achievement. • Ahead of Summer 2023, we have taken direct control of all ground-handling operations at Bristol and Newcastle airports meaning we now independently 'self-handle' at seven of our eleven UK bases.
A Memorable Customer Experience		• Ensure our Colleagues are on hand at all touchpoints throughout the customer journey to ensure that each and every customer has a memorable holiday experience. • *Read more about Our People on pages 68 to 74*	• The removal of most Covid-19 travel restrictions meant we were able to provide 16.22m passengers with their long awaited holidays during the year. • Our award-winning airline has provided over 100 million holidays and we were thrilled to celebrate ***Jet2.com***'s 20th anniversary in February 2023. • The Net Promoter Score for both our leisure travel products exceeded 70 - in line with levels seen prior to the pandemic.	• In response to strong demand from both customers and independent travel agents, we are also pleased to welcome the return of our **Resort Flight Check-In®** service which will initially recommence in Cyprus and the Canary Islands for the Summer 2023 season.
Continued investment supporting sustainable long-term growth		• Carefully considered investment in our existing business to ensure profit and cash flow growth is sustainable. • Ongoing capital investment to ensure we can continue our growth trajectory. • Recruit, develop and retain colleagues to deliver our award winning customer service.	• Our first brand new Airbus A321neo aircraft was delivered in March 2023 and is, in our opinion, on a per passenger basis, considered to be the most fuel efficient and sustainable aircraft in its class today. • A new training centre has been established at Cheadle, near Manchester airport. The first A321 flight simulator has been delivered to the facility, supporting the training of our pilot and cabin crew Colleagues on our new aircraft. • Our Jet2 Travel Technologies operation, based in Pune, India, now employs over 200 Colleagues increasing the Group's capacity to progress our many industry-leading IT innovations and business-critical development projects. The team were critical to the launch of a unified mobile application for both ***Jet2.com*** and ***Jet2holidays*** during the year.	• We have launched a **Lifestyle 2023** program for our pilots and cabin crew with the aim being to provide a more balanced lifestyle for our valued crew members. • In May 2023, we announced our intention to commence operations from **Liverpool John Lennon Airport** from March 2024 - our eleventh UK base. • Our planned expansion of the Apprenticeship Scheme is expected to result in a further 100 entrants to the scheme over the year. • Continued investment in technology to deliver key strategic initiatives thereby ensuring a seamless customer experience.
To become "the leading brand in sustainable air travel and package holidays"		• To achieve the targets as set out in our Sustainability Strategy which can be found at: **www.jet2plc.com/sustainability** • *Read more about Sustainability at Jet2 on pages 54 to 62 and Our People on pages 68 to 74*	• Aircraft CO_2 emissions per passenger kilometre for the year reduced to 65.9 gCO_2 putting the business in a strong position to achieve our target of 65.0 gCO_2 per passenger kilometre by 2025. • We voluntarily offset over 1.5m tonnes CO_{2e} during the year, representing all emissions not covered by mandatory carbon pricing mechanisms. • Following consistent investment, 47% of our Ground Support Equipment now operates on zero-carbon technology, and we have achieved an 80% reduction in single-use plastics on our aircraft as compared to 2019 – equivalent to removing 11 million items per annum!	• In April 2023, we announced an equity investment in a new SAF production plant to be constructed in the North West of England – **one of the first such deals in UK aviation**. • Over 50% of our Ground Services Equipment will be either fully electric or hybrid by the end of 2023. • ***Jet2holidays*** will launch its Hotel Sustainability Labelling Scheme along with a recognised sustainability certification charter by the end of the 2023 calendar year.

Nothing Beats a Jet2holiday!

Our end-to-end customer care

Easy ways to book

Via our website, UK-based call centre, Jet2 app and independent travel agent partners



Twilight Check-in®

A super-smooth service to get things off to a flying start

Award-winning service

Customer Helpers on hand to assist at our UK and overseas airports

End-to-end care

Dedicated in-house, self-handling at selected UK bases

Our famous in-flight service

From Which? Travel Brand of the Year 2023

Top marks from OAG

Industry-leading On-Time Performance

A warm welcome

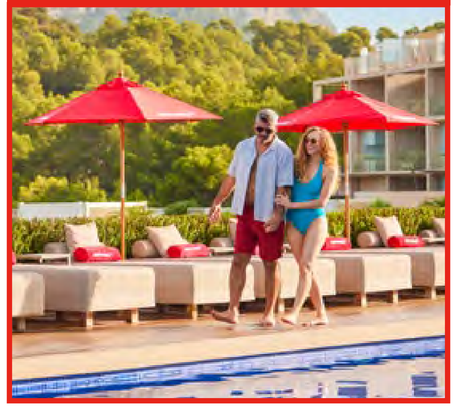
Customer Helpers happy to help, around the clock

In-resort transfers

Taking our customers to and from their accommodation with ease

Hand-picked hotels

A range of 2 to 5-star options to suit all tastes and budgets

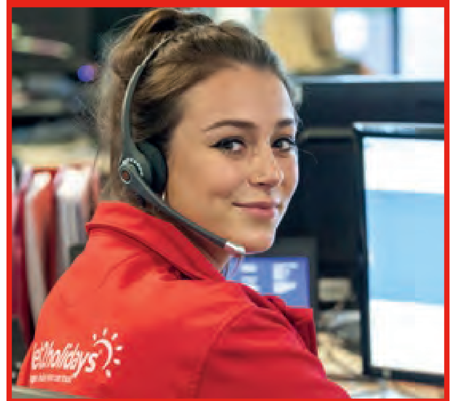


Exclusive experiences

From must-see sights to top attractions, local events and more

24/7 customer helpline

Support available morning, noon and night



Resort Flight Check-in®

So our Customers can enjoy their last day bag-free

Our Chairman's Statement

The conclusion of the Covid-19 pandemic and the unprecedented challenges faced by everyone during it, unleashed an enormous surge of pent-up demand for those experiences that consumers had truly missed in the preceding two years. One of the most important of these experiences was the opportunity to enjoy a much deserved, rejuvenating and relaxing overseas holiday.

And I am pleased to say, that despite a difficult return to normal operations, primarily due to the lack of planning and preparedness of many airports and associated suppliers, our UK Leisure Travel Business – which encompasses ***Jet2holidays***, our acclaimed ATOL licensed package holidays provider, and ***Jet2.com***, our award-winning airline – responded determinedly to provide our Customers with their eagerly anticipated ***Real Package Holidays from Jet2holidays®***.

Results for the financial year

The resumption of international travel in early 2022 resulted in the Group's financial performance for the year ended 31 March 2023 exceeding our pre-pandemic performance for the year ended 31 March 2020.

The positive progress reflects the decisions made in late 2021 to retain over 8,000 loyal Colleagues throughout the pandemic, recruiting and training in good time for Summer 2022, making early and substantial marketing investments and giving meaningful salary increases to all Colleagues. It also demonstrates the robust and sustainable nature of our business model.

For the reporting period, seat capacity increased 13% against 2020 and buoyant customer demand resulted in the business achieving an average load factor of 90.5% (2020: 92.2%). Higher margin Package Holiday customers grew by 40% to 5.29m (2020: 3.77m) and were a materially higher mix of total departing passengers at 64.9% (2020: 51.7%), with Flight-Only passengers reducing by 19% to 5.69m (2020: 7.06m).

Despite being very well prepared for our summer operations, plus the exceptional dedication of our Colleagues who consistently went above and beyond to ensure our Customers could finally embark on their long-awaited holidays, regrettably some Customers experienced frustrating delays. These hold ups were a direct consequence of the widespread disruption experienced throughout the aviation sector, including but not limited to ground handling suppliers' poor customer service, long queues for airport security checks and bottlenecks in baggage handling areas, all of which led to extreme levels of airport congestion. Consequently, delay and associated compensation costs under Regulation EU261 UK, exceeded £50.0m.

Despite these challenges, we were very proud that ***Jet2.com*** earned the accolade of being the only UK airline not to cancel a flight during July and August 2022, according to leading travel intelligence company, OAG – we were determined that our Customers should enjoy their well-deserved holidays!

Similarly, the financial performance of our in-flight retail operation was weaker than expected during early Summer 2022. This was largely attributable to inadequate onboard product availability caused by resource limitations at our third-party in-flight retail provider.

However, despite having absorbed these substantial disruption costs, I am pleased to report that **Group profit before FX revaluation and taxation increased to £390.8m**† (2022: £376.2m loss†) which was also 48% higher than the financial year ended 31 March 2020, the last pre-Covid reporting period.

After accounting for net FX revaluation losses of £19.8m (2022: £12.6m), total **profit before taxation was £371.0m** (2022: £388.8m loss).

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

Dividend

Prior to the pandemic, and subject to satisfactory financial performance, the Board traditionally paid a modest dividend whilst seeking to re-invest the majority of cash generated in growing the business. For the year, basic earnings per share were 135.4p (2022: (147.0p)) and in view of the positive financial performance and in keeping with its previous principle, the Board has resolved to pay a final dividend of 8.0p per share (2022: nil). This final dividend is subject to shareholders' approval at the Company's Annual General Meeting on 7 September 2023 and will be payable on 25 October 2023 to shareholders on the register at the close of business on 22 September 2023, with the ex-dividend date being 21 September 2023.

We were very proud that Jet2.com earned the accolade of being the only UK airline not to cancel a flight during July and August 2022.

Our Strategy

"To be the UK's Leading and Best Leisure Travel business"

In February 2003, ***Jet2.com*** proudly welcomed its first Customers onboard, and over 100 million happy holidaymakers later, we were thrilled to celebrate our 20th anniversary in February 2023, with ***Jet2holidays*** now the UK's largest package holiday provider and ***Jet2.com*** the UK's 3rd largest airline by number of passengers flown.

While many aspects have evolved in the intervening years, our unwavering commitment to our *"Customer First"* ethos has remained steadfast and is what has driven ***Jet2***'s continuing success. At the core of ***Jet2holidays*** and ***Jet2.com*** brand values lies the dedication to delivering exceptional service. We recognise that whether our Customers choose to embark on end-to-end ***Real Package Holidays from Jet2holidays®***, or simply enjoy a holiday flight with ***Jet2.com***, providing an appealing and memorable holiday experience fosters loyalty and encourages repeat bookings.

Our long-term ambition remains: **To be the UK's Leading and Best Leisure Travel business.** Achieving this objective demands **a clear strategic vision and an unwavering customer focus, accompanied by consistent and often material investment.**

Our unwavering commitment to our "Customer First" ethos has remained steadfast and is what has driven Jet2's continuing success.

Our Chairman's Statement *continued*

Our colleagues continue to deliver outstanding customer service

New Aircraft Order

In October 2022 we were pleased to announce that we were entering into a further agreement with Airbus to purchase another 35 new firm ordered Airbus A321/A320neo aircraft with the ability for this to extend up to 71 aircraft. Combined with existing orders, this brings the total number of firm ordered Airbus A321/A320neo aircraft for the Group to 98, which could eventually extend up to 146 aircraft. Critically, this agreement ensures certainty of supply well into the next decade.

The Group was delighted to take delivery of the first of these aircraft in March 2023. With a spacious cabin capacity for 232 passengers and operational advantages through reduced fuel consumption and resultant carbon emissions per seat, plus a much lower noise footprint against previous generation single aisle aircraft models, these aircraft will enable ***Jet2.com*** and ***Jet2holidays*** to grow more sustainably. We are certain that the introduction of the A321/A320neo aircraft will ensure that our Customers continue to have a wonderfully comfortable and enjoyable experience for many years to come.

Investment in Sustainable Aviation Fuel

As a socially and environmentally responsible airline and tour operator, we take our environmental impact seriously. We firmly believe that Sustainable Aviation Fuel ("SAF") is currently one of the most effective solutions for reducing carbon emissions and is key to achieving net-zero status by 2050. Consequently, in April 2023, the Group announced an equity investment in a new SAF production plant to be constructed in the North West of England – one of the first such deals in UK aviation. The Fulcrum NorthPoint facility, being developed by Fulcrum BioEnergy Ltd, will operate as a Waste-to-Fuels plant, and is anticipated to commence SAF production by 2027. Once operational, ***Jet2.com*** will receive a significant volume of SAF from the plant and expects to achieve net emissions reductions totalling approximately 400,000 tonnes of CO_2 over the 15-year period of the agreement.

New Training Facility

In February 2023, we were pleased to announce a new Airbus A321 flight simulator and training centre at Cheadle, near Manchester Airport. The new centre builds on the success of the Company's first training centre near Bradford, which opened in 2014. This bespoke facility will provide a centre of excellence for existing and new pilots, engineers, cabin crew and ground operations Colleagues. The three-storey building will house full and fixed-base flight simulators, cabin crew trainer units, engineering training devices to enact real-life scenarios, high-tech computer based training rooms, fully equipped classrooms and briefing rooms. The centre enables ***Jet2.com*** to underpin its growth ambitions by training thousands of Colleagues each and every year.

New UK Base

Finally in May 2023, we were delighted to announce the launch of our highly acclaimed flights and holidays from **Liverpool John Lennon Airport**. This development marks a significant milestone as it becomes our eleventh UK base and is aligned with our long-term strategy to sustainably grow our successful business.

Recognising the significant demand from both consumers and independent travel agents across Liverpool, Merseyside and the wider region, we are looking forward to commencing operations from March 2024. Between now and then, our focus is on meticulous preparation to ensure a seamless launch, so that from day one we can provide Customers with the same award-winning service which has delighted millions of others across the UK for so many years!

Nothing Beats a *Jet2holiday*!

Our Customers

We deeply appreciate the trust that our Customers place in us to provide them with an exceptional holiday experience, and there is no better validation of our performance than the recognition received from the consumer champion Which? and its members.

We take immense pride in the fact that ***Jet2.com***, ***Jet2holidays***, and ***Jet2CityBreaks***® continue to hold the distinguished status of being Which? Recommended Providers, reflecting our unwavering commitment to delivering exceptional service. Additionally in July 2023, ***Jet2Villas***® was named as a Which? Recommended Provider for the first time – a great achievement. We are also delighted that ***Jet2.com*** and ***Jet2holidays*** have recently been honoured as **Travel Brand of the Year 2023** by Which?, marking the second consecutive year and the third time in six years that we have received this prestigious accolade. This recognition acknowledges our dedication to prioritising our Customers' satisfaction, both throughout the challenging period of the pandemic and following the resumption of international travel.

We understand that during times of uncertainty, **consumers seek operators they can trust and who offer them the best value for their money**. Therefore, our total focus leading up to Summer 2023 has been on delivering the same industry-leading levels of customer service that our Customers have come to expect from us.

With this in mind, we have assumed direct control of all ground-handling operations (check-in; baggage handling and aircraft despatch) at a further two of our UK bases: Bristol and Newcastle – this means we now independently 'self-handle' at seven of our eleven UK bases and our Colleagues now control and manage passenger check-in at all but one of our UK bases. This expansion ensures a seamless and efficient experience for our valued Customers and eliminates any reliance on third parties for these crucial aspects of our operations.

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 indulge in the wonderful experience of a well-deserved ***Jet2holiday*** and we are fully committed to doing our very best to ensure that each of them ***"has a lovely holiday"***.

Our Colleagues

At the core of our company culture lies a deep-rooted *"Customer First"* ethos, guided by our principles of *People, Service, Profits* – great and attentive customer service is where we aim to excel.

Whether in the UK or Overseas, the ability of our Colleagues to continuously display our Company's ***'Take Me There'*** values (***Be Present; Create Memories; Take Responsibility;*** and ***Work As One Team***), is of paramount importance in upholding our standards. This *"Customer First"* approach has set us apart and enabled us to be consistently recognised as an industry leader for our outstanding customer service.

Throughout the year, our Colleagues have worked tirelessly, particularly during the challenging period of early Summer 2022. The Board is **hugely appreciative for their tremendous support and efforts**, which enabled ***Jet2.com*** and ***Jet2holidays*** to fulfil the dreams of so many Customers, taking them on their well-deserved and eagerly anticipated holidays.

To recognise the invaluable contribution our Colleagues made, we were very pleased to award pay increases totalling 8% during the year ended 31 March 2023 together with an end of summer season 'Thank You Bonus' of £1,000 each. We firmly believe that happy and well paid Colleagues are fundamental to the future success of our business and with this and the pressures of elevated inflation levels in mind, we awarded a pay increase of 9% to them all for the year ending 31 March 2024.

Our Chairman's Statement *continued*

The Group successfully reduced its CO_2 emissions per passenger kilometre from 67.0g in 2019 to 65.9g.

Our "Customer First" Ethos

In addition, we launched our award-winning ShareSave Scheme in September 2022, offering Colleagues the opportunity to become shareholders in ***Jet2 plc***, by granting options to acquire shares in the Company at a discount to the prevailing August 2022 share price, subject to the completion of three years' employment. The take-up rate was in excess of 60% - a very pleasing outcome.

Finally, we are delighted that the successful financial performance of the Group for the year ended 31 March 2023 has allowed us to reinstate both our **Discretionary Colleague Profit Share Scheme** for non-management Colleagues and our **Discretionary Bonus Scheme** for management Colleagues. These payments, which will be the first in four years due to the pandemic, will be made in the July 2023 payroll.

The Board is dedicated to upholding our *People, Service, Profits* ethos and is satisfied that the investment made in our Colleagues has resulted in engaged and dedicated teams who are 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.

Our Stakeholders

Suppliers

We recognise the importance of cultivating strong relationships with our many suppliers to realise our growth objectives. We were delighted to be able to resume our annual supplier conference where we focused on how we and our supplier partners can work together effectively to forge mutually beneficial long-term relationships. These strong partnerships are proving crucial as we head towards our peak flying operation in Summer 2023.

We also acknowledge the importance of timely and full payment to our suppliers, including of course our hotel partners, to underpin their financial well-being. In accordance with the '*Duty to report on payment practices and performance*' legislation, the average invoice payment period during the year reduced to 20.2 days (2022: 23.9 days) for ***Jet2.com*** Limited and to 22.7 days (2022: 27.5 days) for ***Jet2holidays*** Limited.

Shareholders

We maintain open lines of communication with our shareholders and institutional investors, engaging with them appropriately through regular interactions such as at Preliminary and Interim results meetings, individual investor meetings, broker/institutional conferences and at our Annual General Meeting.

UK Government and the Civil Aviation Authority

The Executive Directors and certain senior managers within the organisation regularly engage with senior representatives of the UK government and regulatory bodies. In the past year, discussions focused on addressing the operational disruption faced by the aviation industry in the early stages of the Summer 2022 season, as well as numerous meetings with the government and industry associations on the future of sustainable air travel. Furthermore, our Chief Executive Officer actively engages with government, business and tourism bodies in the UK and in our destination countries, fostering relationships at both national and regional levels.

In addition, our Group Chief Financial Officer has regular dialogue with the UK Civil Aviation Authority on the financial performance of the Group and our Accountable Manager, the Managing Director of ***Jet2.com***, meets regularly with his respective counterparts.

Our Commitment to Sustainability

As a major provider of leisure travel in the UK, taking millions of people away on holiday, ***Jet2 plc*** aspires to be ***"the leading brand in sustainable air travel and package holidays".***

Expanding our self handling into Bristol and Newcastle airports

Consequently, we endeavour to operate in the most efficient and sustainable manner possible, focusing on minimising both emissions and carbon intensity (emissions per passenger kilometre) and we continue to make steady progress against the targets published in our Sustainability Strategy in September 2021.

In addition to the significant investment made in new Airbus aircraft which extends well into the next decade, and our commitment to long-term SAF production, our efficient operations also contribute to minimising our environmental impact in terms of noise and air quality pollutants. These efforts are integral to our journey towards achieving our ***Jet2 Net Zero 2050*** commitment.

Following the return to more normalised levels of flight activity and pre-pandemic load factors, the Group successfully reduced its CO_2 emissions per passenger kilometre from 67.0g in 2019 to 65.9g, representing positive progress towards our 2025 target of 65.0g.

Jet2 plc fully complies with both national and international efforts aimed at combatting climate change, which include the UK and EU Emission Trading Schemes (ETS) and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). In addition, during the year the Group offset all emissions not covered by UK and EU ETS existing carbon pricing mechanisms. This equated to voluntary offsets of over 1.5m tonnes of carbon emissions. We were delighted to work with our offsetting partner, Vertis, in selecting projects including the Darajat Geothermal Project in Indonesia and the Aksu Wind Power Project in Türkiye, ensuring that the real-world impact of our carbon offsetting program is maximised.

Following consistent investment, 47% of our Ground Support Equipment now operates on zero-carbon technology, and we have achieved an 80% reduction in single-use plastics on our aircraft as compared to 2019 – equivalent to removing 11 million items per annum!

Finally, ***Jet2holidays*** is acting on the environmental impacts in its supply chain by continuing discussions with its hotel partners and the Global Sustainable Tourism Council to implement a hotel sustainability labelling scheme, thereby enabling Customers to make more sustainable accommodation choices. More detailed information on the Group's Sustainability Strategy can be found at **www.jet2plc.com/sustainability.**

Our Board

The Board acknowledges its responsibility for ensuring the enduring prosperity of the Group. This includes overseeing its effective management and being accountable to shareholders by making decisions that generate both long-term value and ensure that the foundations of the business remain strong and sustainable in an ever-changing marketplace.

Consequently in April 2023, the Board was very pleased to announce the appointments of Simon Breakwell and Angela Luger as independent Non-Executive Directors of the Company with effect from 27 April and 3 July 2023 respectively. Their extensive expertise aligns perfectly with the current phase of our growth, and we have full confidence in their ability to make substantial contributions to the success of our business as we continue our focus on *People, Service, Profits*.

Our Chairman's Statement *continued*

On 6 July 2023, I, as Executive Chairman, informed the Company of my intention to step down from the Board. I will move to Non-Executive Chair during the course of this year and remain in that role until a successor is appointed.

Outlook

On sale seat capacity for Summer 2023 is currently 7.5% higher than Summer 2022 at 15.29m seats. Although average load factors are currently 0.8ppts behind Summer 2022 at the same point, positively the mix of higher margin Package Holiday customers represents over 73% of total departing passengers at present, which is over 5ppts higher than Summer 2022.

Despite the Group facing various input cost pressures such as fuel, carbon taxes, a strengthened US dollar and wage increases, as well as investment to support the well-being and work-life balance of our Colleagues, pricing to date for both our package holidays and flight-only products has been robust and consequently margins per booked passenger satisfactory.

Looking forward, although we continue to believe that the **end-to-end package holiday is a resilient and popular product, particularly during difficult economic times and our ability to offer truly variable duration holidays** enables our Customers to tailor their holiday plans to suit their individual budgets, we are cognisant of how quickly the macro-economic environment is evolving and how this may affect consumers' future spending.

On that basis, and with the peak summer months of July, August and September not yet complete plus the majority of Winter 2023/2024 seat capacity still to sell, it remains premature as is always the case at this time of year, to provide definitive guidance as to Group profitability for the financial year ending 31 March 2024.

For the long term our strategy remains consistent - To be the UK's Leading and Best Leisure Travel Business - with *"People, Service, Profits"* serving as our guiding principles. Put simply, our Customers want to be looked after throughout their eagerly anticipated holiday experience by a happy, well paid and motivated team of ***Jet2*** Colleagues who continue to deliver outstanding service, thereby generating sustainable long-term profitability – in short, **Nothing Beats a *Jet2holiday!***

Philip Meeson
Executive Chairman

24 July 2023

Our ability to offer truly variable duration holidays enables our Customers to tailor their holiday plans to suit their individual budgets.

Business & Financial Review

The Group's financial performance for the year ended 31 March 2023 is reported in accordance with UK-adopted international accounting standards and applicable law.

Summary Income Statement	2023 £m	2022 £m	2020 £m	Change 2023 v 2020
Revenue	5,033.5	1,231.7	3,584.7	40%
Net operating expenses	(4,639.5)	(1,555.6)	(3,291.7)	(41%)
Operating profit / (loss)	394.0	(323.9)	293.0	34%
Net financing expense (excluding Net FX revaluation losses)	(5.8)	(53.4)	(29.5)	80%
Profit on disposal of property, plant and equipment	2.6	1.1	0.7	271%
Profit / (loss) before hedge ineffectiveness, FX revaluation and taxation	390.8	(376.2)	264.2	48%
Hedge ineffectiveness	–	–	(108.4)	100%
Net FX revaluation losses	(19.8)	(12.6)	(8.1)	(144%)
Profit / (loss) before taxation from continuing operations	371.0	(388.8)	147.7	151%
Profit before taxation from discontinued operations	–	–	5.5	(100%)
Profit / (loss) before taxation	371.0	(388.8)	153.2	142%
Net financing expense (including Net FX revaluation losses)	25.6	66.0	37.6	32%
Depreciation	185.2	158.3	204.5	9%
Hedge ineffectiveness	–	–	108.4	100%
EBITDA from continuing operations*	581.8	(164.5)	498.2	17%

* 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.

Differentiating our business through innovative product development

Customer Demand & Revenue

The rebound in consumer confidence to travel following the resumption of international flying in early 2022 reaffirmed our decision to invest well ahead of the Summer 2022 season to ensure we had an ample and capable workforce available to deliver our popular holiday offering.

As a result, on sale seat capacity for the Summer 2022 season remained 14% higher than Summer 2019. This planning stability allowed us to capitalise on the sustained customer demand, particularly for our package holidays and, combined with a resilient pricing environment and effective cost management, not only resulted in a significantly improved financial performance compared to the prior pandemic-impacted year, but also materially surpassed the result achieved in the pre-pandemic year ended 31 March 2020.

During the financial year ***Jet2.com*** flew a total of 16.22m (2022: 4.85m) single sector passengers, an increase of 234% with customers choosing our end-to-end package holiday products increasing by 310% to 5.29m (2022: 1.29m) assisted by certain high volume, popular routes operating package-only flights. Consequently, higher margin package holiday customers represented 64.9% of overall flown passengers (2022: 51.3%) which was 13.2 ppts higher than 2020.

Pleasingly, average load factor achieved was 90.5% (2022: 69.2%) on a 156% increase in seat capacity to 17.93m (2022: 7.01m), underlining the popularity of our leisure travel products and the resurgence in consumer confidence to travel, with load factors in the latter months of the financial year broadly in line with those of 2019/20.

Average flight-only ticket yield per passenger sector at £100.28 (2022: £67.90) was 48% higher than the prior year, due to changes in the mix of destinations flown, notably an increase to those in the Eastern Mediterranean, combined with strong consumer demand meaning fewer promotional offers were required.

The average price of a ***Jet2holidays*** package holiday increased by 10% to £761 (2022: £689) reflecting changes in destination mix and favourable pricing driven by the consistently robust consumer demand.

Non-Ticket Retail Revenue per passenger sector declined by 14% to £25.99 (2022: £30.28). This decrease can be largely attributed to the weaker than anticipated performance of our in-flight retail operations, primarily due to resource limitations at ***Jet2.com***'s third party in-flight retail supplier which affected onboard product availability. Pleasingly, towards the end of summer this disruption had largely abated and availability levels returned to the high standards our Customers have come to expect and enjoy.

As a result, overall Group Revenue increased by 309% to £5,033.5m (2022: £1,231.7m).

Net Operating Expenses

Higher levels of flying activity led to a corresponding 250% increase in direct operating expenses (including direct staff costs) to £3,843.0m (2022: £1,099.3m), significantly lower than the revenue growth.

It is important to note that this result was achieved despite the severe operational challenges experienced during mid-Summer 2022 due to the lack of planning and investment by many airports and their associated suppliers. Despite the tremendous efforts of our Colleagues, this disruption led to a significant increase in flight delays in excess of three hours deemed eligible under EU261 UK. As a result, delay and associated compensation costs exceeded £50.0m, over 200% higher than those incurred in the financial year ended 31 March 2020.

As a gesture of the Board's huge appreciation of their tremendous efforts and support, all Colleagues received an end of summer 'Thank You Bonus' of £1,000 in recognition of the strong operational and financial performance achieved despite the very challenging circumstances.

Underlying wage costs increased as a result of an 8% pay award made during the year, which recognised the fact that many had taken up to a 20% pay cut for the majority of the pandemic period to support the Company and also reflected the challenging inflationary environment.

Additionally, the Group continued to invest significant monies into colleague recruitment and training, not only to ensure it was well-placed to capitalise on consumer demand, but also to support a balanced lifestyle, particularly in operational areas.

The purchase of carbon allowances to satisfy our obligations under the UK and EU ETS resulted in a total charge of £76.7m and were acquired at an average price (excluding voluntary offsetting) of £63.17, up by 14% on 2022 (£55.35) and 350% on 2020 (£14.03). Brand and direct marketing investment was over £90.0m higher than the previous year at approximately £220m as the business ramped up activity post-pandemic to optimise load factors for Summer 2022, and also drive customer bookings for Winter 2022/2023 and Summer 2023.

Pleasingly, the successful performance of the Group has meant the reinstatement of both our **Discretionary Colleague Profit Share Scheme** for non-management Colleagues at 6% of pre-tax profit and **Discretionary Bonus Scheme** for management Colleagues. These payments totalling approximately £45m, will be the first since 2019 due to the pandemic and will be made in the July 2023 payroll.

As a result, net operating expenses increased by 198% to £4,639.5m (2022: £1,555.6m).

Operating Profit

Overall Group operating profit for the year was £394.0m (2022: £323.9m loss), a 34% increase on 2020 (£293.0m).

Net Financing Expense

Net financing expense of £25.6m (2022: £66.0m) is stated after finance income of £58.7m (2022: £5.1m), which improved materially due to higher levels of cash deposits coupled with increases to central bank interest rates made over the course of the financial year. Finance expenses of £64.5m (2022: £58.5m) increased primarily due to annualisation of the interest expense on the Group's convertible bond, which resulted in a cost of £17.3m (2022: £13.6m) and additional interest incurred on lease liabilities as a result of aircraft acquired to support further fleet expansion.

Business & Financial Review *continued*

Resort Flight Check-in® available at selected hotels

In addition, a net FX revaluation loss of £19.8m (2022: £12.6m) resulted from the year end revaluation of foreign currency denominated monetary balances.

Statutory Profit for the Year

As a result, the Group made a **statutory profit before taxation of £371.0m** (2022: £388.8m loss) which was over 150% higher than the pre-pandemic performance in the year ended 31 March 2020.

Taxation

The Group recorded a tax charge of £80.2m (2022: £73.4m credit), at an effective tax rate of 22% (2022: 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 at 25% (2022: 25%).

Statutory Net Profit for the year and Earnings Per Share

Consequently, the Group made a **statutory profit after taxation of £290.8m** (2022: £315.4m loss) and basic earnings per share were 135.4p (2022: (147.0p)).

