

WIZZ AIR HOLDINGS PLC ANNUAL REPORT AND ACCOUNTS 2021



WIZZ AIR AT A GLANCE

Wizz Air is the leading ultra-low-cost airline in Central and Eastern Europe with a fleet of 137 Airbus aircraft, connecting 166 destinations across 44 countries. At Wizz, our vision is to liberate lives through affordable travel. We operate among the lowest unit cost and at the lowest carbon footprint in the European aviation industry and drive profitable growth to create leading shareholder and stakeholder value.

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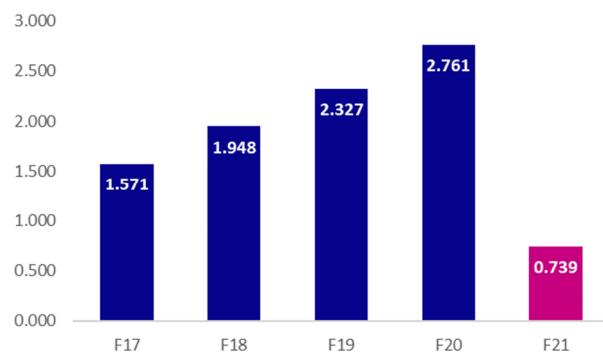
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References to "Wizz Air", "Wizz", "the Company", "the Group", "we" or "our" in this report are references to Wizz Air Holdings Plc, or to Wizz Air Holdings Plc and its subsidiaries, as applicable.

F21 in this document refer to the financial year ended 31 March 2021. Equivalent terms are used for prior/future financial years.

HIGHLIGHTS

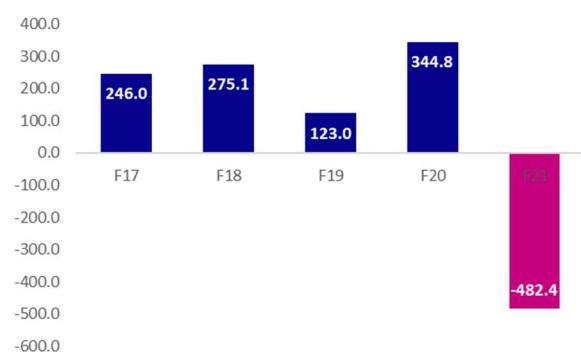
€0.7B REVENUE



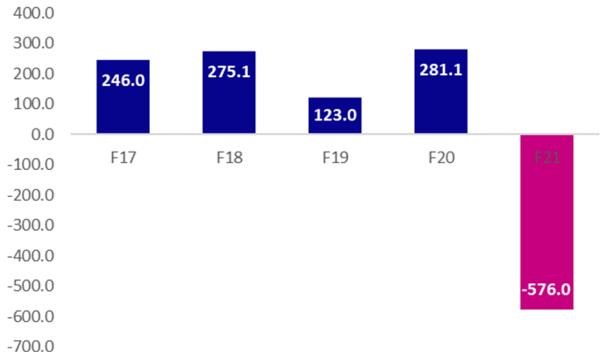
€1.6B TOTAL CASH*



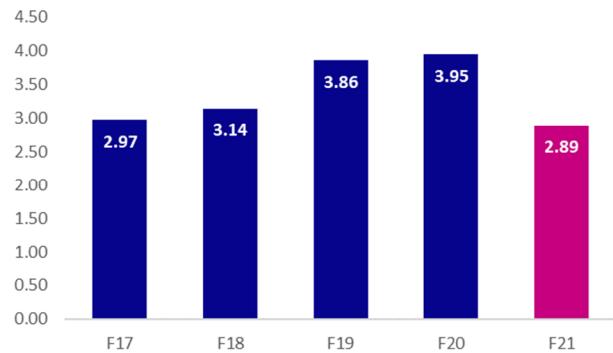
€482M UNDERLYING NET LOSS*



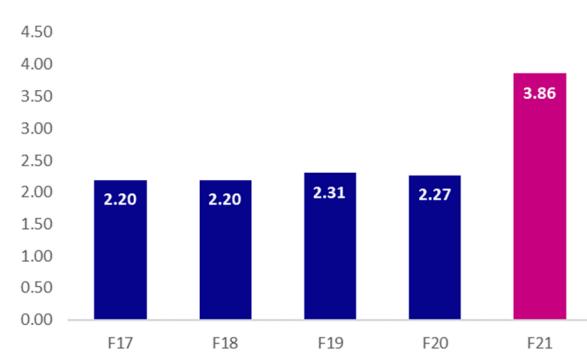
€576M NET STATUTORY LOSS



2.89 €CENTS RASK*



3.86 €CENTS EX-FUEL CASK*



* For definition refer to the Glossary of technical terms on page 49.

GEOGRAPHIES

We fly **824 routes** across Europe and the Middle East



Number of routes operated as at 31 March 2021:

From Central and Eastern Europe (CEE) countries

Poland	167
Romania	161
Hungary	70
Bulgaria	51
Ukraine	45
North Macedonia	36
Lithuania	28
Albania	23
Moldova	20
Serbia	19
Bosnia and Herzegovina	16
Latvia	11
Kosovo	7
Montenegro	4
Estonia	3
Slovakia	3
Croatia	2
Georgia	1
Slovenia	1
Czech Republic	1

From other European countries (to non-CEE countries)

Austria	39
United Kingdom	36
Italy	33
Germany	16
Norway	14
Cyprus	14

From Gulf Cooperation Council (GCC) countries

United Arab Emirates	3
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WHY INVEST IN WIZZ

ULTRA-LOW COST BY DESIGN

Our obsession and compulsion are to operate at the lowest cost in the industry. We drive efficiencies across every part of our operations to continue to decrease our unit cost and deliver on our mission of retaining our position as Europe's undisputed price leader airline.

Make no mistake. At Wizz Air, low cost does not compromise on value offered to the customer/passenger. We operate the newest fleet of aircraft with the lowest emission intensity. We utilise our aircraft more than 12 hours per day in normal times operating point to point, in a single-class configuration, leveraging airports with low departure fees. Our flights are sold through our own digital channels wizzair.com and the Wizz app to avoid unnecessary distribution costs.

STIMULATING DEMAND

We can make flying affordable for more people by offering the lowest fares. Historically 75 per cent of our growth has come through market growth. Our geographic exposure to Central Eastern Europe and our future expansion in Abu Dhabi holds tremendous potential for the future as the propensity to fly in those regions is 65-75 per cent lower than in the West.

Whilst we operate the lowest ticket fares, we allow passengers to opt in for additional services. Our ancillary revenue is globally one of the highest in the industry as passengers are signing up to enjoy some of the additional services Wizz Air offers.

BALANCE SHEET STRENGTH

We are one of the few airlines that is investment-grade rated by Moody's (Baa3) and Fitch (BBB-). We have €1,617 million of total cash at the end of March 2021, one of the strongest liquidity positions in the industry. Because of our low cost model and agile DNA we have a very low cash burn rate even in the worst of times, and, during the past twelve months of the pandemic the strength of our balance sheet and our resolute actions have positioned Wizz Air as an even stronger player coming out of the pandemic, also supported by continued investments in fleet and in network. Our relentless focus on cost is a significant competitive advantage and ensures we remain a stable business, even in challenging times.

DESIGNED FOR PROFITABLE GROWTH

As the market leading airline in Central and Eastern Europe with a total market share of 20.9 per cent and a 45.9 per cent market share amongst low-cost carriers, with the lowest cost base, and a strong orderbook of a further 248 A320 neo-family aircraft, featuring the widest single-aisle cabin with 239 seats, we have a strong basis to deliver consistent profitable growth. We target 15 per cent growth of seat capacity every single year and aspire to deliver net income margin between 13-15 per cent as the environment normalises. Our pre-Covid track record shows we can deliver on these growth rates at attractive levels of profitability.

THE MOST SUSTAINABLE CHOICE OF AIR TRAVEL

Supported by our investment in the most modern fleet, Wizz Air continues to operate at the lowest CO₂ emission intensity (measured as CO₂ per revenue passenger/km) amongst all competitor airlines. CO₂ emissions for F20 were 57.2 grams per RPK. In F21 CO₂ emissions increased to 77.3 grams per RPK due to lower load factors caused by the pandemic. Our target and plan is to achieve 43 grams per RPK emission by F30.

Next to environmental sustainability, social sustainability is a key priority programme for Wizz Air. Read all about our sustainability programme in our sustainability section on page 28.

Wizz Air is expecting to be recognised as the most sustainable company in airline industry in 2021, yet to be awarded by World Finance Magazine. The recognition highlights Wizz Air's emission intensity results (CO₂ per passenger/km) and a potential to be the leader in short-medium-haul transport segment. Behind our relentless focus on being the undisputed leader on sustainability and our enhanced disclosure in this year's report we expect to win the hearts and minds of all the Wizz Air stakeholders. Nevertheless, we would be happy to hear more from you on how we can do better.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Dear Shareholders,

The COVID-19 pandemic is unlike any other event in the last 75 years in terms of its impact on the global economy and societies around the world. The airline industry has been hit especially hard. As a result of the pandemic a wide range of restrictions were implemented throughout our key markets, we experienced our largest decline in passenger numbers in April 2020, down 98 per cent, year over year, impacting our passengers, our communities and our colleagues. It is no surprise that consequently we are reporting a record net financial loss of €576 million for the year ended 31 March 2021 (F21), also our first annual loss since 2012.

Nevertheless, despite this global crisis from a health, humanitarian and economic point of view, F21 was a year of exceptionally strong differentiation for Wizz Air. The Company remained resilient and agile, dealing with the challenge at hand while, unlike many of our competitors, at the same time focusing on leveraging these unique circumstances to further widen our competitive edge and set ourselves apart from the rest of the airline industry by setting a very clear objective to emerge from this prolonged crisis as a structural winner.

While dealing with the crisis exceptionally well, with a relentless focus on minimising cash burn, the Company also invested time and energy in three key areas:

1. Investment in the expansion and diversification of the network, expanding from 25 to 43 operating or announced bases. This diversification has been a core strategic objective in this period of uncertainty that will allow for a quick and strong recovery. We saw this during the temporary rebound during the summer of 2020 and, as restrictions lift as vaccination programmes reach critical population thresholds, we anticipate a similar recovery. This network expansion included the commencement of our Wizz Air Abu Dhabi operation as a national airline of the United Arab Emirates, which holds significant potential for the future. It will operate in one of the most populous regions in the world, and one underserved by low-cost carriers, with flight penetration 75 per cent lower than in Western Europe.
2. Continued investment in our fleet, focused on the newest A320-family aircraft. We have the youngest and most cost-efficient fleet of any large airline in Europe, with the lowest carbon intensity footprint.
3. Focus on Board and Leadership Team to even better prepare the airline in its journey to double the business in the next five years.

I hope and expect that the progress made with inoculation programmes within Europe and the rest of the world will mark the beginning of the end of this pandemic. While F22 will be a transition year for Wizz Air, I am confident the actions we have taken have made Wizz Air an even stronger force to reckon with.

Board changes

As a Board, we are committed to the highest standards of governance and effective oversight to protect and create shareholder value as well as promote the interests of the many stakeholders in Wizz Air's business. The composition of the Board is subject to regular review to ensure that the Board maintains the appropriate balance of skill set, background and experience to enable the Board to oversee the execution of the Company's strategy by the Leadership Team.

In June 2020, we welcomed Ms Charlotte Pedersen as independent Non-Executive Director to the Board of Wizz Air. She has more than 30 years of experience in the aviation sector. A joint Danish and Luxembourgish national, Ms Pedersen was President Helicopter Services and Chief Executive Officer of Luxaviation Helicopters, a global VVIP helicopter organisation and part of Luxaviation Group.

At the same time, Ms Susan Hooper retired from the Board after four years of service. As a highly valued Non-Executive Director, Ms Hooper helped to shape Wizz Air's growth and vision and we are grateful for her contribution.

In November 2020, we welcomed Ms Charlotte Andsager and Mr Enrique Dupuy de Lome Chavarri as Independent Non-Executive Directors to the Board of Wizz Air.

Ms Andsager has held multiple regulatory and public affairs roles within the Ministry of Transport and Communications of Norway as well as Telenor, SAS Group and Rolls-Royce Plc. Her expertise in regulatory affairs across various industries will be a key asset to Wizz Air.

Mr Dupuy de Lome Chavarri has had an extensive career at Spain's national carrier Iberia. After joining the company in 1990 as Financial Director, he ultimately rose to become Chief Financial Officer. After the merger of Iberia with British Airways in 2011 he became Chief Financial Officer at IAG, a position he held until he retired in June 2019. His broad industry experience and personal network will be valuable to Wizz Air.

In March 2021, Mr Peter Agnefjäll resigned as a Director of the Company.

In April 2021, we announced the appointment of Dr. Anthony Radev to the Board as Independent Non-Executive Director. Dr. Radev presently serves as president of Corvinus University at Budapest, Hungary, is a member of the Board of Directors at MOL Hungarian Oil and Gas Public Limited Company, a member of the Board at Hungary Football Federation and at the DSK bank in Bulgaria. For over twenty years, Dr. Radev has been involved with McKinsey & Co., in various roles, last one culminating in a Senior Partner from 2001 until 2013. Dr. Radev will be responsible for overseeing engagement with employees, replacing Mr. Barry Eccleston who assumed the Chairmanship of the Remuneration Committee.

Customers

I would like to thank our customers for their trust in Wizz Air. The year to 31 March 2021 was a turbulent one where passengers saw their flight schedules altered or cancelled and flight refunds faced delays. Wizz Air tried to operate as many flights as it could during this pandemic and has spared no efforts to automate key passenger touch points like payments in the airplane or refunds to ensure safe and frictionless travel even in very uncertain times. Wizz Air remains committed not only to offering the lowest fares and a safe, reliable service, but also committed to inform, assist and help passengers in this current environment of ever-changing restrictions, and run our service deploying superior health protocols.

Employees

Our people are the core of our business. More than 90 per cent of our people interact with our customers face-to-face on a daily basis and a highly engaged workforce is synonymous for a positive Wizz Air travel experience. In this difficult past year, the dedication and enthusiasm of our team of flight and cabin crew, front-line and office employees was the single biggest driver of our ability to manage the business throughout this very tough year.

Our latest Employee Feedback Survey showed that our employees are highly engaged, and that Wizz Air is their employer of choice. We want to thank each and every one of our employees for their commitment and enthusiasm during what has been a very difficult period. Their positivity and energy have been key to supporting our customers and each other. The future is bright for Wizz Air colleagues, and we are committed to them by investing in our workforce training programmes such as the Wizz Air Cadet Programme and the Pilot Academy. We continue to improve the diversity of our workforce with the launch of "Cabin Crew to Captain" and "Cabin Crew to Office" programmes. We continue to build a strong and diverse bench for the Wizz Air Executives of the future.

I would also like to thank Wizz Air's People Council for its efforts and its help in creating an efficient channel between employees and the Board and Leadership Team, which in these turbulent times has been ever more important.

Environment

Whereas today our low emission intensity is the airline industry benchmark, we know there is more to do. We are focused on further fleet renewal to decrease emission intensity by a quarter within the next ten years. We are also continuing to work on bold plans for the future, leveraging new technology and sustainable aviation fuels. And we have worked diligently to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) so that our stakeholders can understand where Wizz Air is in its journey in meeting its strategic sustainability priorities. We want to encourage stakeholders to suggest initiatives they feel the Company should consider in order to deliver on its ambition to become the most sustainable airline in the region.

Communities

We are conscious of the many economic, social and environmental developments impacting our communities. We do not want to stay on the side-line. We have unveiled our sustainability programme Wizz Cares, which rests on three pillars to address the environmental, the social and the people (including diversity and inclusion) aspects of our business. It is overseen by Wizz Air's Audit and Sustainability Committee and will be further developed in the years to come.

Since the breakout of the coronavirus, we are making use of our aircraft assets in a different way to serve our communities. Starting in March 2020, we have initiated over 130 repatriation and cargo flights and transported several tonnes of protective equipment for local hospitals and healthcare workers. We are also operating an A330 cargo aircraft for the Hungarian government which brings much needed vaccines to the Hungarian people allowing to put the pandemic hopefully largely behind us during calendar year 2021.

Looking ahead

We started F22 well-prepared with one of the few investment-grade balance sheets in the airline industry, flying one of the youngest and most efficient fleet and having a well-defined, proven business model. Our agility and relentless focus on cost and cash are significant competitive advantages. Maintaining the strength of our balance sheet and investment-grade credit rating remain top priorities.

The investments we have made this year in operating assets and people will ensure the Company responds swiftly and efficiently to further changes in the industry. We are well-positioned for a return to more normal operations and growth. I believe we are well-positioned to be a structural winner in the European airline sector.

William A. Franke

Chairman of the Board of Directors

2 June 2021

STRATEGIC REPORT

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

F21 was unprecedented in the 17-year history of Wizz Air. The aviation industry was heavily impacted by COVID-19 related regulations, with passenger airlines around the world going into prolonged hibernation to survive whilst calling upon extensive financial support. Wizz Air's F21 revenue was down 73 per cent for the year and we incurred a net loss of €576 million.

This said, Wizz Air proved to be very resilient during F21. Wizz Air entered the pandemic from a position of strength, with an investment grade balance sheet and strong liquidity position, with the lowest cost business model, and strength from its culture of entrepreneurship, agility and can-do mentality personified in each and every one of our employees. This not only allowed us to better weather the storm, but positioned Wizz Air for even bigger wins in the future.

Within a separate section, we have included the COVID-19 year in review, including the interventions that Wizz Air has undertaken during the past twelve months. Outlining these events and our actions reminded us of what a difficult year this has been, yet at the same time we have positioned ourselves to emerge from the crisis as a structural winner.

Operational efficiency, cost leadership, innovation and service excellence are the cornerstone of Wizz Air's success, and to this day continue to inspire Wizz Air's future growth. Our mission is very singular. At Wizz Air, we believe that air travel provides opportunities that can enhance lives and make the world around us better, bringing people and businesses together. We're committed to making sure that everyone, everywhere can benefit from air travel at the lowest possible prices, whilst setting high benchmarks for safety, customer experience and sustainability.

For the year in review we run through the progress on our strategic priorities, to close with our view on the industry, an industry that will not look like anything we have known before the pandemic.

A focused ultra-low-cost business model

In the current environment, and in light of the low levels of operation due to widespread travel restrictions, our total cash balance is the single most important performance indicator. With our total cash balance at €1,617 million and an investment grade balance sheet, we remain one of the strongest players in the industry.

Maintaining this strong cash position has only been possible through our ultra-low-cost base, which has allowed two things: 1) to sustain periods of severe business interruption significantly longer than other airlines in terms of cash burn, moreover 2) to operate cash-positive flights serving our customers and helping the cash position of our Company even during periods of restricted demand. Nonetheless, we were not immune to the crisis. During F21, we strengthened our liquidity position by raising £300 million from the Bank of England under the UK Government's COVID Corporate Financing Facility (CCFF), maturing in February 2022, and €500 million proceeds from a Eurobond maturing in January 2024. Both financing facilities were issued on highly competitive terms without burdening our cost structure materially.

Whilst we secured a strong position to weather the crisis, we also focused on widening our competitive cost advantage by continuing to invest in the network (securing new attractive long-termed airport contracts as we opened new bases and routes), continuing to invest in our fleet (securing an even lower cost base by further up-gauging our fleet, now at an average of 205 seats per aircraft), and working with our partners to get better cost and payment terms going forward.

Strong balance sheet and lowest-cost in this industry prevails, and, with our ultra-low cost business model we will have the ability to take advantage of opportunities which may arise as competitors are withdrawing capacity.