Other Comprehensive Expense

The Group had an Other comprehensive expense of £179.0m (2022: £193.1m income); the change compared to the prior year primarily due to the transfer to the consolidated income statement over the course of the current year of hedged gains from in-the-money fuel derivatives from the previous year.

Cash Flows and Financial Position

The Group continues to maintain a strong balance sheet with significant liquidity which gives flexibility to pursue 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 and money market deposits:

Summary of Cash Flows	2023 £m	2022 £m	2020 £m	*Change 2023 v 2020*
EBITDA from continuing operations	**581.8**	(164.5)	498.2	*17%*
EBITDA from discontinued operating activities	**–**	–	20.9	*(100%)*
Other Income Statement adjustments	**7.8**	3.0	(0.4)	*2,050%*
Operating cash flows before movements in working capital	**589.6**	(161.5)	518.7	*14%*
Movements in working capital	**362.6**	966.0	(21.5)	*1,787%*
Payment on settlement of derivatives	**–**	(15.5)	–	*–*
Interest and taxes	**(0.1)**	(38.0)	(54.1)	*100%*
Net cash generated from operating activities	**952.1**	751.0	443.1	*115%*
Purchase of intangibles	**–**	–	(26.8)	*100%*
Purchase of property, plant and equipment and right-of-use assets	**(196.6)**	(108.4)	(211.3)	*7%*
Movement on borrowings	**(287.7)**	268.5	27.0	*(1,166%)*
Movement on lease liabilities	**(76.2)**	(67.5)	(99.7)	*24%*
Dividends paid in the year	**(6.4)**	–	(15.5)	*59%*
Other items	**11.0**	5.9	9.1	*21%*
Net increase in cash and money market deposits [a]	**396.2**	849.5	125.9	*215%*

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. Further information on these balances as at the year-end can be found in Notes 5 and 19 to the Consolidated Financial Statements.

Net Cash Generated From Operating Activities

The Group generated operating cash inflows before working capital movements of £589.6m (2022: £161.5m outflow) primarily driven by the Leisure Travel business trading performance which resulted in EBITDA improving to £581.8m (2022: EBITDA of £164.5m loss).

In addition, movements in working capital resulted in cash inflows of £362.6m (2022: £966.0m), principally due to holding higher levels of customer cash deposits than the prior year from much improved forward bookings and an increase in trade and other payables due to increased operational activity in the final quarter of the year as compared to the previous year. After net interest received of £15.1m (2022: £38.4m paid) and corporation tax payments of £15.2m (2022: £0.4m refunded), the Group generated £952.1m of cash from its operating activities (2022: £751.0m).

Net Cash Used In Investing Activities

Total capital expenditure amounted to £196.6m (2022: £108.4m) primarily representing pre-delivery payments made for the Group's Airbus A321/A320neo order and including the balance payment for the first Airbus A321neo delivery received in March 2023. Additionally, we continued to invest in the ongoing maintenance of our existing aircraft fleet, ensuring its long-term reliability and performance. Furthermore, we were delighted to acquire a second flight simulator and training centre near our Manchester Airport base.

This bespoke facility will serve as an additional dedicated training hub for our pilots, cabin crew, engineers and other operational functions as we continue to grow over the coming years. Finally, as part of our commitment to achieve the targets set out within our Sustainability Strategy, we continued to invest in improving the carbon efficiency of our ground service equipment at our UK bases, transitioning from combustion engine to electric (either fully electric or hybrid) powered alternatives.

Net Cash Used In Financing Activities

Net cash used in financing activities amounted to £370.3m (2022: £201.0m cash generated from financing activities) following repayments of borrowings and lease liabilities of £363.9m (2022: £327.0m), which included repayment of the existing £65.0m Revolving Credit Facility ("RCF") and early repayment of a £150.0m short term loan taken out during the pandemic, and an interim dividend payment of £6.4m (2022: nil). There were no new loans advanced during the year (2022: £528.0m).

Other items totalling an inflow of £11.0m (2022: £5.9m) are largely driven by the effect of foreign exchange rate changes on the Group's cash and money market deposit balances totalling £8.3m (2022: £4.8m) and £2.7m proceeds from engine sales (2022: £1.1m).

Overall, this resulted in a net cash inflow of £396.2m (2022: £849.5m) and a year-end gross cash position (including money market deposits)† of £2,624.7m (2022: £2,228.5m).

Net cash, stated after borrowings and lease liabilities increased by 90% to £1,249.7m (2022: £658.3m).

At the reporting date, the Group had received payments in advance of travel from its Leisure Travel customers amounting to £1,497.6m (2022: £1,144.7m) and had increased its 'Own Cash'*† balance to £1,127.1m (2022: £1,083.8m).

Liquidity

The Group maintains a robust financial position, characterised by a strong balance sheet and ample liquidity. This financial strength gives the flexibility to pursue our growth ambitions, comfortably repay our borrowings and to renew certain aircraft within our fleet.

In October 2022, the Group successfully renegotiated its RCF, with the addition of one new financing partner, National Westminster Bank plc, alongside our three existing supportive relationship banks: Barclays Bank plc; HSBC UK Bank plc; and Lloyds Bank plc. The new RCF, which remains undrawn, provides the Group with unsecured available facilities of up to £300m and represents an increase of £200m from the previous arrangement. An important feature of the new facility is its sustainability focus. Commencing 1 April 2023, it will be linked via a margin ratchet adjustment to sustainability criteria, specifically the Group's key climate metric – gCO_2 per passenger kilometre aircraft fuel burn.

Business & Financial Review *continued*

This integration of sustainability targets into our financing structure underscores our commitment to addressing the climate impact and aligning our financial operations with our environmental objectives.

Statement of Financial Position	**2023 £m**	2022 £m	2020 £m	*Change 2023 v 2020*
Non-current assets[a]	**1,519.8**	1,363.9	1,492.7	*2%*
Net liabilities[b]	**(115.0)**	(87.6)	(138.7)	*17%*
Cash and money market deposits	**2,624.7**	2,228.5	1,387.5	*89%*
Deferred revenue	**(1,563.6)**	(1,189.1)	(745.2)	*(110%)*
Borrowings	**(729.2)**	(991.7)	(485.7)	*(50%)*
Lease liabilities	**(645.8)**	(578.5)	(672.7)	*4%*
Deferred taxation	**(36.7)**	(12.6)	(78.7)	*53%*
Derivative financial instruments	**(41.8)**	163.7	(191.5)	*78%*
Assets held for sale	**–**	–	66.4	*(100%)*
Total shareholders' equity	**1,012.4**	896.6	634.1	*60%*

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 increased by £115.8m (2022: £67.6m decrease) which included the profit after taxation of £290.8m (2022: £315.4m loss). This was partially offset by a net movement within the cash flow hedging and cost of hedging reserves of £182.9m, notably the crystallisation of prior year in-the-money fuel derivatives during the year.

Our Leisure Travel business emerged from the pandemic at the beginning of 2022 firmly on the front foot, made possible by its strong Own Cash position, a well-capitalised Balance Sheet and a highly committed, skilled workforce. These invaluable resources have helped steer the Group through a phased recovery to more normalised levels of operational activity. Moreover, they form the bedrock of our growth ambitions for the coming years.

In addition, the strength of our balance sheet means the Group is well positioned to capitalise on the growth opportunities that we believe exist for our exciting and dynamic business, but also provides us with the necessary financial resilience to adapt to and navigate potential challenges should they arise.

Gary Brown
Group Chief Financial Officer

24 July 2023

The Group is well positioned to capitalise on the growth opportunities that we believe exist for our exciting and dynamic business.

Key Performance Indicators

Leisure Travel Key Performance Indicators	**2023**	2022	2020	*Change 2023 v 2020*
Leisure Travel sector seats available (capacity)	**17.93m**	7.01m	15.85m	*13%*
Leisure Travel passenger sectors flown	**16.22m**	4.85m	14.62m	*11%*
Leisure Travel load factor	**90.5%**	69.2%	92.2%	*(1.7 ppts)*
Flight-only passenger sectors flown	**5.69m**	2.36m	7.06m	*(19%)*
Package holiday customers	**5.29m**	1.29m	3.77m	*40%*
Package holiday customers % of total passenger sectors flown	**64.9%**	51.3%	51.7%	*13.2 ppts*
Flight-only ticket yield per passenger sector (excl. taxes)	**£100.28**	£67.90	£85.59	*17%*
Average package holiday price	**£761**	£689	£687	*11%*
Non-ticket revenue per passenger sector	**£25.99**	£30.28	£24.91	*4%*
Fuel requirement hedged – next 12 months	**81.8%**	87.6%	N/A	*N/A*
Advance sales made as at 31 March	**£3,028.2m**	£2,396.0m	£1,679.2m	*80%*

See Glossary of Terms on page 157 for further details.

Wide-ranging and inviting product portfolio

Risk Management

Overview

To achieve its strategic objectives and secure sustainable profitable growth, the Group must effectively manage existing and emerging risks. The Board of Directors bears the responsibility for establishing and overseeing the Group's risk management system and internal control framework and is accountable for defining the nature and extent of principal risks and uncertainties that the Group is willing to accept in pursuit of its strategic goals. This section outlines the Group's approach to managing these risks, which due to the dynamic nature of the leisure travel industry are not exhaustive and will likely evolve over time.

Risk Management Process

Approach to risk

The Board regularly carries out a robust assessment of the emerging and principal risks facing the Group.

The Group's risk management systems have continued to evolve during the year, as it implemented a new risk management tool provided by a specialist third-party. This tool drives efficiency in the production and maintenance of individual risk registers and more broadly enhances governance over the recording, monitoring and reporting of risks within the business. In addition, it provides greater visibility and interactivity, with visual summaries of risk performance now complemented by more informed risk and control effectiveness scoring, in comparison to risk appetite. This approach facilitates more focused discussion of risk in the annual Risk Management Forum.

Ongoing risk management has been further enhanced by the introduction of a Risk Oversight Committee, a more tailored forum which meets more frequently. The Committee comprises, the Chief Executive Officer, the Group Chief Financial Officer and the Group Legal Director & Company Secretary with the Head of Internal Audit & Business Continuity attending by invitation. The Committee's main responsibilities (amongst others) are to:

- Consider updates on a rotational basis from the Leisure Travel Operational Directors on specific, targeted actions which are being developed to improve control effectiveness and risk mitigation in the context of the Group's risk appetite.
- Monitor Key Risk Indicators ("KRIs") to assess the Group's risk exposure and identify and consider new and emerging risks and any changes to risk environment.
- Monitor the adequacy and effectiveness of risk mitigation measures and recommend adjustments or improvements as necessary.

Proactive assessment and mitigation of risk

The key features of the Group's approach to risk and systems of internal control are:

Risk Management

Identify

- Identifying risks and opportunities is a continual process across all business areas.
- A Risk Management Forum and the Risk Oversight Committee are responsible for ensuring that an effective risk management process is operating throughout the organisation.
- These forums are also responsible for identifying new and emerging risks as well as updating, assessing and managing those existing risks most significant to the long-term value of the organisation.

Assess

- Risks are assessed considering the likelihood and impact of the risk materialising, in the context of the Group's risk appetite. Appropriate controls are agreed and implemented to mitigate those risks.
- In addition to oversight by the Risk Management Forum and Risk Oversight Committee, our principal risk areas are regularly assessed through a range of Steering Committees and Action Groups.
- The Audit & Risk Committee also review principal risks and the status of mitigating actions.

Manage and Monitor

- Risk Owners (of at least Operational Director level) and Action Owners are appointed and held accountable for relevant risk reporting and the status of mitigating actions.
- Target dates for the implementation of relevant actions are set and regularly reviewed.
- Assurance mapping of our principal risks enables mitigation to be effectively monitored and linked into our Internal Audit plan to provide independent assurance over key processes and controls.

Embed

- Our Safety Management System, supported by a "Just" reporting culture ensures appropriate rigour regarding safe operation of our Leisure Travel activities.
- Our organisational structure has clear segregation of duties, control and authority.
- Risk mitigation is further supported through Board approved policies and procedures over critical risk areas.

Report

- The status of risk mitigation and the progress of outstanding actions is provided to the Audit & Risk Committee.
- A comprehensive risk review is also undertaken at one Audit & Risk Committee meeting each year dedicated to risk reporting and actions.
- Key risks are discussed at the ***Jet2 plc*** Board meeting, including consideration of mitigating factors.

Risk Management *continued*

Visualisation of principal risks

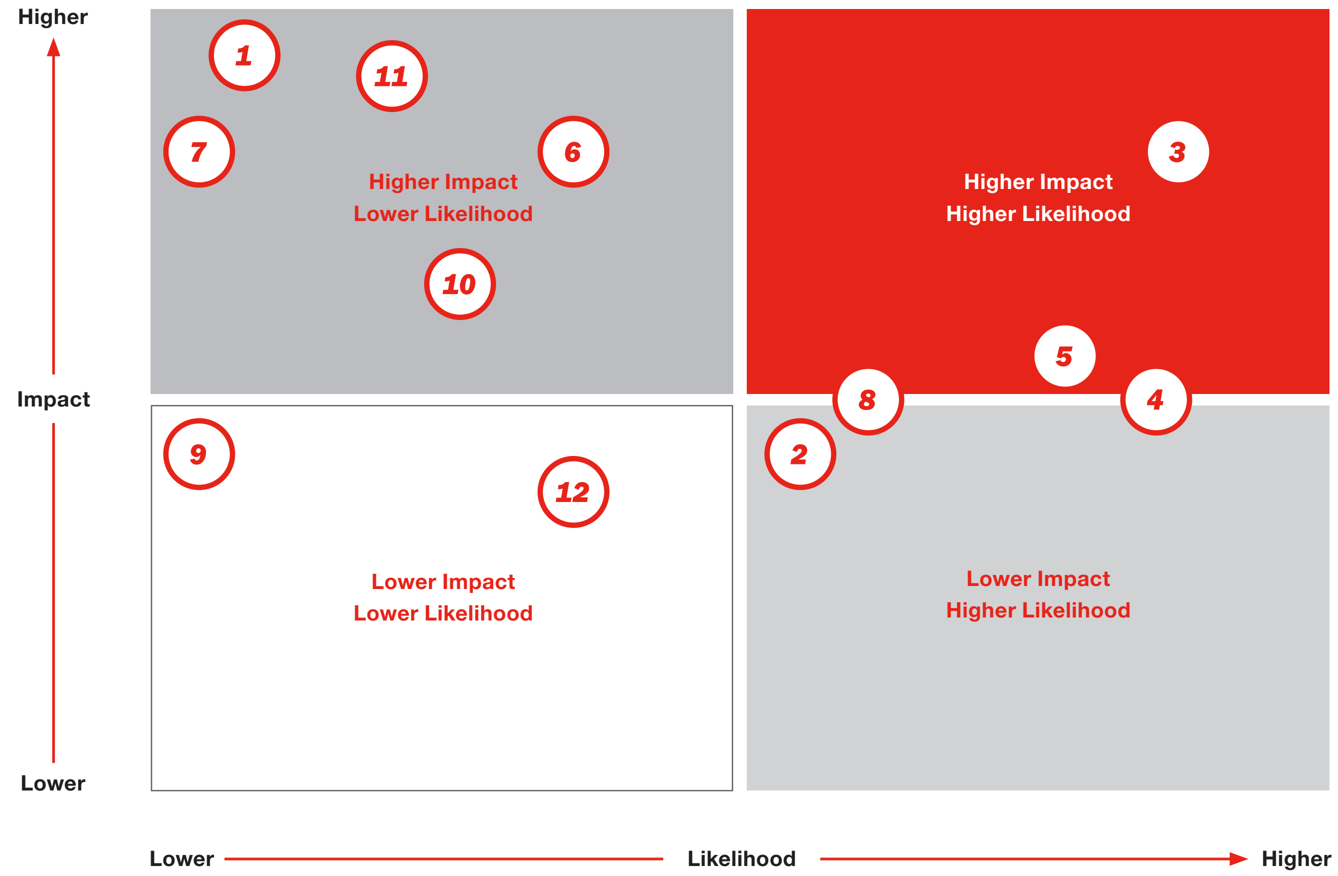
The key changes to our risk heat map in comparison to the previous financial year are:

Risk	Number	Movement	Rationale
Liquidity and capital risk	7	↓	Ongoing strong liquidity with profits now exceeding pre-pandemic levels.
Operational disruption	10	↓	The severe disruption seen across the aviation industry following the reopening of international travel in early 2022 has since abated.
Input cost volatility, including interest, fuel and carbon costs	5	↓	Lower volatility in fuel and carbon markets than that seen following the aftermath of the Russian invasion of Ukraine in early 2022.
Epidemic / global pandemic	–	✖	The World Health Organisation has declared that the Covid-19 pandemic no longer constitutes a public health emergency and most associated travel restrictions were removed in early 2022. Therefore, the Group no longer identify this as a principal risk due to the nature of black swan events such as the Covid-19 pandemic. Our controls to mitigate a risk of this nature are explained in the Operational Disruption risk.
Economic conditions	4	↑	Increases to central bank interest rates are contributing to pressure on household budgets through rising mortgage repayments. This, allied with inflationary increases to other household necessities, means that there may be a higher risk of consumers either downgrading or forgoing their holidays.
Climate and Sustainability	3	↑	The requisite government investment in sustainable technology for the aviation industry continues to be lower than necessary and the likelihood of additional climate related levies has increased.
Government policy and regulatory intervention	8	↑	The new EU Entry-Exit System ("EES") is expected to result in extended processing times for our customers in the early phases of its launch.

Risk movement

↔ Stable ↑ Increased Risk ↓ Decreased Risk ✖ Removed Risk

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



Risk

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

Risk Management *continued*

1 Health, Safety and Security

Risk movement ↔

Risk owner – Chief Executive Officer

Risk description

- The health, safety and security of our Customers and Colleagues is a key priority.
- Failure to prevent or deal effectively with a major safety incident on the ground, in the air or in-resort, including a security related threat.

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.

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 team, which reports directly to the Accountable Manager (the Managing Director of ***Jet2.com*** Limited) and the SRB.

The SRB, which 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 and actions back to relevant colleagues.

Aviation Security is subject to significant UK and International regulation. ***Jet2.com*** 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.

The ***Jet2holidays*** Risk and Safety team utilise a framework that enables a consistent approach to the assessment, monitoring, and control of safety related risk throughout the customer journey. Supplier accommodation, in-resort transfers, and excursions are all evaluated using a consistent framework. This has been further enhanced by the recruitment of a data analysis team who deploy sophisticated analytics and trend analysis to manage safety inspections to highlight and mitigate potential risk. Evaluation and management of risk is completed by an in-house team of highly experienced first language speaking safety managers who have extensive local knowledge of health and safety legislation and are based in the resorts in which we operate.

The emphasis for accountability for all inputs to our package holiday product is placed on the supplier and ***Jet2holidays*** uses risk assessment modelling to identify those suppliers who need additional support to comply with our risk and safety standards and / or local legislation mandates. 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 January 2023, ***Jet2holidays*** became the first UK tour operator to be awarded ISO 45001:2018 certification, an international standard for Occupational Health and Safety, demonstrating our commitment to providing the highest standards of health and safety for our Colleagues and Customers.

The ***Jet2holidays*** Risk and Safety Committee, chaired by the Chief Executive Officer, meets frequently to discuss emerging risks and to 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.

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 and training 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, Employer's Liability Insurance, Tour Operator's 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.

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

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 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 and respond to any changes in consumer demand.

The Group's substantial investments ahead of the Summer 2022 season enabled ***Jet2.com*** to earn the accolade of being the only UK airline not to cancel a flight during July and August 2022, according to leading travel intelligence company, OAG. Our commitment to our *"Customer First"* ethos has helped propel ***Jet2holidays*** to the position of UK's largest tour operator.

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. In July 2022, we integrated the separate ***Jet2.com*** and ***Jet2holidays*** mobile apps into a unified application.

By consolidating these features, we provide users with a more convenient and efficient experience and give them the functionality to search, book and manage both package holidays and flights more conveniently in one place.

In response to strong demand from both customers and independent travel agents, we are also pleased to welcome the return of our **Resort Flight Check-In®** service which will initially recommence in Cyprus and the Canary Islands for the Summer 2023 season.

We continue to differentiate our business through innovative product development, such as ***Jet2Villas®*** and ***Jet2CityBreaks®***, the provision of added value services such as **Indulgent Escapes®**, together with **Vibe by *Jet2holidays*®**, specifically crafted for the growing millennial market.

For Summer 2023, ***Jet2holidays*** has run its enormously popular '*Bid for a Break*' campaign for the third year, delighting holidaymakers who have eagerly anticipated its return. Other marketing campaigns including '*Grab a Getaway*' during Easter and the Christmas '*Festive Flurry*' have helped increase the number of users and activity on our mobile application which further strengthens brand awareness.

Risk Management *continued*

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. This is exacerbated by a lack of meaningful investment by governments.
- Inconsistent and potentially onerous government policy which does not appropriately address industry climate risks and results in disproportionate costs to the Group.

Potential consequences

- Reputational risk of perceived inaction could adversely impact passenger demand
- Significant increase in costs of both existing and potential new aviation and travel taxes, charges and levies

Mitigating actions

The Group's Sustainability Steering Committee is chaired by the Chief Executive Officer and attended by the Sustainability & Business Development Director, the Sustainability General Manager, the Director of Planning, the Group Chief Financial Officer, and the Group Legal Director & Company Secretary.

The Committee meets quarterly to review progress against the Group's targets as set out in its Sustainability Strategy. In addition, new and developing requirements arising from environmental legislation and its impacts are considered and reviewed. The Audit & Risk Committee and the Board are 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. In addition, the Group pays for every tonne of carbon it emits by purchasing voluntary offset credits for 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 certain of its environmental obligations and that an acceleration of decarbonisation requirements in all industries and society in general is required over the medium to long term.

The Group took delivery of its first A321neo aircraft in March 2023, which is, in our opinion on a per passenger basis, the most fuel-efficient and sustainable aircraft in its class today. In total, the Group has committed to order up to 146 new Airbus A321/A320neo aircraft to be delivered over the period to 2035, to be able to grow sustainably and to enable it to retire its older, less efficient aircraft.

During April 2023, the Group made an equity investment in a new Sustainable Aviation Fuel (SAF) production plant to be constructed in the North West of England – one of the first such deals in UK aviation. This means ***Jet2.com*** can expect to receive over 200 million litres of SAF over a 15-year period.

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.

Jet2 maintains active membership of organisations such as Airlines for Europe (A4E), Sustainable Aviation and ABTA, 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. Alongside its partners in these organisations, we have expended a significant amount of time lobbying governments for Air Traffic Management legislation reforms which would enable the more efficient use of airspace in both the UK and the European Union. In comparison to other environmental opportunities, which are dependent on complex technological advancements, this reform represents one of the quickest and most easily achieved reductions to airline carbon emissions.

Further information on the Group's approach to Sustainability can be found within the Sustainability section of this Annual Report & Accounts on pages 54 to 62.

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 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 offer our Customers a wide choice of hotels and board basis including all-inclusive options to lock in the total cost of the holiday plus many free child places; all vital ingredients to cater for 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.

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 in-destination Financial Risk Managers on a risk basis to enable hotel agreements to be re-assessed and de-risked where appropriate.

5 Input cost volatility, including interest, fuel 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 remains important.
- The Group uses specialist aircraft finance and 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 potential scheme expansion across currently exempt destinations such as the Canary Islands and Türkiye.

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 also used to manage non-financial items including carbon price risk.

Regular tracking of the foreign exchange, fuel and carbon markets is undertaken by the Group's experienced Treasury function, 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. The Group incorporates any anticipated future changes to schemes into its long-term financial planning forecasts including the recent amendment to the EU ETS scheme to phase out free allowances between 2024 and 2026.

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

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

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.

Risk Management *continued*

6 IT development and strategy (including failure of critical technology)

Risk movement ↔

Risk owner – Chief Information Officer

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 Group is reliant on a number of key suppliers who in turn are reliant upon their own key IT systems.
- The loss of access to these systems, or the ***Jet2.com*** and ***Jet2holidays*** 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 mobile apps along with social media interaction which, if not appropriately managed, could negatively impact their experience and the Group's customer focused proposition.

Potential consequences

- Reduction in future revenue
- Operational disruption
- Significant increase in costs
- Adverse media coverage
- Regulatory fines / sanctions

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 across all devices is as effortless and efficient as possible.

Additionally, continued investment in big data, cloud architecture and data science / analytics 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.

Our Robotic Process Automation team are working to leverage the potential efficiency benefits of automation software in certain of our processes across the business.

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 continually 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 covering system loss, data loss, site loss, ransomware events, supplier cyber incidents and hostile attack.

The Group has a default standard of highly resilient system architecture whilst avoiding risks posed by overly complex design. Systems are resilient within and across data centres or cloud locations. Where appropriate, critical systems are duplicated across alternate suppliers.

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.

The Group is confident that it has in place an appropriately balanced approach, the right IT and Digital organisation, controls, supply chain and development roadmaps to achieve rapid adoption of emerging technologies and planned growth.

7 Liquidity and capital risk

Risk movement ↓

Risk owner – Group Chief Financial 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.

Potential consequences

- Insufficient cash to meet financial obligations as they fall due
- Weakening of supplier relationships
- Reputational risk
- Exposure to non-favourable interest rates

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 rapid modelling and reporting against multiple scenarios which assists the Group in forecasting its ongoing liquidity requirements.

The Group successfully renegotiated its Revolving Credit Facility ("RCF") during October 2022, providing unsecured available facilities of £300m, an increase of £200m compared to the previous facility. The Group intends to fund its A321/A320 aircraft orders through a combination of internal cash resources and debt. Both existing and prospective aircraft finance partners have displayed a high degree of interest in providing funding for our new aircraft.

8 Government policy and regulatory intervention

Risk movement ↑

Risk owner – Chief Executive Officer

Risk description

- New regulation and / or legislation imposed that may impede operations.
- 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

- Significant increase in costs of existing aviation and travel taxes, charges and levies
- Adverse effect on passenger demand
- Policies to constrain capacity growth
- Noise curfews

Mitigating actions

The Group maintained regular dialogue with the Department for Transport throughout the year, in particular, during and post the reopening of international travel when a lack of planning and preparedness by many airports and associated suppliers created significant operational disruption.

The European Union is expected to launch its Entry-Exit System ("EES") in November 2023. The new digital barrier system removes the need for passport stamps for non-EU travellers but will initially require UK citizens to provide biometric data (fingerprint and facial) on arrival to the EU which will be held on EU files for three years. However, processing times are likely to be extended in the early phases of launch as passenger data is collected by EU border control teams, impacting our Customers' travel experience.

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 ensure full awareness of the implications of any proposed future changes.

The Group manages seat 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 time to maintain an effective working relationship with the UK CAA and, amongst many 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 ***Jet2holidays'*** annual ATOL licence.

Risk Management *continued*

9 Legal / regulatory non-compliance

Risk movement

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.

Potential consequences

- Loss of operating licence
- Operational disruption
- Reduction in future revenue
- Adverse media coverage
- Regulatory fines / sanctions
- Loss of consumer trust

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 emerging and 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.

10 Operational disruption

Risk movement

Risk owner – Chief Executive Officer

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.
- As demonstrated by the Covid-19 pandemic, the business could be impacted by an epidemic or pandemic which includes our inability to operate flights and holidays already booked as well as managing changing patterns of consumer demand to travel.

Potential consequences

- Adverse customer experience
- Operational disruption
- Increase to operational costs
- Aircraft damage

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. The Group's office-based colleagues have adopted a hybrid working policy which maintains flexibility for remote working should operational disruption occur.

During the year, our Contact Centre moved onto the Amazon Connect cloud-based platform, allowing us to easily scale up or down to meet customer demand. It is designed as a multi-skilled agent model, enabling improved operational effectiveness and customer experience across voice and digital channels. Customer self-service options, 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 reduce the reliance on voice calls, whilst providing an efficient and cost-effective way for customers to fulfil changes and amendments to their bookings.

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.

In addition, we have assumed direct control of all ground-handling operations (check-in; baggage handling and aircraft despatch) at a further two of our UK bases: Bristol and Newcastle – this means we now independently 'self-handle' at seven of our eleven UK bases and our Colleagues now control and manage passenger check-in at all but one of our UK bases. This expansion ensures a seamless and efficient experience for our valued Customers and eliminates any reliance on third parties for these crucial aspects of our operations.

11 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.
- Ransomware is increasingly used by cyber criminals and there is evidence of hostile nation state cyber activity targeting critical sectors and supply chains, including the travel sector specifically.

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 has built strategic partnerships with Microsoft, Akamai, Rapid7, Verizon, Palo Alto and others to deploy world class defences in areas such as managed detection and response, distributed denial of service defences, full stack email protection, ransomware and other defence technologies.

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. It shares situational information with the National Cyber Security Centre ("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 ***Jet2 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 been issued with the CAA's Cyber Certificate of Compliance aligned to the Cyber Assurance Framework for Aviation (CAP 1753). This certification will be maintained and comes with continued cyber oversight from the CAA.

The rigorous approach the Group takes towards PCI compliance and adherence to the General Data Protection Regulation (GDPR) stand us in good stead for these areas of compliance.

The Group has implemented a formal supplier due diligence process for new suppliers and also contract renewals. This process includes minimum requirements for cyber maturity including maintained independent certifications where appropriate.

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 cyber adversaries.

Risk Management *continued*

12 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 ahead of the reopening of international travel at the start of 2022 and consequently commenced its recruitment programme well in advance of Summer 2022. This meant that the Group was considerably better equipped than many other suppliers in the Leisure Travel industry to respond to the uptick in demand.

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.

As a result, colleague pay was uplifted via two 4% salary increases and a £1,000 **'Thank You Bonus'** paid to all colleagues during 2022. More recently, the Group has rewarded all colleagues with a 9% salary increase from April 2023. Furthermore, due to the successful financial performance for the year ended 31 March 2023, the Group has re-instated both its **Discretionary Colleague Profit Share Scheme** for non-management colleagues and its **Discretionary Bonus Scheme** for management colleagues.

Our award-winning **ShareSave Scheme** was launched during the year, giving colleagues the opportunity to become shareholders in ***Jet2 plc*** at a preferential share option price subject to the completion of three years' employment.

The Group operates a defined leadership framework, enabling it to identify those colleagues who have the potential to develop into leadership roles. We have also created ten internal directorship positions this year and, though not statutory in nature, they provide an additional level of leadership as well as succession planning for the future.

The Group continues to update and promote our internal **Wellbeing Hub** which includes a collection of resources aimed at supporting our Colleagues' mental health and have updated the Employee Assistance Programme, known as **WeCare**, to give Colleagues and their immediate families access to further emotional and practical support services. Further detail on the support we have offered our valued Colleagues is detailed within the Our People section on pages 68 to 74.

The Group has an Emerging Talent and Careers programme incorporating apprenticeship schemes, placements and graduate initiatives. 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 IT innovations and business-critical development projects.

Going Concern Statement

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2026.

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 a full unhindered flying programme utilising an aircraft fleet of 120 at load factors above 90% against an 8% increase in seat capacity; and
- A downside scenario with load factors reduced to 80% from August 2023 to reflect a possible reduction in demand but with no restrictions on flying to any of the Group's destinations.

The forecasts consider the current cash position and an assessment of the principal areas of risk and uncertainty as described in more detail in the Group's Annual Report & Accounts on pages 32 to 44, paying particular attention to the impact of the current UK macro-economic environment and how this may affect consumers' future spending.

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

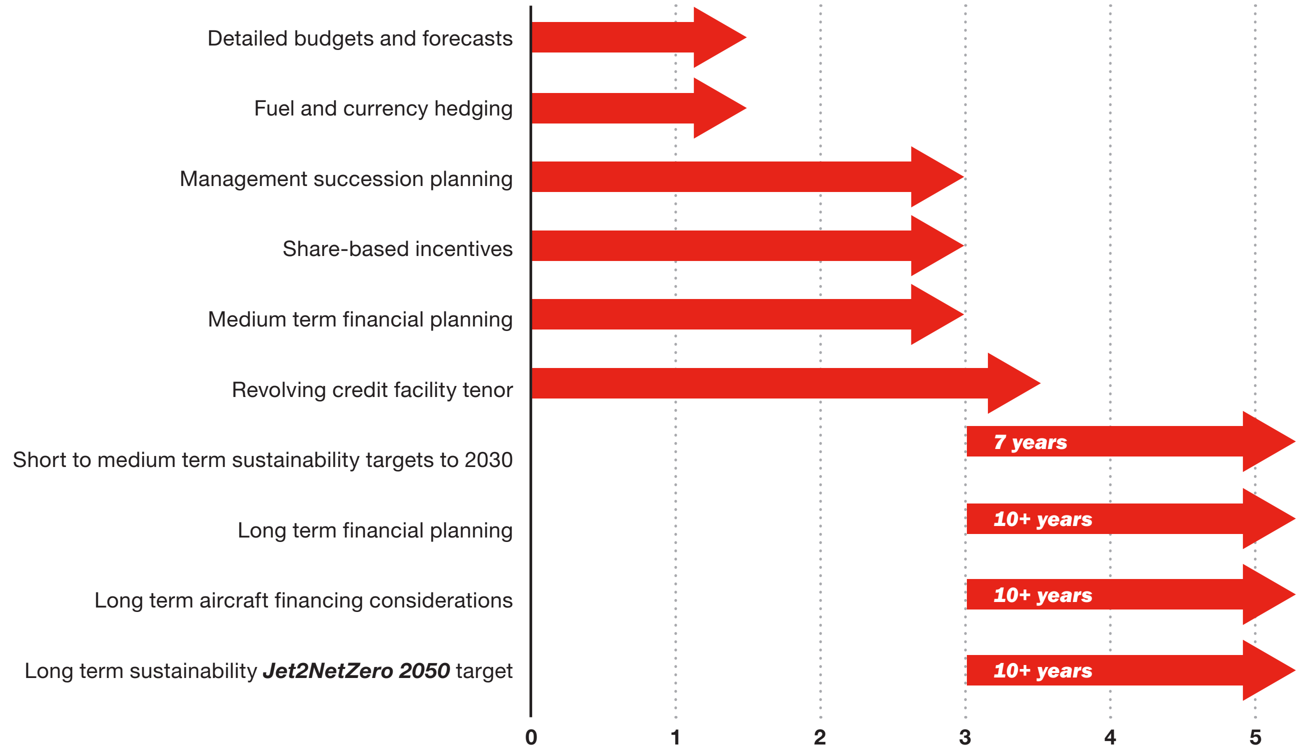
The Directors concluded that, given the combination of a closing cash balance (including money market deposits) of £2,624.7m at 31 March 2023 together with the forecast monthly cash utilisation, under both scenarios the Group would have sufficient liquidity throughout a period of 12 months from the date of approval of the financial statements at the end of July 2023. In addition, the Group is forecast to meet its RCF covenants at 30 September 2023 and 31 March 2024 under both scenarios with significant headroom.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

The Directors' responsibility for preparing the financial statements is explained on page 99 and the reporting responsibilities of the Auditor are set out in their report on page 106.

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 2026, 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.



Risk Management *continued*

The commencement of deliveries of the Group's Airbus A321/A320neo aircraft order from March 2023 plus additional leased aircraft results in an expected increase in total aircraft to 120 for the year ending 31 March 2024 and over 125 for the year ending 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 prudently assume that other increases in variable costs, for example 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 remains undrawn, and that further financing is obtained to fund certain deliveries of the Group's Airbus A321/A320neo 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 2026.

Gary Brown
Group Chief Financial Officer
24 July 2023

Flying efficiencies and a greater seat capacity

Engaging with our Stakeholders

Package Holidays You Can Trust™

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.

In 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 section.

In making decisions during the year ended 31 March 2023, the Board of Directors believe they have given due consideration to the factors detailed above. In addition, they consider that both individually and collectively they have acted in good faith and in a manner likely to promote the Company's success for the benefit of its members as a whole.

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 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 must remain agile in order to respond to opportunities or emerging issues as they present themselves to ensure that the best interests of all stakeholders are served. Consequently, and after careful consideration, the Board recently welcomed two new independent Non-Executive Directors, Simon Breakwell and Angela Luger, who bring a wealth of relevant experience and expertise to help support the business in executing its strategy to the benefit of all stakeholders.

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.

Engaging with our Stakeholders continued

We offer friendly low fares

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.

The Group continues to make significant progress towards its ***Jet2 Net Zero 2050*** commitment. This commitment is wide-ranging in its effects on our stakeholders, from the collaboration with our supportive financing partners in the future purchase of up to 146 Airbus A321/A320neo aircraft, to the positive impact on wider communities of our investments in both carbon offsetting and, as announced in April 2023, into a new Fulcrum NorthPoint SAF production facility to be constructed in the North West of England, which will provide ***Jet2.com*** with a long-term agreement for the supply of SAF.

At full capacity the facility will convert 600,000 tonnes of non-recyclable household waste, which would otherwise have been destined for incineration or landfill, into approximately 100 million litres of SAF annually. In addition, ***Jet2.com*** has actively engaged potential SAF producers and suppliers to assess the feasibility of additional SAF procurement, helping support ***Jet2 plc*** in meeting its commitment to use UK produced SAF by 2026.

The Group's Sustainability Steering Committee ensures 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 54 to 62.

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 79 to 84 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 relevant 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 Group has launched its Supplier Code of Conduct which sets out the minimum standards, expectations and behaviours that we require from all our Suppliers, including by their own colleagues and supply chains.

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 pages 79 to 84 of this Annual Report & Accounts.

Colleagues

Without our much-valued Colleagues, we would not be able to provide our award-winning *"Customer First"* service. We aim to ensure that all Colleagues are proud to represent our ***'Take Me There'*** values and feel supported at work.

How we engaged during the year

Our company culture has embedded *'People, Service, Profits'* as its guiding principles and we passionately believe that the wellbeing and motivation of our Colleagues is fundamental to achieving our *"Customer First"* service and thus sustainable financial profitability.

The Group encourages two-way communication between colleagues from all areas of the business and our leadership team. We use 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 propose ideas and suggestions for improvement to their working lives.
- ***'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 appropriate.

During the year, the Group launched its bespoke HR administration system, ***MyJet2HR***, which gives colleagues access to maintain their own personal information and offers effective time management applications aiding efficiency.

The Group's **Wellbeing Hub** contains a wide range of resources aimed at supporting our Colleagues' mental health and wellbeing. In addition, they now have access to a brand-new mindfulness and mental wellbeing app, where they can set personal goals and track their mood, along with tips and tools on how to support anxiety.

Trained Mental Health First Aiders are available to provide support and guidance to those colleagues who may feel they need to speak to someone if they are experiencing a difficult time.

WeCare provides an anonymous and confidential 24/7 service to all of our Colleagues and their households including access to a virtual/online GP service, professional counselling, mental health support and all other aspects of health and wellbeing.

Sustainability Champions provide a direct route for colleagues to offer ideas to help support Sustainability initiatives.

Key outcomes during the year

- Our award-winning **ShareSave Scheme** launched during the year, giving colleagues the opportunity to become shareholders in ***Jet2 plc*** at a discounted share option price subject to the completion of three years' employment.
- We were delighted 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.
- In view of 'cost of living' pressures, we were pleased to be able to provide all colleagues with two 4% pay increases over the course of the year together with an end of Summer 2022 season **'Thank You Bonus' of £1,000** each. More recently, the Group has awarded all colleagues a 9% salary increase from 1 April 2023 and re-instated both the **Discretionary Colleague Profit Share Scheme** for non-management colleagues and the **Discretionary Bonus Scheme** for management colleagues, which will be paid in the July 2023 payroll based on the performance during the year ended 31 March 2023.
- Our Glassdoor rating of 4.2 out of 5.0 is the highest in our industry and ***Jet2holidays*** has recently won Best Large Company Workplace in Travel as awarded by Best Workplaces in Travel based on feedback from our Colleagues.

Further information can be found in the Our People section on pages 68 to 74 and within the Remuneration Committee Report on pages 91 to 97.

Engaging with our Stakeholders *continued*

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!

How we engaged during the year

We relish the trust our Customers place in us to give them a fantastic holiday experience and, notwithstanding the unfortunate knock-on of broader aviation sector disruption into our operations in early Summer 2022, our *"Customer First"* strategy remained consistent.

Our treatment of Customers during the pandemic, when we refunded over £1.7bn of their advance deposits in a timely and accurate manner, remains an important recent demonstration of our strategy and is a factor when potential customers choose their travel brand of choice to book their much-valued holidays.

During the year, our Contact Centre moved onto the Amazon Connect cloud-based platform, allowing us to easily scale up or down to meet customer demand. It is designed as a multi-skilled agent model, enabling improved operational effectiveness and customer experience across voice and digital channels. Customer self-service options, 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. 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.

Key outcomes during the year

- Substantial investment ahead of Summer 2022 enabled ***Jet2.com*** to earn the accolade of being the only UK airline not to cancel a flight during July and August 2022, according to leading travel intelligence company, OAG.
- Ahead of Summer 2023, we have assumed direct control of all ground-handling operations (check-in; baggage handling and aircraft despatch) at a further two of our UK bases: Bristol and Newcastle – this means we now independently 'self-handle' at seven of our eleven UK bases and our Colleagues now control and manage passenger check-in at all but one of our UK bases. This expansion ensures a seamless and efficient experience for our valued Customers and eliminates any reliance on third parties for these crucial aspects of our operations.
- ***Jet2holidays*** has recommenced its popular **Resort Flight Check-in®** service during Summer 2023.
- ***Jet2.com*** and ***Jet2holidays*** have been awarded **Travel Brand of the Year 2023** by Which? for the second consecutive year and the third time in six years. This recognition acknowledges our dedication to prioritising our Customers' satisfaction, throughout the challenging period of the pandemic and following the resumption of international travel. Additionally in July 2023, ***Jet2Villas®*** was named as a Which? Recommended Provider for the first time – a great achievement.
- A selection of our other awards from some of the most trusted names in the industry are shown at **www.jet2plc.com/our-awards**.

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.

How we engaged during the year

Our Chief Executive Officer spends significant time in resort building and developing relationships with ***Jet2holidays***' hotel partners, who number over 4,500. This presents an opportunity to discuss how we can better work together to improve our Customers' holiday experience, and also to reiterate the importance of effective risk management by hoteliers, to maintain the highest standards of safety and hygiene at all times.

Working with over 3,200 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.

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 UK Border Force. Unfortunately, the ensuing disruption seen across the aviation industry meant we had to have difficult but constructive conversations with certain suppliers to quickly remedy operational problems to swiftly improve the holiday experience for our Customers.

We were delighted to resume our annual supplier conference during the year where we focused on how we, and our supplier partners, can work together effectively to build mutually beneficial long-term relationships. Following this, we launched our Supplier Code of Conduct which sets out the minimum standards, expectations and behaviours that we require from all our suppliers, including by their own colleagues and supply chains.

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 Airbus and Boeing 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.

Key outcomes during the year

- The Group secured an additional agreement to extend its order up to 146 Airbus A321/A320neo aircraft and up to 307 CFM LEAP-1A engines. This move towards the most fuel efficient and sustainable aircraft in its class on a per passenger basis will support our long-term aspiration to be ***"the leading brand in sustainable air travel and package holidays"***.
- During the year, the Group successfully renegotiated its RCF, welcoming one new financing partner, National Westminster Bank plc, alongside our three existing supportive relationship banks: Barclays Bank plc; HSBC UK Bank plc; and Lloyds Bank plc.
- 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 wellbeing. 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 20.2 days (2022: 23.9 days) for ***Jet2.com*** Limited and 22.7 days (2022: 27.5 days) for ***Jet2holidays*** Limited.
- Our Supplier Code of Conduct is available on our website at **www.jet2plc.com/statements**.

Engaging with our Stakeholders continued

Shareholders

Our shareholders have supported the Group through a sustained period of growth and throughout the challenges of the pandemic and subsequent recovery. Consequently they are very important to the future success of ***Jet2 plc***.

How we engaged during the year

The Board ensures that effective communication with shareholders is given high priority via meetings 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. The Chair of the Audit & Risk and Remuneration Committees is present to answer questions at this meeting.

The Group has recently appointed Simon Breakwell and Angela Luger as Independent Non-Executive Directors, who will provide further skills and experience to our Board of Directors. In addition, Robin Terrell was appointed as Senior Independent Non-Executive Director during November 2022.

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 has considered a range of financing options to fund the new Airbus A321/A320neo aircraft order, including both internal and external funding alternatives and considers the optimal source of financing for the benefit of all shareholders.

As a result of the successful performance of the Group, the Board was pleased to be able to reinstate the Group's dividend during the year.

Key outcomes during the year

- Full details of the voting at the 2022 AGM was published on the Group's website immediately following the meeting. All resolutions were approved.
- In October 2022, we were delighted to announce that we had entered into an agreement to purchase a further 35 new firm ordered Airbus A321/A320neo aircraft with the ability to extend up to 71 aircraft. Including existing orders, the Group now has a total of 98 firm ordered Airbus A321/A320neo aircraft, which could eventually extend up to 146 aircraft, and critically has certainty of supply well into the next decade.
- The Group has a Sustainability Strategy which includes clear and transparent targets, against which shareholders can readily measure progress.
- The Group CFO has actively participated in several broker / institutional shareholder conferences during the year, as well as providing results announcements and press releases to ensure all shareholders remain up to date with our performance and results.
- In addition, the CEO and Group CFO met with many shareholders after both the preliminary and interim results announcements

Further detail can be found in the Corporate Governance statement on pages 79 to 84 of this Annual Report & Accounts.

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 therefore important, including those where our Colleagues live, and their support allows for the effective operation and future growth of our Leisure Travel business.

How we engaged during the year

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, in addition to providing tools to support them to develop their job skills. Both our Apprentices and Pilot Apprentices visit a range of schools, colleges and universities near our operational bases as part of our Early Careers strategy to promote the many exciting opportunities available at ***Jet2 plc***.

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

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

Our ***Jet2*** All Stars football team regularly play against local teams, raising money for charity through ticket sales and raffles.

We continue to make progress against 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.

Key outcomes during the year

- During the year, 73 (2022: 37) new apprentices joined us meaning we now have over 100 apprentices employed across a range of departments, allowing us to continue to grow and nurture our talent from within.
- The Group launched its Charitable Partner Programme during the year which will see us partner with **NSPCC** and **Trees for Cities**, alongside our long-standing partner **Hope for Children** and our recently chosen Colleagues charity for the year, **Macmillan Cancer Support**. ***Jet2.com*** and ***Jet2holidays*** will run a number of initiatives to support these partners including colleague fundraising and volunteering.
- In early 2023, ***Jet2holidays*** helped provide the use of 100 transfer coaches and donated £50,000 to directly support aid efforts following the earthquake in Türkiye, with the money put towards buying emergency supplies and subsidising fuel costs for those most affected by the disaster.
- Our Holiday House colleagues have held collections to contribute foodbank resources at local charities - St George's Crypt and Leeds Homeless Shoebox.
- In addition, we are proud to be supporting our local LGBTQIA+ community this year through the sponsorship of Leeds Pride.

Further detail on the environment can be found in the Sustainability section on pages 54 to 62 of this Annual Report & Accounts.

Sustainability

Background

The UK travel and tourism sector has experienced a strong and rapid recovery since the lifting of international travel restrictions in early 2022. Prior to the pandemic, global travel and tourism accounted for 1 in every 10 jobs and contributed to over 10% of the world's total GDP. Recent analysis suggests the sector's activity will return to 2019 levels imminently, benefitting many livelihoods both in the UK and globally. In addition, leisure travel plays a vital role in: strengthening family bonds; deepening appreciation for diversity and different cultures; contributing to a positive mental wellbeing; and creating long-lasting shared memories.

However, despite providing meaningful social and economic value, the aviation sector also has an impact on the climate, currently accounting for approximately 2-3% of global CO_2 emissions. Although this represents a relatively small share as compared to other carbon intensive industries, it is nonetheless a contributor to climatic change. In addition, aviation releases other non-CO_2 greenhouse gases into the atmosphere, such as NOx and water vapour, although it is generally accepted that the industry's contribution to non-CO_2 emissions is complex and science-based strategies to address these impacts are still under development.

In March 2023, the Intergovernmental Panel on Climate Change (IPCC) published its *Sixth Assessment Report*. The IPCC is the United Nations body who report on scientific, technical and socio-economic knowledge related to climate change. The findings of its report serve as a clear reminder that we need to act swiftly to keep a 1.5ºC warming limit pathway within reach. For aviation, this requires aircraft efficiency improvements to achieve rapid emission intensity reductions, the use of carbon offsets where appropriate and improved global access to finance for mitigation and adaptation.

Our Focus

As one of the UK's leading leisure travel providers taking millions of customers away on holiday, ***Jet2 plc*** aspires to be ***"the leading brand in sustainable air travel and package holidays"***. Accordingly, our primary focus at ***Jet2*** continues to be on reducing CO_2 emissions, which in many cases also helps address the less well understood impacts of non-CO_2 emissions.

Jet2 plc complies with both national and international efforts to mitigate climate change, which are the UK and EU Emission Trading Schemes (ETS) and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The Group is also committed to supporting the growth of the Sustainable Aviation Fuel ("SAF") industry, which is one of the most effective in-sector solutions to reduce carbon emissions and help achieve net zero by 2050. Whilst the aviation industry must take responsibility to mitigate the impacts of climate change, it is also imperative that governments play their part by implementing fair and proportionate legislation to enable sustainable growth and to protect consumers, ensuring that:

- Carbon emissions are not accounted for more than once through multiple pricing mechanisms;
- Revenues from emission pricing mechanisms are committed to supporting the industry to decarbonise;
- SAF investment is appropriately funded; and
- Air Traffic Management legislation is reformed, enabling more efficient use of airspace in both the UK and the European Union.

To support long-term plans and initiatives to decarbonise the travel and tourism sector, ***Jet2 plc*** is a member of numerous industry associations including the UK Jet Zero Council (JZC) which is a UK government-run body comprising MPs, civil servants, scientists, and CEOs of airports, airlines and fuel companies, Airlines UK, Sustainable Aviation, Airlines for Europe (A4E), the Aviation Council and ABTA. Membership of these associations ensures that ***Jet2 plc***'s views are represented in wider discussions on the future of sustainable air travel, which includes actively contributing to debates on government policy and feeding into industry-led projects such as the latest *Net Zero Carbon Roadmap* produced by Sustainable Aviation.

Jet2 plc aspires to be "the leading brand in sustainable air travel and package holidays".

Our Targets and how we measure against them

Jet2 plc recognises the importance of providing travel opportunities for UK holidaymakers and the associated benefits this has for many people outside the UK.

We take our environmental impact seriously and as a socially and environmentally responsible airline and tour operator we recognise our future growth must continue to be sustainable.

In this regard, our ***Jet2 Net Zero*** Sustainability Strategy has set stretching but pragmatic targets: **On the Ground**; **In the Air** and **In Resort**, embedding sustainability at every stage of the ***Jet2*** customer journey.

The key objectives of our Sustainability Strategy remain unchanged as follows:

- To align our business strategy with our environmental and sustainability impacts;
- To work with our partners to increase positive impacts; and
- To integrate sustainability further into the business.

Our Sustainability Strategy has 3 pillars to enable focus on achieving the key objectives:

ON THE GROUND

Includes activities carried out by our ground handling operations and in our support offices.

IN THE AIR

Encompasses all the activities associated with our airline.

IN RESORT

Comprises activities associated with the holiday product, specifically working with our hotel partners.

Aligning our business strategy with environmental and sustainability impacts

Sustainability *continued*

Our Decarbonisation Approach

Regulatory carbon emissions schemes

The Group has contributed significantly to regulatory schemes, including the EU and UK Emissions Trading Schemes ("ETS") and Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), as well as paying carbon taxes to certain European governments and individual airports. During the current financial year, the total cost incurred was in excess of £75m and ***Jet2 plc*** firmly believes that these funds should be ringfenced to specifically support the aviation industry's transition to net zero. If the proceeds of these schemes were used to fund both the development of SAF production facilities and the production of SAF itself, this would enable the aviation industry to take significant strides towards its net zero goal. Consequently, ***Jet2*** continues to lobby governments to invest revenues it receives from the industry to help fund sectoral decarbonisation.

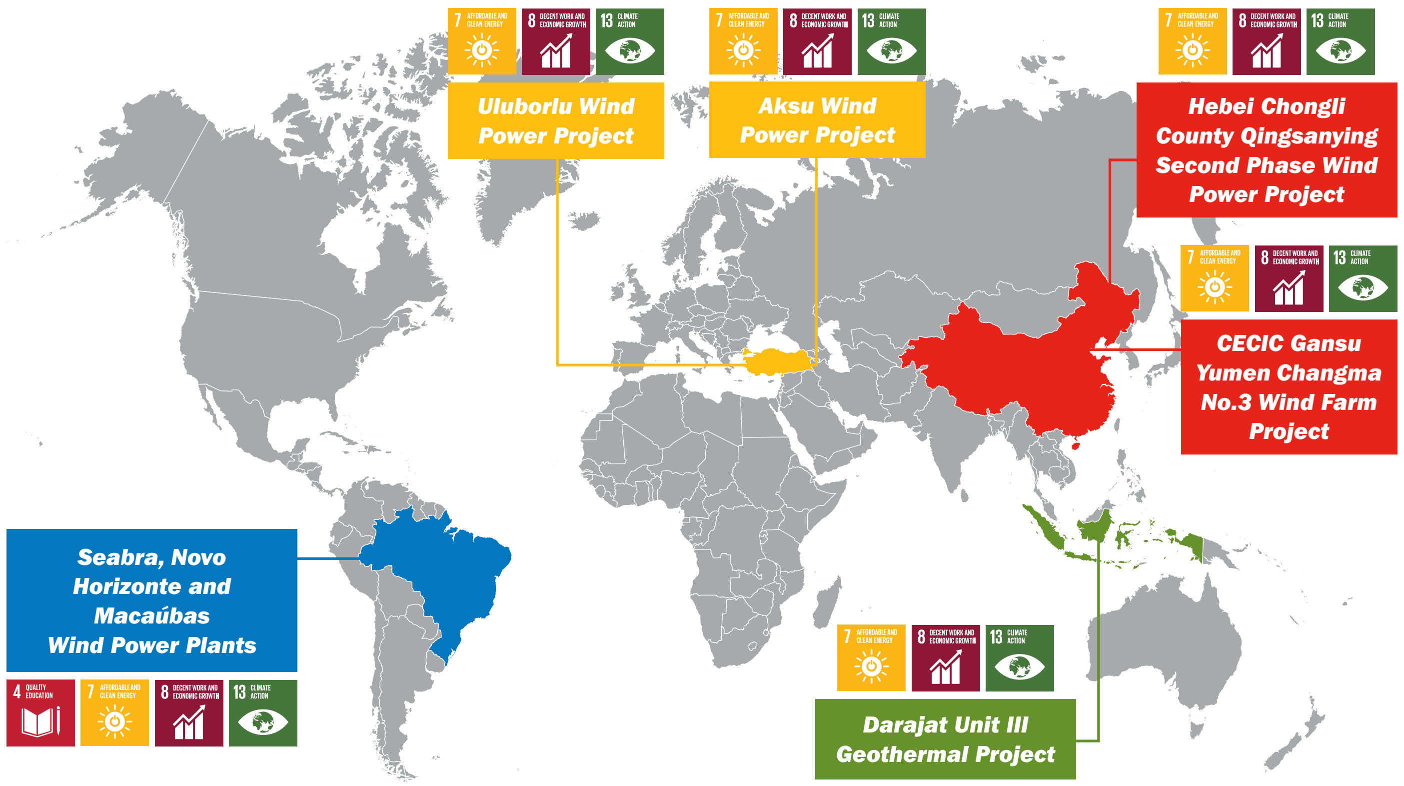
Our voluntary offsetting projects

Jet2 have continued to voluntarily offset all carbon emissions not covered by ETS and CORSIA schemes, which includes airline free allowances, office energy use and emissions from ground service equipment. Importantly, this ensures our Sustainability Strategy is aligned to Article 6 of the Paris Agreement, which establishes approaches for parties to voluntarily cooperate in achieving emission reductions over and above mandatory targets.

Whilst we recognise that carbon offsets themselves do not solve climate change, when done correctly they make a meaningful contribution to the transition towards a low carbon economy globally, by providing a vital source of finance for climate change mitigation and adaptation.

Consequently, our projects focus on investing in renewable energy development, providing funding to accelerate the transition away from fossil fuel generation in circumstances where this would not otherwise happen. We also stipulate that all offsetting projects meet the additionality criteria of the issuing standards (financial, operational and regulatory) whereby the project completion is strongly incentivised by climate finance and would not have occurred had it not been for this funding, thereby providing genuine emission reductions.

Our commitment to offset associated emissions



Project	Carbon Offsetting Project Details
Uluborlu Wind Power Project, Türkiye	This Gold Standard wind project produces 155,800 MWh per year of renewable electricity to Türkiye's National Grid. This project will employ up to 45 people during construction and 10 during operation, positively impacting local communities.
Aksu Wind Power Project, Türkiye	A Gold Standard wind project, which is estimated to produce an average of 194,003 MWh per year of renewable electricity from 36 wind turbines. The project prioritises local employment and expects to employ up to 25 people during its operation.
CECIC Gansu Yumen Changma No.3 Wind Farm Project, China	A Verra wind project, which produces 463,714 MWh per year of renewable electricity from the installation of 134 new wind turbines. The installation of these wind turbines results in a reduced occurrence of blackouts for the local population. During the construction phase, local people received short-term employment and additional training to give them opportunities for longer-term employment.
Hebei Chongli County Qingsanying Second Phase 49.3MW Wind Power Project, China	This Verra wind project produces on average 109.0 GWh per year of renewable electricity from 58 wind turbines. This project means that an increasing proportion of the North China Power Grid is from renewable energy, reducing the amount of emissions associated with energy production.
Darajat Unit III Geothermal Project, Indonesia	This geothermal project creates energy by harnessing heat stored in the Earth's crust to produce steam and has an estimated capacity of 839,968 MWh per year. The developers have also invested in local infrastructure through scholarships and water supply improvements.
Seabra, Novo Horizonte and Macaúbas Wind Power Plants, Brazil	This wind power project is from three plants, producing 305,538 MWh per year. As part of the project, 14 environmental programmes in physical, biotic and anthropic areas will be developed.

Sustainability *continued*

Sustainable Aviation Fuel

SAF is a non-conventional (non-fossil fuel derived) aviation fuel that can be produced from both biological and non-biological feedstocks including used cooking oil, non-recyclable household waste, forestry and agricultural waste, or captured carbon.

SAF is a 'drop-in' fuel, meaning it can be used in existing aircraft (currently up to a 50% mix) as it is almost chemically identical to fossil-based jet fuel. Beyond a 50% mix, aircraft engines and fuelling systems will require some future adaptation.

The combustion of traditional aviation jet fuel results in the release of CO_2 to the atmosphere. Although SAF does not change the amount of CO_2 emitted by the aircraft, by using sustainable feedstocks the lifecycle emissions of the fuel are much lower than that of fossil fuel derived jet fuel, resulting in a net emission reduction. On average, SAF currently reduces emissions by up to 80% compared to conventional jet fuel. Assuming SAF accounts for 75% of total UK aviation fuel supply and aircraft engine adaptations result in no fossil jet fuel blending requirements, after allowing for activity growth *Sustainable Aviation* expect SAF to account for 39% of the total industry emission reductions by 2050 – the biggest single technological contribution to the UK aviation sector pathway to net zero.

To demonstrate its commitment to the future of SAF, in April 2023 ***Jet2 plc*** announced an equity investment into a new SAF production plant to be constructed in the North West of England – one of the first such deals in UK aviation. The Fulcrum Northpoint facility, being developed by Fulcrum BioEnergy Ltd, is a waste-to-fuels plant which will be located at the Essar Stanlow Manufacturing Complex in Ellesmere Port, Cheshire.

Production of SAF is expected to commence in 2027 and at full capacity will convert 600,000 tonnes of non-recyclable household waste, which would otherwise have been destined for incineration or landfill, into around 100 million litres of SAF annually. The agreement means that ***Jet2 plc*** can expect to receive more than 200 million litres of SAF over a 15-year period.

In addition to Fulcrum Bioenergy Ltd, ***Jet2.com*** has actively engaged with potential SAF producers and suppliers to assess the feasibility of additional SAF procurement, helping support ***Jet2 plc*** in meeting its commitment to use UK produced SAF, with a target to receive its first uplift by 2026.

Investment in latest generation aircraft

As part of our commitment to improve the long-term carbon efficiency of our fleet, the Group now has 98 firm ordered Airbus A321/A320neo aircraft, with the option to extend up to 146 aircraft, and critically has certainty of supply well into the next decade. Airbus A321/A320neo aircraft consume up to 20% less fuel and carbon emissions per seat compared to previous generation single aisle aircraft models and also boast a 50% reduced noise footprint. Our first A321neo arrived in late March 2023 and our fleet upgrade to cleaner, quieter and more fuel-efficient aircraft is one of the most effective ways for ***Jet2 plc*** to immediately decrease carbon emissions and noise. These aircraft will be fitted with Series 9 next generation seats from Acro Aircraft Seating which, as well as providing premium comfort for ***Jet2.com*** passengers, are over 300kg lighter per aircraft as compared to the seating on our existing fleet, resulting in further fuel savings and carbon emission reductions.