A stronger geographical footprint

The strength of our balance sheet and fleet order allowed us to grow our footprint – even during this crisis. While doing so, we not only improved our odds for a faster recovery once restrictions lift, we also improved our structural cost. In total we increased our number of announced or operating bases from 25 pre-COVID-19 to 43 point in time.

First and foremost, we improved our position in our core CEE region and consolidated our undisputed market leadership, with a market share of 45.9 per cent in the low-cost sector and 20.9 per cent of the total CEE market, up from 39.6 per cent and 17.5 per cent last year respectively. Within CEE, we made big strides forward in certain markets where competition retrenched. In total we announced or opened seven new bases in CEE with St. Petersburg, Lviv, Bacau, Larnaca, Sarajevo, Tirana and Burgas.

Second, we strengthened historic positions in the West, with more base openings and routes in the UK and Italy, markets where we have been operating for more than 15 years, and markets where the competitive landscape is changing significantly in the wake of COVID-19. In total we announced or opened 10 new bases in Western Europe (London Gatwick, Doncaster and Cardiff, Oslo, Milan Malpensa, Catania, Palermo, Bari, Rome and Dortmund).

Thirdly, we opened our operation in Abu Dhabi, paving the way to replicate the success of Wizz Air Hungary in the Middle East and surrounding markets, a total of 5 billion people within a five hour flight radius. Wizz Air Abu Dhabi has received an Air Operator Certificate issued by the General Civil Aviation Authority of the United Arab Emirates and started operations in the Middle East in January 2021.

The table below illustrates Wizz Air's market leadership in the low-cost sector, which grew to 45.9 per cent, an increase of 6.3 per cent year on year. We are the number one carrier in nine out of 13 CEE countries.

Market	Number 1		Number 2		Number 3	
	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	45.9%	Ryanair Group	26.0%	Easyjet	3.6%
Poland	Wizz Air	48.2%	Ryanair Group	47.3%	Easyjet	1.9%
Romania	Wizz Air	66.8%	Blue Air	20.1%	Ryanair Group	9.6%
Hungary	Wizz Air	52.2%	Ryanair Group	34.6%	Easyjet	5.2%
Bulgaria	Wizz Air	64.1%	Ryanair Group	23.6%	Easyjet	2.5%
Ukraine	SkyUp	28.6%	Wizz Air	26.6%	Ryanair Group	16.2%
Lithuania	Ryanair Group	49.3%	Wizz Air	46.7%	Norwegian Group	4.0%
Latvia	Ryanair Group	62.3%	Wizz Air	31.2%	Norwegian Group	6.0%
Slovakia	Ryanair Group	58.4%	Wizz Air	37.7%	SkyUp	1.5%
Albania	Wizz Air	29.6%	Blue Panorama	27.3%	Air Albania	23.8%
Serbia	Wizz Air	67.1%	flydubai	12.5%	Pegasus	11.4%
Moldova	Wizz Air	76.2%	FlyOne	23.8%		
North Macedonia	Wizz Air	77.1%	Pegasus	11.3%	Chair	11.1%
Bosnia and Herzegovina	Wizz Air	61.7%	Pegasus	13.0%	flydubai	11.9 %

Taking into account all airlines operating to CEE, we kept our position as the number one carrier with 20.9 per cent market share, up from 17.5 per cent in F20.

Market	Number 1		Number 2		Number 3	
	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	20.9%	Ryanair Group	11.8%	LOT Polish Airlines	7.3 %
Poland	LOT Polish Airlines	27.7%	Wizz Air	25.3%	Ryanair Group	24.9%
Romania	Wizz Air	42.6%	TAROM	17.1%	Blue Air	12.8%
Ukraine	Ukraine International	30.4%	SkyUp	10.9%	WizzAir	10.1%
Hungary	Wizz Air	31.5%	Ryanair Group	20.8%	Lufthansa	7.3%
Bulgaria	Wizz Air	34.9%	Bulgaria Air	13.4%	Ryanair Group	12.9%
Latvia	airBaltic	66.7%	Ryanair Group	13.6%	Wizz Air	6.8%
Serbia	Air Serbia	44.8%	Wizz Air	15.0%	Lufthansa	5.0%
Lithuania	Ryanair Group	26.6%	Wizz Air	25.2%	airBaltic	16.8%
Albania	Wizz Air	23.5%	Blue Panorama	21.6%	Air Albania	18.8%
Moldova	Air Moldova	34.6%	Wizz Air	33.2%	FlyOne	10.4%
Slovakia	Ryanair Group	32.8%	Travel Service Group	26.0%	Wizz Air	21.2%
North Macedonia	Wizz Air	56.5%	Austrian Airlines	5.4%	Pegasus	8.3%
Bosnia and Herzegovina	Wizz Air	38.1%	Austrian Airlines	10.1%	Pegasus	8.0%

(Source data for both tables: Innovata adjusted with Eurocontrol analysis, April 2020 – March 2021.)

Our fleet as a driver of competitiveness and sustainability

Despite the prevailing uncertainty, we committed to investing into our future by continuing with our fleet delivery programme. In F21, 14 A321neos joined the fleet, taking the total number of aircraft to 137 at the end of March 2021. Today, 52 per cent of the Company's total seat capacity is on the A321 family of aircraft.

	March 2021 Actual	March 2022 Planned	March 2023 Planned
A320ceo without winglets (180 seats)	31	17	6
A320ceo with winglets (180 seats)	28	26	23
A320ceo with winglets (186 seats)	9	9	9
A320neo with winglets (186 seats)	6	6	6
A321ceo with winglets (230 seats)	41	41	41
A321neo with winglets (239 seats)	22	49	82
Fleet size	137	148	167
Proportion of seats on A321	52%	67%	78%
Average number of seats per aircraft	204.7	213.6	221.5

The new neo aircraft are powered by Pratt & Whitney GTF engines, featuring the widest single-aisle cabin with 239 seats in a single class configuration. The combination of these technologies reduces fuel burn by 16 per cent, nitrogen oxide emissions by 50 per cent and delivers close to a 50 per cent reduction in noise footprint compared to previous generation aircraft.

Our emission intensity, measured by CO₂ per Revenue Passenger Kilometre (CO₂/RPK), was already the lowest in the industry in F20 and our continued investment into fleet innovation ensures we maintain a strong edge versus any competitor. During F21, while Green House Gases (GHG) emissions were significantly lower than F20 in absolute terms, our emission intensity was higher due to the lower load factors on our flights. Nevertheless, this is indisputably of transient nature as we remain highly committed to lowering our emission intensity and a low-carbon future, hence our disclosed targets, strategic priorities and actions on sustainability (see page 19).

Creating the leading digital platform

Our customers' digital journey remains a key focus area for us. Digital is the key to making travel as frictionless, safe and easy as possible in a cost-effective manner. Today, over 94 per cent of our distribution is done directly to customers through our digital channels.

This number increases each year as we continue work to deliver exceptional online products and services to each customer in every country we serve. Today we are Europe's fourth most visited airline website and within the next two years we aim to leap into the number two spot.

Over the past year, Wizz Air delivered in the following areas:

1. Mobile-first experience. Our ratio of mobile traffic has increased significantly over the past twelve months and our mobile platforms continue to account for greater share of total revenue. We have focused on making our app easier and faster to use in order to continue to enhance mobile-first customer engagement.
2. Customer self-service and automation. Wizz Air was among the first airlines in Europe to offer automated refunds for cancelled flights due to the pandemic, now handling 95 per cent of cash conversion refund requests within a week. We also launched the Travel Planning Map, an interactive tool designed to help passengers to stay informed on coronavirus-related travel restrictions. We also recently implemented our very first chatbot, that will be serving our customers with speed, at scale.

Despite the pandemic, Wizz Air continued to execute its digital roadmap. Wizz Air is building a better understanding of its customers so it can offer them new products and services based on their preferences. In addition, we continue to improve our speed of innovation by adopting new infrastructure and architectures. This enables us to not only stay a leader on cost efficiency but enables better scalability and responsiveness to customers' needs. Within all of this, cyber security remains a top priority as nothing is more important than protecting our customers' data.

Focus on our people

Our people are at the core of our business. More than 90 per cent of our employees face our customers on a daily basis. We strive to maximise employee engagement, increase the quality of service, bring novel solutions to complex problems, and to become a more agile organisation to survive during a crisis and, more importantly, thrive coming out of it.

During F21 employee engagement score was at 8.1, slightly ahead (+0.2 points), versus industry average with a participation rate of 79 per cent. As we outlined during our COVID-19 timeline of events on page 15, our employees have endured a lot of hardship, and to see engagement at these levels is a testimony of their dedication to Wizz Air's success.

We aspire for our workforce at Wizz Air to reflect our broad customer base. As such, we are proud to have a diverse team of passionate aviation professionals. Our team includes more than 50 different nationalities at all levels in the organisation, and we continue to make strides on more balanced gender representation. While we improved Board gender diversity by nine per cent to a total 27 per cent, Management Team diversity by 10 per cent to 27 per cent, we will continue to do more, as also reflected in our strategic sustainability targets. We are also determined to effect a step-change the underrepresentation of women in the flight deck – a long-standing issue within the industry – with the help of our Cabin Crew to Captain programme.

To preserve the Wizz Air culture and offer more meaningful career opportunities, we have set ourselves a goal to fill vacancies with internal talent in at least 50 per cent of these positions. During this year, we were successfully able to achieve this in 67 per cent of the open positions, while continuing to deliver world-class training to our people and giving them the right tools so that they can own their development and progress in their career. We believe that Wizz Air offers the best career progression opportunity in the industry, irrespective if you are a Pilot, Cabin Crew or an Office employee Wizz Air opens up opportunities for diverse talents to learn, develop and succeed.

Outlook

F21 brought significant challenges to the entire airline industry and F22 foresees the continued impact of COVID-19 related travel restrictions. We expect 2022 to be a transition year where we will experience a slow but gradual recovery, mostly subject to the pace of vaccinations globally including in Europe.

Wizz Air Group performance in F22 is largely dependent on the capacity flown throughout the summer period, as well as the revenue performance in the second half of F22, a period over which we, and other airlines, have limited visibility.

Nevertheless, we remain confident that once travel will resume, Wizz Air will emerge as a structural winner. We will become an even more formidable company, that will continue to create shareholder value and top of the class profitability through cost and cash discipline, organisational and operational agility, and sustainable and diversified growth.

József Váradi
Chief Executive Officer
2 June 2021

STRATEGIC REPORT

SECTION 172 STATEMENT

The UK Companies Act 2006, section 172(1) provides that “a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to

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

The Company has multiple stakeholders. The Board considers the most significant stakeholder groups to be employees, customers, shareholders and investors, suppliers, governments and regulators including the European Union institutions. As part of their induction, the Directors of the Company are briefed on their duties and can access professional advice about them as appropriate.

The following paragraphs summarise how the Directors fulfil their duties, by reference to the relevant sections of the Annual Report.

Decision-making, governance, risk

The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company. The Company's management governance structure reflects the highly regulated environment in which the Company operates.

The Board needs assurance that the Company's financial reporting, risk management, governance and internal control processes are operating effectively.

For details of the Company's risks and uncertainties and how the Company manages its risk environment see pages 51-56.

People

The Company is a people business. Our employees are the face of the Company towards our customers. We strive to have highly engaged people as it will lead to a more efficient and customer-centric service offering.

There are several key pillars on how the Directors engaged our employees, the key ones being our People Council, our People Engagement Survey, the floor talks hosted by the CEO and our Base Visits.

For details on Board oversight of employee engagement see pages 33-38.

Customers

Customers are at the heart of every decision the Company makes. We strive to meet their needs whilst keeping our cost structure competitive. The Company's strategy is to provide a reliable, safe and environmentally responsible travel experience, low prices, great service, more choices, and a frictionless digital experience.

For further details on customer experience see pages 22-23.

Suppliers

Wizz Air is a focused operation and we partner with many companies to deliver a “lowest-cost-done-right” service. The Company values the agility of our partners even in the most difficult times and rewards them with security and growth prospects.

For further details on supplier experience see pages 33 and 39.

Regulators and governments

An important objective, as the Company keeps expanding its diverse network, is establishing good relationships with stakeholders and policy-makers by introducing the ultra-low-cost and low-fare model, the Wizz Air brand promise and strengths in the Company's key markets. Wizz Air aims for creating bridges between the Company and local government bodies in order to achieve good co-operation and ensure benefits to both sides and the local communities, while also minimising risks and bringing new opportunities for the Company. Wizz Air is also continuously building connections with EU institutions and key industry groups, and is assessing the effect of public policy changes on the Company such as initiatives regarding taxation and sustainable aviation.

In the context of the regulatory environment, Wizz Air has always paid close attention and dedicated various resources within the Company to ensure compliance with the applicable regulations, such as but not limited to the national enforcement bodies and customer protection authorities.

Community and environment

The Company is committed to making sure that everyone, everywhere can benefit from travel at the lowest prices, while keeping in mind the social, economic and environmental impact of our operations. The Company's strategy is built on low fares and a diverse network, supported by efficient and sustainable operations and high-quality customer service.

For further details on corporate responsibility see pages 21 and 33.

Shareholders and investors

The Board is committed to openly engaging with Shareholders as we recognise the importance of effective dialogue. It is important that Shareholders understand the Company's strategy and objectives.

For further details on Board engagement with Shareholders refer to page 63.

The COVID-19 pandemic has been unprecedented in scale and impact for people, communities and companies. The aviation industry was pushed into the deepest crisis in its history and Wizz Air Management Team had to take important decisions in a fast and resolute way to secure the continuity of the Company at first, and subsequently to create an even stronger position for the Company as it was seeking to turn this crisis into one of the biggest opportunities since its inception.

We used the following principles to guide our interventions:

- ▶ Health and safety first, introducing a range of enhanced hygiene measures in the face of COVID-19, among the first in the industry, to ensure the health and safety of crew and customers.
- ▶ Cash and cost focus - minimising cost and cash burn, while continuing to invest into the future, by taking 20 new aircraft deliveries and announcing the opening of 18 new bases – both improving structural costs once operations are fully resumed.
- ▶ Customer centricity – our customers were going through turbulent times as well and faced a lot of uncertainty as they were trying to plan and go from point A to B. In the beginning of the pandemic there was an unprecedented scale of cancellations and, throughout the pandemic a constant unclarity on where restrictions would hit next. It was clear that automating key touchpoints (e.g. refunds, travel-restrictions map) was the right way forward.
- ▶ Agility in everything we do – expanding bases, realigning capacity to the daily reality of the virus-related restrictions, ramping up to 80 per cent capacity in the span of weeks to ramp down to 20 per cent of capacity only weeks later, at all times following new cash-positive customer demand, and reallocating against these opportunities.
- ▶ Providing job security – we decided to provide clarity to our colleagues early on and then stick to our decision to protect every remaining job since. Still, many sacrifices were made by our teams to help Wizz Air through this pandemic.
- ▶ Help those in need – we offered many repatriation and cargo flights well beyond the original boundaries of our network, finding ourselves in Asia and in the Americas repatriating medical supplies, vaccines and European citizens and building with this life-long loyalty to the brand.

Sequence of events since the outbreak of COVID-19

24 February 2020. The Crisis Management Center (CMC) was activated, based on the Emergency response plan (ERP), instituting daily 7/7 meetings with the aim of managing the standard operations and customer impact. Immediate actions to preserve liquidity and minimise costs were reviewed. A cross-functional team of commercial, operations, communication and customer care employees would meet daily to ensure the latest restrictions and guidelines are aligned, shared and implemented across the network.

Throughout F21 approximately 200 CMC meetings and COVID-19 forums were held, the Board meetings number doubled in occurrence and Board updates were submitted daily until summer 2020 followed by weekly frequency afterwards. Wizz Air held frequent Leadership Team meetings and increased the frequency of employee calls including CEO Floor talks. All gave employees the opportunity to address their concerns and help the Leadership Team to better understand the voice of the team and make the right decisions.

11 March 2020. The World Health Organization declared the COVID-19 outbreak a pandemic. As a result, a total of 148 countries closed their borders, completely or partially, imposing entry bans, quarantines, or other restrictions for travellers to the most affected areas. Consequently, by the end of the month, Wizz Air had around 85 per cent of its fleet grounded. Following flight cancellations, throughout F21, communication on day-to-day changes of travel restrictions, as well as health and safety measures reinforcement was sent to customers prior to travel in 26 languages, doubling the communication from the previous year. To help passengers and crew travel safely and worry-free, Wizz Air introduced several additional security measures to support physical distancing during boarding and enhanced cleanliness on board. As part of the measures to protect the health of customers and crew, customers check-in and make purchases online to reduce non-essential interaction at the airport. Throughout the flight, cabin crew is required to wear masks and gloves and distributes sanitizing wipes to each passenger. On-board purchases are allowed and suggested to be made by contactless payments, to minimise physical contact. Wizz Air continued its stringent daily cleaning schedule, with the entire aircraft being disinfected overnight, following official guidelines.

Following government announcements, a mandatory home office was introduced for all Wizz Air office employees with a gradual return during May and June 2020.

13 March 2020. Wizz Air formed the Cargo and Repatriation team for the launch of humanitarian flights, repatriation of citizens, and transportation of essential medical equipment from China. Wizz Air deployed 10 per cent of its fleet and 200 staff in the effort, which included its first-ever transatlantic flights to the United States and Canada. By the end of July, the team had successfully operated a total of 176 humanitarian cargo and repatriation flights, including to airports in Asia and North America. Whereas these operations required heroic efforts from the teams, they built lifetime loyalty with many of the people rescued and safely brought back home.

15 March 2020. An active aircraft parking programme was initiated, whereby Wizz Air sealed and parked aircraft to re-use them once it would operate higher capacity levels. By the end of F21, 48 aircraft (out of 137 aircraft) were parked with a peak number of 100 sealed at the height of the crises during winter 2020/2021.

April 2020. The impact of COVID-19 on life in general and aviation in particular was felt very significantly, with over five million people infected and aviation coming almost to a complete halt. Wizz Air was heavily impacted, operating 7 per cent of its capacity for a couple of weeks. Wizz Air was forced to reduce its workforce by 19 per cent and reduce salaries for Board members, Leadership Team, flight crew, cabin crew and office staff, becoming one of the first airlines to right-size the organisation during COVID-19 pandemic. The measure aimed at protecting in the long run the remainder of organisation's roles, an action maintained until today. Contracts with suppliers were reviewed. Capital expenditure was reassessed and stopped or deferred as appropriate.

May 2020. Wizz Air was the first European airline to roll out a number of safety measures tailor-made for the customer needs during travel, including social distancing and contactless travel, hygiene and wellbeing, branding and awareness campaigns, aircraft, crew and passenger protection. At the same time, Wizz Air sought a faster return than competitors, to a sense of normalcy by adjusting the route network and increasing the number of operating bases. Therefore, the Company announced four new operating bases: Lviv in Ukraine, Larnaca in Cyprus, Milan Malpensa in Italy and Tirana in Albania. In the meantime, a cross-functional project to develop a new health and safety protocol for Wizz Air flights was launched.

1 May 2020. Following the unprecedented number of flight amendments, Wizz Air was the first mover in the industry to introduce an automated refund process to address customer expectations following flight cancellations caused by the ongoing COVID-19 pandemic restrictions. Wizz Air would become one of the most responsive companies in the industry in terms of speed of clearing out refunds, offering customers the benefit of receiving within five minutes 120 per cent credit value with just one click and completing 95 per cent of the cash refunds within seven days from the request.

15 May 2020. The Cargo & Repatriation team celebrated an extraordinary and unexpected milestone in Wizz Air's history – the arrival of Wizz Air's 100th cargo flight. Wizz Air records broken include the longest direct flight – Irkutsk to Budapest – with over eight hours' flight time and a 5,800km distance, and the farthest aircraft from its base (Los Angeles, being 10,000 km from Budapest).