In addition, we have continued to implement aircraft carbon efficiency measures during the year including: further progression on our fleet-wide upgrade to lighter weight carbon brakes; ongoing utilisation of route planning technology FLIGHTKEYS 5D which provides more efficient flight routing; aircraft livery upgrades to reduce drag to ensure optimum aircraft efficiency, as well as an ongoing aircraft weight reduction programme.

Ongoing lobbying for airspace reform

Jet2 plc is working multilaterally with governments across Europe to implement Air Traffic Management reforms, known as 'Single European Sky'. This will modernise EU airspace allowing for its more efficient use and management, thereby having a positive impact on airline efficiency and consequently emissions reduction. In addition, although the UK government have pledged to modernise UK airspace, committing to update its structural design, change how the systems on which it runs work and use new technology to improve how air traffic is managed, they have yet to publish a timeline to achieve this. Therefore, we continue to press both the EU and UK governments on their intentions given there has been very little progress on either initiative over many years. The modernisation of airspace represents the biggest opportunity in the near term to cut fuel use, carbon emissions and consumer costs, with our flights potentially benefitting by up to 10% in fuel usage savings after implementation. We believe it is imperative that governments prioritise this activity given these are emission reductions that can be achieved in the near future based on the aircraft technology which exists today.

Sustainable finance

Jet2 plc is committed to incorporating sustainability into its treasury and financing activities. In October 2022, the Group concluded its new Revolving Credit Facility ("RCF") with Barclays Bank plc; HSBC UK Bank plc; Lloyds Bank plc; and National Westminster Bank plc. The new RCF will be linked via a margin ratchet adjustment to sustainability criteria, specifically the Group's key climate metric - gCO_2 per passenger km. In addition, from April 2023, all foreign currency derivatives hedged with our four relationship banks will be sustainability-linked, based on this same metric. Furthermore, we invested £61.4m (2022: £nil) of our cash in 'green' money market deposits which our banking partners have subsequently used to provide finance for eligible green assets and projects including renewable energy, clean transportation and energy efficiency.

Our Sustainability Roadmap

Target	Target Date	Our Progress	Measurement
On the Ground			
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 report consumption, demonstrate Power Purchase Agreements (PPA) or Renewable Energy Guarantee of Origin (REGOs) and offset all residual emissions. All fuel use from GSE is also offset.
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.
In the Air			
Offset all airline emissions not covered by carbon pricing mechanisms.	1 January 2022		***Jet2.com***'s total Scope 1 and 2 greenhouse gas emissions ("GHG") not already covered by regulatory carbon pricing mechanisms are being voluntarily offset. Regulatory carbon pricing mechanisms include UK and EU ETS and CORSIA.
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.
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.
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		The Group has invested in a SAF producer – Fulcrum BioEnergy Ltd – with an agreement to take first delivery of UK-produced SAF in 2027 which is one year later than previously envisioned. However ***Jet2.com*** are working closely with other SAF producers to obtain our first uplift in 2026.
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.

Key

Jet2 has achieved or is on track to achieve this target by the agreed timeframe.

The target will be achieved, however the timelines for its completion have been or are likely to be delayed.

Sustainability continued

Progress against Our Targets

Our ***Jet2 Net Zero*** strategy has clear set targets through to 2030 across its 3 pillars of: **On the Ground, In the Air** and **In Resort** which are important intermediate milestones in order to achieve our overarching target of becoming net zero by 2050.

On the Ground

Powering our office energy with renewable energy

In Summer 2023, we will employ over 14,500 colleagues based at over twenty locations, including our ten UK airport bases, our Head Offices at Holiday House and Low Fare Finder House, two aircraft hangars and two training centres at Bradford and Cheadle, Manchester. Our training facilities in particular consume significant amounts of energy to power flight simulators and facilitate essential training for our pilots and cabin crew colleagues to provide a safe and comfortable service for our Customers.

To ensure the efficient consumption of energy and a reduction in our emissions, we have implemented policies to ensure that energy use is managed appropriately across all our UK offices. The Group purchases only renewable REGO-backed electricity in all buildings which we own or where we are responsible for utility charges. Our total energy use in those offices where we control electricity supply totalled 4,338,767 kWh (equating to 839 tonnes of CO_{2e} (3 months ended 31 March 2022: 155 tonnes CO_{2e})). Moreover, all such buildings, including Holiday House, Low Fare Finder House and the Bradford training centre, use efficient LED lighting in addition to motion and occupancy sensors to reduce energy wastage. Carbon emissions from other energy consumption (electricity, gas and heating oil) at our offices, aircraft maintenance hangars, training centres and other areas increased 285% to 1,402 tonnes (3 months ended 31 March 2022: 364 tonnes), excluding renewable electricity, as our Colleagues returned to hybrid office working post-pandemic, combined with increased volumes of training for our pilots and cabin crew to support the larger post-pandemic flying programme.

Offsetting our Ground Handling equipment

Jet2.com now manages ground handling at seven of its ten UK bases and, accordingly, have been investing heavily in improving the carbon efficiency of ground service equipment ("GSE"). We believe one of the most effective ways to reduce our GSE CO_2 emissions is to transition from combustion engine to electric (either fully electric or hybrid) powered alternatives. Currently, 47% of our GSE fleet is electric powered, and with additional equipment on order, over 50% of our ground handling equipment will be either fully electric or hybrid by the end of 2023. Carbon emissions from our in-house ground handling operations increased by 576% to 1,264 tonnes during the year (3 months ended 31 March 2022: 187 tonnes) as a result of the increase in our flying programme.

Despite significant progress against our target, disappointingly we are partially constrained by airport infrastructure as there are electrical loading restrictions at certain of our UK bases which currently cannot accommodate electric GSE charging points. We therefore require the correct policy framework and investment incentives from the UK government to encourage airports to further invest in more sustainable GSE.

In the Air

Voluntarily offsetting our airline emissions not covered by carbon pricing mechanisms.

Carbon offsetting is a mechanism established in response to the Paris Agreement to compensate for unavoidable CO_2 emissions by investing in projects that reduce, avoid, or remove carbon from the atmosphere. ***Jet2*** purchase only high quality Gold Standard, Verified Carbon Standard, or UN Clean Development Mechanism credits in order to offset all direct emissions from its business activities not included in the ETS and CORSIA schemes. This includes covering airline free allowances, office energy use and emissions from ground service equipment. We are pleased to be able to say that **we pay for every tonne of carbon we emit, and our Customers are safe in the knowledge that we have their carbon covered!**

The Group's aviation carbon emissions not included within mandatory carbon pricing mechanisms increased by 544% to 1,515,199 tonnes (3 months ended 31 March 2022: 235,292) as a result of the annualisation of our offsetting programme which commenced on 1 January 2022 and a return to unhindered flying post-pandemic.

Furthermore, the Group voluntarily offset 648 tonnes CO_{2e} covering additional scope 1 emissions from company-owned vehicle use.

In total, we will voluntarily offset 1,519,352 tonnes of carbon emissions (3 months ended 31 March 2022: 235,998).

This results in annual Scope 1 and 2 emissions, net of offsetting, amounting to 1,126,248 tonnes (2022: 747,198).

Improved onboard aircraft recycling measuring system

We are engaging with our UK airport partners and waste handling contractors to measure all aircraft cabin waste and establish a baseline. This has been particularly challenging post-Brexit due to changes in waste categorisation. Aircraft catering waste arising from non-UK flights (e.g. sandwich wrappers and coffee cups) is classed as Category 1 International Catering Waste ("ICW") and cannot be recycled as per current regulations. However, we are working closely with our suppliers to establish ways of safely segregating recyclable cabin waste from ICW and to set a realistic but ambitious recycling target. The Group is also supporting industry-led lobbying efforts by A4E and Sustainable Aviation to review the regulations around ICW and establish an industry wide standard for the safe recycling of cabin waste.

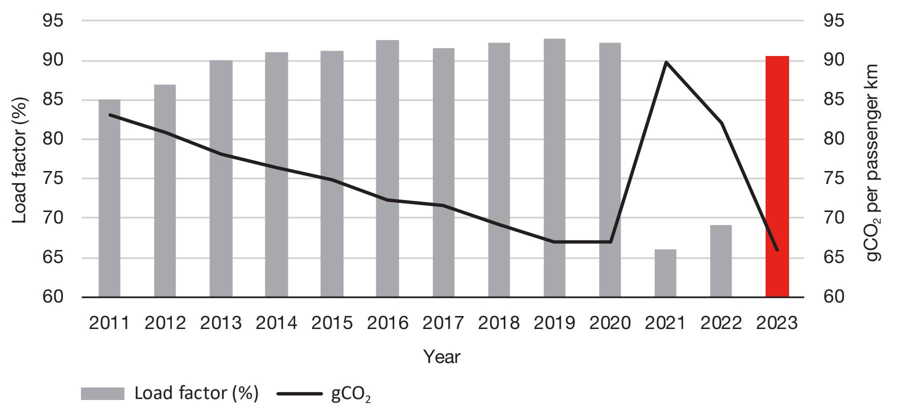
Reducing our single use plastics

We used 15.8 million single use products onboard our aircraft during the year, including cups, cutlery, stirrers, drink lids and plastic bags, with 79% made from more sustainable alternative materials such as wood and recycled plastic. Consequently, we remain on course to exceed our target of an 80% reduction in single use plastics by 31 December 2023.

Aircraft CO_2 emissions

The removal of Covid-19 related travel restrictions from early 2022 resulted in a significant increase in consumer demand for leisure travel during the year. ***Jet2.com***'s passenger sectors flown increased 234% to 16.22m (2022: 4.85m) and average load factor was 90.5% (2022: 69.2%).

Passenger load factor compared to gCO_2 per passenger km



We continue to operate our "efficient flying" programme which includes:

- 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;
- using electric ramp vehicles and fixed electrical ground power where available; and
- an ongoing aircraft weight reduction programme.

Furthermore, we regularly engage with suppliers to ensure that we are using the best products, an example being AkzoNobel Basecoat Clearcoat (BCCC), which is a specialist paint reducing both the weight and drag of the aircraft, whilst lowering maintenance requirements.

Other weight saving initiatives have included lightweight seats and the ongoing deployment of carbon brakes.

Consequently, aircraft CO_2 emissions per passenger kilometre for the year reduced 20% to 65.9 gCO_2 (2022: 82.0 gCO_2 per passenger km). Against 2020, this represents a 1.6% reduction against our pre-pandemic metric of 67.0 gCO_2 per passenger km, putting the business in a strong position to achieve our target of 65.0 gCO_2 per passenger kilometre by 2025.

Furthermore, we expect our carbon efficiency to increase as our order of new Airbus A321/A320neos progressively enter into operational service and certain older, less efficient aircraft are retired.

Sustainable Aviation Fuel

Our recent equity investment in Fulcrum BioEnergy Limited means that ***Jet2.com*** can expect to receive access to SAF from this facility from 2027. The Group initially anticipated that this production facility would be able to provide SAF from 2026, however we are currently engaging with other producers to uplift UK produced SAF during 2026, which would ensure our target is achieved.

In Resort

Hotel Sustainability Labelling Scheme

Our ambition to have a hotel sustainability labelling scheme in place by the end of 2022 has been delayed primarily due to the hotel sector being one of those hardest hit by the pandemic. Consequently, hoteliers' primary focus this year has been one of recovery. Therefore, we have taken a pragmatic approach in continuing discussions with our hotel partners and the GSTC, to ensure they have adequate time to commit the resources necessary to implement the scheme successfully. Nevertheless, the delivery of this scheme remains a high priority for the business and this will be delivered by the end of 2023.

Our fleet upgrade to cleaner, quieter and more fuel-efficient aircraft is one of the most effective ways for Jet2 plc to immediately decrease carbon emissions.

Hotel Sustainability Charter

Jet2holidays is currently engaging with the GSTC and hotel partners regarding a recognised sustainability certification scheme and more details will be published on this during the remainder of 2023.

Sustainability *continued*

Current Year Performance

Streamlined Energy and Carbon Reporting metrics

We monitor our energy consumption and greenhouse gas emissions (GHG) in line with the Streamlined Energy and Carbon Reporting (SECR) requirements and we use gCO_2 per passenger kilometre to measure our carbon intensity – this is the most widely used metric for the aviation sector.

In the year ended 31 March 2023, total Scope 1 and 2 carbon equivalent emissions (tCO_{2e}) were 2,645,599 tonnes (2022: 983,196 tonnes) with over 99% arising from our aircraft operations. The remaining emission sources were ground handling activities, together with our business travel, offices, training and engineering facilities. In addition to reporting Scope 3 upstream emissions from aviation fuel, this year our Scope 3 emissions calculations have been expanded to include business travel, corporate flights and train journeys. Although expanding the breadth of our GHG reporting, these new Scope 3 additions account for less than 0.2% of total reported Scope 3 emissions.

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

Summary GHG Emissions Results

	2023		2022	
Scope	tCO_{2e}	kWh	tCO_{2e}	kWh
Scope 1	**2,644,164**	**10,674,111,542**	982,032	3,963,923,295
Scope 2	**1,436**	**7,424,171**	1,164	5,480,816
Scope 3	**549,817**	**8,561,731**	204,465	2,505,704
Total	**3,195,417**	**10,690,097,444**	1,187,661	3,971,909,815

Intensity Ratios	2023	2022
gCO_2 per passenger km aircraft fuel burn only[1]	**65.9**	82.0
gCO_{2e} per passenger km including all relevant scope 1, 2 & 3 emissions[2]	**80.5**	99.4

1. Metric uses EU ETS emissions factors and includes aircraft fuel burn only (please see methodology).
2. 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 for 2022 have not been restated for the additional items noted above which are included in the current year, as they only represent 0.2% of total reported Scope 3 emissions.

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 2022'* as most of the reporting period falls within the 2022 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.

Task Force On Climate-Related Financial Disclosures

When launching 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. In last year's report we presented the outputs of a gap analysis on our status for meeting the TCFD recommendations with the main area for improvement being the completion of climate-related scenario analysis. With the support of our consultants Delta-Simons and their partner organisation Denkstatt, we have now completed climate-related scenario analysis to ensure our full compliance with the recommendations. In addition, we have presented our progress below against each of the TCFD pillars: Governance; Strategy; Risk Management; and Metrics and Targets.

TCFD Recommendation	Our Status	*Jet2* Compliance
Governance		
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 Chairman reports findings to the Board. Refer to page 64 for further information.
Describe management's role in assessing and managing climate-related risks and opportunities.	●	Management level sustainability subgroups help to empower our Colleagues to achieve our sustainability targets. Refer to page 64 for further information.
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	●	Refer to page 65 for further information.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	●	Refer to pages 65 to 66 for further information.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●	Refer to page 66 and 67 for further information on the Group's climate-related scenario analysis which was performed during the year.
Risk Management		
Describe the organisation's processes for identifying and assessing climate-related risks.	●	The Group's governance structure has embedded the identification of climate-related risks throughout the organisation. Refer to page 67 for further information.
Describe the organisation's processes for managing climate-related risks.	●	Refer to page 67 for further information. The Group has performed a more detailed review of its physical climate risks alongside its climate-related scenario review.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	●	Refer to page 67 for further information.
Metrics and targets		
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 67 for further information.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	●	Refer to page 67 for further information.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	●	Refer to page 67 for further information. The Group's reported targets are in line with GHG Protocol and SECR guidance for non-FTSE listed Companies.

Key

● Disclosures are available to allow ***Jet2*** to be compliant with the recommendations.

Task Force On Climate-Related Financial Disclosures *continued*

Governance

Jet2 plc's governance structure for overseeing climate related risks and opportunities is outlined below.

Jet2 plc Board

↓

Sustainability Steering Committee

↓

Sustainability Sub Committee

↓

Sustainability Champions

Describe the Board's oversight of climate-related risks and opportunities.

The Sustainability Steering Committee consists of our Chief Executive Officer ("CEO"), Sustainability and Business Development Director, Sustainability General Manager, Group Chief Financial Officer, Director of Planning and Group Legal Director & Company Secretary.

Quarterly meetings facilitate the discussion of sustainability and climate-related issues that may impact ***Jet2 plc***'s business and financial strategy, including identified risks and opportunities over the short, medium and long term. The meetings also review progress against our Sustainability Strategy targets, upcoming legislative change and other sustainability initiatives. The CEO subsequently informs the ***Jet2 plc*** Board of pertinent issues, including progress against targets, thus ensuring business strategy and sustainability issues are aligned. In addition, the Audit & Risk Committee review an update from the Sustainability Steering Committee annually in November and consider progress against the Group's published sustainability targets.

Consequently, several key sustainability initiatives were deliberated and approved by the Board during the year, including a significant additional Airbus A321/A320neo aircraft order for up to 71 aircraft having considered the operating efficiency and associated sustainability benefits of this particular aircraft type. In addition, a new Revolving Credit Facility ("RCF") was approved which is sustainability-linked from 1 April 2023, incorporating the Group's key climate metric - gCO$_2$ per passenger km. Finally, the Board considered the sustainability benefits of an investment in a SAF producer, Fulcrum BioEnergy Limited, prior to the equity stake being approved and secured. The frequency of ***Jet2 plc*** Board meetings can be found in the Corporate Governance section on page 80.

Describe management's role in assessing and managing climate-related risks and opportunities.

Jet2 have embedded a sustainability culture to ensure all colleagues across the business are informed and motivated to deliver our strategy.

Our Sustainability Sub-Committee contains management representatives from a cross-functional range of ***Jet2*** departments, alongside the Sustainability and Business Development Director and Sustainability General Manager. The Sub-Committee provides a forum for climate-related and sustainability linked discussions which are relevant to the representatives' departmental responsibilities and also offers an opportunity for management colleagues to provide feedback on risks and opportunities which can then be escalated to the Sustainability Steering Committee where appropriate. Furthermore, our Sustainability Champions Network gives non-management colleagues a more active role in implementing our strategy and providing feedback on initiatives directly to the Sustainability General Manager through bi-monthly meetings.

Sustainability training for relevant roles has been established to enhance understanding of how all colleagues can take responsibility in helping the Group achieve its sustainability targets. In addition, the business also funds external training and professional accreditation for roles that have direct involvement in the formulation of the Group's Sustainability Strategy.

The Group retains membership and regularly provides constructive engagement with several industry associations including, the Jet Zero Council, A4E, Airlines UK, the Aviation Council, ABTA and Sustainable Aviation and has actively contributed to sector initiatives, such as the latest *Sustainable Aviation Net Zero Roadmap* and various A4E position papers. These contributions help to ensure that the needs of the industry to achieve net zero by 2050 are fairly reflected in policy and legislation.

Finally, ***Jet2 plc*** requests sustainability performance information from major third-party suppliers, including during our Request for Proposal process, ensuring our procurement decisions consider sustainability and climate impacts and suppliers align as far as possible with the Group's Sustainability Strategy.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

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

We treat this as an ongoing process and have chosen three separate time horizons to review progress:

- Short term - being attainable within the next year, which is aligned to our annual budgeting process;
- Medium term - defined as being within the next three years in line with the Group's viability assessment; and
- Long term - deemed to be the period from the end of medium term up until 2050 when we have committed to our net zero pledge.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

TCFD guidance categorises climate-related risks and opportunities as either transitional or physical.

Transitional risk and opportunities assessment

Transitional risks are business-related risks as a result of societal and economic shifts towards a low-carbon future. Examples include policy and regulatory changes, emergence of new technologies such as hydrogen applications for the aviation sector and carbon capture, market and reputational risk due to changing market conditions, and consumer trends and legal risks associated with changes in the regulatory landscape.

Short-term

The Group continues to offset all its carbon emissions. In addition, all property space where the Group is responsible for the energy supply is now provided from renewable energy. We actively participate in ongoing discussions to improve our onboard aircraft recycling measuring system for which progress has been hindered by current UK and EU legislation. By the end of 2023 it is expected that over 50% of our GSE will be zero carbon emission and ***Jet2holidays*** will be in a position to launch its Hotel Sustainability Charter.

Medium term

Increases to carbon pricing pose a significant risk to the Group. Since the inclusion of the aviation sector in the EU Emissions Trading Scheme ("ETS") in 2012, the cost of carbon emissions allowances has increased from €5-10 to €80-90 during 2022. In addition, until recently the newly established UK ETS has proven to be more expensive than its EU equivalent, with average UK ETS allowance prices ranging between £80-90. It is expected that ETS allowance prices will increase in the medium term in order to finance proposed international climate mitigation policies and, coupled with the introduction of CORSIA, these legislative changes will materially impact the Group's cost base if emission reductions are not implemented. Therefore, the Group considers the impact of further climate mitigation legislation to be its most significant transitional 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 2026, along with the financing of its new Airbus A321neo aircraft.

The Sustainability Steering Committee and ***Jet2 plc*** Board review financial modelling of the impacts of proposed changes to carbon pricing in the short and medium term to inform their understanding of the potential financial impacts and how this may influence future strategy. Additionally, the Group has a Board approved Hedging Policy to manage carbon price volatility for the current enacted carbon levies.

The availability of SAF and the policy landscape which may mandate its future use in some of our destination countries may present a further transitional risk. Consequently in April 2023, the Group acquired an equity stake in a SAF producer – Fulcrum BioEnergy Limited – which has secured ***Jet2.com*** access to over 200 million litres of SAF over a 15-year period. In addition, the Group is actively engaging with other potential SAF producers and suppliers to assess the feasibility of additional SAF procurement.

The proposed introduction of an air travel eco-labelling scheme by the UK Civil Aviation Authority ("CAA") and European Union Aviation Safety Agency ("EASA") may influence consumer choice and travel trends, which presents as both a risk and an opportunity for the Group's business strategy.

Through our membership of industry associations including the JZC, A4E and Sustainable Aviation, the Group lobbies governments to ensure both net zero and environmental aviation policy provides for a fair and economical transition for the industry and its customers.

Long-term

Longer-term climate-related transition risks and opportunities are less well understood and are dependent on the government's level of ambition to decarbonise aviation. Power-to-Liquid SAF is a form of aviation fuel sourced from renewable electricity, and many governments are considering mandates for its use during the 2030s. However rapid deployment of hydrogen and renewable electricity is essential to facilitate an increase in its production.

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/A320neo aircraft replace older, 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.

Task Force On Climate-Related Financial Disclosures *continued*

Our Sustainability Strategy is currently in alignment with the existing policy landscape for the aviation industry to achieve net zero by 2050. To effectively respond to climate-related transition risks and opportunities so that the strategy remains resilient, the Sustainability Steering Committee and ***Jet2 plc*** Board will continue to monitor emerging trends and policy changes.

Physical risk and opportunities assessment

Physical risks include weather-related events influenced by a changing climate, such as floods, wildfires and storms and 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-levels, expansion of tropical pests and diseases in temperate zones and accelerating the loss of biodiversity.

Short term

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 different aircraft sizes and 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 and Long term

During the year, the Group commissioned our external consultants, Delta-Simons, to complete a Physical Risk Climate Assessment ("PRCA") over an extended period of time through to 2100. As our operations cover a range of geographies throughout Europe, we selected one of our busiest UK airport bases, together with one international airport to provide a snapshot of potential physical climate risks that could affect our operations under different climate scenarios. A range of physical risk indicators were explored based on the most current publicly available information.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The risk summaries detailed below are based upon three representative concentration pathways[1] ("RCP"):

- a 'low' climate scenario where global temperatures are maintained below 2°C throughout the period to 2100 in line with the Paris Agreement (RCP 2.6);
- a 'medium' climate scenario in which emissions peak in 2080, resulting in temperature rise of between 3-4°C by 2100 (RCP 6.0); and
- a 'high' climate scenario whereby emissions continue to increase throughout the 21st century, resulting in an approximate warming of 4°C by 2100 (RCP 8.5).

The UK-based analysis utilised United Kingdom Climate Projections 2018 ("UKCP18"), which is a set of tools for assessing how the UK's future climate is likely to change on land and in its surrounding waters. The overseas analysis was completed using global climate data with a reduced number of physical risk climate maps at a coarser resolution, as there is currently limited UK-equivalent data for many of the Group's destination countries. The analysis varied input assumptions across the transition risks in line with the three RCPs.

The UK airport was expected to have a low to moderate physical risk rating in the 2.6 and 6.0 concentration pathway scenarios in the period to 2100. Under the 8.5 RCP scenario, the presented effects of temperature rise and reduced rainfall indicate that the airport has a moderate to high risk rating.

The international airport was expected to have an average physical risk rating of 3 in all climate scenarios. Coastal flood risk, air temperature, air pressure, wildfires and rainfall pose the largest risks to this overseas airport.

1. RCPs outline greenhouse gas concentration pathways over the 21st century relative to a pre-industrial baseline. They are used to calculate changes in the earth's radiative forcing, a measure of incoming and outgoing radiation at the top of the atmosphere. Radiative forcing targets for 2100 have been set at 1.9, 2.6, 4.5, 6.0 and 8.5 watts per square metre (Wm-2) to cover a wide range of plausible future emission scenarios. The RCPs are used to run a range of climate and socio-economic models to predict climate change impacts under different emission scenarios.

Implications of physical risks

As a result of the PRCA's, the Group have identified the following key physical risks which may have a moderate impact on the Group's strategy and financial planning in the period through to 2100:

- Air temperature and pressure changes;
- Coastal flood risk;
- Cooling degree days, which is used to quantify energy demand for cooling buildings;
- Rainfall;
- Surface water risk;
- Water stress, where demand for water exceeds supply; and
- Wildfires.

The risk rating for the identified physical risks increases under the RCP 6.0 (medium) and RCP 8.5 (high) emission scenarios, illustrating the importance of enabling rapid emission reductions to mitigate the most severe physical impacts of climate change.

An increase in acute climate events such as coastal and fluvial flooding, wildfires and wind may directly disrupt ***Jet2.com's*** flight planning where conditions become unsuitable for flying, resulting in potential delays, changes to flight routing and cancellations. In addition to potential direct damage to assets, physical impacts at our UK airport bases and overseas destinations may affect colleague welfare and their ability to travel to work, and therefore conduct our day-to-day operations.

An increase in acute climate events may also have indirect impacts (positive and negative) on our business model as changes to consumer preferences could reduce demand for leisure travel to climate sensitive destinations along with a change to the seasonality of travel, as certain seasons with more favourable weather conditions become more attractive to customers. These indirect impacts may be both a risk and an opportunity if the Group can adapt to changing consumer trends, longer seasons and increased demand for some destinations where the temperature has increased, thus increasing the scope for growth in the travel and tourism sector.

Chronic climate events can have similar implications as acute events as changes in water availability, food security, supply chain disruptions and employee safety would impact the Group's financial performance. Acute risks are challenging to predict, therefore continuous monitoring of their potential impact and mitigation options will be conducted by the Sustainability Steering Committee and Board to ensure appropriate action is taken.

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

Climate & Sustainability is recognised as a principal risk on the Group's Risk Register, which is assigned Director-level responsibility and ownership. Further details of our risk management can be found in the principal risks and uncertainties section on page 38. The Group has worked in partnership with Delta Simons to evaluate a range of transactional and physical risks which have been documented within the Strategy section on page 65 and 66.

Describe the organisation's processes for managing climate-related risks.

The Group leverages both external expertise and the knowledge maintained within our business, in particular the Sustainability team, to conclude on their respective prioritisation at 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 determined its materiality levels with reference to both the likelihood of the climate-related risks and the amount of net carbon emissions saved through each risk's mitigation. 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.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Climate-related risks are assessed by considering the likelihood and impact of the risk materialising. Appropriate controls are then agreed and implemented to mitigate those risks. The Sustainability Steering Committee identify, assess and manage climate-related risks and report any findings to the Risk Management Forum and Risk Oversight Committee who are responsible for reviewing all of the Group's principal risks and uncertainties. The Audit & Risk Committee also review principal risks and the status of mitigating actions.

Metrics And Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

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 to 2030 as part of the ***Jet2 Net Zero Strategy*** which includes a medium-term target of 65.0 gCO_2 per passenger kilometre by 2025 and a long-term target of 60.0 gCO_2 per passenger kilometre by 2030.

In addition, the deferred share awards granted under the Share Reward Plan 2023, as detailed on page 94, will link our Executive Directors' remuneration to sustainability goals going forward.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Further information on these metrics, including the historical trend of our key climate metric since 2011, can be found in the *'Current year performance'* and *SECR metrics* section on page 62.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Group has set a range of Sustainability targets through to 2030 which cover operations **On the Ground**; **In the Air** and **In Resort**. These targets are designed to ensure the Group is well placed to comply with evolving regulations and to take advantage of climate-related opportunities. Further information on our targets and our progress against them can be found in *'Progress against our targets'* on page 60 and 61.

Conclusions

Through our commitment to net zero carbon emissions by 2050, ***Jet2 plc***'s Sustainability Strategy is aligned with the Paris Agreement objective to keep global temperatures within a 2°C warming limit. Our ***Jet2 Net Zero strategy*** is also aligned with or exceeds the current net zero aviation policy landscape, including our commitment to uplift UK produced SAF by 2026 and paying for every tonne of carbon we emit, and we are actively pushing for more proactive support from governments to enable a fair and economical transition for the industry and its customers.

The Group has made tangible progress against many of its sustainability targets during the year. In particular, the investment in an equity stake in a SAF producer and the commencement of new Airbus A321/A320neo aircraft deliveries means we are well placed to maintain this momentum over forthcoming years. We believe that our Sustainability Strategy and global climate mitigation policy should ensure our ***Jet2 Net Zero*** 2050 commitment is achieved and therefore the Group's business strategy and financial planning should remain resilient to climate related risks and responsive to any climate related opportunities.

Our People

The widespread travel disruption across the aviation industry in early Summer 2022 presented numerous challenges. However, our Colleagues responded tremendously, consistently going above and beyond to support and assist our valued Customers and help deliver a truly memorable holiday experience for them. We are truly grateful to have such exceptional people who are not only some of the best in their profession, but are also highly motivated and incredibly proud to provide this level of service.

At the core of our company culture lies a deep-rooted *"Customer First"* ethos, guided by our principles of *People, Service, Profits* – great and attentive customer service is where we aim to excel. Whether in the UK or Overseas, our Colleagues' ability to shine in their roles while embodying our company's ***'Take Me There'*** values is of the utmost importance. This *"Customer First"* approach continues to set us apart and enables us to be consistently recognised as an industry leader for our outstanding customer service.

We continually engage with our Colleagues as it is very important to us that they remain happy, engaged and dedicated. Given this, we are very pleased that the ***Jet2.com*** and ***Jet2holidays*** Glassdoor rating of 4.2 out of 5.0 is the highest in our industry. The strength of our Colleague reviews on this website has been mirrored by *Best Workplaces in Travel* who recently awarded ***Jet2holidays*** the accolade of the Best Large Company Workplace in Travel based on feedback from our Colleagues. We remain committed to providing an exceptional work environment for all Colleagues and will strive to continuously improve, which should mean we are able to attract and retain the best talent to support our growing business.

Engaging with our Colleagues

At ***Jet2.com*** and ***Jet2holidays***, delivering exceptional service lies at the heart of our brand values, internally referred to as ***'Take Me There'***. Our values encompass four key principles: ***Creating Memories, Being Present, Taking Responsibility***, and ***Working as One Team***. These values are not only instrumental to our success but are embraced wholeheartedly by each member of our team.

We introduce these simple yet powerful values to all new colleagues during face-to-face inductions, which helps to spark enthusiasm for our company ethos. Furthermore, we conduct annual refresher courses to reinvigorate our teams and ensure they continue to provide our award-winning level of service which differentiates us from the rest.

We were delighted that our Director Roadshows, attended by the Chief Executive Officer, the ***Jet2.com*** Managing Director, HR Director and our Senior Leadership Team, recommenced during the year at each of our ten UK Bases. Colleagues were given a business update along with key messages ahead of the peak summer season, with the Directors emphasising and reinforcing the essential and vital role that all Colleagues play in the future success of our business. The Roadshows are designed to be an open and informal environment with Colleagues encouraged to ask questions and input ideas – we believe that two-way engagement is vital in order to ***Create Memories*** internally as well as for our Customers.

We were also pleased to relaunch our much-loved Colleague Engagement scheme, ***A Great Deal Friendlier***, which is designed to recognise individuals and teams who have provided excellent customer service and who have perhaps gone the extra mile for either internal or external customers. Nomination volumes continue to grow and we are all looking forward to our next annual event in October 2023 where we choose our overall winners and get to really celebrate our Colleagues for their outstanding performance!

Recruiting and retaining our talent

Engagement with our Colleagues starts from the moment they apply to join our organisation. We continue to be inundated with applicants eager to be a part of our team and represent our brands. Throughout the year, we received an astonishing 140,000 applications - reflecting the high level of interest in joining our business. Consequently, we recognise the need to provide all applicants with the best possible recruitment and onboarding experience, which we continually review to ensure our processes and systems remain industry leading.

We are thrilled to have welcomed over 5,800 new colleagues into our workplace, bringing our total to over 14,500 at the peak of the Summer 2023 season. This growth demonstrates our commitment to ensuring we have the right number of talented people to deliver exceptional levels of customer service and uphold our brand values.

The seasonal nature of our business means it is incredibly important that we are able to control and have clear visibility of our recruitment processes. Unfortunately, the widespread disruption across the aviation industry in the early stages of Summer 2022 was partly a consequence of a sudden uptick in demand for third-party provided security referencing. As a result, we took the strategic decision to invest in an in-house dedicated security referencing team to ensure that we controlled the whole process for all operational colleagues joining our business. This team has now been successfully established, and we have had no delays in the recent recruitment and onboarding process. This has meant a much improved experience for our newly recruited Colleagues, with the timely provision of airside passes meaning they are able to provide our award-winning service to our Customers considerably quicker than before.

The pace of training has remained on track and more recently has accelerated to support growth towards our planned peak Summer 2023 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.

Our first unhindered peak Summer season since Brexit created many challenges due to new regulations which restrict the mobility of our Colleagues to move freely around our European network. Many of our customer facing teams have been impacted by the legislation including onboard our aircraft, as ***Jet2.com*** was required to obtain temporary dispensation for third-party crew to operate our wet-leased aircraft. A permanent workable solution for their visas has yet to be identified within the current UK government legislation; however we remain in regular dialogue with the necessary parties to ensure our operation is not disrupted.

Voices of Jet2

Karen Robinson

General Manager – Cabin Services

I love having the privilege of working with the Cabin Crew and Management teams and my role is to lead, motivate and promote strong relationships within the cabin crew community. We ***Work As One Team*** to support the flying programme and I thrive on watching our hard-working cabin crew colleagues ***Create Memories*** whilst delivering our renowned, industry leading customer service. Every day brings a challenge which we always strive to overcome and I am proud and honoured to be part of the ***Jet2.com*** team.

Daniel West

Head of Development – IT Systems Development

I am immensely proud of my team's contribution to the growth and success of our business. We ***Work As One Team*** to deliver user-friendly mobile apps and websites to revolutionise the way our customers can plan, book, and embark on their dream holiday. We are excited to continue pushing the boundaries of what's possible in travel technology, and ensuring every ***Jet2.com*** flight and ***Jet2holiday*** is a truly unforgettable experience for all of our customers.

John Banks

Base Maintenance Check Control Supervisor

In my position of Base Maintenance Check Control Supervisor, I help to provide oversight of the Part 145 Base Maintenance Check Control and Production Planning teams at both the Manchester and Leeds Hangars. It's great that ***Jet2*** promotes the behaviours and responsibilities to ***Be Present*** and to ***Take Responsibility***. This support and encouragement provides me with the confidence and opportunity to streamline existing business processes and implement change programmes in the ever-evolving aircraft maintenance industry for ***Jet2***, whilst ensuring standardisation across both facilities. Along with this I hold regular meetings with key stakeholders from the Part CAMO and Engineering system development support departments enabling us to ***Work As One Team***. A high level of coordination between all support departments ensures that every aircraft that departs the ***Jet2*** Base Maintenance facilities meet the high standards of ***Jet2.com***. It is inspiring to know that we are part of a great product that helps to ***Create Memories***.

Elisa Garnica-Tennie

Customer Helper – Front of House – Glasgow Airport

I love my role as Customer Helper. I'm a people person, I ***Take Responsibility*** and I always deliver the best customer service to the best of my ability. I'm very thankful for being part of a wonderful team here at Glasgow Airport. I feel blessed and honoured for working with such a prestigious company as they possess many of the same values I have grown up with. I keep myself motivated, inspired and cheerful by gratitude and by setting purposes in my daily life. I do whatever is in my power to meet our customers expectations and put a smile on their lovely faces and letting them feel how much of a VIP they are.

14,500 UK Colleagues for Summer 2023

140,000 Job applications received during year

#1 2023 Best Workplaces in Travel – Large Company

2,500 Overseas Colleagues for Summer 2023

100% Apprentices secured permanent positions

Our People continued

We have ***Worked as One Team*** to overcome post-Brexit obstacles, successfully adapting our contractual offerings to ensure we can attract Colleagues in all of our European workplaces. The new legislation which decrees that visits to the Schengen area must be no longer than 90 days in every 180 days has meant overseas temporary summer jobs are less attractive to prospective colleagues. Coupled with the ever-increasing cost of living in some of our destinations, it has meant our recruitment approach requires agility and innovation, along with clear internal progression paths to allow us to continue to recruit, retain and develop the talent we need to provide our award-winning service.

Supporting a flexible worklife

We are Colleague focused and are determined that ***Jet2.com*** remains a preferred career choice in the airline industry. As part of this commitment, we have launched our **Lifestyle 2023** program for our pilots and cabin crew. This program, which is undergoing trials this year, follows extensive engagement with our Colleagues through surveys, focus groups and communication groups, the aim being to provide a more balanced lifestyle for our valued crew members. The recruitment of additional colleagues to provide extra resilience in our rosters to support this program was completed ahead of the Summer 2023 season and represents a substantial but important financial investment in our Colleagues' wellbeing.

Our office-based colleagues follow a hybrid working model that efficiently combines remote and in-office work. This approach allows us to take advantage of both environments, maintaining flexibility and freedom while promoting face-to-face collaboration. This enables us to proactively lead and develop our Colleagues, stimulate creative thinking and idea generation and cultivate strong networks and relationships, which are essential for our business success. Our Contact Centre and Customer Services teams have an established home working model and we have recently updated our phone systems to the latest technology to provide the best tools possible to support them and further improve our customer service.

Investing in our Leadership Structure

As we continue to grow our business, it is vital that we have appropriately skilled and experienced colleagues who are empowered to take key decisions. As a result, we have recently created ten internal directorship positions which, whilst not statutory in nature, provide an additional level of leadership as well as succession planning for the future.

Training to develop our talent

We are committed to providing a wide range of learning and development opportunities to our Colleagues and our offerings encompass many different approaches, including traditional classroom learning, practical training, and blended learning. We continue to embrace digital learning where it is appropriate, with over 40,000 online courses completed over the past year. However, while digital learning is convenient and suitable for certain topics, we believe that face-to-face learning is essential to our overall success. Therefore, we have resumed in-person training sessions to ensure a well-rounded learning experience, delivering over 100 sessions of non-operational / technical classroom training during the year. These sessions primarily focused on enhancing the understanding of our "***Take Me There"*** values, self-development tools and leadership, including; *'Right Conversation, Right Time'* and *'Developing your Leadership Style'*.

Our UK CAA approved Pilot and Cabin Crew training

In addition, over the past year we have launched over 200 additional digital learning resources for colleagues on the ***Jet2learn*** platform, to help streamline training and reduce paper waste within the business.

We now also have over 60 fully trained pilot mentors who volunteer to share their experiences and thus enhance the careers of their fellow pilots.

By investing in these training initiatives, we aim to empower our Colleagues to excel in their roles and contribute to our collective growth.

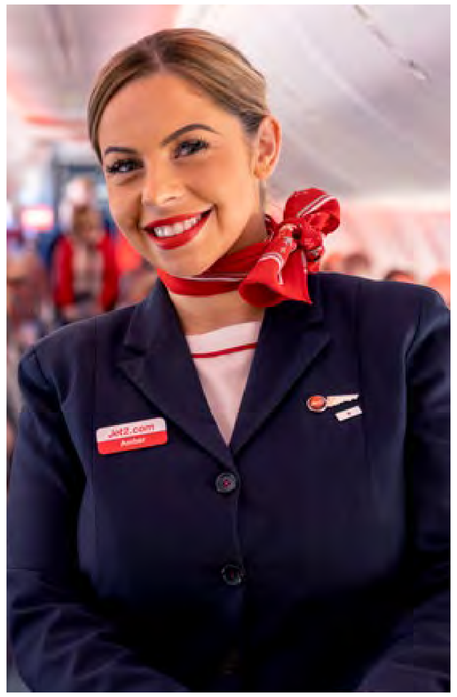
Jet2.com manages its own UK CAA approved Pilot and Cabin Crew training programme facilitated by two purpose-built training centres, one located in Bradford, near Leeds Bradford Airport, and one newly acquired facility in Cheadle, near Manchester Airport. Both centres have the capacity to accommodate up to ten full flight simulators plus cabin crew door, slide, fire and smoke training simulation devices. Our training programmes currently utilise six Full Flight Simulators and two Fixed Base Simulators, catering for all aircraft models including the Airbus A321neo which recently entered our fleet.

The training centres are dedicated to supporting all operational Colleagues, including Flight Crew, Cabin Crew, Engineering, and Ground Operations. In-house training is provided to the highest professional standards and equips our Colleagues with the necessary skills to deliver our award-winning customer service in a safe and efficient manner. In addition to our CAA approved in-house type rating and conversion training courses, we have the necessary approvals and capacity to provide internal training for pilot instructor, examiner and specialist trainer credentials - currently there are in excess of 230 qualified colleagues.

Our ethos is to ensure we recruit and invest in the training of colleagues who embody our brand values and to remunerate them competitively to ensure that they are proud to represent and champion ***Jet2***. This is essential to the successful delivery of our overall strategy and to sustaining business performance over the long term.

Investing in leaders for the future with our Apprentices

We currently have over 100 apprentices on programmes across our business including Finance, IT, Engineering, and Marketing, with over 100 planned to start in the forthcoming year. Individuals on our apprenticeship programme are recruited both internally and externally, thereby offering paths of progression for internal candidates to support their career development, along with new ideas and fresh perspective from external candidates who have the opportunity to gain formal qualifications. Our apprenticeships range from Level 2 (equivalent to 5 GCSEs) to Level 7 (equivalent to a master's degree).



Our People *continued*

Our enchanced online learning system supports all areas of the business

We are proud to have a 100% first-time pass rate for nineteen apprentices who have completed their end point assessments and all individuals have since been offered permanent roles within the Group. We celebrated our apprentices' success with our inaugural apprentice graduation ceremony, an event hosted by our Chief Executive Officer and HR Director. The event was attended by managers and mentors along with the apprentices' families and was a fantastic way to recognise the journey and achievements over the course of their qualifications! Our apprenticeships support our aim to develop talent from within, ensuring we have the right people in the right place at the right time, to support our overall growth strategy.

One of our fantastic apprentices, who has now completed their software development apprenticeship and transitioned into a junior software developer role, was recognised for their achievements and contribution to the business in the 2022 National Apprenticeship Awards, having already won Advanced Apprentice of the Year in the Yorkshire and Humber Apprenticeship Awards. They were recognised for their contagious passion for sharing best practices and supporting others around the business, along with taking on an active role as an Apprentice Ambassador promoting the opportunities that apprenticeships can offer to everyone. This is the talent we are welcoming and encouraging as our potential leaders of the future!

Furthermore, there are currently 34 Colleagues on our well-established Pilot Apprentice Scheme with 48 more expected to join in the forthcoming year. To enhance this program, we recently created an internal application route resulting in colleagues from cabin crew and aircraft dispatch joining this extremely popular scheme.

Modernising our ways of working

During the year, we successfully implemented a new integrated HR and payroll system, ***MyJet2HR***, which enables Colleagues to benefit from a range of HR self-service facilities. The system provides a much-improved onboarding experience for new colleagues together with more efficient day-to-day HR administration, including the functionality to maintain personal information and manage annual leave allowances. Additionally, the system supports our future people and engagement strategies, such as employee benefits implementation and improved management reporting to empower our leaders with the information they need to enable their teams to excel. Most importantly, the introduction of this system provides resilience to support our growth and the potential to control our payroll in our overseas destinations in the future if appropriate.

We have also implemented a new platform, which has significantly enhanced our online learning and development system, ***Jet2learn***. The system will continue to support all areas of the business and further builds upon the virtual learning platforms that have become vital for our

We currently have over 100 apprentices across Jet2

Colleagues, but especially those who utilise a hybrid working pattern as well as for those colleagues based in-resort. The new platform is much more intuitive and offers the ability to communicate and engage in ways that we have not had access to previously and provides a much more social and interactive way to encourage learning, sharing of materials and interaction between colleagues and managers.

The systems we utilise and provide to our Colleagues are of the utmost importance and we will continue to embed and improve them to the benefit of our business.

Colleague wellbeing as a priority

We encourage and support over 100 Colleagues who have volunteered as accredited Mental Health First Aiders to assist their co-workers from across the business. These volunteers were not limited to those with managerial responsibility in their day-to-day roles and we have greatly 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, known as **WeCare**, 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 advice.

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.

We highlight and communicate these great services to our Colleagues, ensuring they receive the support they need when they need it.

Communication and involvement

We are passionate about promoting and maintaining good communication and facilitating two-way communication between Colleagues from all areas of the business and our senior leadership team. We regularly engage through both formal and informal channels and encourage colleague feedback and comments to our dedicated inboxes, such as ***Jet2Cares*** or ***ShareWithSteve***, which are a way to interact directly with our Chief Executive Officer.

As well as our company-wide communication 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 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.

Our People *continued*

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 – their feedback is invaluable and in the past year they have played a pivotal role in many areas including; roster development plans; influencing the garment types and styles of a Uniform Review; a revision of overtime and skills allowances; the reintroduction of buying and selling of leave; refining the onboard design of the aircraft to improve their working environment; and encouraging the Company to sponsor Leeds Pride in August 2023 for the first time.

We enjoy working together to understand the collective views and ideas of our Colleagues which influences organisational change, and we continuously adapt and improve together to ensure our working environment and conditions are the best they can be. 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.

During the year, we launched a focus group to recognise and promote 'Women in Tech' which offers Colleagues the opportunity to discuss and input ideas on how we can attract more women into our Science, Technology, Engineering and Manufacturing ("STEM") areas of the business. The focus group is attended by both female and male colleagues and is sponsored by our Chief Information Officer, who is fully committed to embracing and encouraging equal opportunities for all genders in a STEM workplace.

We are totally 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.

Colleague feedback is invaluable

Case Study – Airbus A321/A320neo order

Our A321neo's inaugural flight from Manchester to Malaga

Our first Airbus A321neo delivery

In mid-October 2022, we were delighted to announce an increase in our order of Airbus A321/A320neo aircraft to 98 firm orders for delivery between 2023 and 2031, which could eventually extend up to 146 aircraft by 2035. The new order is critical to our growth ambitions and also 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.

And, on 31 March 2023, we were thrilled to welcome the first Airbus A321neo aircraft of our order into our aircraft fleet, celebrating its inaugural flight from Manchester Airport to Malaga on 10 May.

Meet the fleet

The A321neo is the longest-fuselage member of the single-aisle A320 family aircraft manufactured by Airbus. Both A321 and A320neo models provide the widest single-aisle cabin in their class, giving our Cabin Crew additional space to provide our successful in-flight service.

As well as housing the latest technology, in our view, the A321/A320neo are the most fuel-efficient aircraft in their class on a per passenger basis, delivering per-seat fuel improvements of up to 20% compared to its predecessor and also boasting a 50% reduced noise footprint.

These aircraft will be fitted with Series 9 next generation seats from Acro Aircraft Seating which, as well as providing premium comfort for ***Jet2.com*** passengers, are over 300kg lighter per aircraft compared to the seating on our existing fleet.

And, with an improved seat capacity of up to 232 passengers, the aircraft will ensure our customers have a wonderfully comfortable and enjoyable experience on their well-deserved ***Real Package Holidays from Jet2holidays®*** or scheduled holiday flights with ***Jet2.com***.

The power of sustainability

The new aircraft orders are a key component of our **In the Air** Sustainability Strategy and represent significant tangible progress on our journey towards our ***Net Zero 2050 pledge***.

Our sustainability targets play an important role in nurturing and developing all our supplier relationships and the selection of our engine partner to power these aircraft was no different. After a thorough appraisal process, CFM International's advanced LEAP-1A engines were chosen, fostering our longstanding relationship with CFM, with the order also including spare engines and a long-term services support agreement.

In a statement, Philip Meeson, Executive Chairman of ***Jet2 plc***, said,

"The LEAP engine has been demonstrating significant improvements in terms of CO_2 and noise emissions that will help us optimise our operations and provide a more comfortable customer experience. We are also going to increase the use of Sustainable Aviation Fuels (SAF) with the LEAP engine to address our ambitious sustainable goals."

Our Governance

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Nothing Beats a Jet2holiday!

'Would highly recommend and will definitely be booking again.'

"Absolutely amazing holiday and experience with ***Jet2holidays***. It was very easy to find ***Jet2*** staff once at destination airport. Hotel was amazing, perfect location. Would highly recommend and will definitely be booking again."

Siannon travelled with her partner from Bristol to Ibiza in April 2023

Our Governance Structure

Shareholders

Executive Chairman

The Executive Chairman has responsibility for the leadership of the Board and for its effectiveness in directing the Group.

Board of Directors

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.

Board Committees

Audit & Risk Committee

- Review and monitor the integrity of the Group's financial statements.
- Review and monitor the adequacy and effectiveness of the risk management framework and the systems of internal controls (including whistleblowing procedures).
- Review and monitor the effectiveness and independence of the external and internal auditors.

Committee Report on page 87 onwards.

Remuneration Committee

- Recommend overall remuneration package for the Executive Directors and other senior managers including the design of share options plans.
- Ensure that the remuneration packages are effective in aligning the interests with those of the Company's shareholders.
- Ensure that the remuneration policy remains simple to administer and relevant, including overseeing senior management succession planning and people engagement issues.

Committee Report on page 91 onwards.

Other Key Steering Groups

Risk Oversight Committee ("ROC")

The Committee reviews the effectiveness of controls in place to mitigate risks and the development of risk monitoring through Key Risk Indicators.

***Jet2.com* Safety Review Board ("SRB") and *Jet2holidays* Risk and Safety Committee**

These distinct forums are responsible for the assessment and mitigation of risk associated with our airline and package holiday operations.

Sustainability Steering Committee

Responsible for implementing the Group's Sustainability Strategy. The Committee reviews climate-related risks and opportunities for which the CEO is responsible for informing the Board of any pertinent issues.

Cyber Security Steering Group

The Group reviews cyber threats and ensures appropriate action is taken to ensure ***Jet2 plc***'s cyber defences remain current.

GDPR Steering Group

Responsible for compliance with data regulations and ensuring all Colleagues understand and remain aware of their responsibilities when they access or process personal data.

Addionally, the Group's **Treasury department** implements the Group's Hedging Policy and provide monthly reporting to the Board including documenting compliance with the Policy.

Chief Executive Officer

The Chief Executive Officer has executive responsibility for the day-to-day running of the Group

Operating Board of Directors

The CEO has delegated authority for the day-to-day management of the business to other Executive Directors of ***Jet2 plc*** and twelve statutory Directors of ***Jet2.com*** Limited and ***Jet2holidays*** Limited. These Directors of the Group's subsidiaries have an average tenure of 13 years.

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 & Risk Committee Report on pages 87 to 90 and the Remuneration Committee Report on pages 91 to 97.

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 enable 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.

The delivery of great service is at the core of the ***Jet2.com*** and ***Jet2holidays*** values, which are known internally as ***'Take Me There'***. 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. To achieve this, 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, remain front of mind when dealing with customers, colleagues and other partners.

Resources and Effective Controls

The Board is supported by the Audit & 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 and liquidity is in place to continue to operate effectively and to set and monitor current and future 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.

Corporate Governance Statement

continued

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

	Board meetings	Remuneration Committee meetings	Audit & Risk Committee meetings
Philip Meeson	4/5	4/4	–
Steve Heapy	4/5	–	2/3*
Gary Brown	5/5	–	3/3*
Robin Terrell	5/5	4/4	3/3
Mark Laurence	3/5	2/4	3/3
Rick Green	5/5	–	–

* By invitation.

Shareholder Engagement

The Business & Financial Review on pages 26 to 30 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.

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 Chair of the Audit & Risk and Remuneration Committees is present to answer questions. There is also a question and answer session following the conclusion of the formal business of the meeting, 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 which cover every UK-based colleague and set out how ***Jet2.com*** and ***Jet2holidays*** will inform and consult with them. These arrangements 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. At an operational level, there are a series of roadshows at each of the Company's UK airport bases, which include an opportunity for colleagues to raise questions direct with the Chief Executive 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 also 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 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;
- Robin Terrell, a Senior Independent Non-Executive Director;
- Mark Laurence, an Independent Non-Executive Director;
- Simon Breakwell, an Independent Non-Executive Director (with effect from 27 April 2023);
- Angela Luger, an Independent Non-Executive Director (with effect from 3 July 2023); and
- Rick Green, a Non-Executive Director.

Robin Terrell was appointed as Senior Independent Non-Executive Director of the Company with effect from 17 November 2022. Robin is Chair of the Audit & Risk and Remuneration Committees and brings extensive experience from leading online and retail businesses. In addition, he 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.

Mark Laurence is a member of the Audit & Risk and Remuneration Committees and has served for more than nine years from the date of his first election to the Board. Notwithstanding this length of tenure, 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.

Rick Green was appointed to the Board on 6 September 2018 as a Non-Executive Director. Prior to his appointment, Rick worked as a consultant for ***Jet2.com*** and ***Jet2holidays*** and is therefore 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.

Simon Breakwell was appointed to the Board as an Independent Non-Executive Director with effect from 27 April 2023 and Angela Luger was appointed to the Board as an Independent Non-Executive Director with effect from 3 July 2023. Both Simon and Angela became members of the Audit & Risk Committee and the Remuneration Committee with effect from the date of their appointments as Directors of the Company.

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 85 and 86 of this Annual Report & Accounts.

Director induction

All new directors appointed to the Board receive a comprehensive induction to the Company. For each of the recent appointments to the Board, this has included:

- a tailored programme of induction meetings with senior members of the management team covering a range of key areas including Internal Audit and Risk Management; Finance; Trade channel and relationships; Revenue; Marketing; Contact Centre; Flight Operations; and Overseas Holiday Operations;
- an opportunity to understand the operational aspects of the business through tours of our Leeds Bradford Airport and Manchester operating bases, including visits to our engineering hangar and flight simulator and cabin crew training centre;
- meeting with the Senior Independent Director;
- meeting with the Chief Executive Officer;
- meeting with the Chief Financial Officer; and
- receiving an induction pack to further their understanding of the business, its corporate policies and the framework in which the Board operates.

Corporate Governance Statement

continued

Committee membership as at 31 March 2023

Audit & 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 current and future 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 five Non-Executive Directors with whom the Executive Chairman meets or speaks to regularly without the other Executive Directors present.

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 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 18.31%[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 2023.

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's recommendation that Directors stand for re-election every year, 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 page 99 of this Annual Report & Accounts. A statement on going concern is given on page 45.

Audit & Risk Committee and Auditors

The Board has an established Audit & Risk Committee which during the year comprised of two Independent Non-Executive Directors. Both of the recently appointed Independent Non-Executive Directors also joined the Audit & Risk Committee with effect from the date of their appointment.

The Audit & Risk Committee is chaired by Robin Terrell, the Senior 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 & Risk Committee has recent and relevant financial experience, being a qualified Chartered Accountant and having held the position of Chair of the Audit & 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 Director of Group Finance & Treasury, as well as the external and internal auditors are invited to attend Committee 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 financial audit with the external auditors, including the quality and effectiveness of the audit process along with 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 & 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 & 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 previously reported, 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 for the year ending 31 March 2025.

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 £0.8m. 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 & Risk Committee Report is set out on pages 87 to 90.

The Independent Auditor's Report can be found on pages 100 to 106.

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 could threaten its business model, future performance, liquidity or solvency, which can be found on pages 32 to 44 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 pages 45 and 46 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 & 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.

Corporate Governance Statement

continued

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 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 & 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 and is chaired by Robin Terrell. Both of the recently appointed Independent Non-Executive Directors also joined the Remuneration Committee with effect from the date of their appointment.

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 91 to 97.

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 both 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 Corporate Governance Statement

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

Philip Meeson
Executive Chairman

24 July 2023

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***. Steve was appointed to the Board as an Executive Director in June 2013 and was promoted to Chief Executive Officer of ***Jet2 plc*** in September 2020.

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. Steve is also 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

Robin Terrell
Senior Independent Non-Executive Director

Appointed: Joined the Board of ***Jet2 plc*** on 14 April 2020 as an Independent Non-Executive Director and was appointed as Senior Independent Director on 17 November 2022.

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 and Non-Executive Director and Chair of the Audit Committee at New Look. Robin qualified as a Chartered Accountant with Coopers & Lybrand.

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

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 & Risk; Remuneration

Simon Breakwell
Independent Non-Executive Director

Appointed: Joined the Board of ***Jet2 plc*** on 27 April 2023 as an Independent Non-Executive Director.

Experience: Simon has spent a significant part of his executive career in the travel industry, first at British Airways and then Expedia, where he scaled the operation and managed the Hotels.com and Expedia brands internationally. Simon launched Uber in Europe and went on to establish the brand across the region. He is a former board member of HomeAway, the online holiday rental marketplace, and was also Chair of Travel Data. He was also previously CEO and Deputy Chairman of the AA, where he executed a major business and digital transformation program. Simon currently chairs Tiqets, the online attractions ticketing business.

Committees: Audit & Risk; Remuneration

Board of Directors

continued

Angela Luger
Independent Non-Executive Director

Appointed: Joined the Board of ***Jet2 plc*** on 3 July 2023 as an Independent Non-Executive Director.

Experience: Angela has significant experience in marketing, e-commerce and retail beginning her career in FMCG marketing with Cadbury's, Coca Cola and Mars. She spent ten years at Asda, holding a variety of positions including Trading Director and Global Managing Director for George. She was Managing Director of Debenhams, CEO of The Original Factory Shop and CEO of N Brown Group plc, where she led the business through a significant digital transformation. For nine years, Angela was a Non-Executive Director of Manchester Airports Group, where she also chaired the Remuneration Committee. She is currently a Non-Executive Director of Portmeirion Group plc, JD Sports Fashion plc and ScS Group plc. Angela also chairs WealthiHer, the network promoting the financial empowerment of women.

Committees: Audit & Risk; Remuneration

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

Audit & Risk Committee Report

I am pleased to present the Audit & Risk Committee's report for the year ended 31 March 2023.

Committee composition

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

- Mark Laurence, ***Jet2 plc*** Independent Non-Executive Director
- Simon Breakwell, ***Jet2 plc*** Independent Non-Executive Director
- Angela Luger, ***Jet2 plc*** Independent Non-Executive Director

Simon and Angela joined the Committee on 27 April 2023 and 3 July 2023 respectively and provide further breadth of experience, support and challenge to the Audit & Risk Committee.

Further details of the Committee members, and their respective experience can be found on pages 85 and 86 of the Annual Report & Accounts.

Other regular attendees

Although not members of the Audit & Risk Committee, the Chief Executive Officer, the Group Chief Financial Officer, the Group Legal Director & Company Secretary, the Director of Group Finance and Treasury, the Head of Internal Audit and Business Continuity and representatives of KPMG LLP ("KPMG"), our external auditor, are also regularly invited to attend meetings.

Frequency of meetings

The Committee met formally three times in the year. In addition, I also met informally with both KPMG and the Head of Internal Audit and Business Continuity without executive management present at regular intervals throughout the year. Details of attendance at Committee meetings during the year can be found on page 80.

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 financial audit with the external auditors, including the quality and effectiveness of the audit process together with 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 for the year ended 31 March 2022 and half-year results to 30 September 2022. This included challenging the key financial reporting judgements and estimates and concluding that accounting treatments were appropriate and that the narrative reporting of the Financial Statements is fair, balanced and understandable.
- Reviewing and concluding that the Group is both a going concern over a one-year period and viable over a three-year review period, including: determining that a three-year time horizon for the Group's Viability Statement remained appropriate; considering the impact of the Group's principal risks and uncertainties; and reviewing the Group's financial budget, forecasts and downside sensitivity analysis.
- Reviewing recent Financial Reporting Council thematic reviews, covering topics such as Earnings per Share and Task Force on Climate-related Financial Disclosures ("TCFD"), to understand how these may impact the Group's reporting.
- Considering reports and updates from the external auditor and discussing the impact of new and forthcoming accounting standards and/or judgemental issues they wish to bring to the Committee's attention, such as IFRS 17 – *Insurance Contracts*.
- Reviewing and considering reports from the work conducted by the Internal Audit function and ensuring any remedial actions are being taken by the business in a timely manner. In addition, agreeing the internal audit plan for the year and ensuring that the function is operating effectively and is appropriately resourced.
- Considering and reviewing the principal risks affecting the Group, including the assessment of an improved risk management tool which was implemented during the year, together with the review of feedback from separate formal risk review meetings.
- Reviewing the annual update of the Sustainability Steering Committee and considering progress against the Group's published sustainability targets.
- Considering, reviewing and where appropriate, challenging the overall IT environment and its controls.
- Approving the terms of engagement and remuneration of the external auditor; reviewing the effectiveness of the external audit process; and monitoring the independence of the external auditor and subsequently concluding that KPMG remain independent.