June 2020. As Europe was slowly opening up, Wizz Air began revamping the business, emerging as the front runner in the industry. During June and July, Wizz Air focused on the swift implementation of the network redesign by opening five, previously announced new operating bases and announcing new operating bases: Dortmund in Germany, Bacau in Romania and St. Petersburg in Russia. On top of these, nine new destination airports were opened and numerous new routes announced. As a result, in July 2020 Wizz Air operated 74 per cent of its July 2019 capacity.

August 2020. Wizz Air Hungary became the first airline in Europe, to obtain an Air Operator Certificate (AOC) from the European Union Aviation Safety Agency (EASA). During this period, Wizz Air was flying 80 per cent of the previous year's capacity, clearly outperforming the industry. Wizz Air opened three new stations, on top of the eleven opened in the previous two months, enabling the start of numerous new routes. Two new operating bases were announced in Gatwick and Doncaster, UK.

September 2020. Most governments advised against non-essential travel abroad, while closing borders again. Most of the European countries required mandatory PCR tests or quarantine upon arrival. Hungary closed its borders for foreigners for one month and, as a result, the Debrecen base was suspended, while the Budapest network was reduced to two out of eleven operating aircraft. The number of parked aircraft gradually increased from September until the end of November, with up to 72 aircraft parked.

September 2020. Following international restrictions, Wizz Air entered the domestic Italian market and, at the end of the month, announced a new operating base in Catania, Italy.

September 2020. Wizz Air introduced the Travel Planning Map, an innovative and interactive website search tool designed to help passengers determine which destinations in the Wizz Air's network they can fly to at that precise moment in time, and helpfully inform them of coronavirus-related travel restrictions in place. The tool is updated daily.



Wizz Air Interactive Travel Map introduced in September 2020 (illustrating possible destinations for a passenger departing from London, Luton (LTN)) on 15 April 2021 (green indicating no restrictions, yellow partial restrictions and red a full or partial entry ban via air).

25 September 2020. Due to the escalation of COVID-19 infections across all countries in Europe Wizz Air activated home office for all office employees until the 11 October 2020.

October 2020. New restrictions were imposed, heavily impacting operations around the network. At the same time, Wizz Air continued to invest efforts into positioning the Company for stronger performance coming out of the crisis. Wizz Air Abu Dhabi officially received its AOC and completed the last step in the proceedings of starting the airline in the United Arab Emirates. Further new operating bases were announced: Bari in Italy, and Oslo and Trondheim in Norway to enter the Norwegian domestic market (these two bases will get suspended in 2021 as Wizz Air suspends its domestic Norway program whilst maintaining a large international flight schedule in and out of Norway).

October 2020. A cross-functional team of commercial, operations, public affairs, communications and cabin crew members from different bases was formed to search for new charter flight opportunities. The team succeeded in contracting over 30 flights, mainly for sporting associations across the Romanian, Hungarian and Austrian markets, with a few charters serving stranded passengers in the UK. Some of the charters were flying to new destinations for Wizz Air, such as Platov and Bern, at very short notice, once again proving Wizz Air's agility and flexible approach to seizing opportunities. Whilst this brought revenue and cash to the airline, most importantly it built strong brand awareness and loyalty in our region with key influencers – as we transported sports teams attending championships across Europe and beyond, along with workers travelling home for Christmas.

November 2020. The number of COVID-19 infections began to increase significantly across Europe and, as a result, the number of travel restrictions increased across the network. Consequently, Wizz Air was operating at 21 per cent of capacity compared to the same month in previous year.

December 2020. The first vaccine was administered in the UK and by the end of March 2021, more than 590 million doses have been administered across 135 countries.

In the following months, the number of COVID-19 infections continued to rise, with a new virus variant developing in the UK and leading to many new restrictions and flight bans across Europe, especially on flights to and from the UK. During November, 21 per cent of capacity was flown, while the first half of December increased to approximately 50 to 60 per cent around the festive season. At the beginning of December, Wizz Air announced its 40th base in Cardiff, UK. With the opening of the Cardiff base, Wizz Air UK's fleet grew to 14 aircraft, operating 132 routes from 11 UK airports. As the second wave continued, and a third wave began in many countries, further travel restrictions were imposed across Europe.

December 2020. The Leadership Team decided to pay all employees other than the Leadership Team a Christmas bonus of €500 as a recognition of the hard work and great team spirit in managing the pandemic.

14 December 2020. Wizz Air signs an operator agreement with the Hungarian government to operate the state-owned Airbus A330-200F aircraft, carrying humanitarian cargo. At the end of December, the first flight to China was operated, carrying 1.5 million antigen rapid tests to Hungary.

January 2021. The Leadership Team revoked the salary reductions put in place in April 2020 for cabin crew and office staff.

January 2021. Wizz Air Abu Dhabi's inaugural flight took off from Abu Dhabi to Athens on 15 January. At the same time, Wizz Air postponed the opening of the St. Petersburg base in Russia.

25 January 2021. Weekly PCR testing for office employees was introduced, as part of the new health and safety protocols, aiming to further protect employees and prevent the spread of the virus.

14 February 2021. Wizz Air transported the first COVID-19 vaccine shipment on behalf of the Hungarian government. By the end of F21, Wizz Air shipped 1.1 million vaccines and Hungary managed to become one of the top ten countries in the world having the highest percentage of its population vaccinated against COVID-19.

February/March 2021. Wizz Air added new operating bases in Burgas, Bulgaria (seasonal base), Sarajevo, Bosnia and Palermo, Italy.

March 2021. Management decided to maintain a 7.5 per cent salary cut for Executives and pilots during 2022.

8 March 2021. Following the announcement by the Hungarian government to tighten the restrictions in Hungary, Wizz Air activated a mandatory Home Office until 7 April 2021. During this period, the office remained open for those employees whose presence in the office is essential, following the Health and Safety protocols (presenting a negative PCR test, organised by the Company on a weekly basis).

By the end of F21, Wizz Air had announced 17 new bases, over 380 new routes, 25 new stations, it operated 186 cargo and repatriation flights, 32 charter flights and 6 cargo flights on behalf of the Hungarian government. Over 450 cabin and flight crew changed base and moved to newly opened locations, displaying professionalism, dedication and enormous resilience. The agility and herculean efforts of the Wizz Air team will enable a quicker recovery during F22.

STRATEGIC REPORT

REPORT ON SUSTAINABILITY

At Wizz Air, we are committed to transparency. We firmly believe that being transparent in everything we do has the power to hold us accountable for the continued progress we need to make to deliver across our sustainability objectives, be it on environmental, social or governance matters.

Wizz Air has a singular mission and purpose.

“We believe that air travel provides opportunities that can enhance lives and make the world around us better, bringing nationalities, cultures and businesses together. That is why, at Wizz Air, we’re committed to making sure that everyone, everywhere can benefit from air travel at the lowest possible prices, whilst setting high benchmarks for safety, service, customer experience and reliability.”

Our mission is brought to life through our Culture

Our Culture is what empowers our people to live and work by the five important values of Wizz Air, allowing us to create opportunities and find solutions to the challenges that our business may face. They are:

- ▶ **Integrity** – doing what is right for passengers and stakeholders, holding ourselves to the highest possible standards in everything we do.
- ▶ **Dedication** – we have an entrepreneurial, “can-do” attitude, taking individual and collective ownership, ensuring that we are accountable for everything that we do.
- ▶ **Positivity** – we are an inspired and inspiring team, passionate about what we offer, using a positive mindset to unlock new ways to do things better and more efficiently.
- ▶ **Inclusivity** – we embrace diversity, engaging and collaborating with all key stakeholders to achieve our goals.
- ▶ **Sustainability** – we strive to be the most sustainable choice of air travel and work hard on continuously decreasing our environmental footprint.

These values underpin Wizz Air’s identity and ambition. These values make Wizz Air unique and now more than ever, will help Wizz Air to realise its long-term strategic goals.

Sustainability is the lens through which we create long-term opportunities and growth, manage risk and ensure that we deliver the best and most environmentally sound services to:

- ▶ **our passengers**, the communities they live in or visit;
- ▶ **our planet**, as we want to respectfully borrow its scarce resources and restore them gradually; and
- ▶ **our people**, who enable it all.

In combination, we strongly believe that this will help to further build Wizz Air’s competitive advantage whilst delivering leading financial returns to our shareholders.

Wizz Air’s ultra-low-cost focus as a quintessential sustainability strategy

Our ultra-low-cost operations have been the most important strategic priority in delivering on the mission of the Company “to provide opportunities to all the customers it serves”. A highly efficient, ultra-low-cost operation enables Wizz Air to provide air travel to more people in the world in an affordable, safe and reliable way.

Wizz Air connects points on the map with an average travel length of just over 1,600km. That means our services are connecting cities and destinations where alternative forms of travel are generally impractical or have a higher environmental impact. We connect these points in a direct way – which lowers emissions. We do not operate business class, which has had a higher carbon footprint. We are connecting these points in a way that is affordable for all income levels in society. Large proportions of our passengers travel with us to reconnect with friends or family.

Low cost does not mean low quality of service. We operate the youngest and most carbon-efficient fleet in Europe. We offer great choice and value, a welcoming service which is delivered to our passengers by a well-trained, highly motivated, engaged and positive-spirited workforce. This service is all enabled by our digitised and scalable operations.

Our business model: our mission, goals, strategies and measures

Opportunity, efficiency and service are the cornerstone of Wizz Air’s success, and, today this still inspires Wizz Air’s mission and its key strategies.

Our objective – deliver leading shareholder and stakeholder value in aviation

Our goals

- 1 Deliver average 15 per cent annual growth in capacity.
- 2 Deliver 13 to 15 per cent net income margin.
- 3 Reduce our CO₂ emission intensity to 43g per RPK by F30.

Our strategic priorities

- 1 A focused ultra-low-cost business model.
- 2 Increasing our geographic footprint.
- 3 Delivering leading sustainability.
- 4 Enable our business by creating the leading digital platform.
- 5 Continue to run a highly engaged, agile and entrepreneurial organisation.

Our key performance measures

1. A focused ultra-low cost model	1/1 CASK performance 1/2 Ancillary PAX revenue 1/3 Cash	2. Increasing our footprint	2/1 Market penetration 2/2 Market share
3. Leading sustainability	3/1 CO ₂ emission intensity 3/2 Diversity	4. Leading digital platform	4/1 Brand awareness 4/2 Web/app visitors 4/3 Conversion
5. A highly engaged organisation	5/1 Employee engagement 5/2 Staff attrition 5/3 Promotion from within		

Our sustainability governance

Our sustainability agenda is governed by our Audit and Sustainability Committee. In November 2019, the remit of the Audit Committee was extended to include the oversight of the Company's sustainability strategy. The Audit Committee was renamed as the Audit and Sustainability Committee and its terms of reference were amended accordingly. Consequently, in the context of sustainability, the Audit and Sustainability Committee is responsible for:

- ▶ reviewing the Group's sustainability strategy and its implementation;
- ▶ examining financial and non-financial risks, specifically those relating to environmental, social and societal issues; and
- ▶ co-ordinating non-financial reporting processes in accordance with applicable legislation, international benchmarks and best practice.

By continuously integrating sustainability across its business and operations (see below), the Company contributes significantly to the UN Sustainable Development Goals that are within its scope of influence.

In F21, the Audit and Sustainability Committee reviewed sustainability during six of their meetings, of which two meetings were fully dedicated to sustainability. The Board was subsequently apprised of the key outcomes during the six Board meetings in F21. Deloitte Hungary has been advising the Company on best practise Task Force on Climate-related Financial Disclosures (TCFD) reporting as detailed on page 23. Sustainability was integrated into one of the five key strategic priorities of the Company's strategic framework and the Leadership Team will now formally report on the progress against sustainability actions and the KPIs set out above.

During the March Board meeting, the Board nominated Johan Eidhagen as Chief People and ESG Officer. Mr Eidhagen will lead the Sustainability Council, which was founded in 2018, and now meets at least monthly to discuss the sustainability agenda for the Company and implementing relevant initiatives across the organization. The Sustainability Council is led by the Senior Manager of Sustainability, is sponsored by the Chief People and ESG Officer and attended by the Chief Financial Officer and Chief Marketing Officer, together with the leaders of several strategic priorities in Operations and HR. In F21 the Sustainability Council met ten times. It is intended that the Council will meet monthly but two meetings during the period April to June 2020 were cancelled due to the COVID-19 pandemic).

Going forward, the Audit and Sustainability Committee will continue to review the Company's sustainability agenda and progress during each of its meetings (six times per annum), in a review led by the ESG Officer, and is planning at least two in depth engagement meetings during the year dedicated solely to sustainability. The Sustainability Council will continue to meet monthly and will debrief the full Leadership Team including the CEO on the progress it is making versus its strategic priorities. Amendments to goals and strategies will be aligned. Subsequently, progress and future strategies will also be aligned with the Audit and Sustainability Committee.

Our mission as a force for growth

Offering opportunity for all without compromising our planet is our inspiration for growth. It is the raison d'être of Wizz Air and covers the elements most relevant for the sustainability of our success: 1) our role in society, 2) our responsibility towards the environment, 3) diversity driving our success.

Our role in society

75 per cent of our historical growth has been through making travel more accessible to all. Wizz Air's entry into markets has been synonymous with prosperous development of communities and economies.

Throughout the COVID-19 pandemic, Wizz Air continued to invest into the integration and economic prosperity of communities, announcing the opening of an additional 18 bases which will contribute to the economic growth in these locations and communities by promoting tourism, generating employment opportunities and increasing tax revenues.

Our role in society – testimonials
<p>CEO Hermes Airports, Ms Eleni Kaloyirou:</p> <p><i>"We are very proud for the opening of a Wizz Air base at Larnaca airport, a move that will yield mutual benefits for the airline, for the airports and for the island of Cyprus. Wizz Air has proven its resilience during the pandemic by showing agility to the new conditions of travelling, but also staying true to its vision of growth, whilst embracing the initiatives for a more sustainable aviation environment."</i></p>
<p>COO Tirana Airport, Mr Volker Wendefeuer:</p> <p><i>"The 1st of July was an important and sunny day at Tirana International Airport. Wizz Air announced a new base which provides new destinations for many Albanians and means economic growth and new opportunities for the country and its citizens. Such good news was really encouraging and a delight in the middle of the unforgettable year of 2020."</i></p>

Our responsibility towards the environment

Wizz Air aspires to be the most sustainable airline on the planet, and we believe that this is a key strength and contributor to our competitive advantage. However, in the context of continuing impact of global warming, our responsibility towards the environment is our single biggest opportunity in creating a clear pathway towards being an even greener airline. Therefore we have set ourselves a 2030 goal of reducing emission intensity to 43 grams per RPK.

Emission intensity	F20 (baseline)	F25	F30
CO ₂ in g/RPK	57.2	47.3	43

We did not take the work on our long-term target lightly and we believe that we have identified a number of operational initiatives that will help reduce emission intensity materially by 2050 versus F20, the year we have used our baseline as we introduced TCFD in F21. The Company, together with the Board of Directors, are working to complete our long-term end-to-end plan prior to any further market communication on our 2050 targets.

Our diversity is driving our success

Wizz Air is an ethnically diverse professional organisation with over 50 nationalities within its employees' base.

Despite this, we are conscious that we have much to do in terms of gender diversity. We have identified the diversity of our flight crew as a major opportunity for Wizz Air and we want to be an industry leader. In recognition of this, we launched a Cabin Crew to Captain programme in July 2020, which helps support cabin crew members in transitioning to the flight deck via a comprehensive financial, travel and accommodation support, as well as a tailored work and study schedule. We believe that this programme will help break down gender barriers to the flight deck and will support ambitious crew members on their journey to the flight deck and pioneer gender equality in aviation. We are now having a positive bias for training opportunities to a capable workforce of talented women and by the end of the decade we expect 20 per cent of our flight crew to be women, up from less than four per cent today.

Wizz Air knows it will make faster progress on gender diversity if its leadership is more diverse than today. We have a strong commitment to close the diversity gap in our Board room and at leadership level, and we plan to include Management Team gender diversity in our reward structure as part of our 2021 AGM remuneration policy renewal.

Our sustainability priorities

To identify sustainability priorities that matter most to our stakeholders and that are most material to Wizz Air, we have used a materiality assessment method that considers a wide range of environmental (E), social (S) and governance (G) factors and issues. Each of these issues has been identified as representing a significant risk or opportunity to our business. The results are shown in the table below. The most material issues to Wizz Air and to our stakeholders can easily be identified by this analysis (●●● = most material issues). We will

provide further perspective below with regards to our goals, strategies, results on the most material issues and opportunities.

Materiality matrix	Stakeholder importance	Wizz Air materiality
Higher Wizz Air materiality		
E - Emissions standards met	●●●	●●●
E - Product footprint	●●●	●●●
E - Climate change position	●●●	●●●
E - Product H&S	●●●	●●●
G - Ethical conduct	●●●	●●●
E - Noise Emissions	●●	●●●
S - Employee H&S	●●	●●●
S - Employee Relations	●●	●●●
S - GDPR	●●	●●●
Medium Wizz Air materiality		
E - Emissions management	●●●	●●
S - Supplier standards	●●●	●●
S - Social impact of services	●●	●●
S - Training	●●	●●
G - ESG reporting	●●	●●
G - Political transparency	●●	●●
S - Employment security	●●	●●
G - Shareholder representation	●●	●●
S - Equal Opportunities	●●	●●
S - Payment practices	●●	●●
G - Board composition	●●	●●
S - Complaints management	●●	●●
S - Community involvement	●●	●●
S - Human rights	●●	●●
Lower Wizz Air materiality		
E - Energy management	●●●	●
E - Renewables	●●●	●
E - Fleet disposal	●●	●
S - Work/life benefits	●●	●
S - Accessibility of service	●●	●
S - Responsible marketing	●●	●
E - Freshwater use	●●	●

Stakeholder engagement

We engage with our principal stakeholders on a continuous basis to sharpen our sustainability strategies. Blending our vision and strategies with their views on Wizz Air, our operations and our industry have allowed us to ensure we focus on what matters most and to be more ambitious in setting and achieving targets that are meaningful and that will have a lasting impact.

During COVID-19 our principal stakeholders have sought even more guidance from the Company and their feedback has been positive – they appreciated our proactive action in addressing those elements that are of most importance to them.

Stakeholder	Why they matter to us	What matters to them
Our Customers	Our customers are the foundation of our success. We strive to meet their needs whilst keeping our cost structure competitive.	Our customers value the relationship Wizz Air is building with them. They are looking for a reliable, safe and environmentally responsible travel experience, low prices, great service, more choices, and a frictionless digital experience.
Our Investors	Investors' continued support is key to sustaining our business model and our strategy. Their support allows us to support our customers through investment in the growth of our business while helping deliver leading shareholder returns.	Our investors value results delivered in a sustainable and responsible manner. Our investors see Wizz Air as a positive disruptor in the industry not only in terms of our low-cost business model, but also in taking an environmental leadership position.

Our People	Above all, Wizz Air is made of the many loyal employees we have. They are the face of the Company towards our customers. We strive to have highly engaged people as it will lead to a more efficient and customer-centric service offering.	Our people want a safe environment to work in where they are nurtured and respected. Our people find reward in the interaction with our customers and find reward in realising their career aspirations.
Our Partners	Wizz Air is a focused operation and we partner with many companies to deliver a “lowest-cost-done-right” service. Wizz Air values the agility of our partners even in the most difficult times and rewards them with security and growth prospects.	Our partners expect a trusting relationship where both sides add and retain value.
Our Communities	Wizz Air brings prosperity and happiness to the communities it serves and operates in. It connects communities into economies and connects people with opportunities.	Our communities expect Wizz Air to enable opportunities and progress, in a responsible manner to the people, society and the environment where we operate in.

Environment – Wizz Air cares for our planet

Wizz Air is committed to aligning our climate change-related disclosures to the TCFD recommendations. Governed by a dedicated Board Committee, the Leadership Team has identified goals and strategies and tested these against different climate scenarios. We have outlined our plans in view of the different climate risks and opportunities, and have put in place a rigorous tracking framework against these key performance metrics that were identified.

Responding to TCFD requirements		
1	Describe the board's oversight of climate-related risks and opportunities	Board level oversight is with the Chief Executive and the Chair of the Board. See page 24
2	Describe management's role in assessing and managing climate-related risks and opportunities	Leadership Team defines strategies and drives progress through the Chief ESG Officer and the Sustainability Council. See page 24
3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Integrated in the ERM process (see page 51) and outlined further on page 25
4	Describe the impact of climate-related risks and opportunities on the organisation's business strategy, and financial planning	Addressed through our comprehensive climate strategy, see page 24, where we have outlined our key strategic priorities
5	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Our climate strategy integrates climate risk assessments and is embedded in our mid-term planning and management processes. Climate scenario work will continue to evolve and improve. Please refer to page 24.
6	Describe the organisation's processes for identifying and assessing climate-related risks	Climate related risks are identified as part of our ERM process (page 51). Our climate strategy responds to short- and medium-term risks (page 24).
7	Describe the organisation's process for managing climate-related risks	By integrating sustainability and climate as a key focus area within one of our five corporate strategies, we intend to improve focus and make strong progress on key climate related priorities for the Company. See page 28.
8	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	We manage climate-related risks through our corporate ERM framework. See page 51.
9	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management	See page 31.
10	Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG emissions, and the related risks	We report extensively on Scope 1 and Scope 2 emissions on page 31. We will be working to report Scope 3 in the future
11	Describe the targets used by the organisation to manage climate-related risks and opportunities	See page 31 for other targets on key climate-related metrics

Environmental governance

Wizz Air's climate strategy is governed by the Board of Directors and the Leadership Team, and in this effort is supported and advised by the Audit and Sustainability Committee and the Sustainability Council. The Board of Directors is very committed to being a leader with regards to reducing the impact of Wizz Air's operations on the environment and has historically been guiding the Leadership Team to invest in aircraft with the leading technology in terms of emission efficiency. The Board of Directors continues to be highly committed to further reducing and/or avoiding the impact of climate change in the short, medium and long term.

The Board of Directors examines and approves, based on the proposal of the CEO, the objectives and strategies on the business and this includes climate change. The Board of Directors approves – as part of the Enterprise Risk Management (ERM) process outlined on page 51 – the climate related risks, the risk appetite and reviews the action plans proposed by the Leadership Team. The Sustainability Committee and the Sustainability Council play a key role in the proposal of the strategy, the calibration with best-in-class practices, and the execution of this strategy through well-defined strategic priorities.

In F21, the Audit and Sustainability Committee reviewed the environmental plan during six meetings, of which one session has been an in-depth training session by an external provider. The Board was subsequently informed on the key outcomes. The Audit and Sustainability Committee was key to the integration of carbon emission intensity into the new Director and Leadership Team reward criteria.. The Committee also agreed to the proposal from the Leadership Team to be an early adopter of the TCFD framework within the industry. Deloitte Hungary has been advising on best practises of TCFD related to the F21 Sustainability report of the Group . The F22 operating plan includes clear perspective on key environmental metrics with a plan towards our F30 targets.

Company governance	Sustainability governance
<p>Board of Directors</p> <p><i>Approval and supervision of strategic objectives</i></p>	<p>Audit and Sustainability Committee</p> <p><i>Alignment of the Company's sustainability strategic objectives with the compelling need and calibration of the goals and strategies with the best-in-class standards in the industry. Approval of the climate-risk universe, risk appetite and action plan to address these risks.</i></p> <p><i>Meets at least six times per year with at least one session dedicated to in-depth training and discussion on sustainability and climate-related matters.</i></p> <p><i>Monitors progress against targets.</i></p>
<p>Leadership Team</p> <p><i>Development and execution of strategies</i></p>	<p>Sustainability Council</p> <p><i>Supports the Leadership Team in development of sustainability strategies. Drives the execution through the organisation via prioritisation and resourcing. Centre of expertise on sustainability. Oversees around 60 initiatives on sustainability, responsible for organisational training and development. Integrates key functional leaders to deploy guidance and swift action into the operation on key priorities e.g. fuel efficiency initiatives, aircraft technology partnerships, sustainable aviation fuels and non-fuel related emissions and waste.</i></p> <p><i>Meets at least twelve times per year with at least quarterly CEO reviews.</i></p>

Further, the Company has provided training to its Leadership Team and Board to ensure environmental acumen will move to the same level of expertise as business acumen. This will ensure that Wizz Air stays well informed of the most recent developments and needs in Environmental Governance, allowing us to benchmark and reassess our targets, our strategies and our actions so we can ensure that we are making effective progress in achieving our aspiration to be the undisputed leader on the environmental agenda within our industry.

Environmental strategy

Wizz Air acknowledges the fact that the aviation industry has a responsibility to minimise its effects on the environment. Whereas we have several work streams within the environmental pillar, it is clear that the reduction of greenhouse gases emission intensity is the #1 priority for Wizz Air. We have a clear strategic plan driven by our goal to reduce emission intensity to 43g CO₂ per RPK by F30 (down from 57.2g CO₂ per RPK in F20). This plan is based on building blocks and annual targets for every year up until F30, and, the Company is working equally hard on developing its 2050 plan. Our F30 plan is outlined in more detail below. Wizz Air has the KPIs defined to measure progress of our strategies, allowing us to correct course should we need to or, alternatively, accelerate ahead of our initial targets.

Climate change has been identified as a principal risk to Wizz Air as part of the ERM process (see page 51) and it may impact our business over the short, medium and long term. We have outlined the impact that climate change could have on our business via a high-level assessment of the impact of 2°C and 4°C global warming scenarios, constructed on the basis that average global temperatures will have increased by 2°C and 4°C latest by the year 2100. We have looked at the impact on our business in F30 projecting the size of our business based on our current fleet plan.

In the 2°C assumption scenario, we assumed that in the period to F30 there is a broad-based and well-co-ordinated action plan to rapidly limit and discourage greenhouse gas emissions in line with the Paris Agreement's objective of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels". Based on existing and announced policies the world is not on course to achieve the outcomes of the United Nations Sustainable Development Goals (UN SDG) most closely related to energy and the airline industry: to reduce health impacts of air pollution (part of SDG 3) and to tackle climate change (SDG 13). This is in line with the Net Zero by 2050 (NZE2050) scenario as outlined in the World Energy Outlook 2020 by the International Energy Agency.

In the 4°C assumption scenario, which is consistent with the Stated Policies Scenario (SPS) as outlined in the World Energy Outlook 2020 by the International Energy Agency, we see policies in line with today's stated policies, insufficiently ambitious and with high levels of emission. The impact of this scenario to the climate change will be increasingly apparent by 2030.

Risk/opportunity	Risk discussion	Opportunity discussion	Materiality
Transition 2°C scenario			
Policy & legal	<p>Carbon taxation: carbon price schemes are likely to be introduced reflecting the true cost of carbon emissions and with this increasing the cost of our service to the passenger.</p> <p>Sustainable Aviation Fuels: from a policy point of view we expect biofuels blending mandates for a small part or possibly up to 62 per cent of fuel by 2050 as drafted by the "ReFuelEU Aviation" initiative, which, due to limited feedstocks and higher costs of biofuel would lead to an overall increase in jet fuel prices. These blending mandates are expected to be more common as of 2025 and as such this is a medium to long-term risk for the Company.</p>	<p>Given the industry profitability, it is likely that increases in carbon taxes or fuel prices will be passed on to customers. Given the emission intensity of Wizz Air is significantly below our competition, the relative cost advantage of the lowest intensity airlines like Wizz Air would improve. At the same time, Wizz Air will continue to work on efficiency initiatives to lower emissions. More perspective on our fleet programme and our fuel initiatives can be found on page 29 respectively.</p>	High
Technology	<p>Technology obsolescence: disruptive engine and aircraft technology may get introduced like hydrogen or electric aircraft, which could potentially make the obsoleting existing technology, but also materially reshape the environmental footprint of the industry. This is a longer-term risk for the Company.</p>	<p>As technology comes on stream during the next decade (e.g. hydrogen aircraft by 2035), there will be an opportunity to potentially renew the fleet with these new aircraft types. Wizz Air's position with a predominantly leased fleet with an average lease length of ten years will allow us to renew technology with reduced financial impact. We are proactively engaging in discussions regarding this next generation aircraft.</p>	High
Market	<p>Public opinion may shame certain air services like business class flights, long-haul operations, <1000km flights. This is a short-, medium-, and long-term risk for the industry.</p>	<p>Flying single economy class and an average stage length of 1,604km and only 13% of flights in F21 below 1,000km (some of which can be replaced with rail), Wizz Air's model is more resilient than other competitors in the industry.</p>	Low

Reputation	Airline services in general may be shamed by public opinion or banned in part or in full by authorities. This is a medium and long-term risk for the industry.	It is key for Wizz Air to continue to embrace and take action on reducing carbon emissions whilst being an early adopter of new technologies.	Medium
	Investors may divest from high-emitting industries and, over time, this may affect the cost of capital for Wizz Air. This is a medium and long-term risk for the industry.	We aspire to continue to be an industry disruptor not only on low-cost of operation but equally on carbon intensity of our operation. This over time should result in an even more competitive cost of capital.	Medium
<i>Physical 4°C scenario</i>			
Acute	Severity of weather disruptions. Climate change will lead to more frequent extreme weather situations such as heat waves and large storms. As aviation depends on meteorological conditions it may be disrupted more frequently leading to increased incidences of delays, diversions or cancellations. Such events may have a material operational and financial impact.	Wizz Air has and will continue to invest in disruption management to ensure safe travel conditions for our passengers and our goal is to always maintain or re-establish a safe operation in the fastest and most agile way possible. At the same time, we have diversified our operation geographically to avoid reliance on certain geographies should such an adverse natural event occur in a certain region within our network. The Group has also revised its hedging strategy to avoid incurring financial losses during these disruptions.	Medium
Chronic	Chronic change in weather patterns may lead to reduced activity levels during extreme weather conditions which may impact willingness to travel.	Wizz Air will continue to evolve its network to ensure its services stay relevant to the communities it serves.	Medium

Environmental risk and opportunity management

Wizz Air has outlined several climate scenarios and has integrated climate risk management into its Enterprise Risk Management (ERM) process. We have attributed the lowest risk tolerance on our climate risks (the same lowest risk appetite as applied to safety risks) to ensure there was additional attention on driving the action plans for these risks.

The output to all this is diligent, long-term action planning, of which you will be able to find the outcome outlined below as disclosed in our integrated annual report.

This risk management process feeds into the Risk Council, into the Audit and Sustainability Committee and into the Board of Directors and as such has strong support and priority in terms of integrating into our business plans and actions to mitigate the risks.

Detailed analysis of the potential financial impact of climate change risks

To help us understand the potential impact of climate change on our business and operation, we have completed a more detailed analysis on the three key risks outlined: 1) market and reputation risk leading to a loss of revenue as certain passengers would no longer be interested in our services; 2) a polluter-pays tax policy geared at reflecting the true cost of travel; and 3) a new disruptive technology which renders the existing technology obsolete.

The assessment looked at: 1) the impact on our commercial plan, i.e. our ability to generate revenue; 2) the impact on our structural economics, i.e. the impact on our cost structure and/or the yield environment driven behind the ability to potentially pass-through certain costs to the end customer; and 3) the impact on our balance sheet.

While the two different climate scenarios (2°C and 4°C scenarios) outlined above identified the financial risks to our business, we concluded that the majority of the risks outlined will guide our longer term strategy, and we have concluded that Wizz Air, within the industry, is well-positioned to deal with short- and medium-term adversities relatively better than peers.

Market and reputation risk

What we modelled. We have modelled that passengers opt-out to a material extent from less-essential travel services. The way we have modelled this is by looking at our different traffic types i.e. visiting friends and relatives (VFR or essential travel), leisure (less-essential travel), business (less-essential travel). We assumed a severe 30 per cent decline in leisure and business travel to reflect travellers who opt for alternatives, whilst, we have maintained our forecast for VFR traffic as it is the most essential traffic flow as also evidenced during COVID-19. We have assumed this would be a “gradual” trend over time and would transpire in Wizz Air markets over a period of ten years.

Impact on revenue. Based on pre-COVID-19 traffic flows, 45 per cent of our business would be impacted seeing a 30 per cent decline, meaning a 13.5 per cent revenue loss over ten years or a 1.3 per cent loss of revenue annually.

Impact on structural economics. Without actions this would have a (minor) impact on aircraft utilisation and our structural costs; however, given the growth momentum of Wizz Air, the impact on structural economics can be mitigated. Furthermore, the impact on industry demand with higher exposure to, for example, leisure and business travel, would lead to a slower growth rate and lower demand in the industry for newer capacity. Given this would be a gradual trend and not a demand shock, we would expect industry capacity to adjust to this potential trend and to the lower market growth.

Impact on balance sheet. Wizz Air’s worst-case scenario would shift one year of growth over a ten-year period. We could adjust the order book in case this risk would materialise and phase this growth in capacity to better match the new demand environment. As such, we deemed the impact is negligible.

Risk profile. This is a likely risk as COVID-19 has raised awareness in society that a new way of living and working should be considered. This is however a medium- and longer-term risk as we know these lifestyle trends take an extended period of time to become established and materially change societal habits.

Mitigating actions. Wizz Air has chosen to become a leading carrier in substance on sustainability aspiring to have the lowest carbon emission intensity, along with offering the lowest fares, as a point of difference for the brand. Our transition strategy is to simply have the lowest emission intensity in the industry, and to offer customers a way to offset their carbon emissions until truly carbon neutral flights become a viable option in the future. As Wizz Air becomes synonymous with lower emissions and a sustainability focused brand, we expect to continue to increase our traffic with more environmentally conscious customers and this will further benefit our market share. We believe that attracting this new cohort of customers will also help to offset the reduced market growth.

Tax policy risks

What we modelled. We have modelled that current tax policies are reformed to incentivise carbon-efficient technologies, and, that the overall level of taxation in the mid-term (five-year horizon) doubles. The form of taxation can be multiple 1) blending mandates for sustainable aviation fuels to stimulate the development of alternative fuels 2) general taxation where tax revenue does not flow back specifically to the development of new technology (like e.g. hydrogen-powered aircraft) instead is used for general purposes. We have modelled with an assumption that all carbon generated by the industry would be taxed at a rate of €50 per tonne (for perspective, in F20 56 per cent of carbon was taxed at an average rate of €21 per tonne) and that this tax charge would get implemented in the next five years.

Impact on revenue. There would be an indirect impact on revenue (we assume that this tax charge would be recognised as a cost from an accounting point of view). The revenue impact would be driven behind the actions taken by airlines to pass on the increased cost of doing business to the passenger. Given near perfect price elasticity of air services we would expect to see an equivalent revenue decline and a partial offset as the industry as a whole would pass on the increased cost of travel to the revenue line.

Impact on structural economics. Structural economics would not get materially affected as the absolute cost increase would be passed on in revenue, assuming price pass-through by the industry.

Impact on balance sheet. Wizz Air would not see a material impact on its balance sheet.

Risk profile. We believe we will see increasing blending mandates of sustainable fuels with conventional fuels and taxation for more polluting technologies will occur more frequently (e.g. Sweden taxation on older aircraft technology). This is a medium- to longer-term risk as blending mandates for the EU are expected to start to come into effect by 2025 at two per cent (to possibly increase to a much higher percentage by 2050).

Mitigating actions. Whereas Wizz Air will not be immune to this increase, our strategy to have the lowest carbon footprint and lowest emission intensity will give us a competitive advantage as it will get less affected by this tax burden on a relative basis (versus competitors). This will allow Wizz Air to further improve its cost leadership position and will allow us to have lower price increases to offset this increased cost of doing business. Increased taxation may slow overall industry growth, especially in business segments with higher emission intensity.

Technology risk

What we modelled. Technology change is a longer-term risk, while the direction is clear the technical challenge is material thus making the timelines harder to project. We are very supportive of the developments in this area and are playing an active role in discussions with OEM's on what would be the "top level aircraft requirements" for future technology to be successful. The key technology example is the hydrogen-powered aircraft, but this is a long-term development as the earliest these aircraft will go into production will be post-2035.

Impact on revenue. There should not be an immediate impact on revenue nor a longer-term impact on revenue. At this point the economics of such technology are unclear so is whether the structural economics of such an aircraft would fit a ultra-low-cost provider

Impact on balance sheet. Our current balance sheet is not affected, however our balance sheet in the future could incur increased cost as we would have to renew our fleet base over time as these aircraft become available. Given the length of our leases (at 8 to 12 years) and a likely transition period to the new fleet, we believe the balance sheet exposure will be limited. Looking at electrical vehicle adoption, we should assume that introduction will happen but only on a gradual basis in the medium term.

Risk profile. We believe this is an important risk that eventually will happen, but gradually over an extended period of time.

Mitigating actions. Wizz Air is partnering with Airbus on the development of the top-level requirements to ensure that 1) Wizz Air learns from the challenges and directions being taken by the development team 2) Wizz Air can feed into the development team what it believes is a sustainable business model. Sustainability is defined in the broadest sense of the term with sustainability not only referring to environmental sustainability but also to business model sustainability.

Environmental priority programmes

We have five priority programmes on environment.

- 1 CO₂/RPK reduction** – our core programme to reduce emission intensity of our services
- 2 Fleet renewal** – a key cornerstone of the emission intensity reduction, driving most of the targeted reduction by F30
- 3 Fuel savings initiatives** – as an important add-on to drive a further reduction
- 4 Offset programme** – to beyond intensity continue to reduce the impact of our operation on our planet
- 5 Noise reduction programme** – with focus on technology and noise emissions in vicinity of airports

1 CO₂ per revenue passenger kilometre (CO₂/RPK) reduction

This is the key environmental metric for Wizz Air as it is the most significant element of our carbon footprint with CO₂ at 99% of our total GHG (CO₂e) emissions. 1 tonne of fuel burn emits 3.15 tonnes of CO₂ (as per international conversion standards). In F20, Wizz Air had the lowest emissions in the industry expressed in CO₂ per RPK as it operates the youngest fleet at the highest seat load factors. Wizz Air declared a target reduction to 43g CO₂/RPK emissions by fiscal 2030 versus its fiscal 2020 baseline of 57.2g CO₂/RPK. The progress versus target is also part of the incentive scheme as of fiscal F22 for CEO and Officers.

CO ₂ /RPK	Wizz Air	Ryanair	EasyJet	AF-KLM	IAG	LH	SAS
Pre-C19 results	57.2	66.0	70.8	79.0	89.8	92.2	95.0

Source: Annual and quarterly reports and presentations: (1) Latest available information; (2) Latest FY results

During F21, where total GHG emissions were significantly lower and this intensity metric was adversely affected due to the enforced Government restrictions introduced due to the COVID-19 pandemic. It impacted the efficiency of the operations of Wizz Air as passenger load factors on aircraft were significantly below pre-COVID-19 levels. Passenger load factors are expected to recover through calendar year 2021 and calendar year 2022, hence lowering our CO₂/RPK. As we continue to renew our fleet, we are projecting to be back on track from F24 onwards.