Audit & Risk Committee Report

continued

External audit

The auditor appointment is subject to ongoing monitoring and the Committee revisited their review of KPMG's effectiveness as part of the 2022 year-end process. The Committee considered several factors when determining their effectiveness including: the overall quality and scope of the audit; the expertise of the audit partner and the audit team; the extent to which the audit plan was met and the quality of its delivery and execution; communication and engagement with the Audit & 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 professional 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 their feedback confirmed that KPMG had continued to perform well during 2022 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 2023.

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 including: the auditor's procedures for maintaining and monitoring independence, including those to ensure that the partners and staff have no personal or business relationships with the Group, other than those in the normal course of business permitted by UK ethical guidance; and the auditor's policies for rotation of the audit partner every five years, together with regular rotation of key audit personnel - a new audit partner, David Derbyshire, has led the audit for the year ended 31 March 2023 as Nick Plumb's successor following his retirement after the 2022 audit.

Overall, the Committee concluded that KPMG possesses the skills and experience required to fulfil its duties effectively and efficiently and the audit for the year ended 31 March 2023 was effective. The Committee has therefore recommended to the Board the reappointment of KPMG at the forthcoming Annual General Meeting ("AGM").

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. Given this length of time and in order to ensure good governance, the Committee has determined that it is appropriate for an audit tender process to be conducted, beginning 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. Should the Committee deem it appropriate to change the Group's current auditor, their replacement will be appointed prior to 1 April 2024, in order for the new incumbent to be able to fulfil their duties over the full financial year ahead of the audit for the financial year ending 31 March 2025.

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 £0.8m. Other than ATOL regulatory reporting, KPMG do not 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 reviewed accounting papers prepared by management and considered, with input from the external auditor, which issues were deemed to be of most significance and therefore required the sharpest focus by its members. The key matters the Committee considered were as follows:

Estimate of useful economic lives of aircraft

The Committee performed its annual assessment over the accounting treatment in relation to aircraft depreciation and noted that this had been applied consistently and appropriately.

The Committee recognises that the fulfilment of the 2025 and 2030 carbon emissions targets within the Group's Sustainability Strategy is dependent on the retirement of older, less efficient aircraft for replacement with new Airbus A321/A320neo aircraft over the period 2023 to 2031, the first of which arrived in March 2023.

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 remains in early concept phase. Current aircraft models are capable of flying with a 50% blend of SAF and both Airbus and Boeing have set targets to ensure these aircraft are 100% SAF compatible by 2030. The Committee understands that should the requisite investment in hydrogen propulsion technology not result in a new aircraft capable of operating at commercial scale, then the Group should be well placed to pursue alternative environmental opportunities including 100% SAF compatibility as a result of its investment in LEAP-1A engines for its new A321/A320neo fleet.

The Group's final deliveries of new Boeing 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 date is not markedly different to the current expectations of when new zero-emission aircraft models may be widely available.

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

Revenue recognition

The Committee considered the revenue recognition policies and reconciliation procedures performed by the business. The Committee noted in their review the robust nature of ongoing monthly reconciliation procedures in terms of automated matching of cash receipts with the associated sales system bookings, in order to gain sufficient comfort over the accuracy of revenue recognition. The Committee has also evaluated KPMG's audit conclusions and is satisfied that revenue has been appropriately recognised in the accounts.

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. Improvements were seen in the success of KPMG's revenue testing and resulting matching rates, with KPMG replicating enhancements in our internal logic for automated matching of our customers cancelling and rebooking their holidays. Additional testing introduced this year included the verification of ***Jet2.com***'s flight statistics to a third-party data source thus providing greater independent comfort over the accuracy of the Group's recorded revenue.

Deferred taxation asset recoverability

In the prior year, the Committee noted a key judgement in relation to the recoverability of the deferred tax asset, in light of the significant balance remaining in respect of UK tax trading losses accumulated during the pandemic-impacted years ended 31 March 2021 and 31 March 2022. In the current year, the Committee has updated its review of this area and the key assumptions applied in terms of future recovery of the remaining losses and concluded that the key judgement in respect of deferred tax asset recognition taken by the Group was reasonable and adequately disclosed within the accounts.

Conclusion

In conclusion, the Audit & Risk Committee reported to the Board that it considered the Annual Report & Accounts for the year ended 31 March 2023 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 produced financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2026.

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 produced for the 12-month period following approval of these financial statements:

- A base case which assumes a full unhindered flying programme utilising an aircraft fleet of 120 at load factors above 90% against an 8% increase in seat capacity; and
- A downside scenario with load factors reduced to 80% from August 2023 to reflect a possible reduction in demand, but with no restrictions on flying to any of the Group's destinations.

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; and the healthy closing cash balance (including money market deposits) of £2,624.7m at 31 March 2023, including £1,127.1m 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. Consequently, 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 2023.

The Going Concern Statement can be found on page 45.

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 2026.

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. It was also noted that 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 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 2026.

The Viability Statement can be found on pages 45 and 46.

Audit & Risk Committee Report

continued

Internal audit, internal controls & risk management

The Audit & Risk Committee is responsible for monitoring the performance and effectiveness of the Company's Internal Audit activities. Consequently, the Audit & Risk Committee reviewed and approved the annual internal audit plan, ensuring that it was aligned to the principal risks of the business and received regular progress updates on the delivery of the plan objectives at each of its meetings during the year.

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. The Head of Internal Audit and 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 work with both senior management and the Board to develop the Group's risk register and ensure that there is appropriate alignment and understanding of key risks and risk appetite. To aid this, the Group implemented a new Group-wide risk management tool provided by a specialist third-party, which drives efficiency in the production and maintenance of individual risk registers and more broadly enhances governance over the recording, monitoring and reporting of risks within the business. In addition, it provides greater visibility and interactivity, with visual summaries of risk performance now complemented by more informed risk and control effectiveness scoring, in comparison to risk appetite.

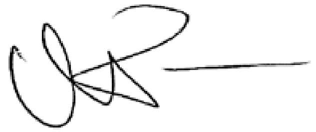
The Audit & Risk Committee is responsible for monitoring the adequacy and effectiveness of internal controls. To this end, the aforementioned tool is a vital component used in conjunction with existing risk management processes to aid the Committee in reviewing each control's effectiveness.

Internal Audit also have a key role in the oversight of our Business Continuity capabilities, ensuring that key functions are able to continue to operate effectively.

Future developments

Both the Committee and I are looking forward to the commencement of the external audit tender process and discussion of the areas where participants believe they can further improve the quality of the Group's audit and contribute value through impartial observations on best practice in financial control and reporting.

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
Senior Independent Director, Chair of the Audit & Risk Committee

24 July 2023

Remuneration Committee Report

I am pleased to present the Remuneration Committee's report for the year ended 31 March 2023.

Committee composition & meetings

During the year ended 31 March 2023, the Group's Remuneration Committee (the "Committee") comprised Mark Laurence, Philip Meeson, the Executive Chairman, and myself, as Chair. Since year end, the Committee has welcomed two new members, Simon Breakwell and Angela Luger, who joined on 27 April 2023 and 3 July 2023 respectively.

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 the performance-related elements within, to ensure that they are appropriate when compared to analyses of comparable companies. The Committee also reviews 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

Directors' and Colleagues' Remuneration

Following the reopening of international travel in early 2022, the ensuing demand for skilled labour across the aviation industry meant that the Group's salary proposals needed to remain enticing in order to retain our talented colleagues and also to attract new colleagues to support our growth.

Consequently, all colleagues received a 4% increase to their base salaries from 1 April 2022 and a further increase of 4% from 1 July 2022 as confidence in the travel sector post-Covid improved. Our Executive Directors and Non-Executive Directors also participated in these increases on the same basis.

In addition, all colleagues received a £1,000 end of season bonus in November 2022 as reward for their immense efforts over the challenging Summer 2022 season, for which the Board were hugely appreciative.

The Group has reinstated both the Discretionary Colleague Profit Share Scheme for non-management colleagues and the Discretionary Bonus Scheme for management colleagues, which will be paid during July 2023 in respect of performance for the year ended 31 March 2023. Both bonus schemes will continue during the year ending 31 March 2024 subject to the achievement of certain performance conditions.

More recently, the Group awarded all colleagues (including our Executive and Non-Executive Directors) a 9% annual salary increase from 1 April 2023. When we can do so, we aim to treat all colleagues in a consistent manner which aligns to our view that remuneration should be straightforward and easy to understand.

Senior Executive Incentive Plan for the year ended 31 March 2023

The Group operated the Senior Executive Incentive Plan (SEIP) for the ***Jet2 plc*** CEO and Group CFO and certain subsidiary company Directors for the year ended 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). Strong performance was achieved against all of the criteria set and accordingly all participants received the maximum awards available to them under the SEIP (150% of base salary for Executive Directors and 60% of base salary for other Directors). As required by the SEIP, a material proportion of the SEIP outcome (equivalent to 30% of the total award value) was deferred for three years as an award of shares.

Remuneration Committee Report

continued

Share Reward Plan

As disclosed in last year's Remuneration Committee Report, during the year the Remuneration Committee undertook a review of the current long-term incentive provision for our ***Jet2 plc*** Executive Directors. In doing so, the Committee had the aim of ensuring that the Company protected the interests of its shareholders appropriately by being able to offer competitive rewards to those individuals who are instrumental to our continuing success. At the same time the long-term incentive provision needed to align to the principle that our remuneration policy should be easy to understand, straightforward and simple to implement and administer.

The conclusion from this review was that our existing Share Reward Plan serves this purpose well. We also noted that a number of other companies in the Leisure Travel industry have adopted this form of long-term incentive for their Executive Directors in recent years. Accordingly, our intention is to make continuing annual awards under the Share Reward Plan to our ***Jet2 plc*** Executive Directors, which we envisage as being awards over shares worth 100% of base salary each year. We believe these awards will be retentive and provide appropriate (but not excessive) reward opportunities while still being simple and straightforward. The first such awards were made in July 2023 and are subject to a vesting period of three years from the date of grant consistent with earlier Share Reward Plan awards. The Committee will consider performance in the following areas across the three-year period before confirming the vesting of Share Reward Plan awards: overall Company performance, performance against the principles of '*People, Service, Profits*' and Sustainability performance.

As with prior Share Reward Plan awards, personal performance will also be considered before vesting is confirmed.

The details of the share awards granted for our ***Jet2 plc*** Executive Directors under both the SEIP and under the Share Reward Plan in July 2023 are shown in the Share Awards granted since 31 March 2023 section of this Remuneration Committee Report.

ShareSave

In order to ensure that our Colleagues are fully engaged in the future growth of the Company, a ShareSave scheme was launched in September 2022. In approving this, the Committee concluded that a ShareSave 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.

The scheme gave 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 of £7.66, which is a 20% discount to the market value share price at inception of the scheme. At the end of the saving period, colleagues will have the choice to either purchase ***Jet2 plc*** shares at this pre-determined discounted price or to receive back the cash amount saved. The Committee was pleased that over 60% of eligible colleagues chose to join the ShareSave and that the scheme itself won two awards at the *ProShare Awards* including one for *Best International Share Plan.*

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 2023, the maximum pension benefit provided was equivalent to 14% of base 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.
	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.

Remuneration Committee Report

continued

Remuneration element and purpose	Operation	Measures to assess performance / clawback application
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 as we seek to drive our business' ongoing recovery and future growth.	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 for the 2021 and 2022 schemes and for 2023 awards based on 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 year ended 31 March 2023. 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. In addition, for 2023 awards the Committee will consider overall performance in the following areas across the three-year period before confirming the vesting of awards: overall Company performance, performance against the principles of '*People, Service, Profits*' and Sustainability performance. For awards made from 2023 onwards, on vesting, a dividend equivalent payment will be made on vested shares.	SRP 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.

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. Robin Terrell's fee was adjusted to reflect his appointment as Senior Independent Director during the year and his role as Chair of the Remuneration Committee. 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.

Philip Meeson and Robin Terrell will retire from the Board at the Annual General Meeting on 7 September 2023 and, being eligible, will offer themselves for re-election. Having been appointed on 27 April 2023 and 3 July 2023 respectively, Simon Breakwell and Angela Luger will also offer themselves for election at the Annual General Meeting in line with the Company's Articles of Association.

Directors' emoluments during the year

Year ended 31 March 2023	Basic salary and fees £000	Benefits[1] £000	Pension £000	SEIP Cash Awards[2] £000	SRP Deferred Award[3] £000	**Total 2023 £000**
Executive Directors:						
Philip Meeson	526	14	–	–	–	**540**
Steve Heapy	774	22	93	810	689	**2,388**
Gary Brown	596	2	82	618	531	**1,829**
Non-Executive Directors:						
Robin Terrell	94	–	–	–	–	**94**
Mark Laurence	71	–	–	–	–	**71**
Rick Green[4]	126	–	–	–	–	**126**
Total	2,187	38	175	1,428	1,220	**5,048**

Year ended 31 March 2022	Basic salary and fees £000	Benefits[1] £000	Pension £000	SEIP Cash Awards £000	SRP Deferred Award[3] £000	Total 2022 £000
Executive Directors:						
Philip Meeson	459	14	–	–	–	473
Steve Heapy	684	22	82	–	353	1,141
Gary Brown	527	1	73	–	273	874
Non-Executive Directors:						
Robin Terrell	71	–	–	–	–	71
Mark Laurence	32	–	–	–	–	32
Rick Green[4]	124	–	–	–	–	124
Total	1,897	37	155	–	626	2,715

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 cash awards under the SEIP scheme in relation to the financial performance for the period ended 31 March 2023 (2022: none).
3. Under the SRP scheme, deferred awards were granted in July 2022 and July 2021. For the remuneration disclosure above, the annual charge recorded is based on the IFRS 2 accounting fair value of the deferred awards at grant, spread over their three-year vesting period. Further details of these awards are provided in the Directors' interests in options and deferred awards table.
4. Rick Green's basic salary and fees includes £71,000 (2022: £77,000) in respect of consultancy services for the Group.

Remuneration Committee Report

continued

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 2022 No.	Granted during the year No.	Exercised during the year No.	Lapsed in the year No.	At 31 March 2023 No.
Steve Heapy	SEIP Deferred Award	1.25p	18,262	–	(18,262)[4]	–	**–**
Gary Brown	SEIP Deferred Award	1.25p	17,216	–	(17,216)[4]	–	**–**
Steve Heapy	SRP Award	1.25p	136,000	87,591	–	–	**223,591**[1]
Gary Brown	SRP Award	1.25p	105,000	66,875	–	–	**171,875**[2]
Steve Heapy	ShareSave	£7.66	–	2,349	–	–	**2,349**[3]
Gary Brown	ShareSave	£7.66	–	2,349	–	–	**2,349**[3]

1. 136,000 options vest on 21 July 2024 and 87,591 options vest on 20 July 2025. The number of shares awarded was calculated using the average closing mid-market share price for the preceding financial year of £12.33 for awards granted in July 2022 (£9.74 for awards granted in July 2021).
2. 105,000 options vest on 21 July 2024 and 66,875 options vest on 20 July 2025. The number of shares awarded was calculated using the average closing mid-market share price for the preceding financial year of £12.33 for awards granted in July 2022 (£9.74 for awards granted in July 2021).
3. Vesting on 1 October 2025 and represents the total number of shares granted if monthly contributions are maintained for the full three-year vesting period.
4. These deferred awards totalling 35,478 shares were exercised on 18 July 2022, on which date the closing mid-market price of a share was £9.16, resulting in total pre-tax gains of £0.3m. For the year ended 31 March 2022, 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.

The closing mid-market price of the Company's shares on 31 March 2023 was £13.13 per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were £13.82 and £6.68, respectively.

Share Awards granted since 31 March 2023

Since the reporting date, the following share awards were granted under the SEIP and SRP schemes:

Director	Share scheme / award Plan	Award price	*Shares granted since year end No.*	*Normal vesting date*
Steve Heapy	SEIP deferred award	1.25p	32,589	12 July 2026
Gary Brown	SEIP deferred award	1.25p	24,881	12 July 2026
Steve Heapy	SRP deferred award	1.25p	72,419	16 July 2026
Gary Brown	SRP deferred award	1.25p	55,292	16 July 2026

The SEIP deferred award is made in relation to the outcomes for the SEIP for year ended 31 March 2023. The SEIP and SRP deferred awards were granted on 13 July 2023 and 17 July 2023 respectively, where the number of shares awarded was calculated using the average closing mid-market share price for the 12-month period ended 12 July 2023 of £10.65.

Director shareholdings

The Directors who held office at 31 March 2023 had the following interests in the ordinary shares of the Company at that date:

Director	31 March 2023	31 March 2022
Philip Meeson	**39,305,000**	43,305,000
Steve Heapy	**283,096**	261,165
Gary Brown	**102,599**	90,576
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 4,500,000 ordinary shares in the Company following the sale of 500,000 ordinary shares during the financial year.

During the year, Mark Laurence purchased 1,200,000 of the Company's guaranteed senior unsecured unrated convertible bonds. The bonds are convertible into new and/or existing ordinary shares of ***Jet2 plc***. The initial conversion price was set at £18.06 representing a premium of 40% above the reference share price on 3 June 2021 of £12.90. If not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par on 10 June 2026.

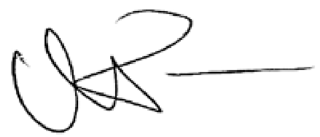
No other Directors have a non-beneficial interest in the shares of the Company. None of the Directors have any direct or indirect interest in any contract or arrangement subsisting at the date of these financial statements that is significant in relation to the business of the Group or the individual 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 also provided the Committee with external remuneration advice. 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 is satisfied that the advice received was objective and independent.

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



Robin Terrell
Senior Independent Director, Chair of the Remuneration Committee
24 July 2023

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 12 to 74;
- Risk Management: pages 32 to 46;
- Sustainability: pages 54 to 62;
- Corporate Governance Statement approved by the Board: pages 79 to 84;
- Details of current Directors and Directors who served through the year: pages 85 and 86; and
- Directors' remuneration: page 95.

Results and dividends

The results for the year are set out in the Consolidated Income Statement and show a profit after taxation of £290.8m (2022: £315.4m loss). An interim dividend of 3.0p was paid during the year (2022: nil).

Prior to the pandemic, and subject to satisfactory financial performance, the Board traditionally paid a modest dividend whilst seeking to re-invest the majority of cash generated in growing the business. For the year, basic earnings per share were 135.4p (2022: (147.0p)) and in view of the positive financial performance of the Group, and in keeping with its past policy, the Board has resolved to pay a final dividend of 8.0p per share (2022: nil).

Post-balance sheet events

There have been no material events after the balance sheet date of 31 March 2023 through to the date of this Annual Report & Accounts.

Issued share capital

Issued share capital increased by 61,802 (2022: 58,185) 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
18-Jul-19	1.25p	61,802	SEIP
Total		**61,802**	

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 2023:

Silver Point Capital	5.92%
JPMorgan Asset Management	5.02%
Gobi Investment Partners	4.97%
Artisan Partners	4.07%

Annual General Meeting

The Annual General Meeting ("AGM") will be held at 3:00 pm on 7 September 2023 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 they ought to have taken as a Director in order to make themselves 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 12 to 74 are approved by the Board and signed on its behalf by:

Philip Meeson
Executive Chairman
24 July 2023

Gary Brown
Group Chief Financial Officer
24 July 2023

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 2023 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 2023 and of the Group's profit 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: Group financial statements as a whole		£16.5m (2022: £10.0m) 4.4% of Group profit before tax (2022: 2.6% Group loss before tax)
Coverage		100% of Group profit before tax (2022: 100% Group loss before tax)
Key audit matters		**vs 2022**
Recurring risks:	Revenue recognition	◀▶
	Parent Company – Aircraft depreciation	◀▶

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:

Group	The risk	Our response
Revenue recognition (2023: £5,033.5m; 2022: £1,231.7m) Refer to page 89 (Audit & Risk Committee Report), page 116 (accounting policy) and page 125 (financial disclosures).	**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 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 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 the company's flight departure data on a transactional basis to check revenue had not been recognised where the performance obligation had not been met. We compared the company's flight data to third party flight tracking information; 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 Aircraft depreciation as a key audit matter for both the Group and Parent undertaking. We continue to perform procedures over Aircraft depreciation. However, given there are no significant changes to the long term assumptions in the year in respect of useful economic lives or residual values, we have not assessed this as one of the most significant risks in the current year Group audit. Aircraft depreciation continues to be reported as a key audit matter for our Parent Company audit because this is considered to be the area which had the greatest effect on our overall Parent Company audit.

Independent Auditor's Report

to the members of Jet2 plc continued

Parent Company	The risk	Our response
Aircraft depreciation (Parent Company) (2023: £39.3m; 2022: £42.3m) Refer to page 88 (Audit & Risk Committee Report), page 150 (accounting policy) and page 152 (financial disclosures).	**Subjective estimate: low risk** The estimation of depreciation for each airframe incorporates assumptions around both its useful economic life and its residual value. 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 aircraft depreciation is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	Our procedures included: • **Benchmarking assumptions:** We challenged the appropriateness of 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 to flex the fleet size if necessary, without impacting on the useful lives of existing owned aircraft. We performed the tests above rather than seeking to rely on any of the Parent Company's controls because the nature of the balance meant that detailed testing is inherently the most effective means of audit evidence.

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 £16.5m (2022: £10.0m), determined with reference to a benchmark of Group profit before taxation of which it represents 4.4% (2022: 2.6% of Group loss before taxation).

Materiality for the Parent Company financial statements as a whole was set at £12.0m (2022: £6.5m) determined with reference to a benchmark of Parent Company total assets, limited to be less than group materiality as a whole. It represents 0.4% (2022: 0.2%) of the stated benchmark.

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% (2022: 75.0%) of materiality for the Group financial statements as a whole which equates to £12.3m (2022: £7.5m) and for the Parent Company was set at 75.0% (2022: 75%) of materiality for the Parent Company financial statements as a whole, which equates to £9.0m (2022: £4.9m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

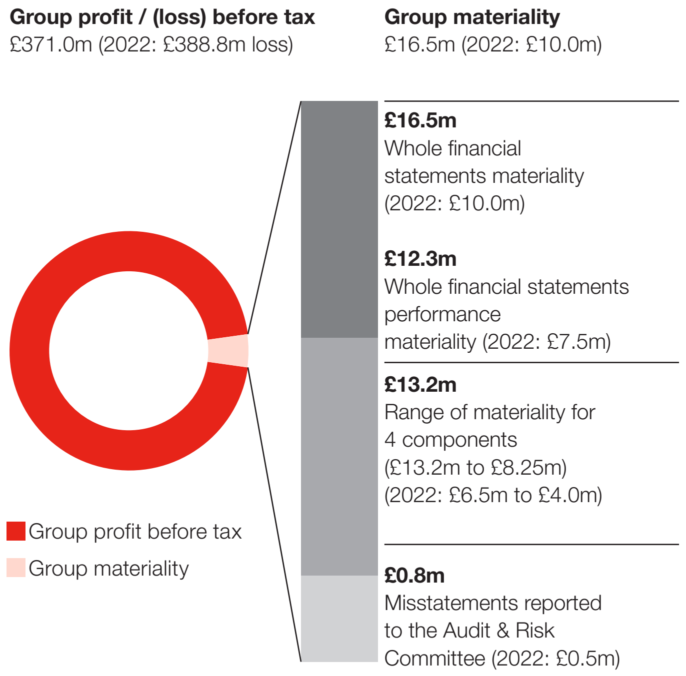
We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.8m (2022: £0.5m) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 13 (2022: 13) reporting components, we subjected 4 (2022: 4) to full scope audits for Group purposes. The components within the scope of our work accounted for 100% (2022: 100%) of Group revenues, 100% (2022: 100%) of Group profit before tax and 100% (2022: 100%) 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 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 our audit of revenue 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.



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 has set out its Sustainability targets with an ultimate goal of the Group being climate 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 pages 115 to 116.

As a part of our audit we made enquiries of management to understand the extent of the potential impact of climate change risks on the Group's financial statements, including their assessment of critical accounting estimates and judgements, and the effect on our audit. We held discussions with our own climate change professionals to challenge our risk assessment.

Climate targets have the potential to affect forward looking assessments such as the replacement date of assets. On this audit there are limited other forward-looking assessments due to the nature of the Company's assets. The Group's plans do not involve replacing assets before the end of their useful economic life. As a result, our risk assessment was that climate change does not currently have a significant impact on key judgements or estimates in the financial statements and did not have a significant effect on our audit.

We have read the Group's disclosure of climate related information in the Strategic Report within the Annual Report & Accounts as set out on pages 54 to 67 and considered consistency with the financial statements and our audit knowledge.

Independent Auditor's Report

to the members of Jet2 plc continued

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 inflation and the associated increased costs of living which may result in a reduction in customer demand; and
- the impact of higher fuel and carbon costs.

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 are that:

- 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 & Risk Committee minutes;
- Considering remuneration incentive schemes and performance targets for senior management; and
- 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.

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 revenue and cash journal entries posted to unexpected account combinations and journals posted after the books close date; and
- Assessing significant accounting estimates for potential bias.

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 identify non-compliance with these laws and regulations 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 (pages 45 and 46) 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.

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.

Independent Auditor's Report

to the members of Jet2 plc continued

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures; 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 99 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 & Risk Committee, including the significant issues that the Audit & 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:

- 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
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- 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 99, 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 responsibilitie

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.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

24 July 2023

Case Study – SAF investment in Fulcrum

Taking our environmental impact seriously

A major investment in sustainability

In April 2023, we were thrilled to announce another milestone on our path to achieving ***Jet2 Net Zero***: an investment in a new Sustainable Aviation Fuel ("SAF") production plant, the Fulcrum NorthPoint facility. This waste-to-fuels plant will be constructed in Ellesmere Port, Cheshire, with production of SAF expected to commence from 2027. Our participation in this venture is a source of great pride, representing one of the first such deals in UK aviation.

The investment means we expect to receive more than 200 million litres of SAF over a 15-year period, helping us achieve net emissions reductions totalling approximately 400,000 tonnes of CO_2. At maximum capacity, roughly 600,000 tonnes of non-recyclable household waste which would otherwise have been incinerated or become landfill, will be converted into around 100 million litres of SAF annually at the plant.

The strategic positioning of the plant means that SAF is expected to be delivered directly to Manchester Airport using the existing jet fuel pipework infrastructure. This efficient approach minimizes the need for road transportation, further contributing to our sustainability efforts.

The need for Sustainable Aviation Fuel

SAF is widely recognised as the best way to decarbonise aviation in the medium to long-term. The recently updated Sustainable Aviation decarbonisation roadmap reveals that 39% of emissions reductions in the UK aviation sector by 2050 will be attained through the utilisation of SAF. This makes SAF the most significant contributor to the sector's net zero objective of any current technology.

The SAF produced at the facility is expected to achieve life cycle emissions reductions of approximately 70% when compared to conventional aviation fuel. Moreover, there is potential for further emissions reductions in the future through carbon capture and storage technology, meaning even lower impact fuel.

A step forward for our Jet2 Net Zero strategy

This investment reinforces our vision of becoming one of the leading brands in sustainable air travel and package holidays.

Steve Heapy, CEO of ***Jet2 plc*** said:

"Travel and tourism is a force for good and, like all industries, we know how critical it is to mitigate our climate impacts. This significant investment into Fulcrum NorthPoint's Sustainable Aviation Fuel production in the UK shows not only how seriously we take that responsibility, but also how committed we are to taking tangible actions to address it. Not only will this action help to lower our climate impacts, but it represents a major step forward in our transition to net zero too. Whether investing in SAF, spending billions on our aircraft fleet, or placing a price on every tonne of carbon we emit, we are putting sustainable travel at the heart of our business. By doing this, our customers know they are travelling with an airline and holiday company that takes its environmental impact seriously and takes substantial action to address it too."

Our Financials

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Nothing Beats a Jet2holiday!

'I couldn't recommend Jet2 enough for a hassle-free holiday.'

"The whole process was simple, extremely well organised and went smoothly. I couldn't recommend ***Jet2*** enough for a hassle-free holiday. From the minute we paid for the holiday and everything in between to coming home. We are so happy!"