	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
CO ₂ per RPK glidepath	57.2	77.3	62.9	51.1	48.9	47.0	45.1	44.1	43.1	43.0	43.0

Source: Annual and quarterly reports and presentations: (1) Latest available information; (2) Latest FY results

The key actions to deliver on our CO₂/RPK glidepath are outlined below: fleet renewal (contributing to 22 per cent reduction with the current orderbook); fuel savings initiatives (contributing 1 per cent reduction) and Sustainable Aviation Fuels (contributing 2 per cent reduction). Offset programmes are targeted to deliver additional benefits.

2 Fleet renewal

Since its very first flight in 2004, Wizz Air has always operated the Airbus A320-family of aircraft and currently operates one of the youngest fleets in Europe with an average age of 5.4 years.

Years	Wizz Air	Ryanair	EasyJet	AF-KLM	IAG	LH	SAS
Average Aircraft Age	5.4	8	8.0	11.6	10.6	12.5	9.0

Wizz Air does not only have one of the youngest fleets, but also one of the most efficient. The Airbus A321neo, which Wizz Air introduced in March 2019, is the most efficient single aisle aircraft with the lowest fuel consumption per seat-kilometre in its category. The new generation Airbus A321neo aircraft is powered by two Pratt & Whitney geared turbofan engines and features the widest single-aisle cabin with 239 seats in a single class configuration, offering Wizz Air maximum flexibility, fuel efficiency and low operating costs. The A321neo delivers exceptional fuel economies by reducing fuel consumption by 16% compared to the A321ceo.

Fleet efficiency	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
Avg. seat count	201	205	214	221	226	226	229	229	231	231	231
NEO seats share	8%	23%	41%	56%	67%	77%	87%	93%	99%	100%	100%

3 Fuel savings initiatives

We continue to focus on initiatives that reduce our impact on the environment by consuming less fuel. In total, during F21, we launched initiatives that on a going basis are reducing consumption by 1.1 per cent. We continue to work on the ideation and qualification of other optimisation projects to deliver a reduction of 20bps of consumption every year.

Initiative	Start date	% Efficiency
Differentiated Cost Index	Jun-18	0.4%
CONF 3 landing	Aug-19	0.2%
Cost Index Optimisation – Speed Compliance	Jun-20	0.4%
Performance/Idle Factors	Jun-20	0.1%
ZFW Optimisation	Jun-20	0.3%
Reduced take-off configuration	Oct-20	0.3%

Differentiated Cost Index: Considering that the cost index represents the cost of time over the cost of fuel, a differentiated cost index is applied to the CEO and the NEO fleet which better represents the different time-related costs for each aircraft type and allows to maximise the cost reduction (and fuel burn) of our operations;

Cost Index Optimisation – Speed Compliance: During the last months (starting in June 2020), a non-standard speed policy was introduced to further optimise fuel consumption;

Performance/Idle Factors: We are constantly measuring and monitoring (through an external provider) flight data, recorded for each flight by the aircraft itself. This data is used to create individual performance models for each one of our aircraft, which are then compared to an expected book-level performance. The resulting performance factor is used to lower fuel burn, increasing the accuracy of the operational flight plan and reducing the need for discretionary fuel on board. Idle factors are used by the on-board flight management system to better estimate top of descent (T/D), reducing the need to apply engine thrust during descent;

ZFW Optimisation: Operational flight plans created by the Flight Planning System used to be calculated with an estimated Zero Fuel Weight (ZFW), based on standard and fixed weight of passengers and their luggage. Around a year ago, we introduced a new model to better estimate ZFW and at the same time, to reduce the number of underestimations. Using machine learning algorithms, a model was trained with actual data over a period of two years to estimate ZFW based on different factors such as: city pair, time of the day, period of the year, etc. The resulting estimated ZFW was around one tonne lower than using the simpler method;

Reduced Take-off Configuration: Last year we harmonised in our operations manual the recommendation for take-off flap configuration for A320 and A321. Lowering the recommendation to CONF 1 for A321 (same as for A320) has a significant fuel saving potential (of course when it's feasible for application and the captain has the final say on this) of around 15kg of fuel;

CONF 3 Landing: A reduced landing flap configuration (vs full flap) allows for around 10kg of fuel savings per approach, due to the decrease in induced drag, meaning that a lower thrust setting is required. As with take-off configuration, this is just a recommendation for fuel efficiency and should always be performed under captain's discretion, and is currently achieved at around 60 per cent of flights.

4 Offset programmes

In November 2020, Wizz Air started a voluntary CO₂ emission offset programme as part of its wider commitment to reducing emissions. The programme enabled passengers to calculate their flight's environmental impact and provide choice to offset the carbon emissions of their travel. The programme, which is run in partnership with climate-focused technology company, CHOOSE, provides passengers with the option to offset their journey by supporting trusted, high-quality and high impact climate projects around the world. We are working with CHOOSE because they offer offsets from projects that are currently aligned with the Oxford Principles for Net Zero Aligned Carbon Offsetting (the "Oxford Offsetting Principles") and we intend to shift our efforts from high-quality offset projects to long-lived storage projects in the long run. To account for their carbon emissions, passengers simply make a payment supporting a verified carbon offset and receive a certificate in return that officially recognises the emissions they have offset.

Wizz Air is currently supporting two verified carbon-reducing projects: *The International Small Group and Tree Planting Program (TIST)* in Uganda, an award-winning and longstanding reforestation project; and *The Pichacay Landfill Gas to Renewable Energy Project in Ecuador*, which recovers and repurposes landfill methane to produce clean electricity.

Both projects are certified by the Verified Carbon Standard to measurably reduce emissions. Since the start of the programme, only a very small percentage of bookings have elected to offset carbon. Wizz Air continues to build and improve this platform to ensure that it can play a more meaningful role going forward e.g., by bringing this within the booking flow over time in a way that should significantly increase its uptake by our customers.

The total offsets funded by Wizz Air are now covering 67 per cent of emissions (ETS offsets excluding free credits, voluntary offsets). The average price during F21 of an EU ETS credit was €37.23 (compared to €21.42 in F20).

	F20	F21
Scope 1 CO ₂ emissions with EU/UK ETS offsets (excluding free credits)	2,093,245	863,180
Scope 1 CO ₂ emissions with CORSIA offsets (excluding baseline credits)	—	—
Scope 1 CO ₂ emissions with voluntary offsets	—	105
Scope 1 CO ₂ emissions without offset (free credits, baseline offsets)	1,655,686	427,467

5 Noise reduction

At Wizz Air, we are also strongly focused on noise reduction given their positive impacts on the communities we depart from or arrive to.

- ▶ Our fleet renewal programme delivers strong noise reduction benefits. The A321neo delivers an almost 50 per cent reduction in noise footprint versus the previous A321 aircraft (A321CEO).
- ▶ The number of aircraft in our fleet meeting the ICAO Chapter 4 noise emissions standard is at 100 per cent and meeting Chapter 14 emission standard is at 70 per cent (only the 41 A321CEO aircraft do not meet the Chapter 14 noise emission standard) with a projection to get to 100 per cent during 2028. ICAO's Chapter 4 standard for aircraft noise applies to aircraft certified from 31 December 2005, and Chapter 14 applies to aircraft certified from 31 December 2017. Chapter 14 requires aircraft to be at least 7 EPNdB (Effective Perceived Noise in Decibels) quieter than Chapter 4. We do not operate contracted aircraft for passenger transport.

Fleet compliance	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
Chapter 14	66%	70%	72%	75%	79%	83%	90%	94%	99%	100%	100%

For reference, table below shows (in EPNdB) that Airbus NEO aircraft delivers a strong margin versus the Chapter 14 ICAO requirements. Our A321NEO EPNdB levels are like those of Boeing 737-8 with LEAP engines EPNdB, even with the A321NEO transporting 42 passengers more per trip.

EPNdB	Lateral	Flyover	Approach	Vs Chapter 4	Vs Chapter 14
A320NEO	87.0	79.6	92.2	-19.8	-12.8
A321NEO	88.2	83.4	94.8	-14.6	-7.6
Boeing 737-8	88.5	82.6	94.2	-14.9	-7.9

All environmental metrics and targets

Our climate strategy includes challenge goals to address climate risks and opportunities across our operation. All these metrics are key for our operation. For the first time during F22, CO₂ as measured in gram per RPK, will be included in the annual remuneration targets for all Officers.

Area	Unit	Note	F21	F20	F19	2030 Target
CO ₂ / RPK	g/RPK	Priority/1	77.3	57.2	58.8	43
Emissions						
CO ₂ e Scope 1(a + b + c)	t	2	1,303,398	3,783,901	3,310,219	
CO ₂ e Scope 2	t	2	2,197	4,670		
CO ₂ e Scope 3	t	3	n.m.	n.m.	n.m.	
CO ₂ Scope 1(a)	t	Priority/4	1,290,647	3,746,884	3,277,836	
CH4 Scope 1(b)	t	5	459	1,332	1,165	
N2O Scope 1(c)	t	6	12,292	35,685	31,217	
N2O Scope 1	CAEP/8	6	20%	7%	2%	100%
SO ₂ Scope 1	t	7	406	1,178	1,030	
NMVOC Scope 1	t	8	205	595	520	
CO Scope 1	t	9	2,663	7,732	6,764	
Particulate Matter Scope 1	t	10	61	178	156	
Noise						
Chapt.14	Priority/11		70%	66%	66%	100%
Waste-to-landfill	%	12	98.3	n.m.	n.m.	
Natural resource use						
Freshwater use per sales	l/EUR	13	0.0058			
Energy use per sales	GJ/EUR	14	0.000034	0.000015		
Kerosine use per sales	m ³ /EUR	15	0.000695	0.000540	0.000560	
Management						
Booked load factor	%	16	64.0	93.5	92.7	
Stage length	Km	17	1,604	1,635	1,618	
Sustainable aviation fuel	%	18	0.0007	0.0002		
Offsets	%	Priority/19	67	56	33	
Aircraft age	Years	Priority/20	5.5	5.3	4.9	

Notes:

- (1). **CO₂/RPK**. See page 28, Environmental Priority Programmes.
- (2). **Scope 1 and scope 2 CO₂e emissions** are emissions we control directly. Scope 1 emissions are linked to sources we own, lease or control, whereas scope 2 emissions relate to purchased energy. Given very high levels of outsourcing in the Wizz Air business model (third-party airport ground handling, maintenance contracts, no owned office contracts) scope 1 emissions relate purely to the kerosene used in the aircraft, whereas for example fuel used in ground handling transport is a scope 2 emission. Scope 2 emissions include electricity consumption or heat consumption in offices or facilities (excluding smaller locations used by local crews at airports where electricity and heating consumption is starting to be tracked) and electricity consumption at airports due to ground power to aircraft. Given 99 per cent of scope 1 and 2 emission is driven behind jet fuel consumption it underlines the importance of the efforts the Company is taking to reduce jet fuel emissions as a strategic priority. We have decided in agreement with the Sustainability Council and the Audit and Sustainability Committee for those reasons both the scope 1 emissions and the key fuel initiatives as priority programmes for Wizz Air.
- (3). **Scope 3 CO₂e emissions** are emissions that we can influence but that do not occur directly in our value chain. They relate to employee commutes to/from work or other business-related travel, emissions due to production or distribution of electricity used in Wizz Air leased or owned facilities, upstream emissions of fuel companies, jet fuel consumption of maintenance providers, emissions related to airport operations, emissions related to waste management operations and emissions related to the production and logistics of capital goods purchased (e.g. aircraft). Scope 1 and scope 2 emissions have been to the focus of our reduction efforts and Wizz Air will work with its vendors and partners on how to bring visibility to and drive reductions in scope 3 emissions.
- (4). **Scope 1 CO₂ emissions (Carbon Dioxide)** by our operations was 1,290,647 tonnes (based on our jet fuel consumption of 409,729 tonnes multiplied by the standard 3.15 multiplier to convert jet fuel kerosine into CO₂ emissions). Under our priority programmes outlined above we have detailed the key actions the Company has undertaken to continue to be industry leading on reducing carbon emissions. Further, we do not utilise contracted fleet from third parties. Emission factor verified in Eurocontrol European Aviation Fuel Burn and Emissions Inventory System for the European Environment Agency (for data from 2005) Version 2018.01 (20 July, 2018).
- (5). **Scope 1 CH4 emissions (Methane)** by our operation is negligible, at a multiplier of 0.00004 relative to the tonnage of jet fuel kerosine. Adjusting for the GWP (Global Warming Potential for 100-year time horizon) of 28/1 relative to Carbon, we derive its contribution to CO₂e tonnage (0.001 per tonnage of jet fuel kerosine). It should be noted that for Methane, any emissions above 3,000 feet (914 metres) can be disregarded. Therefore, Wizz Air uses the assumption that on average 18 per cent of total fuel used during a flight contributes to Methane emission. Emission factor verified in Eurocontrol European Aviation Fuel Burn and Emissions Inventory System for the European Environment Agency (for data from 2005) Version 2018.01 (20 July 2018).
- (6). **Scope 1 N2O emissions (Nitrous Oxide)** by our operation is at a multiplier of 0.0001 relative to the tonnage of jet fuel kerosine. Adjusting for the GWP (Global Warming Potential for 100 year time horizon) of 265/1 relative to Carbon, we derive its contribution to CO₂e tonnage (0.030 per tonnage of jet fuel kerosine). As we are industry leading, it will not be a surprise

that we have 100 per cent of our fleet meeting the ICAO NOx CAEP/6 standards and 20 per cent of our fleet meeting the ICAO NOx s CAEP/8 standards (essentially, our NEO-powered aircraft are meeting the ICAO CAEP/8 standard so by late 2028 Wizz Air will also have 100 per cent of the fleet meeting ICAO CAEP/8 standard). Emission factor verified in Eurocontrol European Aviation Fuel Burn and Emissions Inventory System for the European Environment Agency (for data from 2005) Version 2018.01 (20 July 2018).

% of fleet	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
CAEP-8	7%	20%	37%	53%	63%	75%	85%	93%	99%	100%	100%

Our NEO fleet has a wide margin in terms of NOx emissions versus CAEP/8 standards, ahead of the Boeing 737-8200 with LEAP engines.

	NOx Margin to CAEP/6 (%)	NOx Margin to CAEP/8 (%)
Wizz Air A320neo	56	49
Wizz Air A321neo	55	49
Wizz Air A320ceo	7.4	-10.6
Wizz Air A321ceo	1.3	-13.9
Boeing 737-8200	16	6

There are no emissions of HFCs, PFCs, SF6 as part of the services delivered by Wizz Air.

- (7). **Scope 1 SO2 (Sulphur Dioxide)** while not regarded as a direct greenhouse gas like carbon dioxide, methane or nitrous oxide, it is considered an indirect greenhouse gas as, when coupled with elemental carbon, it forms aerosols. The average annual emission of SO2 is a factor of 0.00099 times the tonnage of jet kerosine. Scientists are today unclear whether SO2 has a net cooling or warming effect on the planet. Emission factor is verified in Eurocontrol European Aviation Fuel Burn and Emissions Inventory System for the European Environment Agency (for data from 2005) Version 2018.01 (20 July 2018).
- (8). **Scope 1 NMVOC (Non-Methane Volatile Organic Compound)** while not a greenhouse gas may contribute to the formation of ground level ozone and certain species may be harmful to human health. The average annual emission of NMVOC is a factor of 0.0005 times the tonnage of jet kerosine. Emission factor is verified in Eurocontrol European Aviation Fuel Burn and Emissions Inventory System for the European Environment Agency (for data from 2005) Version 2018.01 (20 July 2018) in combination with ICAO Aircraft Engine Emission Databank (EEDB) issue 28 with last update as of 23 December 2020. Further, the factor is reflecting the weighted average of the Wizz Air's fleet composition of CEO and NEO as of F21.
- (9). **Scope 1 CO (Carbon Monoxide)** whereas not a greenhouse gas, it is best known for the lethal effects that it can have in-house, but outdoor it does not cause climate change directly and concentration has been on a decline since 2000. The average annual emission of CO is a factor of 0.0065 times the tonnage of jet kerosine. Emission factor is verified in ICAO Aircraft Engine Emission Databank (EEDB) issue 28 with last update as of 23 December 2020. Further, the factor is reflecting the weighted average of the Wizz Air's fleet composition of CEO and NEO as of F21.
- (10). **Scope 1 Particulate Matter** or the sum of all particles suspended in air whether hazardous or not, organic or inorganic, an important metric to measure air pollution, is a factor of 0.00015 times the tonnage of jet kerosine. Studies have shown that primary soot particles from kerosine combustion in aircraft turbine engines can cause damage to lung cells and can trigger inflammatory reaction if the solid particles are inhaled in the direct vicinity of the engine. Emission factor is verified in ICAO Aircraft Engine Emission Databank (EEDB) issue 28 with last update as of 23 December 2020. Further, the factor is reflecting the weighted average of the Wizz Air's fleet composition of CEO and NEO as of F21. The PW1100G (NEO fleet) and V2500 (CEO fleet) engines are required to comply with the In-Production nvPM regulatory limits and at the end of F21 both engines comply with margin.
- (11). **Noise emissions.** See page 30, Environmental Priority Programmes.
- (12). **Waste** is generated in the aircraft and in the office. In the aircraft we have galley waste and tank waste, with 1 hour of flying causing around 30kg of waste (5kg of galley waste and 25kg of tank waste), or a total of 5,174 tonnes during F21. Office waste for Wizz Air was 64.2 tonnes. Office waste is segregated at 24 per cent recycling rate. Large portion of aircraft waste does not end up in landfill (83.3 per cent) but gets processed via purifying stations. We have started a test programme with Vienna and Budapest airport to understand how we can eliminate waste-to-landfill/incineration of galley waste. Further, we have reduced galley waste-to-landfill issues enabled by our elimination of single-use plastics and elimination of cups and lids (as of July 2021). Other initiatives have included reduced office paper consumption via initiatives such as e-signature and digitisation of procure-to-pay processes.
- (13). **Water use intensity.** Wizz Air consumes water in its offices, training centres, hangars (where also engine wash events are conducted), and for de-icing of aircraft where needed. In F21 we used 677,000 litres were used for de-icing, while hangars in total consumed 692,000 litres.
- (14). **Energy use intensity.** Wizz Air does not directly use electricity other than through leased contracts in its offices, bases or maintenance operations. There is also usage of ground power to aircraft while on ground at various airports around its network.
- (15). **Kerosene use per sales.** This is consistent with scope 1 kerosene consumption, divided by the sales for the respective period.
- (16). **Passenger load factor.** This is a key operational metric, as Wizz Air always operates a load factor-active business model trying to maximise load factor to maximise value creation.
- (17). **Stage length** for Wizz Air is on average 1,604km with flights below 1,000km accounting for less than 13 per cent of flights. Our stage length is significantly higher than our key competitors (see below the comparison for F20, pre-COVID-19).

Km	Wizz Air	Ryanair	EasyJet
Stagelength F20	1,635	1,409	1,132

- (18). **Sustainable aviation fuels** have been adopted by Wizz Air to ensure compliance with regulatory requirements. E.g. in Norway there is a 0.5 per cent blending mandate and our fuel uptakes are in line with the Norwegian requirements. We will continue to be compliant with what we believe will be an increasing number of blending mandates over the region we operate in (e.g. as of 1 July Sweden is introducing a 1 per cent blending mandate). This will allow the cost of sustainable fuels to come down and over time allow the industry to adopt renewable fuel over and above blending mandates as part of their carbon reduction strategies, and at the same time reduce carbon emissions by 80 per cent.
- (19). **CO₂ emissions offset programme** see page 30, Environmental Priority Programmes.
- (20). **The average age of aircraft** is 5.4 years, see also page 29, Environmental Priority Programmes. Additionally, Wizz Air's average lease length is 10.2 years, after which the aircraft is returned in the contractually determined condition to the lessor.

Calculations and benchmarking for energy use and water consumption have been consulted with MN6 Energy Agency who is Wizz Air's energy auditor since 2015 and forms part of energy management team since 2017 for all of Wizz Air Hungary's fleet and installations.

Social – Wizz Air cares for the people and communities around us

Three-quarters of our historical growth has been through making travel more accessible. As an international business, we see more clearly than most the inequalities that exist across societies and within countries. We believe that inequality will continue to increase and will fundamentally impact the way millions of people live and work. At Wizz Air we recognise that we have an important role in bridging this disparity, helping communities to access resources, jobs and opportunities in a way that would not have been feasible without our low-priced travel service.

Wizz Air's entry into markets has been synonymous with the prosperous development of communities, be it people traveling to and from those communities, the people we employ directly in those communities or the indirect jobs we support in those communities through partnerships and other supplier relationships.

Wizz Air's employment has risen from 1,184 in 2010 to 4,440 in F20, and, with an average employee age of 33 years, offering employment opportunities to young professionals across a variety of locations. Our role becomes ever more important in an economic environment where some find it difficult to find a rewarding, professional career path. Moreover, Wizz Air prides itself on the educational initiatives it provides to employees, delivering opportunities to achieve their career aspirations.

Wizz Air is focused on action not words. We spend very little money on marketing the brand. Instead, Wizz Air builds and lives its brand through the airline services its enthusiastic employees offer at the lowest price in the market. Our actions speak louder than words.

Fiscal Year	Countries	Passengers	Employees	Indirect employment*
F21	21	10,186,077	3,960	7,650
F20	16	40,028,000	4,440	30,021

* ACI guidelines suggest that 750 on-site jobs need to be created for every 1 million passengers carried per year. Based on this, Wizz Air supported the creation of 7,650 local jobs in F21, by carrying 10.2 million passengers on its low-fare routes, compared to 30,021 local jobs in F20, by carrying 40.0 million passengers.

Social governance

Governance of our social agenda and ensuring that we make progress against our targets that we have set for ourselves, are discussed on a regular basis with the Leadership Team of Wizz Air led by our Chief Executive Officer. This important topic is also discussed and monitored during our Audit and Sustainability (Board) Committee meetings as outlined on page 75.

Our Culture is what empowers our people to live and work by the five important values of Wizz Air, allowing us to create opportunities and find solutions to the challenges that our business may face. They are:

- ▶ **Integrity** – doing what is right for passengers and stakeholders, holding ourselves to the highest possible standards in everything we do.
- ▶ **Dedication** – we have an entrepreneurial, “can-do” attitude, taking individual and collective ownership, ensuring that we are accountable for everything that we do.
- ▶ **Positivity** – we are an inspired and inspiring team, passionate about what we offer, using a positive mindset to unlock new ways to do things better and more efficiently.
- ▶ **Inclusivity** – we embrace diversity, engaging and collaborating with all key stakeholders to achieve our goals.
- ▶ **Sustainability** – we strive to be the most sustainable choice of air travel and work hard on continuously decreasing our environmental footprint.

Every Wizz Air employee is aware of the impact they have on stakeholders, 92 per cent of our Wizz Air employees are servicing stakeholders face to face every single day and by elevating our values it allows us to bring our best selves every day.

Social strategy and priority programmes

Wizz Air has a clear strategic plan on communities, passengers, people and suppliers, rooted in our conviction that Wizz Air's operations can positively enhance many people's lives – those of our colleagues, our passengers and the residents of the communities we serve. We stay loyal to our mission that “We will break down every barrier between people and air travel”. Whilst we cover a broad spectrum of actions through our Social Strategy, we cover in more detail how we:

- 1 Put safety first, in everything we do.
- 2 Recruit and develop our employees to have, beyond a successful role, a successful career with Wizz Air.
- 3 Focus on improving and leveraging the diversity of our employees.
- 4 Engage our employees.
- 5 COVID-19 employee impact.

We provide more colour on a wider set of metrics in the next section “Social Metrics and Targets”.

1 Putting safety first, in everything we do

At Wizz Air, our number one priority is the safety of our passengers, crew and aircraft. Our aircraft fleet is young and reliable, we use the services of world-class maintenance organisations to maintain them, and we have a strong safety culture deeply embedded across the business. A cross-functional safety council meets four times a year, involving both the Management Team as well as operational staff, and reviews any issues which have arisen in the previous three months and the actions taken consequently. In addition to this, we collect detailed data from all aspects of our operations to identify trends, and relevant personnel from our Operations department meet twice a year to discuss any trends identified in their area of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to enable our flight and cabin crew to report safety issues which may be a concern to them. The entry standards for our operating crew are high and our own Approved Training Organisation (ATO) ensures that all our pilots are trained to the highest standards. Wizz Air is a registered International Air Transport Association’s Operational Safety Audit (IOSA) programme operator, which helps us to ensure that we have best-in-class airline safety management and control systems and processes.

Our experienced security team has an ongoing programme to ensure that the security of our operations and the airports which we serve meet high standards. Our security team also maintains close contact with relevant authorities to assess any potential security or other threats to our operations. Any serious threat will be escalated to the Management Team in a timely and efficient manner. We have in the past suspended operations to destinations where the safety of our passengers, crew and aircraft could not be guaranteed. Wizz Air Hungary Ltd. is classified as a company of strategic importance by the Hungarian Parliament and, as such, the Company now enjoys enhanced security information and protection under the auspices of the Hungarian Constitution Protection Office. Wizz Air has also joined the campaign launched by the European Union Aviation Safety Agency’s (EASA) aiming to reduce the number of unruly passengers on all European flights and protect the passenger’s right to a peaceful travel experience.

In September 2019, Wizz Air was named ‘The Best Low-Cost Carrier of the Year’ in 2019. The award was handed over at the Aviation Industry Awards Europe gala, part of Air Convention Europe 2019 and the award is among the most important and prestigious prizes in the aviation industry.

In November 2019, Wizz Air was named ‘The Best Low-Cost Airline – Europe 2020’ in the annual ranking of AirlineRatings.com, the world’s only safety and product rating website. This rating is considered one of the most important and respected in the world of aviation, with outstanding airlines amongst past winners.

In 2020, Wizz Air was awarded the highest 7-star safety ranking from the world’s only one-stop airline safety and product rating agency AirlineRatings.com.

Wizz Air was awarded ‘2020 Airline of the Year’ by Air Transport World in F21, the most coveted honour an airline or individual can receive, recognising the organisations that have distinguished themselves through outstanding performance, innovation and superior customer service. This made Wizz Air the first ULCC to win the award in the ATW Awards’ 46-year history.

On 22 April 2021 Wizz Air received the ‘Greenairport Partner of the Year Award’ from Budapest Airport recognising the Company’s efforts in making progress towards becoming the most sustainable airline in Europe.

2 Recruiting and developing our employees

Wizz Air is continuously recruiting people who are passionate about the aviation industry. The Company ensures full and fair consideration of applications for all candidates, and offers continuing training and career development for all employees, promoting diversity and inclusion in all areas. Since 2010, the employee base of Wizz Air grew from 1,184 to 3,960 by the end of March 2021. During F21, a period of downturn, Wizz Air still recruited 151 employees.

We invest extensively in the recruitment of talented pilots, via the Wizz Air Cadet Programme, in partnership with BAA Training, which offers young, passionate candidates the required training and a letter of engagement after successful completion. Wizz Air has also launched and is successfully running its own Pilot Academy in Poland, Romania, Bulgaria and Hungary. The Academy provides financial support, including partial sponsorship, to motivated cadets during their initial training. Pilot Academy cadets who successfully graduate from the programme can begin their employment at Wizz Air as Pilot Trainees.

Wizz Air has launched a “Cabin Crew to Captain” programme as a platform that post-COVID-19 will help to support aspiring cabin crew members financially and structurally on their journey to becoming Wizz Air pilots. 80 per cent of the people participating in the programme are female which is intended to over time help us to rebalance a male-dominated pilot profession. Furthermore, Wizz Air leveraged its “Cabin Crew to Office” programme and was able to meet 3 per cent of its office roles with Cabin Crew talent.

Flight and cabin crew training is organised by a dedicated in-house training team, which consists of over 360 trainers across Wizz Air's network, including standardisation and safety instructors and CRM and CC Line trainers. Training is undertaken in the modern, state-of-the-art training facility in Budapest, equipped with two Airbus A320 CAE 7000XR Series full-flight simulators, a cutting-edge Cabin Emergency Evacuation Trainer, as well as a V9000 Commander Next-Generation Fire Trainer. This training centre is a significant investment by Wizz Air in developing world-class talents and enabling them to achieve their dreams of becoming pilots or cabin crew. During F21, even in a period of downturn, Wizz Air held more than 60,000 operational unique training sessions, or more than 12 per person for the year.

Wizz Air uses a standardised Training and Development programme and Talent Management process for its office employees, allowing for an improved formal, systematic evaluation process based on agreed performance goals and a greater focus on each employee's potential to develop their career with Wizz Air. In the past 12 months, even during COVID-19, there have been 28 per cent of our office population rewarded with internal career moves and progression at both employee and Management Team level. These promotions reflect Wizz Air's principle that talent, commitment and results should result in career progression.

In 2018, Wizz Air introduced its WIZZdom Journey Training Programme, which offers training in leadership and soft skills in a classroom setting to both office employees and to crew who are stepping into managerial and office positions. The aim of the programme is to provide our employees with the right tools and development opportunities to excel in their career. Our leadership training programme had a 45 per cent female participation showing our commitment to groom the next generation of leaders.

In addition to the classroom training Wizz Air implemented a new Learning Management System (SAP SuccessFactors), which serves as a self-service portal, allowing employees to request training, view e-learning content and complete the mandatory new hire online training. Wizz Air has also introduced a revised office on-boarding process, which allows all new hires to benefit from an intensive first week in the Company and to familiarise themselves with Wizz Air's culture, policies, practices and procedures. This revised on-boarding process aims to improve new joiner engagement and increase productivity from day one.

3 Improving and leveraging the diversity of our employees

Since Wizz Air's foundation in 2003, the Company has treated existing and potential employees fairly, irrespective of their race, culture, gender, religion or age. During the recruitment and selection process, we evaluate professional factors including experience and qualifications considering the relevant job requirements and this principle remains throughout the employment with Wizz Air.

We expect all our colleagues to adhere to our diversity and inclusion principles, which are set out in The Wizz Way, our Policy for Good Conduct, along with the expected standards of behaviour for every member of the Wizz Air team.

Wizz Air has initiated a Cabin Crew to Captain programme as it will ensure a strong pipeline of female Flight Crew professionals, further highlighting how leadership diversity is now a key element of our Long-term Incentive Programme.

We value diversity and inclusion and are focused on doing even better.

Our international team brings together more than 50 different nationalities. At Board level, ten current Directors are from six different countries and the Company's twelve Officers are from ten different countries.

Within Wizz Air, the overall male to female ratio is balanced, with 49 per cent of staff being female; however we have set out a target to further improve diversity by F26 and have put in place actions to achieve these targets as part of our diversity initiative, Women of Wizz.

In this past financial year, we improved Board gender diversity by 9 per cent to 27 per cent, while the Leadership Team's gender diversity improved by 10 per cent to 27 per cent. Office female gender diversity remained at 37 per cent. Flight crew gender diversity reached 4 per cent and cabin crew gender diversity 75 per cent.

Recruitment is focused to ensure that there is always at least one female candidate on the short list for positions and recruitment panels need to have female interviewees.

Our Ambassadors programme, which will select pilots to represent the Company at public events, and our "Cabin Crew to Captain" initiative are key building blocks to support our flight crew transformation over the next years.

4 Engaging our employees

Our employees are Wizz Air's most important assets. Over 90 per cent of our employees have direct interaction with our passenger base, probably the largest percentage in any industry, and we want to ensure the safety of these employees as they travel generally with joy and anticipation to their destination. There are several key pillars on how we engage our employees, the key ones being our People Council, our People Survey (and the forthcoming actions), the floor talks hosted by the CEO and our Base Visits.

The Wizz Air People Council was established in 2018 and brings together employees representing all areas of the business. It is a community of Wizz Air staff representing employees from Cabin Operations, Flight Operations and Office. The goal of the People Council is to:

- ▶ Facilitate an effective two-way communication between Leadership Team and employees.
- ▶ Support the decision-making process on matters which affect all within the Company.

All actions and decisions from the monthly People Council meetings are reported back to the employees by their representatives at the end of each month. In F21 the People Council had bi-weekly meetings with Senior Leadership to talk a variety of topics to help create a better work environment to increase employee engagement and deliver enhanced organisational and business results. The key recurring topics on the agenda are:

- ▶ Work-life balance.
- ▶ Company policies and process changes.
- ▶ Working environment.
- ▶ Salary principles and policies.
- ▶ Company events.
- ▶ Trends effecting safety.
- ▶ Initiatives enhancing diversity and inclusion.

As a result of the interactions between People Council and Leadership Team, several initiatives were launched during the year.

Few examples include: 1) introduction of a new Flight Crew Internal Grading System to drive a clear and transparent performance evaluation process, 2) a new Base Change Policy, allowing applicants a more streamlined manner go through the process, 3) a focus group of employees across the organisation involved in addressing the results from the Company employee engagement survey and 4) well as several Health and Safety measures and protocols in the aftermath of the COVID-19 pandemic.

This effective two-way communication is also facilitated by our People Engagement Survey, the floor talks hosted by Wizz Air CEO, and Base Visits, as they provide quantitative and qualitative insights into work and life for our employees.

Employee engagement survey

Wizz Air is now taking bi-annual employee engagement surveys. For the first time, we have leveraged to get quantitative and qualitative insights on the engagement of our employees. Overall, survey scores were 2 per cent above the industry average (source: Peakon, analytics and employee engagement software), at 81 per cent engagement rate (eNPS 46) versus an industry average of 79 per cent, with a participation rate of 79 per cent which was a good result given the Peakon technology was used for the first time. Employees in cabin crew had an engagement of 83 per cent (eNPS 54), in flight crew 79 per cent (eNPS 41) and in office 68 per cent (eNPS -5). The results of the survey were, overall, in line with expectations and show the resilience of our employees after surveying them nine months into the hardship associated with COVID-19 which saw role and salary reductions. By gender the engagement of female colleagues was at 83 per cent (eNPS 51), whereas the engagement of male colleagues at 79 per cent (eNPS 40). The engagement survey questions are following the methodology of eNPS (employee Net Promoter Score). eNPS is a variant of NPS, a metric of customer loyalty. Therefore, it is possible to present the engagement results in the eNPS format, with the result ranging from -100 to 100.

Several specific company-wide actions, taken following the employee engagement survey, were the following:

- ▶ Employees up to Head level received Christmas bonus in recognition of hardships endured during the year in December 2020;
- ▶ Company reinstated base salaries for cabin crew and non-executive office employees effective 1 January 2021;
- ▶ New Office Health and Safety Guidelines were introduced including weekly PCR testing for the office employees. In addition, temporary office spaces was created while a permanent office area extension has started in order to be able to meet the requirements of social distancing; and
- ▶ As part of Workplace Wellbeing, Wellbeing Wednesdays were introduced in order to support physical, cognitive and emotional wellbeing of employees.

Cabin Operations are working on three key priorities based on the Survey result:

- ▶ Support (Wizz Air really cares about my mental wellbeing)
- ▶ Learning (My job enables me to learn and develop new skills)
- ▶ Peer Relationships (I can count on my co-workers to help-out when needed).

The results were shared during local base meetings and regional meetings. In addition, regional focus group discussions were organised where the crew could suggest actions for improving those three key priorities identified. The following network-wide initiatives were suggested and agreed:

- ▶ HR and Payroll Support – providing a monthly HR update to the cabin crew, base managers and associate base managers.
- ▶ Mental wellbeing – leveraging our existing Employee Assistance Programme more among the crew.
- ▶ Roster flexibility – implementing a preferential bidding system.
- ▶ Development of language and cultural awareness programme.
- ▶ Upgrade of the existing performance evaluation platform in order to have more reliable and data driven platform.
- ▶ Workshops on Communication and Peer Relationship, where the crew is co-training the materials.

At the same time, other departments and functions are also holding discussions with their employees and implementing actions accordingly and since the start of February 2021 the Leadership Team have been bringing their teams to an offsite in Hungary working with them to improve team satisfaction and any actions from the engagement survey.

Base Visits are occasions for Leadership Team to spend time with employees in the market, both formally during town halls and informally when celebrating the achievements of the team since the last visit. Despite COVID-19, during F21 we held 21 face to face base visits with Executives engaging face to face and 60 virtual base visits, further demonstrating the strength of commitment we have to our people and listening to their ideas and on occasions, their concerns.

Results of employee engagement survey are reviewed by the Board which offers an opportunity to assess any changes in the Company culture. We also have a dedicated Board member who is responsible for overseeing engagement with employees.

Engagement survey results are reviewed by the Board. It offers an opportunity for the Board to assess and monitor progress towards cultural objectives, identify priorities and set measurable goals for achieving the vision. We also have a dedicated Board member, Dr. Anthony Radev, who is responsible for overseeing engagement with employees.

5 COVID-19 and our employees

We are very proud of how our employees have proven to be resilient throughout the twelve months since COVID-19 affected their work and their lives. Our employees were affected immediately.

- ▶ Regretfully, to ensure the viability of our operations, employees were experiencing reduced compensation. For example, the average reduction in flying was 62 per cent. This affected employee remuneration as our flight and cabin crew have a portion of their pay variable on servicing flights.
- ▶ The Company also reduced base salaries on average 14 per cent effective 1 April 2020. Salaries of Leadership Team were reduced by 22 per cent during F21, pilot salaries were reduced by 15 per cent and cabin crew salaries were reduced by 11 per cent.
- ▶ The Company reinstated base salaries for cabin crew and Non-Executive office employees effective 1 January 2021. The Company maintains 7.5 per cent compensation reduction for pilots and the Leadership Team for F22.
- ▶ The Company reduced 19 per cent roles and these were completed by the end of May 2020. The reduction in roles affected all employee groups (cabin, flight, office employees, including Leadership Team). Cabin and flight crew employees participated in unpaid leave programmes as only few jurisdictions of operation had programmes to support employees during technical unemployment. We are grateful for their support and commitment in these difficult times.
- ▶ The airline continued to operate with our cabin and flight crew service passengers mostly for, “essential travel” services, and our dedicated team did this all the time reassuring the highest health and safety standards.
- ▶ During April 2020 and parts of January/February 2021, certain elements of our office staff were on mandatory home office, in line with applicable local regulations.

Despite the hardship brought on by COVID-19, Wizz Air employees continued to be very strongly engaged during COVID-19, displaying dedication and commitment to the Company and the passengers it serves and demonstrating a sense of urgency and agility that allowed the Company to build out its competitive advantage during this year full of adversity.

Social metrics and targets – our team members

Our employees are our greatest asset. We target to provide an environment for our people where they can be fully engaged and excel in what they love to do and what they do best. We use our annual employee survey powered by Peakon to have an open dialogue with our people and get valuable input and feedback on how we can do better. Our Leadership Team – even in times of COVID-19 – undertook quarterly base visits and we leverage our People Council meetings – 50 meetings per year – to discuss business and organisational challenges and opportunities. We hold monthly CEO webcasts with all employees allowing employees to hear about the progress of Wizz Air against its goals and strategies, and, to ask any question they wish. Below we have outlined our most critical employee health metrics, our KPIs on the supplier partnerships we nurture and the communities we serve.