Nathan travelled with his family from Bristol to Majorca in June 2023

Consolidated Income Statement

for the year ended 31 March 2023

	Note	Results for the year ended 31 March 2023 £m	Results for the year ended 31 March 2022 £m
Revenue	6	**5,033.5**	1,231.7
Net operating expenses	7	**(4,639.5)**	(1,555.6)
Operating profit / (loss)	8	**394.0**	(323.9)
Finance income		**58.7**	5.1
Finance expense		**(64.5)**	(58.5)
Net FX revaluation losses		**(19.8)**	(12.6)
Net financing expense	9	**(25.6)**	(66.0)
Profit on disposal of property, plant and equipment		**2.6**	1.1
Profit / (loss) before taxation		**371.0**	(388.8)
Taxation	11	**(80.2)**	73.4
Profit / (loss) for the year		**290.8**	(315.4)
(all attributable to equity shareholders of the Parent)			
Earnings per share			
– basic	13	**135.4p**	(147.0p)
– diluted	13	**126.6p**	(147.0p)

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Profit / (loss) for the year		**290.8**	(315.4)
Other comprehensive (expense) / income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Fair value (losses) / gains	25	**(49.4)**	225.2
Net amount transferred to Consolidated Income Statement	25	**(164.1)**	22.4
Cost of hedging reserve – changes in fair value	25	**(17.0)**	(8.0)
Related taxation credit / (charge)	11	**47.6**	(46.5)
Revaluation of foreign operations		**3.9**	–
		(179.0)	193.1
Total comprehensive income / (expense) for the year		**111.8**	(122.3)
(all attributable to equity shareholders of the Parent)			

Consolidated Statement of Financial Position

at 31 March 2023

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets	14	**26.8**	26.8
Property, plant and equipment	15	**927.7**	845.2
Right-of-use assets	16	**565.3**	491.9
Derivative financial instruments	25	**14.3**	20.5
		1,534.1	1,384.4
Current assets			
Inventories	17	**40.2**	8.5
Trade and other receivables	18	**281.3**	185.8
Derivative financial instruments	25	**45.8**	186.3
Money market deposits	19	**1,669.5**	1,181.0
Cash and cash equivalents	19	**955.2**	1,047.5
		2,992.0	2,609.1
Total assets		**4,526.1**	3,993.5
Current liabilities			
Trade and other payables	20	**339.1**	217.8
Deferred revenue	21	**1,547.2**	1,173.4
Borrowings	22	**125.9**	134.5
Lease liabilities	23	**101.8**	74.8
Provisions	24	**57.4**	41.8
Derivative financial instruments	25	**85.1**	39.6
		2,256.5	1,681.9
Non-current liabilities			
Deferred revenue	21	**16.4**	15.7
Borrowings	22	**603.3**	857.2
Lease liabilities	23	**544.0**	503.7
Provisions	24	**40.0**	22.3
Derivative financial instruments	25	**16.8**	3.5
Deferred taxation	11	**36.7**	12.6
		1,257.2	1,415.0
Total liabilities		**3,513.7**	3,096.9
Net assets		**1,012.4**	896.6
Shareholders' equity			
Share capital	26	**2.7**	2.7
Share premium	26	**19.8**	19.8
Cash flow hedging reserve	26	**(15.3)**	155.2
Cost of hedging reserve	26	**(17.9)**	(5.5)
Other reserves	26	**55.2**	51.3
Retained earnings	26	**967.9**	673.1
Total shareholders' equity		**1,012.4**	896.6

The accounts on pages 110 to 146 were approved by the Board of Directors at a meeting held on 24 July 2023 and were signed on its behalf by:

Gary Brown
Group Chief Financial Officer

Jet2 plc
Registered no. 01295221

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	Note	2023 £m	2022 £m
Profit / (loss) before taxation		**371.0**	(388.8)
Net financing expense (including Net FX revaluation losses)	9	**25.6**	66.0
Hedge ineffectiveness		**–**	0.8
Depreciation	15, 16	**185.2**	158.3
Profit on disposal of property, plant and equipment		**(2.6)**	(1.1)
Equity settled share-based payments	26	**10.4**	3.3
Operating cash flows before movements in working capital		**589.6**	(161.5)
Increase in inventories		**(31.7)**	(7.5)
Increase in trade and other receivables		**(117.5)**	(35.5)
Increase in trade and other payables		**118.7**	151.8
Increase in deferred revenue		**374.5**	866.7
Increase / (decrease) in provisions		**18.6**	(9.5)
Payment on settlement of derivatives		**–**	(15.5)
Cash generated from operations		**952.2**	789.0
Interest received		**58.7**	5.1
Interest paid		**(43.6)**	(43.5)
Income taxes (paid) / refunded		**(15.2)**	0.4
Net cash generated from operating activities		**952.1**	751.0
Cash used in investing activities			
Purchase of property, plant and equipment	15	**(193.9)**	(107.9)
Purchase of right-of-use assets	16	**(2.7)**	(0.5)
Proceeds from sale of property, plant and equipment		**2.7**	1.1
Net increase in money market deposits	27	**(481.9)**	(1,181.0)
Net cash used in investing activities		**(675.8)**	(1,288.3)
Cash (used in) / generated from financing activities			
Repayment of borrowings	27	**(287.7)**	(259.5)
New loans advanced	27	**–**	147.9
Payment of lease liabilities	27	**(76.2)**	(67.5)
Proceeds on issue of convertible bonds	27	**–**	380.1
Dividends paid in the year		**(6.4)**	–
Net cash (used in) / generated from financing activities		**(370.3)**	201.0
Net decrease in cash in the year		**(94.0)**	(336.3)
Cash and cash equivalents at beginning of year		**1,047.5**	1,379.0
Effect of foreign exchange rate changes	27	**1.7**	4.8
Cash and cash equivalents at end of year		**955.2**	1,047.5

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Cost of hedging reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 31 March 2021	2.7	19.8	(44.2)	0.8	(0.1)	985.2	**964.2**
Total comprehensive expense	–	–	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**
Total comprehensive income	–	–	(170.5)	(12.4)	3.9	290.8	**111.8**
Share-based payments	–	–	–	–	–	10.4	**10.4**
Dividends paid in the year	–	–	–	–	–	(6.4)	**(6.4)**
Balance at 31 March 2023	2.7	19.8	(15.3)	(17.9)	55.2	967.9	**1,012.4**

1. In June 2021, senior unsecured convertible bonds were issued generating gross proceeds of £387.4m. The equity component of these bonds was valued at £51.4m and recognised in other reserves. The remaining balance held in other reserves relates to foreign exchange translation differences arising on revaluation of non-sterling functional currency subsidiaries of the Group, which totalled £3.8m at 31 March 2023.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2023 were authorised by the Board of Directors on 24 July 2023 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.

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 147 to 156.

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 Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2026.

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 a full unhindered flying programme utilising an aircraft fleet of 120 at load factors above 90% against an 8% increase in seat capacity; and
- A downside scenario with load factors reduced to 80% from August 2023 to reflect a possible reduction in demand but with no restrictions on flying to any of the Group's destinations.

The forecasts consider the current cash position and an assessment of the principal areas of risk and uncertainty as described in more detail in the Group's Annual Report & Accounts, paying particular attention to the impact of the current UK macro-economic environment and how this may affect consumers' future spending.

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

The Directors concluded that, given the combination of a closing cash balance (including money market deposits) of £2,624.7m at 31 March 2023 together with the forecast monthly cash utilisation, under both scenarios, the Group would have sufficient liquidity throughout a period of 12 months from the date of approval of the financial statements at the end of July 2023. In addition, the Group is forecast to meet its RCF covenants at 30 September 2023 and 31 March 2024 under both scenarios with significant headroom.

As a result, the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

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 54 to 62.

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 and the impact this may have on its future fleet requirements. This review considered the current progress and estimated date of availability of new technology being developed across the airline industry, including 100% SAF-compatible aircraft and aircraft powered by alternative energy sources such as hydrogen. In addition, there is currently no enacted or draft Government climate legislation to limit the use of less efficient aircraft, therefore the Group concluded that the existing policies remained appropriate.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

2. Accounting policies (continued)

The Directors have considered the future profitability of the Group when assessing the recoverability of deferred tax assets, in particular those recognised from trading losses carried forward. The forecasts incorporate higher carbon costs as a result of potential future amendments to the carbon emissions schemes. The Directors concluded that it remains appropriate to record assets in respect of the Group's trading losses carried forward.

The forecasts reflect the purchase of new Airbus A321/A320neo aircraft in the short and medium-term cash flows, thus ensuring they are captured within the going concern and viability assessments. There are no further material impacts to other accounting policies or judgements in the current year as a result of climate change.

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.

Transactions eliminated on consolidation

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

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. Any remaining compensation which exceeds the full value of the ticket price is charged to net operating expenses. Where compensation claims are not yet settled at year-end, these are held within provisions. Non-ticket revenues such as hold baggage charges, advanced seat assignment and 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 grants 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 vesting, the cumulative expense is calculated based on the extent to which the vesting period has expired and the Group's 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.

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.

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 profit / (loss) 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 profit / (loss) 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 dillutive share options and deferred awards, together with the potential conversion of the convertible bonds to ordinary shares at maturity in June 2026. In accordance with IAS 33, these were not included in the calculation of diluted earnings per share for the year ended 31 March 2022, as they were anti-dilutive for that loss-making period.

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.

Licence agreements to use cloud software provided as a service are treated as service contracts and expensed in the Group Consolidated Income Statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement would be capitalised as software within intangible assets. Implementation costs are expensed unless implementation is a distinct service and gives rise to a separate intangible asset.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

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	3-10 years

* excluding pre-delivery payments (see above).

The Group depreciates 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 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 they 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.

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.

2. Accounting policies (continued)

In addition, the Group voluntarily offsets 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.

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 at inception and on an ongoing basis.

The qualitative technique to test the hedge effectiveness of a hedging relationship is the critical terms matching 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 and results in the recognition of expenses within the income statement (including the purchase of jet fuel), 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.

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.

Where the forecast hedged item results in the recognition of a non-financial asset (such as the purchase of aircraft for which foreign currency derivatives are designated as the hedging instrument), the accumulated gains and losses recorded within both the cash flow hedge reserve and the cost of hedging reserve are included in the initial cost of the asset and then subsequently depreciated.

When designating the forward contract or option as a hedging instrument, changes in the value of foreign currency forward contracts arising as a result of foreign currency basis spread and forward points and the time value element of aviation fuel options are held separately. These do not form part of the designated hedging instrument and are instead held in a separate cost of hedging reserve. The cost of hedging reserve is subsequently recognised in profit and loss in the period in which the hedged transaction affects profit and loss, for forward contracts, or amortised over the life of the associated contract, for options.

Those aviation fuel swaps, where value is pre-determined by the average fuel price during the final month of the year, have been disclosed within trade and other receivables or payables dependent on their mark-to-market position. These swaps no longer fluctuate in value and therefore do not meet the criteria for a derivative financial instrument.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

2. Accounting policies (continued)

The Group also uses forward UK and EU Allowance 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.

Inventories

Consumables, including goods held for in-flight retail, 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 emission allowances purchased in advance for the Group's mandatory and voluntary offset obligations 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 2023, 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, if any, comprises of margin calls and travel insurance deposits.

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 Operating cash flows before movements in working capital. 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 Notes 7 and 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 operating activities; and
- payments for the principal element of lease liabilities are included in 'Payment of lease liabilities' within Net cash (used in) / generated from financing activities.

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.

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.

Notes to the Consolidated Financial Statements

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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.

These 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.

Critical judgements in applying accounting policies

There are no judgements that have a significant effect on the amounts recognised in the financial statements nor a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The accounting judgement believed to require the most subjectivity or complexity is as follows:

Recoverability of deferred tax asset

The Group's net deferred tax liability of £36.7m (2022: £12.6m) includes a £135.1m (2022: £146.4m) asset arising on full recognition of the UK tax trading losses accumulated during the Covid-impacted years ended 31 March 2021 and 31 March 2022. 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 this profitability has resumed for the year ended 31 March 2023 following the reopening of international travel. 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. The forecasts reflect the purchase of new Airbus A321/A320neo aircraft in the short and medium-term cash flows, thus ensuring they are captured within the going concern and viability assessments. There are no further material impacts to other accounting policies or judgements in the current year as a result of climate change. The tax losses can be carried forward indefinitely and have no expiry date.

Key sources of estimation uncertainty

There are no major sources of estimation uncertainty at the end of the reporting period that the Directors consider to be significant nor that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The accounting estimates believed to require the most subjectivity or complexity are as follows:

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 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 for each of the Group's aircraft were increased by $1.0m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2023 of £10.2m (2022: £8.6m).

The Group reviews the useful economic lives of its aircraft on an annual basis, as the fulfilment of the carbon emissions targets within the Sustainability Strategy is dependent on the retirement of older less efficient aircraft for replacement with new Airbus A321/A320neo aircraft over the period 2023 to 2031.

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 remains in early concept phase. Current aircraft models are capable of flying with a 50% blend of SAF and both Airbus and Boeing have set targets to ensure their aircraft models are 100% SAF compatible by 2030. Should the requisite investment in hydrogen propulsion technology not result in a new aircraft capable of operating at commercial scale, then the Group should be well placed to pursue alternative environmental opportunities including 100% SAF compatibility as a result of its investment in LEAP-1A engines for its new A321/A320neo fleet.

The Group's final deliveries of new Boeing 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.

Consequently, 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 2023 of £10.2m (2022: £8.5m). Further details on the net book value of the Group's property, plant and equipment and right-of-use assets at 31 March 2023 can be found in Notes 15 and 16.

4. New and amended accounting standards and interpretations

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

International Financial Reporting Standards	Applying to accounting periods beginning after
Amendments to IFRS 3 – *Business Combinations* – Reference to the conceptual framework	January 2022
Amendments to IAS 16 – *Property, Plant and Equipment* – Proceeds before intended use	January 2022
Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* – Costs of fulfilling a contract	January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2	January 2021

Interest Rate Benchmark Reform

The only interest rate benchmarks which the Group was exposed to and which were subject to reform are GBP 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 GBP LIBOR financing agreements ahead of the December 2021 deadline to Sterling Overnight Index Average Rate ("SONIA"). Since the current year end, the Group has also transitioned all of its USD arrangements from US LIBOR to the Secured Overnight Financing Rate ("SOFR"). The impact of these changes was not material.

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 – *Insurance Contracts*	January 2023
Amendments to existing standards	
Amendments to IAS 1 – *Presentation of Financial Statements* – Disclosure of accounting policies	January 2023
Amendments to IAS 12 – *Income Tax* – Deferred tax related to assets and liabilities arising from a single transaction	January 2023
Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of accounting estimates	January 2023
Amendments to IAS 1 – *Presentation of Financial Statements* – Classification of liabilities as current or non-current; and non-current liabilities with covenants	January 2024
Amendments to IFRS 16 – *Leases* – Lease liability in a sale and leaseback arrangement	January 2024

IFRS 17 – *Insurance Contracts*

The impact of the new standard is not limited to entities which operate in the insurance industry; therefore the Group has performed a review of the contracts that may be considered to fall within its scope. It concluded that there is no material impact from the adoption of IFRS 17 – *Insurance Contracts.*

Notes to the Consolidated Financial Statements

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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.

Profit / (loss) before FX revaluation and taxation

Profit / (loss) before FX revaluation and taxation is included as an alternative performance measure in order to aid users in understanding the underlying operating performance of the Group excluding the impact of foreign exchange volatility.

EBITDA

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

These can be reconciled to the IFRS measure of profit / (loss) before taxation as below:

	2023 £m	2022 £m
Profit / (loss) before taxation	**371.0**	(388.8)
Net FX revaluation losses	**19.8**	12.6
Profit / (loss) before FX revaluation and taxation	**390.8**	(376.2)
Net financing expense (excluding Net FX revaluation losses)	**5.8**	53.4
Depreciation of property, plant and equipment	**118.9**	105.2
Depreciation of right-of-use assets	**66.3**	53.1
EBITDA	**581.8**	(164.5)

'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.

	Note	2023 £m	2022 £m
Cash and cash equivalents	19	**955.2**	1,047.5
Money market deposits	19	**1,669.5**	1,181.0
Cash and money market deposits		**2,624.7**	2,228.5
Deferred revenue	21	**(1,563.6)**	(1,189.1)
Trade and other receivables	21	**66.0**	44.4
'Own Cash'		**1,127.1**	1,083.8

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 information presented to the CODM for the purpose of resource allocation and assessment of the Group's performance relates to its Leisure Travel segment as shown in the Consolidated Income Statement.

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

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

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

	2023 £m	2022 £m
Package holidays	**4,028.9**	887.9
Flight-only ticket revenue	**570.3**	160.3
Non-ticket revenue	**421.5**	147.0
Other Leisure Travel	**12.8**	36.5
Total revenue	**5,033.5**	1,231.7

7. Net operating expenses

	2023 £m	2022 £m
Direct operating costs:		
Accommodation	**1,973.6**	473.5
Fuel	**521.4**	132.8
Landing, navigation and third-party handling	**403.4**	139.5
Agent commission	**142.0**	29.5
Maintenance	**105.2**	38.7
In-flight cost of sales	**76.7**	28.9
Carbon	**76.7**	11.0
Aircraft rentals (less than twelve months)	**61.1**	0.6
Other direct operating costs	**190.1**	53.6
Staff costs including agency staff	**590.4**	313.2
Depreciation of property, plant and equipment	**118.9**	105.2
Depreciation of right-of-use assets	**66.3**	53.1
Other operating charges	**313.7**	176.0
Total net operating expenses	**4,639.5**	1,555.6

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

8. Operating profit / (loss)

	2023 £m	2022 £m
Operating profit / (loss) is stated after charging:		
Variable lease payments on aircraft rentals and components	**75.1**	6.1

Auditor's remuneration	2023 £m	2022 £m
Audit of the Company and the Group consolidated financial statements	**0.2**	0.2
Audit of Group undertakings pursuant to legislation	**0.6**	0.5
Total auditor remuneration	**0.8**	0.7

Fees payable for audit-related assurance services in respect of ATOL reporting during the year were £18,000 (2022: £17,000).

9. Net financing expense

	2023 £m	2022 £m
Finance income	**58.7**	5.1
Interest expense on aircraft loans	**(16.4)**	(16.0)
Interest expense on other loans	**(7.1)**	(7.7)
Interest expense on convertible bond	**(17.3)**	(13.6)
Interest expense on lease liabilities	**(23.7)**	(21.2)
Finance expense	**(64.5)**	(58.5)
Net foreign exchange revaluation losses	**(19.8)**	(12.6)
Total net financing expense	**(25.6)**	(66.0)

10. Employees

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

	2023 Number	2022 Number
Operations	**10,397**	7,212
Administration	**1,319**	1,058
	11,716	8,270

	2023 £m	2022 £m
Wages and salaries	**493.7**	287.5
Share options – value of employee services	**10.4**	3.3
Social security costs	**58.2**	33.9
Other pension costs (Note 29)	**24.0**	17.5
Coronavirus Job Retention scheme	**–**	(30.1)
	586.3	312.1

10. Employees (continued)

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.

	2023 £m	2022 £m
Short-term employee benefits	**7.6**	4.5
Post-employment benefits	**0.5**	0.5
Share options – value of employee services	**2.7**	1.2
Total employee benefit costs of key management personnel	**10.8**	6.2

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 95 and in Note 14 to the Parent Company financial statements.

Details of the share options and deferred awards for each Director, including information on all outstanding options and awards, are shown within the *Directors' Interests in options and deferred awards* section and the associated footnotes on page 96.

	2023	2022
Highest paid Director (including IFRS 2 share-based payment charges of £0.7m (2022: £0.3m))	**£2.4m**	£1.1m
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 35,478 shares (2022: 39,577) were exercised on 18 July 2022 (2022: 20 July 2021), on which date the closing mid-market price of a share was £9.16 (2022: £10.50), resulting in total pre-tax gains of £0.3m (2022: £0.4m).

11. Taxation

	2023 £m	2022 £m
Current taxation:		
UK corporation tax based upon the profits / (losses) for the year:		
– current year	**11.6**	(0.4)
– prior year	**–**	(0.4)
Current tax charge / (credit) for the year	**11.6**	(0.8)
Deferred taxation:		
Origination and reversal of timing differences		
– current year	**68.2**	(90.7)
– prior year	**0.4**	0.1
Effect of rate change on deferred tax net liabilities	**–**	18.0
Deferred tax charge / (credit) for the year	**68.6**	(72.6)
Total taxation charge / (credit) in Consolidated Income Statement in the year	**80.2**	(73.4)
Items that may be reclassified subsequently to profit or loss:		
Taxation relating to components of OCI	**(47.6)**	46.5
Total taxation recognised in Consolidated Income Statement and OCI in the year	**32.6**	(26.9)

Notes to the Consolidated Financial Statements

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11. Taxation (continued)

The taxation assessed for the current year is higher (2022: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2023 £m	2022 £m
Profit / (loss) before taxation	371.0	(388.8)
Profit / (loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	70.5	(73.9)
Effects of:		
Net (income) / expenses not deductible	(2.2)	0.5
Difference between current and deferred tax rates	11.5	(17.7)
Effect of rate change on opening deferred tax net liabilities	–	18.0
Adjustments to tax charge in previous years	0.4	(0.3)
Total (see above)	**80.2**	(73.4)

Deferred tax liabilities	Accelerated capital allowances £m	Financial Instruments £m	Other £m	Total £m
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 OCI	–	46.5	–	46.5
Translation differences	2.3	–	(0.3)	2.0
At 31 March 2022	**141.3**	**36.0**	**(164.7)**	**12.6**
Charge to Income Statement	41.6	–	27.0	68.6
Credit to OCI	–	(47.6)	–	(47.6)
Translation differences	2.8	–	0.3	3.1
At 31 March 2023	**185.7**	**(11.6)**	**(137.4)**	**36.7**

Deferred taxation in relation to financial instruments includes the impact of the Group's forward foreign currency contracts, aviation fuel swaps and interest rate swaps. Other deferred taxation includes a £135.1m (2022: £146.4m) asset recognised in respect of losses carried forward to be utilised against future profits.

The Finance Bill enacted on 10 June 2021 has resulted in an 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% (2022: 25%).

12. Dividends

	2023 £m	2022 £m
2022/23 interim dividend of 3.0p paid on 3 February 2023 (2021/22: £nil)	6.4	–

No final dividends were paid in respect of the years ended 31 March 2022 nor 31 March 2021.

13. Earnings per share

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

Diluted earnings per share is calculated by dividing the profit / (loss) attributable to the equity owners of the Parent Company by the weighted average number of ordinary shares in issue during the year, adjusted for the effects of potentially dilutive share options and deferred awards, along with the potential conversion of the convertible bonds to ordinary shares at maturity in June 2026. In accordance with IAS 33, these were not included in the calculation of diluted earnings per share for the year ended 31 March 2022, as they were anti-dilutive for that loss-making period.

	2023			2022		
	Earnings £m	Weighted average number of shares millions	EPS pence	Earnings £m	Weighted average number of shares millions	EPS pence
Basic EPS						
Profit / (loss) attributable to ordinary shareholders	290.8	214.7	135.4	(315.4)	214.6	(147.0)
Effect of dilutive instruments						
Share options and Deferred Awards	–	4.6	(2.8)	–	–	–
Convertible bond	14.0	21.5	(6.0)	–	–	–
Diluted EPS	**304.8**	**240.8**	**126.6**	(315.4)	214.6	(147.0)

14. Intangible assets

Airport Slots	£m
Cost and net book value	
At 31 March 2022 and 2023	**26.8**

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for the year ended 31 March 2023

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 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**
Additions	7.3	175.5	11.1	**193.9**
Disposals	–	(38.0)	(7.3)	**(45.3)**
Foreign exchange rate movements	–	10.7	–	**10.7**
At 31 March 2023	**36.8**	**1,527.9**	**126.4**	**1,691.1**
Depreciation				
At 1 April 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)**
Charge for the year	(1.9)	(107.5)	(9.5)	**(118.9)**
Disposals	–	37.9	7.3	**45.2**
Foreign exchange rate movements	–	(3.1)	–	**(3.1)**
At 31 March 2023	**(16.4)**	**(651.0)**	**(96.0)**	**(763.4)**
Net book value				
At 31 March 2023	**20.4**	**876.9**	**30.4**	**927.7**
At 31 March 2022	15.0	801.4	28.8	**845.2**

Aircraft, engines and other components additions include £68.8m (2022: £59.4m) 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 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**
Additions	115.1	7.5	**122.6**
Disposals	(2.5)	(6.6)	**(9.1)**
Foreign exchange rate movements	20.5	–	**20.5**
At 31 March 2023	**837.2**	**61.3**	**898.5**
Depreciation			
At 1 April 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)**
Charge for the year	(59.9)	(6.4)	**(66.3)**
Disposals	2.4	6.5	**8.9**
Foreign exchange rate movements	(3.2)	–	**(3.2)**
At 31 March 2023	**(307.7)**	**(25.5)**	**(333.2)**
Net book value			
At 31 March 2023	**529.5**	**35.8**	**565.3**
At 31 March 2022	457.1	34.8	**491.9**

Net book value of other right-of-use assets of £35.8m (2022: £34.8m) includes land and buildings of £35.6m (2022: £34.5m) and plant, vehicles and equipment of £0.2m (2022: £0.3m).

Aircraft under finance lease which are classed as right-of-use assets had additions resulting in a cash outflow of £2.7m (2022: £0.5m) during the year. These additions related to maintenance expenditure which was capital in nature and added long-term value to the aircraft.

17. Inventories

	2023 £m	2022 £m
Carbon emission allowances	**38.6**	7.3
Consumables	**1.6**	1.2
	40.2	8.5

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.

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18. Trade and other receivables

	2023 £m	2022 £m
Current:		
Trade receivables	**82.3**	50.6
Hotel supplier advances	**64.3**	49.0
Prepayments	**92.9**	45.7
Corporation tax receivable	**4.6**	–
Other receivables	**37.2**	40.5
	281.3	185.8

Hotel supplier advances include balances totalling £6.7m (2022: £4.3m) recoverable after more than one year.

Ageing analysis of Trade receivables

	31 March 2023 £m			31 March 2022 £m		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	**77.6**	**–**	**77.6**	48.4	–	48.4
Up to one month past due	**1.8**	**–**	**1.8**	0.2	–	0.2
Over one month past due	**3.3**	**(0.4)**	**2.9**	2.1	(0.1)	2.0
	82.7	**(0.4)**	**82.3**	50.7	(0.1)	50.6

Expected credit losses in relation to the Other receivables balance of £37.2m (2022: £40.5m) are immaterial to the Group.

19. Cash and cash equivalents and money market deposits

	2023 £m	2022 £m
Free cash and cash equivalents	**953.2**	1,047.3
Money market deposits	**1,669.5**	1,181.0
Total free cash and cash equivalents and money market deposits	**2,622.7**	2,228.3
Margin calls paid over	**–**	–
Other restricted cash	**2.0**	0.2
Total restricted cash	**2.0**	0.2
Total cash and cash equivalents and money market deposits	**2,624.7**	2,228.5

The Group's 'Own Cash' balance of £1,127.1m (2022: £1,083.8m) 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

	2023 £m	2022 £m
Current:		
Trade payables	**96.6**	74.8
Other taxation and social security	**19.3**	15.3
Corporation tax payable	**0.2**	–
Other creditors and accruals	**223.0**	127.7
	339.1	217.8

21. Deferred revenue

	2023			2022
	Receivables £m	Deferred revenue £m	Advance customer deposits £m	Advance customer deposits £m
Balance at 1 April	44.4	(1,189.1)	**(1,144.7)**	(317.3)
Revenue recognised that was included in deferred revenue at the beginning of the year	–	1,142.2	**1,142.2**	98.6
Increase in receivables	21.6	–	**21.6**	38.5
Decrease in payables	–	–	**–**	0.8
Net cash received, excluding amounts recognised as revenue in the year	–	(1,516.7)	**(1,516.7)**	(965.3)
Balance at 31 March	66.0	(1,563.6)	**(1,497.6)**	(1,144.7)

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 2023 was £3,028.2m (2022: £2,396.0m) of which £2,903.5m (2022: £2,296.2m) 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		Convertible bond		Aircraft loans		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Within one year	**–**	65.0	**–**	–	**125.9**	69.5	**125.9**	134.5
Between one and two years	**–**	148.6	**–**	–	**44.4**	121.7	**44.4**	270.3
Between two and five years	**–**	–	**348.2**	337.2	**142.0**	134.7	**490.2**	471.9
Over five years	**–**	–	**–**	–	**68.7**	115.0	**68.7**	115.0
Total	**–**	213.6	**348.2**	337.2	**381.0**	440.9	**729.2**	991.7

23. Lease liabilities

Lease liabilities are repayable as follows:

	2023 £m	2022 £m
Within one year	**101.8**	74.8
Between one and two years	**98.3**	72.0
Between two and five years	**365.1**	306.3
Over five years	**80.6**	125.4
Total	**645.8**	578.5

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24. Provisions

	Maintenance		Customer compensation claims		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Opening at 1 April	50.6	42.3	13.5	20.2	64.1	62.5
Provision in the year	29.5	18.3	44.3	3.9	73.8	22.2
Utilised	(10.4)	(6.0)	(25.8)	(2.1)	(36.2)	(8.1)
Released unused	(3.2)	(4.0)	(1.1)	(8.5)	(4.3)	(12.5)
Closing at 31 March	66.5	50.6	30.9	13.5	97.4	64.1
Current liabilities	26.5	28.3	30.9	13.5	57.4	41.8
Non-current liabilities	40.0	22.3	–	–	40.0	22.3
Total	66.5	50.6	30.9	13.5	97.4	64.1

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 2023 of £1.5m (2022: £1.0m).

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. Non-current provisions have not all been discounted on the basis this would not be material.

Customer compensation claim provisions relate to the Group's obligation in respect of possible passenger claims for historical flight delays under Regulation EU261 UK; together 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 are expected to occur within three years of the balance sheet date.

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).

25. Financial instruments (continued)

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.

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.

Additionally, the Group voluntarily offsets 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 2023 had hedged a substantial proportion of its forecast cash flows in relation to floating rate borrowings for 2023/24 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).

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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 2023		
	Measured at amortised cost £m	Derivative hedging instruments measured at fair value through profit and loss £m	Total carrying amount £m
Financial assets			
Cash and cash equivalents	955.2	–	955.2
Money market deposits	1,669.5	–	1,669.5
Trade receivables	82.3	–	82.3
Derivative financial instruments	–	60.1	60.1
Total financial assets	2,707.0	60.1	2,767.1
Financial liabilities			
Trade payables	96.6	–	96.6
Convertible bond	348.2	–	348.2
Aircraft loans	381.0	–	381.0
Lease liabilities	645.8	–	645.8
Derivative financial instruments	–	101.9	101.9
Total financial liabilities	1,471.6	101.9	1,573.5

	31 March 2022		
	Measured at amortised cost £m	Derivative hedging instruments measured at fair value through profit and loss £m	Total carrying amount £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

25. Financial instruments (continued)

- assets categorised as fair value through profit and loss at 31 March 2023 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. As at 31 March 2023, the fair values of the convertible bond and aircraft loans are £307.9m and £371.6m respectively. The fair value of the convertible bond has been calculated using level 1 inputs based on quoted prices in active markets for identical liabilities. The fair value of aircraft loans has been calculated using a level 3 methodology via unobservable inputs; 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.

These derivatives are analysed as follows:

	31 March 2023				
	Asset fair value £m	Liability fair value £m	Other payables £m	Cost of hedging reserve £m	Cash flow hedging reserve £m
US dollar forward contracts	13.3	(30.9)	–	(3.0)	20.6
Euro forward contracts	23.2	(8.5)	–	27.0	(41.7)
Aviation fuel swaps	10.2	(62.5)	(3.0)	–	55.3
Interest rate swaps	13.4	–	–	–	(13.4)
Total	60.1	(101.9)	(3.0)	24.0	20.8

	31 March 2022				
	Asset fair value £m	Liability fair value £m	Other receivables £m	Cost of hedging reserve £m	Cash flow hedging reserve £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)

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25. 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 2023 Notional amount £m	31 March 2023 Carrying amount £m	31 March 2022 Notional amount £m	31 March 2022 Carrying amount £m
Currency forward contracts				
Non-current assets	**152.9**	**0.8**	367.4	4.4
Current assets	**1,494.8**	**35.7**	815.1	19.4
Current liabilities	**1,449.0**	**(32.1)**	1,302.9	(36.6)
Non-current liabilities	**638.3**	**(7.3)**	153.8	(0.6)
	3,735.0	**(2.9)**	2,639.2	(13.4)
Aviation fuel swaps and options				
Non-current assets	**9.8**	**0.1**	66.8	13.7
Current assets	**92.2**	**10.1**	300.0	166.9
Current liabilities	**396.8**	**(53.0)**	57.5	(2.6)
Non-current liabilities	**121.9**	**(9.5)**	62.1	(2.2)
	620.7	**(52.3)**	486.4	175.8
Interest rate swaps				
Non-current assets	**356.2**	**13.4**	163.2	2.4
Current assets	**–**	**–**	–	–
Current liabilities	**–**	**–**	4.0	(0.4)
Non-current liabilities	**–**	**–**	110.6	(0.7)
	356.2	**13.4**	277.8	1.3

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.