People	Unit	Note	F21	F20	F19
Work-related accidents	#	Priority/1	0	5	5
Fatal accidents	#	Priority/2	0	0	0
Contractor accident rate	%	Priority/3	0	0	0
Contractor fatal accident rate	%	Priority/4	0	0	0
Number of employees	FTE		3,960	4,440	4,261
Staff costs	m EUR		133	231	198
Revenue/employee	k EUR		187	622	546
Staff costs/revenue	%		18	8	9
Survey scores	%	Priority/5	81	—	78
Survey participation	%	Priority/6	79	—	71
Average Attrition	%		7	24	13
Gender diversity	% female	Priority/8	49	52	51
Leadership diversity	% female	Priority/9	27	17	16
Flight crew gender diversity	% female	Priority/10	4	4	3
Cabin crew diversity	% female		11	75	77
Office diversity	% female	Priority/12	37	37	34
Ethnic diversity	# nationalities		13	53	51
Leadership ethnic diversity	# nationalities		14	15	13
Part time ratio	%		15	6	1
Training per employee	Hours		16	45	n.a.
					n.a.

Notes:

- (1). **Accidents:** measures work-related accidents (excluding travel to/from work) involving occurrences where employee has taken at least one day-off from work.
- (2). **Fatal accident:** number of accidents, as defined in note 1, that result in fatality.
- (3). **Contractor accident rate:** measures work-related accidents involving occurrences where contracted employee has taken at least one day-off from work.
- (4). **Contractor fatal accident rate:** number of accidents, as defined in note 3, that result in fatality.
- (5 and 6). **Survey scores:** based on methodology of eNPS (employee Net Promoter Score). eNPS is a variant of NPS, a metric of customer loyalty. eNPS of 46 translates into 81 per cent engagement rate. Participation rate was 79 per cent of all employees.
- (7). **Attrition (average):** the reduction in staff numbers across the organisation that occurs as employees resign, retire or are dismissed.
- (8). **Gender diversity:** percentage of total roles, including direct and indirect employment, occupied by women;
- (9). **Leadership diversity:** percentage of leadership roles, heads of function and above, occupied by women;
- (10). **Flight crew gender diversity:** percentage of flight-deck staff, including direct and indirect employment, occupied by women;
- (11). **Cabin crew gender diversity:** percentage of cabin crew staff, including direct and indirect employment, occupied by women.
- (12). **Office gender diversity:** percentage of office staff, including direct and indirect employment, occupied by women.
- (13). **Ethnic diversity:** number of different nationalities compiled based on declarations by employees at the time of hire.
- (14). **Leadership ethnic diversity:** number of different nationalities compiled based on declarations by heads of function and above.
- (15). **Part time ratio:** percentage of total employees who have reduced working time arrangements (not full-time employees).
- (16). **Training hours:** number of training hours per employee, calculated based on all the training sessions divided by average annual headcount, not including outsourced nor online training hours.

Supplier Code of Conduct – our suppliers

The Wizz Air Group is devoting special attention to environmental, social and economic responsibility during its operations and has introduced its renewed Supplier Code of Conduct as of April 2021. Wizz Air is committed to doing business with suppliers and partners who supply products and/or services to Wizz Air Group and share Wizz Air's commitments towards an environmentally and commercially sustainable operation and operate with high social and labour standards. The Supplier Code of Conduct applies to all suppliers of Wizz Air as well as their suppliers and sub-contractors and it forms integral part of all contracting packages and processes. Compliance checks are introduced on a yearly basis via online questionnaire and compliance statement request. The code of conduct can be found on our website.

Social metrics and targets – our communities

We have previously outlined the role we see for the Company towards the communities where we operate. Our key metrics include:

Communities	Unit	Note	F21	F20	F19
Passengers	M	1	10.2	40	35
Kms run	Km	2	17,730	7,830	4,060
Paid taxes	m EUR	3	107	340	305
Government debt	m EUR	4	350	0	0
Furlough support	m EUR	5	7.1	0	0
Cash refunds due	m EUR	6	1.8	36.7	n.a.

Notes:

- (1). Wizz Air transported 10,186,077 passengers in F21, of which 20 per cent were passengers with newly created accounts. As outlined previously, our agility allowed us to open new markets which accounted for 1.9 million passengers.
- (2). Wizz Air running events are encouraged by Wizz Air and events are sponsored for its employees to join one of its network running events, including in normal times the Wizz Air Budapest Half Marathon, Wizz Air Bucharest International Half Marathon, Wizz Air Skopje Marathon, Wizz Air Kyiv Marathon, Wizz Air Cluj-Napoca Marathon, Wizz Air Sofia Marathon, Wizz Air Katowice Half Marathon and Wizz Air Debrecen Airport Run. Unfortunately, due to COVID-19 most events were cancelled or postponed; however we were happy to still be able to participate on the Budapest, Sofia and Skopje running events. To keep the running spirit alive during COVID-19, we launched interdepartmental running competitions, in the last WIZZ Running Club campaign 16,000km were ran altogether in the span of five weeks with 83 per cent of bases and 69 per cent of office departments participating, allowing us to more than double our km-performance of last year.
- (3). Wizz Air contributes to the communities it operates in through the payment of taxes. In total €107 million taxes were paid in the form of airport related taxes, corporate income tax, local taxes in Hungary, payroll taxes, social security and other contributions (yet excluding carbon credit related fees), or a total of 15 per cent of revenues. Wizz Air advocates for a level playing field on taxation as many jurisdictions favour national airlines and unfortunately promote tax schemes that are not based on carbon emission intensity, instead taxes would be based on historical emission levels regardless of how polluting the aircraft technology is that an aircraft flies or how noisy the engines are. We are engaging with authorities and environmental agencies to ensure environmental taxes incentivise the right behaviour in the industry.
- (4). Wizz Air issued £300 million commercial paper with the Bank of England (as part of the CCFF) with maturity in February 2022.
- (5). Wizz Air benefited from a total of €7.1 million in furlough schemes with the key scheme being the UK furlough support scheme.
- (6). Wizz Air immediately after COVID-19 hit put together a team to automate cash refunds. Since late summer 2020, Wizz Air has been current with the level of cash refunds of those passengers who did not elect to rebook their flights or wanted to convert their flights into Wizz Discount credits (where Wizz Air gave a 20 per cent free bonus for conversion).

MODERN SLAVERY ACT DISCLOSURE STATEMENT 2021

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and pertains to the fiscal year ended 31 March 2021. This statement is made by Wizz Air Holdings Plc, the parent of all three operating airlines, Wizz Air Hungary Ltd., Wizz Air UK Limited and Wizz Air Abu Dhabi LLC. on behalf of the group (together, "Wizz Air", "we").

Wizz Air is committed to acting ethically and with integrity in our business dealings. It is Wizz Air's expectation that our suppliers also conduct themselves in this manner. Wizz Air is committed to improving its practices to combat slavery and human trafficking and seek out where it exists in our dealings with third parties, suppliers, and in our supply chain in order to meet our commitments. As defined by the UK Modern Slavery Act 2015, "modern slavery" includes the offences of "slavery, servitude and forced or compulsory labour", as well as "human trafficking".

Business and Organisational Structure

Wizz Air offers low-cost, low-fare passenger air transportation services on scheduled short haul and medium-haul point-to-point routes across Europe and to a number of destinations in the Middle East, as well as North Africa and North-West Asia. Wizz Air had in financial year 2020 40+ million passengers annually and flies 137 aircraft on more than 800 routes across 44 countries. Wizz Air employs over 4000 people across a network of 43 bases. Our company is incorporated in Jersey and managed from Switzerland. Wizz Air Holdings Plc has three airline subsidiaries: Wizz Air Hungary Ltd., Wizz Air UK Limited and Wizz Air Abu Dhabi LLC. For further details of Wizz Air's subsidiaries and corporate structure, please see page 143 (Annual revenue of €2,761.3 million in F20).

Our Supply Chain

Wizz Air expects its suppliers to adhere to the highest standards of business internally and in relation to their respective supply chains, and comply with their own human rights regimes and Modern Slavery Act obligations. Wizz Air operates in a highly regulated sector and our supply chain is predominantly service based within Europe. Our suppliers have to conform to the necessary aviation safety standards and certification. However we recognise that we play a part in making a contribution to reduce the occurrence of modern slavery and human trafficking. To this end, and to ensure the organisations from whom we procure goods and services conduct their business ethically, we have commenced work on mapping our existing supply chain, with focus on our critical suppliers. We aim to complete these tasks within the current financial year.

Whilst we have received no reports of incidents, we are taking steps to identify and detect human trafficking. We recognize that we need to update our processes to detect such incidents. Our new Anti-Slavery Policy will assist us in doing this.

Polices

We are committed to assessing any instance of non-compliance regarding modern slavery or human trafficking on a case by case basis. We are proud to announce that we have introduced our new Anti-Slavery Policy which is soon to be rolled out to all our staff. This will inform staff on the key issues around modern slavery and human trafficking, and how they can report such incidents to us. As well as this, our Code of Ethics, "The Wizz Way", applies to every company employee regardless of seniority. These, along with our Whistleblowing Procedure and Anti-Corruption Policy, help us to maintain an effective compliance environment across our supply chain.

Training

Wizz Air delivers online compliance training relating to its Code of Ethics to every staff member. In addition we will be adding anti-slavery training to every crew member as part of their annual security training sessions. Furthermore, employees are encouraged to raise legal or ethical concerns through various channels, such as their managers, any member of Management Team or Human Resources. This is a key feature of our new Anti-Slavery Policy.

Our effectiveness in combating slavery and human trafficking

We are committed to ensuring that collectively these measures will help to assist us in combating modern slavery and human trafficking. However we recognise that we need to measure our effectiveness through the use of KPIs, and we will be looking to use indicators such as vetting procedures, supplier screening measures, sub-contractor inspections (particularly in known at-risk countries), whistleblowing reports, percentage of staff trained, any remedial action taken following reports or incidents of slavery or human trafficking, in the near future.

As part of our ongoing commitment to combating modern slavery and human trafficking, we will continue to review and develop our processes.

The above statement has been approved by the Board of Wizz Air Holdings Plc.

József Váradi

Chief Executive Officer

2 June 2021

STRATEGIC REPORT

FINANCIAL REVIEW

Wizz Air's results have been strongly impacted by the COVID-19 pandemic. The ensuing regulatory restrictions in various jurisdictions affected nearly all aspects of our operation and necessitated Wizz Air to respond swiftly. Wizz Air intervened on all income statement and balance sheet lines in order to reduce cost, lower cash burn and maintain our investment grade balance sheet.

Wizz Air carried ten million passengers during F21, a decrease of 75 per cent compared to the previous fiscal year. Revenues declined by 73 per cent to €739 million. Passenger and revenue figures reflect the sharp cut back in capacity throughout the year, as a result of mobility restrictions imposed by policy makers across Europe.

Notwithstanding this challenge and thanks to our swift and decisive actions, our financial position remained one of the strongest in the aviation industry.

Wizz Air reported a net loss of €576.0 million and an underlying net loss of €482.4 million (compared to €344.8 million underlying net profit in F20).

The unit revenue measured in terms of ASKs declined by 26.7 per cent to 2.89 Euro cents, while unit costs grew by 41.3 per cent to 4.85 Euro cents in F21 from 3.44 Euro cents in F20. CASK excluding fuel expenses increased by 69.8 per cent to 3.86 Euro cents in F21 from 2.27 Euro cents in F20. The increase in CASK in large part was driven behind cost lines that are more fixed in nature even after incisive cost actions, which, as a result of lower ASKs, resulted in higher unit costs.

Our interventions during the financial year to reduce the dramatic impact of COVID-19 included:

From a cost point of view

- ▶ We have intervened on all cost lines, reducing roles by 19 per cent in April 2020 and compensation on average by 14 per cent;
- ▶ We renegotiated discretionary unit cost rates with all suppliers next to cutting back on consumption to match lower transaction volumes;
- ▶ We renegotiated the costs of operating at existing airports whilst locking in beneficial long-term deals on new bases and airports; and
- ▶ Hot and cold parking of parts of our fleet, to further reduce costs.

From a revenue point of view

- ▶ We established a clear principle of cash-positive flying;
- ▶ We aligned pricing algorithms with more inelastic demand; and
- ▶ We continued to leverage our strong capabilities in ancillary revenue – posting record growth month in month out via higher conversion of core products, dynamic pricing and a more relevant product portfolio (e.g. flexibility product offerings).

From a cash point of view

- ▶ We embarked on an ambitious “payment days” extension programme with suppliers, leveraging the strength of our balance sheet and credit rating which allowed suppliers to better differentiate Wizz Air from other airlines, supported by our ability to offer true long-term partnerships;
- ▶ We optimised key elements of our investment cash flow by focusing on optimised fleet deliveries, early lease returns (where contractually feasible); and
- ▶ We reduced capital expenditure with regards to aircraft orders.

From investment and financing point of view

- ▶ We extended, at competitive terms, the aircraft financing window to about twelve months, covering expected fleet deliveries up until the end of calendar year 2021, to lock in financing for future orders and eliminate financing uncertainty going forward;
- ▶ We enhanced our liquidity position with a €500 million three year bond issued in January 2021 on favourable terms which reflected our investment grade credit rating; and
- ▶ We extended the £300 million facility from the Bank of England under the UK Government's CCFF until February 2022.

The macro variables with significant influence on the financial performance of the Group developed during the year as follows:

	F21	F20	Change
Average jet fuel price (\$/metric tonne, including into-plane premium and impact of effective hedges)	674	729	(7.5%)
Average USD/EUR rate (including impact of effective hedges)	1.17	1.16	0.9%
Year-end USD/EUR rate	1.21	1.10	10.0%

Financial overview

Summary statement of comprehensive income
€ million

	F21	F20	Change in results
Total revenue	739.0	2,761.3	(73.2%)
Fuel costs (<i>including exceptional expense</i>)	(347.4)	(876.5)	(60.4%)
Operating expenses excluding fuel	(919.7)	(1,546.5)	(40.5%)
Total operating expenses	(1,267.1)	(2,423.0)	(47.7%)
Operating (loss)/profit	(528.1)	338.3	n.m.*
<i>Comprising:</i>			
- <i>Operating profit excluding exceptional expense</i>	(434.5)	402.0	n.m.*
- <i>Exceptional expense</i>	(93.6)	(63.7)	46.9%
Operating profit margin (<i>excluding exceptional expense</i>)	(58.8%)	14.6%	n.m.
Net financing expense	(38.4)	(44.2)	(13.1%)
(Loss)/Profit before income tax	(566.5)	294.1	n.m.*
Income tax expense	(9.5)	(13.1)	(27.5%)
(Loss)/Profit for the year	(576.0)	281.1	n.m.*
Exceptional expense net of income tax	(93.6)	(63.7)	+47.0%
Underlying (loss)/profit after tax	(482.4)	344.8	n.m.*

* n.m.: not meaningful as a variance is more than (-)100 per cent.

Earnings per share

	F21	F20	Change
Earnings per share, EUR (Note 13)			
Basic earnings per share	(6.73)	3.76	n.m.**
Diluted earnings per share	(6.73)	2.22	n.m.**
Underlying earnings per share*	(5.64)	2.72	n.m.**

* Excluding the impact of exceptional items, as explained in Note 11 to the financial statements.

** n.m.: not meaningful as a variance is more than (-)100 per cent.

Return on capital employed and capital structure

Return on capital employed (ROCE) is a non-statutory performance measure commonly used to measure the financial returns that a business achieves on the capital it uses. ROCE for the F21 was (19.4) per cent, compared to 20.8 per cent for the previous year.

The Company maintained its investment grade credit rating by Moody's (Baa3) and Fitch (BBB-).

The Company's leverage ratio is (19.2) at the end of the 2021 financial year, while Liquidity* increased to 195.9 per cent from 47.5 per cent at the end of the 2020 financial year.

	F21	F20	Change
ROCE*	(19.4%)	20.8%	n.m.**
Leverage ratio*	(19.2)	0.9	n.m.**
Liquidity*	195.9%	47.5%	n.m.**

* See the definition of these non-statutory measures and their calculation under Key statistics on page 49.

** n.m.: not meaningful as a variance is more than (-)100 per cent.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for F21 and F20 and the percentage change in those items:

	F21		F20		
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	325.7	44.1%	1,508.5	54.6%	(78.4%)
Ancillary revenue	413.3	55.9%	1,252.8	45.4%	(67.0%)
Total revenue	739.0	100%	2,761.3	100%	(73.2%)

The decline in passenger ticket revenue was driven by a 74.6 per cent decline in passengers. Similarly, ancillary (or "non-ticket") revenue declined, although to a smaller extent due to the strong performance of ancillary products, as a result its share of the total revenue increased to 55.9 per cent.

Average revenue per passenger improved by 5.2 per cent from €69.0 in F20 to €72.5 in F21. Average ticket revenue per passenger decline from €37.7 in F20 to €32.0 in F21 (by 15.2 per cent), while average ancillary revenue per passenger increased to €40.6 from €31.3 (by 29.6 per cent).

Operating expenses

Total operating expenses excluding exceptional expense decreased by 50.3 per cent to €1,173.4 million in F21 from €2,359.3 million in F20.

The following table sets out for F21 and F20 the expenses relevant for the CASK measure (thus excluding exceptional expense), and the percentage changes in those expenses:

	F21			F20			Percentage change of total cost
	Total (€ million)	Percentage of total operating expenses	Unit cost (€cts/ASK)	Total (€ million)	Percentage of total operating expenses	Unit cost (€cts/ASK)	
Staff costs	132.9	11.3%	0.52	231.8	9.8%	0.33	(42.7%)
Fuel costs (excluding exceptional expense)	253.8	21.6%	0.99	812.8	34.5%	1.16	(68.8%)
Distribution and marketing	19.6	1.7%	0.08	44.1	1.9%	0.06	(55.5%)
Maintenance, materials, repairs	165.7	14.1%	0.65	176.4	7.5%	0.25	(6.1%)
Airport, handling, en-route charges	254.9	21.7%	1.00	641.6	27.2%	0.92	(60.3%)
Depreciation and amortisation	345.3	29.4%	1.35	381.4	16.2%	0.55	(9.5%)
Net other expenses	1.2	0.1%	0.00	71.2	3.0%	0.10	(98.3%)
Total operating expenses (excluding exceptional expense)	1,173.4	100%	4.59	2,359.3	100.0%	3.37	(50.3%)
Net cost from financial income and expense	66.8		0.26	44.2		0.06	(51.1%)
Total	1,240.2		4.85	2,403.5		3.44	(48.4%)

Staff costs were €132.9 million in F21, down by 42.7 per cent from €231.8 million in F20, driven primarily by headcount reduction, salary reduction for crew and office employees in addition to decrease in variable pay elements.

Fuel expenses (excluding exceptional expense) decreased by 68.8 per cent to €253.8 million in F21, down from €812.8 million in F20. The main driver for this decrease was an ASK decline of 63.5 per cent as well as lower fuel prices. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in F21 was \$674.0 per tonne, a decrease of 7.5 per cent from the previous year's figure of \$729.1 per tonne. The average Euro/US Dollar exchange rate, including the impact of hedging, was 1.17 in F21 compared to a rate of 1.16 in F20. The impact of effective fuel hedges was a €93.6 million loss in F21 (compared to a €43.5 million gain in F20).

The decrease in distribution and marketing costs of 55.5 per cent to €19.6 million in F21 from €44.1 million in F20 is driven by ASK decline of 63.5 per cent in F21.

Maintenance, materials and repair costs declined by 6.1 per cent to €165.7 million in F21 from €176.4 million in F20. Maintenance costs are largely driven by size of the fleet, pre-determined maintenance schedules and aircraft utilisation.

Airport, handling and en-route charges decreased by 60.3 per cent to €254.9 million in F21 from €641.6 million in F20. This decrease is primarily driven by the decrease in both capacity and passenger numbers, which declined by 62.8 per cent and 74.6 per cent respectively.