(b) Movements in fair value of financial instruments:

Net movements in fair value of financial instruments	Fair value of hedging instrument Assets £m	Fair value of hedging instrument Liabilities £m
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)**
Other comprehensive income	**39.6**	**(98.5)**
(Charged) / credited to Income Statement	**(186.3)**	**39.7**
At 31 March 2023	**60.1**	**(101.9)**

25. Financial instruments (continued)

The impact of hedge instrument on cash flow hedging reserve	Foreign currency risk £m	Aviation fuel price risk £m	Interest rate risk £m	Total cash flow hedging reserve £m
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) / losses taken into reserves	(8.1)	69.2	(11.7)	**49.4**
Transfer to profit and loss for the year	(21.6)	186.4	(0.7)	**164.1**
Deferred tax movement	6.6	(52.6)	3.0	**(43.0)**
Balance at 31 March 2023	**(15.9)**	**41.7**	**(10.5)**	**15.3**

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	Interest rate risk £m	Total cost of hedging reserve £m
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**
Losses / (gains) taken into reserves	14.7	(2.1)	–	**12.6**
Transfer to profit and loss for the year	4.4	–	–	**4.4**
Deferred tax movement	(5.1)	0.5	–	**(4.6)**
Balance at 31 March 2023	**17.9**	**–**	**–**	**17.9**

(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 2023 Total £m
Financial assets				
Liquid assets and receivables	**2,707.0**	**–**	**–**	**2,707.0**
Derivative financial instruments	**45.8**	**0.9**	**13.4**	**60.1**
Total financial assets	**2,752.8**	**0.9**	**13.4**	**2,767.1**
Financial liabilities				
Trade payables	**96.6**	**–**	**–**	**96.6**
Convertible bond	**–**	**–**	**348.2**	**348.2**
Aircraft loans	**125.9**	**44.4**	**210.7**	**381.0**
Lease liabilities	**101.8**	**98.3**	**445.7**	**645.8**
Derivative financial instruments	**85.1**	**16.8**	**–**	**101.9**
Total financial liabilities	**409.4**	**159.5**	**1,004.6**	**1,573.5**

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25. Financial instruments (continued)

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

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. Other financial liabilities include borrowings and lease liabilities, which are presented gross and therefore comprise both principal repayments and finance expenses not yet accrued.

Period of maturity (undiscounted cash flows)	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2023 Total £m
At 31 March 2023				
Currency forward contracts payment	**1,494.8**	**152.9**	**–**	**1,647.7**
Currency forward contracts receipt	**(1,530.5)**	**(153.7)**	**–**	**(1,684.2)**
Aviation fuel swaps payment	**92.2**	**9.8**	**–**	**102.0**
Aviation fuel swaps receipt	**(102.3)**	**(9.9)**	**–**	**(112.2)**
Interest rate swaps payment	**–**	**–**	**356.2**	**356.2**
Interest rate swaps receipt	**–**	**–**	**(369.6)**	**(369.6)**
Net derivative settlement – financial assets	**(45.8)**	**(0.9)**	**(13.4)**	**(60.1)**
Currency forward contracts payment	**1,449.0**	**638.3**	**–**	**2,087.3**
Currency forward contracts receipt	**(1,416.9)**	**(631.0)**	**–**	**(2,047.9)**
Aviation fuel swaps payment	**396.8**	**121.9**	**–**	**518.7**
Aviation fuel swaps receipt	**(343.8)**	**(112.4)**	**–**	**(456.2)**
Net derivatives settlement - financial liabilities	**85.1**	**16.8**	**–**	**101.9**
Trade payables	**96.6**	**–**	**–**	**96.6**
Convertible bond	**–**	**–**	**387.4**	**387.4**
Aircraft loans	**142.3**	**55.3**	**236.2**	**433.8**
Lease liabilities	**122.2**	**113.8**	**491.4**	**727.4**
Total other financial liabilities	**361.1**	**169.1**	**1,115.0**	**1,645.2**
Total	**400.4**	**185.0**	**1,101.6**	**1,687.0**

25. Financial instruments (continued)

Period of maturity (undiscounted cash flows)	Less than one year £m	Between one and two years £m	More than two years £m	31 March 2022 Total £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

(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 2023 £m	Amounts utilised 2022 £m	Total facilities available 2023 £m	Total facilities available 2022 £m
Revolving Credit Facility[i]	**–**	65.0	**280.9**	85.8
Term loan facility[ii]	**–**	148.6	**–**	148.6
Convertible bond[iii]	**348.2**	337.2	**348.2**	337.2
Aircraft loans	**381.0**	440.9	**381.0**	440.9
Lease liabilities	**645.8**	578.5	**645.8**	578.5
	1,375.0	1,570.2	**1,655.9**	1,591.0

i. The Group's renegotiated Revolving Credit Facility was signed on 19 October 2022 for a four-year term. The agreement provides a £300.0m (2022: £100.0m) revolving credit facility plus a £75.0m (2022: £40.0m) uncommitted accordion revolving credit facility. As at 31 March 2023, £19.1m (2022: £14.2m) has been utilised in relation to letters of credit and £nil (2022: £65.0m) has been drawn down as cash borrowings.

ii. The Group's term loan facility of £150.0m was repaid during the year.

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

Notes to the Consolidated Financial Statements
for the year ended 31 March 2023

25. Financial instruments (continued)

(e) Interest rate risk

Financial assets - cash and cash equivalents and money market deposits:

	31 March 2023			31 March 2022		
	Interest bearing financial assets £m	Financial assets on which no interest is receivable £m	Total £m	Interest bearing financial assets £m	Financial assets on which no interest is receivable £m	Total £m
Sterling	2,476.9	2.8	2,479.7	2,079.1	0.8	2,079.9
US dollar	131.0	–	131.0	138.1	–	138.1
Euro	9.7	0.8	10.5	8.7	0.8	9.5
Other	3.5	–	3.5	1.0	–	1.0
	2,621.1	3.6	2,624.7	2,226.9	1.6	2,228.5

The interest bearing financial assets comprise cash on deposit and money market deposits at various market rates according to currency and term.

Financial liabilities – borrowings and lease liabilities:

	31 March 2023			31 March 2022		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling	–	713.1	713.1	213.6	721.8	935.4
US dollar	92.9	567.2	660.1	101.5	531.5	633.0
Euro	–	1.8	1.8	–	1.8	1.8
	92.9	1,282.1	1,375.0	315.1	1,255.1	1,570.2

(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 2022	(217.8)	(82.3)	0.9	(299.2)
31 March 2023	**(303.3)**	**(135.7)**	**3.7**	**(435.3)**

25. Financial instruments (continued)

(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 2023		31 March 2022	
	Income Statement (charge) / credit	Other Comprehensive Income credit / (charge)	Income Statement (charge) / credit	Other Comprehensive Income credit / (charge)
10% increase in aviation fuel prices	–	61.1	–	68.9
10% weakening in GBP vs USD	(33.7)	129.9	(24.2)	79.5
10% weakening in GBP vs EUR	(15.1)	284.0	(9.2)	212.4
1ppt increase in interest rate	–	12.0	–	9.0
10% decrease in aviation fuel prices	–	(61.1)	–	(68.8)
10% strengthening in GBP vs USD	27.6	(106.2)	19.8	(65.0)
10% strengthening in GBP vs EUR	12.3	(232.3)	7.5	(173.7)
1ppt decrease in interest rate	–	(12.0)	–	(9.0)

h) Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total bank debt, borrowings and lease liabilities, less cash and cash equivalents and money market deposits as shown in Note 27. Total equity is as shown in the Consolidated Statement of Financial Position. The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, to secure funds at competitive rates for its future aircraft acquisition commitments and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure, the Group may pay dividends, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

26. Called up share capital and reserves

(a) Share capital

	Number of shares	2023 £m	2022 £m
Allotted, called up and fully paid:			
As at 1 April	214,619,479	2.7	2.7
Deferred share awards exercised	61,802	–	–
As at 31 March	**214,681,281**	**2.7**	2.7

Issued share capital increased by 61,802 (2022: 58,185) 1.25 pence ordinary shares ("Ordinary Shares") which were all deferred share awards exercised as detailed in the Directors' Report on page 98.

(b) Employee share schemes

Jet2 plc has two Share Reward Plans ("SRP") in operation, which were issued in July 2021 and July 2022, and one savings-related ShareSave scheme, issued in September 2022. 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 2023. The total expense recognised for the period arising from share-based payments was £10.4m (2022: £3.3m).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

26. Called up share capital and reserves (continued)

Summary of share 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 2023 shares	31 March 2022 shares	Timing of exercise and expiry
SEIP	Various	1.25p	–	61,802	All shares have now exercised or expired
SRP 2021	21 Jul 21	1.25p	**1,205,000**	1,223,000	All shares are exercisable from 21 July 2024 and expire on 21 July 2031
SRP 2022	20 Jul 22	1.25p	**2,094,466**	–	All shares are exercisable from 20 July 2025 and expire on 20 July 2032
ShareSave	1 Sep 22	£7.66	**5,337,166**	–	All shares are exercisable from 1 October 2025 and expire on 31 March 2026
Total Unapproved			**8,636,632**	1,284,802	
Approved 2005	01 Aug 12	76.38p	–	5,000	All shares have now exercised or expired
Total Approved			–	5,000	
Total			**8,636,632**	1,289,802	

These share options / deferred awards are granted under a service condition and as such are not subject to any terms and conditions that do not apply to equivalent market-traded shares. As permitted by IFRS 2, the estimate of the fair value of the services received is therefore measured by reference to the closing mid-market share price at the date of grant of the option.

The number and weighted average exercise prices of share options are as follows:

	2023		2022	
	Number of options / deferred awards	Weighted average exercise price	Number of options/ deferred awards	Weighted average exercise price
		Pence		Pence
Outstanding at 1 April	**1,289,802**	**1.25**	147,487	16.57
Granted	**7,539,074**	**551.51**	1,251,000	1.25
Exercised	**(61,802)**	**1.25**	(58,185)	1.25
Lapsed	**(130,442)**	**516.78**	(50,500)	38.56
Outstanding at 31 March	**8,636,632**	**473.80**	1,289,802	1.54
Exercisable at 31 March	**–**	**–**	5,000	76.38
Estimated weighted average share price at date of exercise		**916.20**		1,050.00

Options / awards outstanding at 31 March 2023 are in respect of all options / awards issued since 21 July 2021. The options / awards outstanding at the year end have an exercise price in the range of 1.25p to £7.66 and a weighted average contractual life of 5.3 years (2022: 9.2 years).

On 20 July 2022, the Group granted 2,114,466 options to colleagues under its Share Reward Plan, which had a fair value at the date of grant of £8.85, and on 1 September 2022, the Group granted 5,424,608 options to colleagues under its ShareSave scheme, which had a fair value at the date of grant of £1.74. These fair values are measured by reference to the closing mid-market share price at the date of grant of the option, as compared to the award price of each scheme as detailed in the *Summary of share options / deferred awards outstanding* table.

26. Called up share capital and reserves (continued)

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 forward points and the time value element of aviation fuel options, which are held separately when designating the forward contract or option as a hedging instrument. These do not form part of the designated hedging instrument and are instead held in a separate cost of hedging reserve. The cost of hedging reserve is subsequently recognised in profit and loss in the period in which the hedged transaction affects profit and loss for forward contracts or amortised over the life of the associated contract for options.

Other reserves include both the equity component of the convertible bond issued in June 2021, which represents the value (net of transaction costs) of the conversion rights at initial recognition, and foreign exchange translation differences arising on revaluation of non-sterling functional currency subsidiaries of the Group.

27. Notes to Consolidated Statement of Cash Flows

Changes in cash and financing liabilities	Cash and cash equivalents £m	Money market deposits £m	Borrowings £m	Lease liabilities £m	Total Net cash / (debt) £m
At 1 April 2022	**1,047.5**	**1,181.0**	**(991.7)**	**(578.5)**	**658.3**
Repayment of borrowings	–	–	287.7	–	**287.7**
Payment of lease liabilities	–	–	–	76.2	**76.2**
Total changes from financing cash flows	**–**	**–**	**287.7**	**76.2**	**363.9**
Other cash flows	(94.0)	–	–	–	**(94.0)**
Deposit placements	–	2,377.3	–	–	**2,377.3**
Deposit receipts	–	(1,895.4)	–	–	**(1,895.4)**
Exchange differences	1.7	6.6	(12.2)	(27.1)	**(31.0)**
Unwind of interest[1]	–	–	(13.0)	(0.3)	**(13.3)**
Lease movements[2]	–	–	–	(116.1)	**(116.1)**
At 31 March 2023	**955.2**	**1,669.5**	**(729.2)**	**(645.8)**	**1,249.7**

1. Unwinding of interest relates to the discount rates applied on receipt of the convertible bond and amortisation of transaction costs associated with Borrowings and Lease liabilities.
2. Lease movements include new leases and lease term amendments.

Changes in cash and financing liabilities	Cash and cash equivalents £m	Money market deposits £m	Borrowings £m	Lease liabilities £m	Total Net cash / (debt) £m
At 1 April 2021	1,379.0	–	(756.2)	(562.1)	60.7
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	–	–	(328.7)	–	(328.7)
Total changes from financing cash flows	–	–	(217.1)	67.5	(149.6)
Other cash flows	(336.3)	–	–	–	(336.3)
Exchange differences	4.8	–	(10.1)	(21.7)	(27.0)
Deposit placements	–	2,123.8	–	–	2,123.8
Deposit receipts	–	(942.8)	–	–	(942.8)
Unwind of interest	–	–	(11.2)	–	(11.2)
Lease movements	–	–	–	(64.8)	(64.8)
Reclassification of transaction costs from other receivables	–	–	2.9	2.6	5.5
At 31 March 2022	1,047.5	1,181.0	(991.7)	(578.5)	658.3

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

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 £24.0m (2022: £17.5m).

30. Contractual commitments

The Group has an agreement with Airbus to purchase a further 97 new firm ordered A321/A320neo aircraft, with agreed flexibility to extend the total order up to 146 aircraft. The firm ordered aircraft are due for delivery between 2023 and 2031, and at base price represented a total value of approximately $12.4bn, with a total transaction value for up to 146 aircraft of approximately $18.1bn, though the Company negotiated significant discounts from the base price.

The Group has contractual commitments to purchase carbon emissions allowances for its EU and UK ETS obligations with a value of £84.6m (2022: £85.6m).

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.

The Executive Chairman, Chief Executive Officer and Group Chief Financial Officer received 100% of basic salary during the year ended 31 March 2023. In the previous year, due to the pandemic, all three Executive Directors received 80% of basic salary from 1 April 2021 until 31 May 2021 which increased to 90% of basic salary for the period from 1 June 2021 to 30 September 2021. All Executive and Non-Executive Directors were restored to their full salaries and fees on 1 October 2021. Rick Green, a Non-Executive Director of ***Jet2 plc***, received £71,000 (2022: £77,000) in respect of consultancy services for the Group in addition to his basic salary and fees. Mark Laurence, a Non-Executive Director of ***Jet2 plc***, purchased 1,200,000 of the Company's guaranteed senior unsecured unrated convertible bonds during the year which could be converted to ordinary shares in the Company at their maturity in June 2026. Further details of Directors' Remuneration can be found within the *Remuneration Committee Report* on page 95 onwards.

Rick Green is also a Director of Brooklyn Travel Holdings Limited, Congress Team International (UK) Limited and Stewart Travel Limited, being subsidiaries of Brooklyn Travel Holdings Limited, whom along with ABTA had related party transactions with the Group during the financial year ended 31 March 2023.

	Relationship	Revenue / (expense) in the year		Amounts outstanding at year end	
		2023 £m	2022 £m	**2023 £m**	2022 £m
Congress Team International (UK) Limited	Common directorship	**6.3**	4.4	**–**	–
Stewart Travel Limited*	Common directorship	**(2.4)**	(0.5)	**0.8**	0.6
ABTA Limited**	Common directorship	**(0.2)**	(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.

Parent Company Balance Sheet

at 31 March 2023

	Note	**2023 £m**	2022 £m
Non-current assets			
Property, plant and equipment	6	**720.4**	690.7
Right-of-use assets	7	**103.9**	109.8
Investments	8	**300.3**	300.3
Derivative financial instruments		**14.3**	20.5
Derivative financial instruments with subsidiary undertakings		**15.9**	0.3
		1,154.8	1,121.6
Current assets			
Trade and other receivables	9	**247.0**	505.6
Derivative financial instruments		**46.9**	186.3
Derivative financial instruments with subsidiary undertakings		**53.2**	28.3
Money market deposits		**768.6**	580.5
Cash and cash equivalents		**503.0**	299.5
		1,618.7	1,600.2
Current liabilities			
Trade and other payables	10	**(1,088.9)**	(663.2)
Borrowings	11	**(111.6)**	(119.0)
Lease liabilities	12	**(12.2)**	(12.1)
Derivative financial instruments		**(86.3)**	(39.6)
Derivative financial instruments owed to subsidiary undertakings		**(13.9)**	(175.4)
Net current assets		**305.8**	590.9
Total assets less current liabilities		**1,460.6**	1,712.5
Non-current liabilities			
Borrowings	11	**(514.2)**	(759.3)
Lease liabilities	12	**(114.6)**	(123.4)
Derivative financial instruments		**(16.8)**	(3.5)
Derivative financial instruments owed to subsidiary undertakings		**(6.2)**	(15.3)
Deferred taxation	13	**(84.2)**	(60.3)
Net assets		**724.6**	750.7
Shareholders' equity			
Share capital		**2.7**	2.7
Share premium		**19.8**	19.8
Cash flow hedging reserve		**5.3**	1.2
Other reserves		**51.4**	51.4
Profit and loss account		**645.4**	675.6
Total shareholders' equity		**724.6**	750.7

The Company reported a loss after taxation for the financial year ended 31 March 2023 of £34.2m (2022: £43.7m). The financial statements on pages 147 to 156 were approved by the Board of Directors at a meeting held on 24 July 2023 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 2023

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Other reserve £m	Profit and loss account £m	Total shareholders' equity £m
Balance at 31 March 2021	2.7	19.8	(3.6)	–	716.0	**734.9**
Total comprehensive expense	–	–	4.8	–	(43.7)	**(38.9)**
Share-based payments	–	–	–	–	3.3	**3.3**
Issue of convertible bond	–	–	–	51.4	–	**51.4**
Balance at 31 March 2022	2.7	19.8	1.2	51.4	675.6	**750.7**
Total comprehensive expense	–	–	4.1	–	(34.2)	**(30.1)**
Dividends paid in the year	–	–	–	–	(6.4)	**(6.4)**
Share-based payments	–	–	–	–	10.4	**10.4**
Balance at 31 March 2023	2.7	19.8	5.3	51.4	645.4	**724.6**

Notes to the Parent Company Financial Statements

for the year ended 31 March 2023

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;
- 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 for future financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company applies consistent accounting policies for measurement and recognition purposes under FRS 101 to those applied by the Group. To the extent that an accounting policy is relevant to both the Group and the Company financial statements, details of these policies have been disclosed in the *Notes to the Consolidated Financial Statements* found from page 115 onwards.

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 115.

As a result, the Directors have a reasonable expectation that the Group, and therefore 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 2023.

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.

Share-based payments

Jet2 plc grants equity settled share-based payments to certain colleagues, most of whom are employed directly by subsidiary Group undertakings. The share options and deferred awards granted to any colleagues across the Group are in respect of ordinary shares in the Parent Company. The accounting policy covering the fair value calculation of these options and deferred awards can be found in the Group accounting policies on page 116. The resulting cost in relation to colleagues employed by the Parent Company is recognised in net operating expenses over the period in which the options vest in the Parent Company Income Statement. The Parent Company is reimbursed for the share-based payment expense relating to share options and deferred awards granted to colleagues employed by other Group undertakings.

Investments

Investments are recorded at cost, less provision for impairment in value where appropriate.

Notes to the Parent Company Financial Statements

for the year ended 31 March 2023

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 Company 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 – 10 years

* excluding pre-delivery payments (see above).

The Company depreciates 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 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 they 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.

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.

For the costs of a maintenance event incurred by ***Jet2.com***, ***Jet2 plc*** will reimburse ***Jet2.com*** up to the value of maintenance rental payments previously paid over. Maintenance rental payments received are included within Amounts owed to Group undertakings within the Balance Sheet.

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.

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.

These 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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

There are no major sources of estimation uncertainty at the end of the reporting period that the Directors consider to be significant nor that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The accounting estimates believed to require the most subjectivity or complexity are as follows:

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 for each of the Company's aircraft were increased by $1.0m, this would have resulted in a reduction in the depreciation charge for the year ended 31 March 2023 of £9.4m (2022: £7.9m).

The Company reviews the useful economic lives of its aircraft on an annual basis, as the fulfilment of the carbon emissions targets within the Sustainability Strategy is dependent on the retirement of older less efficient aircraft for replacement with new Airbus A321/A320neo aircraft over the period 2023 to 2031.

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 the mid-2030s, but this remains in early concept phase. Current aircraft models are capable of flying with a 50% blend of SAF and both Airbus and Boeing have set targets to ensure their aircraft models are 100% SAF compatible by 2030. Should the requisite investment in hydrogen propulsion technology not result in a new aircraft capable of operating at commercial scale, then the Group should be well placed to pursue alternative environmental opportunities including 100% SAF compatibility as a result of its investment in LEAP-1A engines for its new A321/A320neo fleet.

The Company's final deliveries of new Boeing 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.

Consequently, 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 2023 of £8.5m (2022: £7.6m). Further details on the net book value of the Company's property, plant and equipment and right-of-use assets at 31 March 2023 can be found in Notes 6 and 7.

4. New and amended accounting standards and interpretations

Details of amendments to UK-adopted International Accounting Standards which were endorsed in the UK and became effective in the current year are disclosed in Note 4 of the *Notes to the Consolidated Financial Statements*. The impact of these changes was not material to the Company.

Notes to the Parent Company Financial Statements

for the year ended 31 March 2023

5. Loss for the year

The Company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has elected not to publish its own profit and loss account for the year. Of the Group's profit (2022: loss) on ordinary activities after taxation for the year, a loss of £34.2m (2022: £43.7m) 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 2022	3.3	950.3	12.8	**966.4**
Additions	5.4	69.6	–	**75.0**
Disposals	–	(7.3)	–	**(7.3)**
At 31 March 2023	**8.7**	**1,012.6**	**12.8**	**1,034.1**
Depreciation				
At 31 March 2022	(1.9)	(261.2)	(12.6)	**(275.7)**
Charge for the year	(0.2)	(39.3)	(0.2)	**(39.7)**
Disposals	–	1.7	–	**1.7**
At 31 March 2023	**(2.1)**	**(298.8)**	**(12.8)**	**(313.7)**
Net book value				
At 31 March 2023	**6.6**	**713.8**	**–**	**720.4**
At 31 March 2022	1.4	689.1	0.2	**690.7**

7. Right-of-use assets

	Aircraft, engines and other components £m	Other £m	Total £m
Cost			
At 31 March 2022	101.1	35.9	**137.0**
Disposals	–	(1.0)	**(1.0)**
At 31 March 2023	**101.1**	**34.9**	**136.0**
Depreciation			
At 31 March 2022	(14.5)	(12.7)	**(27.2)**
Charge for the year	(3.5)	(2.3)	**(5.8)**
Disposals	–	0.9	**0.9**
At 31 March 2023	**(18.0)**	**(14.1)**	**(32.1)**
Net book value			
At 31 March 2023	**83.1**	**20.8**	**103.9**
At 31 March 2022	86.6	23.2	**109.8**

Net book value of other right-of-use assets of £20.8m (2022: £23.2m) includes land and buildings £20.6m (2022: £22.9m) and plant, vehicles and equipment of £0.2m (2022: £0.3m).

8. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 31 March 2022 and 31 March 2023	**300.3**

The subsidiary undertakings of the Company are:

Subsidiary undertakings	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 undertakings:		
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 2023.

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 158:

Jet2 Support Services (Cyprus) Limited	Jet2 Support Services (Malta) Limited	Vardy Limited
11 Michael Paridi 1095 Nicosia Cyprus	Level 1 LM Complex Brewery Street Birkirkara CBD 3040 Malta	1 Grant's Row Lower Mount Street Dublin 2 D02 HX96 Ireland

Notes to the Parent Company Financial Statements
for the year ended 31 March 2023

9. Trade and other receivables

	2023 £m	2022 £m
Other receivables and prepayments	**34.0**	10.8
Corporation tax recoverable	**4.6**	–
Amounts owed by Group undertakings	**208.4**	494.8
	247.0	505.6

Expected credit losses in relation to Amounts owed by Group undertakings balance of £208.4m (2022: £494.8m) are immaterial to the Company. Amounts owed by Group undertakings are repayable on demand.

10. Trade and other payables: amounts falling due within one year

	2023 £m	2022 £m
Trade payables	**1.7**	1.9
Amounts owed to Group undertakings	**1,073.9**	653.0
Other payables and accruals	**13.3**	7.9
VAT payable	**–**	0.4
	1,088.9	663.2

Included in amounts owed to Group undertakings are £296.2m (2022: £267.2m) of amounts received from ***Jet2.com*** in respect of potential future aircraft maintenance events.

11. Borrowings

Borrowings are repayable as follows:

	Bank facilities		Convertible bond		Aircraft loans		Total	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Within one year	**–**	65.0	**–**	–	**111.6**	54.0	**111.6**	119.0
Between one and two years	**–**	148.6	**–**	–	**29.4**	107.4	**29.4**	256.0
Between two and five years	**–**	–	**348.2**	337.2	**92.9**	90.6	**441.1**	427.8
Over five years	**–**	–	**–**	–	**43.7**	75.5	**43.7**	75.5
	–	213.6	**348.2**	337.2	**277.6**	327.5	**625.8**	878.3

12. Lease liabilities

Lease liabilities are repayable as follows:

	2023 £m	2022 £m
Within one year	**12.2**	12.1
Between one and two years	**12.5**	12.2
Between two and five years	**60.2**	61.8
Over five years	**41.9**	49.4
	126.8	135.5

13. Deferred taxation

	2023 £m	2022 £m
Deferred taxation arising from:		
Opening balance	**60.3**	62.3
Charge / (credit) to income statement	**22.6**	(3.2)
Charge to equity	**1.3**	1.2
Deferred tax liability at end of year	**84.2**	60.3
Deferred taxation breakdown:		
Accelerated Capital Allowances	**84.0**	71.6
Other short-term timing differences	**(1.5)**	(11.7)
Derivative financial instruments	**1.7**	0.4
	84.2	60.3

There are no unrecognised deferred taxation balances at 31 March 2023 (2022: £nil).

14. Directors and employees

	2023 £m	2022 £m
Wages and salaries	**3.9**	1.8
Social security costs	**0.6**	0.3
Other pension costs	**0.2**	0.2
Share-based payments	**1.2**	0.7
	5.9	3.0

On average, the Company had seven employees, including Directors, during the year ended 31 March 2023 (2022: seven). The above costs include Directors' emoluments of £3.7m (2022: £1.9m) and pension contributions of £0.2m (2022 £0.2m). Further details of Directors' emoluments are set out in the *Remuneration Committee Report* on page 95.

	2023	2022
Details of Directors' remuneration:		
Highest paid Director (including IFRS 2 share-based payment charges of £0.7m (2022: £0.3m))	**£2.4m**	£1.1m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options / deferred awards	**2**	2

Notes to the Parent Company Financial Statements

for the year ended 31 March 2023

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. Where the Company enters into contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability unless it becomes probable that the Company will be required to make a payment under the guarantee.

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 and called up share capital and reserves are included within the Consolidated Financial Statements of the Group in Notes 8 and 26 respectively of the *Notes to the Consolidated Financial Statements*.

18. Contractual commitments

Jet2 plc has an agreement with Airbus to purchase a further 97 new firm ordered A321/A320neo aircraft, with agreed flexibility to extend the total order up to 146 aircraft. The firm ordered aircraft are due for delivery between 2023 and 2031, and at base price represented a total value of approximately $12.4bn, with a total transaction value for up to 146 aircraft of approximately $18.1bn, though the Group negotiated significant discounts from the base price.

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, advanced seat assignment and 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** 4th Floor City Point 29 King Street Leeds LS1 2HL
	Lloyds Bank plc 10 Gresham Street London EC2V 7AE	**National Westminster Bank plc** 3rd Floor 2 Whitehall Quay Leeds LS1 4HR
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	7 September 2023
Results for the six months to 30 September 2023	23 November 2023
Results for the twelve months to 31 March 2024	July 2024

Jet2 plc

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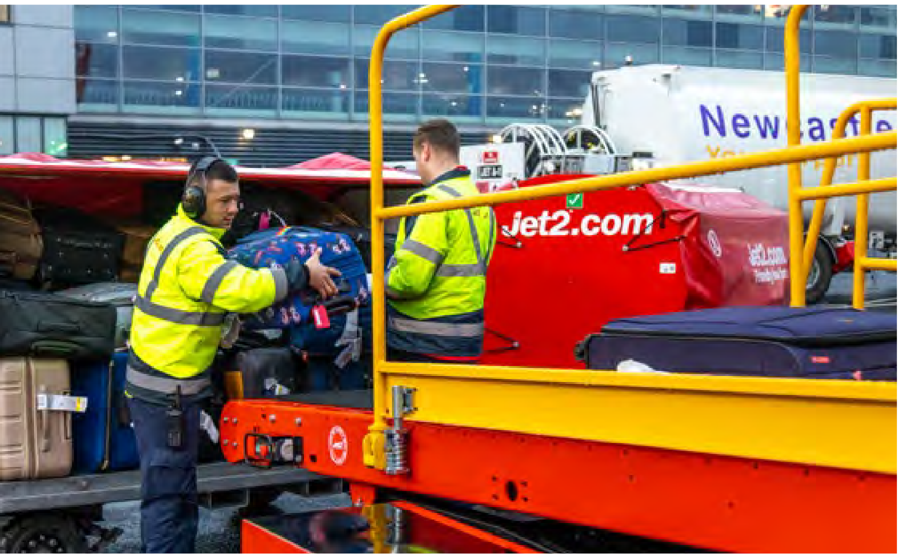
Additional training centre in Cheadle

Building on the success of our first training centre near Bradford, we've branched out to a new A321 training facility in Cheadle, near Manchester Airport. The multi-million-pound centre houses full and fixed base aircraft simulators, cabin crew training units, high-tech computer-based training rooms, fully equipped classrooms and briefing rooms.



Expansion of our self-handling operations

The end-to-end experience our Customers receive when they fly from Bristol and Newcastle has been made even better. That's because we've brought baggage-handling and aircraft despatch in-house at both bases, following the success of this initiative at many of our other airport bases.

Jet2 plc