Depreciation and amortisation charges decreased by 9.5 per cent to €345.3 million in F21, down from €381.4 million in F20 due to reduction in variable element of the depreciation that is based on number of hours flown.

Net other expenses include primarily (i) office overhead and crew-related costs other than direct staff costs, (ii) passenger welfare and compensation costs, (iii) aviation and other insurance costs, and (iv) credits that do not classify as revenue from customers. The decrease in net other expenses to €1.2 million was primarily driven by income in F21, when compared to F20, relating to various aircraft asset sale and leaseback transactions.

Net financing income and expense

The Group's net financing expense was €38.4 million in F21 after an expense of €44.2 million in F20. This aggregate change was driven by foreign exchange impacts partly offset by increase in net financial expense mainly due to lower interest income earned by the Group on its term deposits, as shown in the table below:

€ million	F21	F20	Change
Net financial expense	(66.8)	(44.2)	(22.6)
Net foreign exchange gains/(losses)	28.4	0.1	28.3
Net financing income/(expense)	(38.4)	(44.2)	5.8

See also Note 10 to the financial statements.

Taxation

The Group recorded an income tax expense of €9.5 million in F21 compared to the €13.1 million in F20.

The effective rate for the Group in F21 was (1.7%) compared to 4.4% in F20. The main components of the tax charge in F21 were local business tax and innovation tax paid in Hungary and change in deferred tax balances.

Profit for the year

The Group generated an underlying net loss of €482.4 million in F21, compared to the underlying net profit of €344.8 million in F20.

Other comprehensive income and expenses

In F21 the Group had other comprehensive income of €240.3 million compared to an expense of €254.5 million in F20. This change was driven primarily by the movements in the fair value of open hedge instruments, as reflected in the balance of the cash flow hedging reserve in equity. It excludes the open fuel hedges that were classified as discontinued at 31 March 2021 and were therefore recognised as an exceptional expense already in F21.

Cash flows and financial position

Cash burn

The monthly average cash burn rate of Wizz Air was €61 million during F21.

Summary statement of cash flows

The following table sets out selected cash flow data and the Group's cash and cash equivalents for F21 and F20:

€ million	F21	F20 (restated)	Change
Net cash (used in) / generated by operating activities	(224.6)	751.6	(976.2)
Net cash used in investing activities	(146.5)	(1,110.1)	963.6
Net cash generated by / (used in) financing activities	624.6	(93.7)	718.3
Effect of exchange rate fluctuations on cash and cash equivalents	(30.9)	14.3	(45.2)
Cash and cash equivalents at the end of the year	1,100.7	878.0	222.7

Cash flows from operating activities

The majority of Wizz Air's cash inflows from operating activities are derived from passenger ticket sales. Net cash flows from operating activities are also affected by movements in working capital items.

Operating cash flows decreased from €751.6 million in F20 to €(224.6) million in F21 primarily due to the following factors:

- ▶ Operating cash flows before adjusting for changes in working capital deteriorated by €1,058 million year on year. This was driven primarily by the significantly impaired underlying profitability of the business due to the COVID-19 pandemic (see earlier).
- ▶ The positive contribution of working capital changes to operating cash flows was €49.9 million in F21, compared to €(23.2) million in F20, being an improvement of €73.1 million year on year. The main driver behind this improvement was the significantly lower drop in deferred income and receivables related to forward bookings, partially offset by only modest increase in liabilities towards suppliers at the end of F21 compared to end of F20, when certain actions were already implemented to protect the liquidity of the Company.

Cash flows from investing activities

Net cash used in investing activities decreased to €(146.5) million in F21 from €(1,110.1) million in F20. The significantly lower investment in F21 is due to the following factors:

- ▶ Advances paid for aircraft (pre-delivery payments, PDPs): The net PDP payments to Airbus net of refunds received were an outflow of €33.8 million in F21 compared to a net outflow of €298.2 million in F20. The decrease in net outflow was the result of a favourable renegotiation of the Company's delivery schedule and associated PDP commitments with Airbus.

- ▶ Purchase of tangibles and intangibles, net of proceeds from the sale of tangible assets: The net outflow was €110.8 million in F21 compared to €273.5 million in F20. The key drivers of this significant decrease in F21 are: a) the purchase of less new aircraft (see Note 14 to the financial statements), refinanced through JOLCO lease contracts (see below under financing activities) and b) the postponement of the purchase of non-essential spare parts in F21.
- ▶ In agreement with the Corporate Reporting Review Team of the Conduct Committee of the Financial Reporting Council the Company has decided to separate from cash and cash equivalents deposits with a maturity of longer than three months. The Company has restated its F20 balance sheet and cash flow statement for this change.

Cash flows from financing activities

The net cash from financing activities was €624.6 million inflow in F21 and a €93.7 million outflow in F20. The cash inflow in F21 was the net of the following two factors:

- ▶ Proceeds from new loan: this was an inflow of €195.6 million in F21 and €297.7 million inflow in F20, relating to the JOLCO financing raised on several new aircraft. Additionally, we also received proceeds of €836.2 million from the bond issue and commercial paper issuance under the CCFF facility.
- ▶ Repayment of loans plus interest paid on loans: The cash outflow from these items was €410.2 million in F21 compared to €392.8 million in F20, which is €17.4 million higher than in F20. These were primarily related to aircraft and spare engine leasing fees paid, under IFRS 16.

Summary statement of financial position

The following table sets out summary statements of financial position of the Group for F21 and F20:

€ million	F21	F20	Change
ASSETS			
Property, plant and equipment	2,878.2	2,553.0	325.2
Restricted cash*	169.1	185.9	(16.8)
Derivative financial instruments*	5.1	18.2	(13.1)
Trade and other receivables*	135.3	189.7	(54.4)
Short term cash deposits	346.8	432.5	(85.7)
Cash and cash equivalents	1,100.7	878.0	222.7
Other assets*	87.3	101.0	(13.6)
Total assets	4,722.6	4,358.1	364.5
EQUITY AND LIABILITIES			
Equity			
Equity	903.7	1,234.8	(331.1)
Liabilities			
Trade and other payables	465.7	469.6	(3.9)
Borrowings (incl. convertible debt)*	3,137.3	2,039.4	1,097.9
Deferred income*	111.5	185.4	(73.9)
Derivative financial instruments*	9.0	307.8	(298.8)
Provisions*	88.9	121.1	(32.2)
Other liabilities	6.5	-	6.5
Total liabilities	3,818.9	3,123.3	695.7
Total equity and liabilities	4,722.6	4,358.1	364.5

* Including both current and non-current asset and liability balances, respectively.

Property, plant and equipment increased by €325.2 million as at 31 March 2021 compared to 31 March 2020, primarily driven by the investment made in JOLCO-financed aircraft and sale and leaseback financed right-of-use assets (see also Notes 14 and 15 to the financial statements).

Restricted cash (current and non-current) decreased by €16.8 million as at 31 March 2021 compared to the year before. The great majority of this balance is linked to Wizz Air's aircraft lease contracts, being cash deposits behind letters of credit issued by Wizz Air's banks related primarily to lease security deposits and maintenance reserves.

Derivative financial assets (current and non-current) decreased by €13.1 million as at 31 March 2021 compared to 31 March 2020 (see also Notes 3 and 21 to the financial statements). In 2021 these hedge receivable balances are mainly related to fuel hedge instruments.

Trade and other receivables decreased by €54.4 million as at 31 March 2021 compared to 31 March 2020. This was primarily driven by decrease in trade receivables as a result of COVID-19, and decrease in maintenance reserve receivables due to maintenance events performed during the financial year.

Cash and cash equivalents amounted to €1,100.7 million at 31 March 2021 (2020: €878.0 million), and short term cash deposits to €346.8 million at 31 March 2021 (2020: €432.5 million).

Borrowings (including convertible debt) increased by €1,097.9 million as at 31 March 2021 compared to 31 March 2020. The increase was primarily driven besides the bond issue and commercial paper issuance under the CCF facility by lease liabilities recognised during the fiscal year (see Note 23 to the financial statements).

Deferred income decreased by €73.9 million as at 31 March 2021 compared to 31 March 2020 (see Note 26 to the financial statements). This was primarily driven by the lower business activity and shorter booking windows during and towards the end of the fiscal year, both due to the coronavirus pandemic.

Derivative financial liabilities (current and non-current) decreased by €298.8 million as at 31 March 2021 compared to 31 March 2020 (see Notes 3 and 21 to the financial statements). The €9.0 million liability at 31 March 2021 was related to foreign currency and fuel hedges. The losses associated with discontinued hedges were fully recognised in F21.

Provisions decreased by €32.2 million as at 31 March 2021 compared to 31 March 2020 (see Note 30 to the financial statements). The reduction is due mainly to the utilisation of some maintenance provisions in 2021 as the respective maintenance events were performed during the year.

Hedging strategy

Following the COVID-19 outbreak, the activity level and consequently the fuel consumption was significantly lower in F21 than that on which the Group hedging programme was originally based. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated loss on these instruments of €93.6 million (2020: €63.7 million) was charged to the statement of comprehensive income as exceptional expense.

In light of ongoing travel restrictions as a result of the COVID-19 pandemic and the subsequent uncertainty in demand for travel, a decision was taken in September 2020 to cease until further notice US Dollar and jet fuel hedging in order to reduce the risk of over-hedging.

In June 2021 the Board of Directors approved the Company's 'no hedge' policy for the post-COVID period with respect to US dollar and jet fuel price risk after carefully evaluating the economic costs and benefits of the company's hedging programme.

Going forward, the intent of the Company is to no longer engage in cash-flow hedging of US dollar denominated expenses and jet fuel price risk:

- ▶ The Group's has a significantly stronger balance sheet compared to when the hedging programme was launched, which positions the Company well to absorb the financial impact of potential increases in input costs from stronger US dollar or higher jet fuel prices;
- ▶ The Group is less vulnerable to input price inflation relative to certain of its industry peers due to the shorter booking window;
- ▶ The Group has a more limited competitive overlap of operated routes compared to those competitors;
- ▶ Material liquidity risk can be introduced by hedging activities especially during times of volatile trading environment;
- ▶ Hedging activities come at substantial additional cost in terms of spreads, yields and management time, which may provide greater income statement stability but does not evidently create shareholder value.

Among other things, the Group will be fully exposed to fluctuations in fuel prices in periods after September 2021.

The treasury department, under the supervision of the Audit and Sustainability Committee, will continue to monitor the Company's risk environment, market and business opportunities to reduce or transfer its exposure to market risks.

Details of the current hedging positions (as at 31 March 2021) are set out below:

Foreign exchange (FX) hedge coverage of Euro/US Dollar

Period covered	F21
Exposure (million)	12 months
	\$474
Hedge coverage (million)*	\$130
Hedge coverage for the period*	27%
Weighted average ceiling*	\$1.1621
Weighted average floor*	\$1.1164

Fuel hedge coverage

Period covered	F21
Exposure in metric tonnes ('000)	12 months
	890
Coverage in metric tonnes ('000)*	370
Hedge coverage for the period*	42%
Blended capped rate*	\$554
Blended floor rate*	\$503

* Including discontinued hedges.

Excluding discontinued hedges, the Company's foreign currency and fuel hedge coverage for F22 is 22 per cent and 28 per cent respectively.

Jourik Hooghe
Chief Financial Officer
2 June 2021

STRATEGIC REPORT

KEY STATISTICS

	F21	F20	Change*
CAPACITY			
Number of aircraft at end of period	137	121	13.2%
Equivalent aircraft	129.7	117.4	10.4%
Utilisation (block hours per aircraft per day)	4.13	12.02	(65.6%)
Total block hours	195,601	516,478	(62.1%)
Total flight hours	172,469	452,043	(61.8%)
Revenue departures	80,820	214,207	(62.3%)
Average departures per day per aircraft	1.71	4.98	(65.7%)
Seat capacity	15,927,709	42,788,903	(62.8%)
Average aircraft stage length (km)	1,604	1,635	(1.9%)
Total ASKs ('000 km)	25,551,625	69,972,524	(63.5%)
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	16,691,569	65,680,231	(74.6%)
Load factor (%)	64.0%	93.6%	(29.6ppt)
Number of passenger segments	10,186,077	40,027,914	(74.6%)
Fuel price (US\$ per tonne, including hedging impact and into-plane premium)	674	729	(7.5%)
Foreign exchange rate (US\$/€ including hedging impact)	1.17	1.16	0.1%
FINANCIAL MEASURES (for the airline only)			
Yield (revenue per RPK, € cents)	4.43	4.20	5.3%
Average revenue per seat (€)	46.4	64.5	(28.1%)
Average revenue per passenger (€)	72.5	69.0	5.2%
RASK (€ cents)	2.89	3.95	(26.7%)
CASK (€ cents)**	4.85	3.44	41.3%
Ex-fuel CASK (€ cents)**	3.86	2.27	69.8%

* Percentage changes in this table are calculated by division of the two years' KPIs also when the KPIs are expressed in percentage.

** Excluding the impact of exceptional items, as explained in Note 11 to the financial statements.

Glossary of technical terms

Available seat kilometres (ASK): available seat kilometres, the number of seats available for scheduled passengers multiplied by the number of kilometres those seats were flown.

Block hours: each hour from the moment an aircraft's brakes are released at the departure airport's parking place for the purpose of starting a flight until the moment the aircraft's brakes are applied at the arrival airport's parking place.

CASK: cost per ASK, where cost is defined as operating expenses and financial expenses net of financial income, excluding exceptional items.

Ex-fuel CASK: cost per ASK, where cost is defined as operating expenses and financial expenses net of fuel expenses and financial income, excluding exceptional items.

The definition of cost applied in the CASK measures until the 2019 financial year was based only on operating expenses. Financial income and expenses are now incorporated into the definition of cost because following the adoption of IFRS 16 this results in a more appropriate measure of cost development for the Company.

Equivalent aircraft: the number of aircraft available to Wizz Air in a particular period, reduced on a per aircraft basis to reflect any proportion of the relevant period that an aircraft has been unavailable.

Flight hours: each hour from the moment the aircraft takes off from the runway for the purposes of flight until the moment the aircraft lands at the runway of the arrival airport.

JOLCO (Japanese Tax Lease) and French Tax Lease: special forms of structured asset financing, involving local tax benefit for Japanese and French investors, respectively.

Load factor: the number of seats sold divided by the number of seats available.

PDP: the pre-delivery payments under the Group's aircraft purchase arrangements.

Revenue passenger kilometres (RPK): revenue passenger kilometres, the number of seat kilometres flown by passengers who paid for their tickets.

RASK: total revenue divided by ASK.

Underlying net profit (from continuing operation): profit after tax for the year as per IFRS excluding the impact of exceptional items.

Utilisation: the total block hours for a period divided by the total number of aircraft in the fleet during the period and the number of days in the relevant period.

Yield: the total revenue per RPK.

Cash and cash equivalents comprise bank balances on current accounts and on deposit accounts that are readily convertible into cash without there being significant risk of a change in value to the Group. Cash and cash equivalents do not include restricted cash.

Short term cash deposits comprise deposits maturing within three to twelve months of inception.

Total cash comprises cash and cash equivalents, short term cash deposits and restricted cash.

Definition and reconciliation of non-statutory financial performance measures

Return on capital employed (ROCE) is operating profit after tax (excluding exceptional items) divided by average capital employed, expressed as a percentage.

Average capital employed is the sum of annual average equity and interest-bearing borrowings (including convertible debt), less annual average cash and cash equivalents.

€ million	F21	F20
Operating profit (excluding exceptional expense)	(434.5)	402.0
<i>Effective tax rate for the year</i>	(1.7%)	4.4%
Operating profit after tax (excluding exceptional expense)	(441.8)	384.3
Average shareholders' equity	1,069.3	1,220.5
Average borrowings	2,588.4	1,940.4
Average cash and cash equivalents	(989.3)	(1,097.1)
Average short term cash deposits	(389.7)	(216.2)
Average capital employed	2,278.6.0	1,847.6
ROCE (%)	(19.4%)	20.8%

Leverage ratio: net debt divided by EBITDA (excluding exceptional items).

Net debt is interest-bearing borrowings (including convertible debt) less cash and cash equivalents.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and exceptional items.

€ million	F21	F20
Operating profit (excluding exceptional expense)	(434.5)	402.0
Depreciation and amortisation	345.3	381.4
EBITDA (excluding exceptional expense)	(89.2)	783.4
Borrowings	3,137.3	2,039.4
Cash and cash equivalents	(1,100.7)	(878.0)
Short term cash deposits	(346.8)	(432.5)
Net debt	1,689.8	728.9
Leverage	(18.9)	0.9

Liquidity is cash and cash equivalents and short term cash deposits divided by the last twelve months' revenue, expressed as a percentage.

€ million	F21	F20
Cash and cash equivalents	1,100.7	878.0
Short term cash deposits	346.8	432.5
Revenue	739.0	2,761.3
Liquidity	195.9%	47.6%

This section of the annual report sets out our risk management process and provides an overview of the emerging and principal risks that could, if not appropriately dealt with, affect Wizz Air's future success. Risk management is a dynamic and ever-evolving area and the Group is committed to proactively identifying and managing risks effectively. Compared to F20 the Company has put more attention on the pandemic and climate-related risks as further detailed below.

Our risk management process

The Board is responsible for the Group's risk management and it has delegated to the Audit and Sustainability Committee the task of monitoring the adequacy and effectiveness of the Group's risk management systems. The Group has a comprehensive enterprise risk management (ERM) process to support the achievement of business and strategic goals. As part of our ERM process, risks are identified and collected in our Risk Universe and Individual Risks are organised into Risk Categories. Risks are analysed for likelihood and impact using the qualitative approach. A risk response is determined depending on the Risk Category and the risk appetite which can range from "averse" to "actively seeking" depending on how much risk the Group assesses to be appropriate within our industry and business model.

The majority of the Wizz Air Risk Categories have "averse" risk appetite due to their safety/compliance/regulatory nature. In F21, we have also assessed Environmental, Social, and Corporate Governance (ESG) related risks with an "averse" risk appetite in order to drive a deliberate agenda on sustainability - with respect to climate and communities served by Wizz, and corporate governance - as it is becoming increasingly important to the Company. Those risk categories where our risk appetite is cautious/open are mostly commercial where a healthy level of risk taking is part of the DNA of the Group to further our commercial agenda and deliver against our shareholder value creation goals (e.g. major strategic initiatives, network management or our aircraft programme).

As part of this process, the internal Risk Council, including the Group's Leadership Team as the final risk owners and decision makers and the Senior Internal Audit Manager, meets regularly (minimum three times per year), to consider and update the emerging and principal risks identified and the status of the response plans. The resulting risk report is then reviewed with the Audit and Sustainability Committee and presented to the Board. The Board is therefore satisfied that it has carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Risks relating to the Group

Introduction

The principal risks identified by the Risk Council fall into nine broad groupings which are consistent with the groupings of F20 and include a deeper assessment on global pandemic risks based on the experience of COVID-19, and a separation of climate risks from social and governance risks to ensure better risk and opportunity identification and action planning in both areas:

- ▶ **information technology and cyber risk**, including website availability, protection of our own and our customers' data, ensuring the availability of operations-critical systems in an increasingly complex system landscape;
- ▶ **external factors**, such as the default of a partner financial institution, fuel cost, foreign exchange rates, competition, general economic trends and geopolitical risk;
- ▶ **network development**, making sure that we are making the best use of our capacity, driving maximum utilisation and ensuring that we have access to the right airport infrastructure at the right price so that we can keep on delivering the superior Wizz Air service at low fares across an expanding network;
- ▶ **fleet development**, ensuring that the Group has the right number of aircraft available at the right time to take advantage of commercial opportunities and grow in a disciplined way;
- ▶ **regulatory risk**, making sure that we remain compliant with regulations affecting our business and operations and that we remain agile to react to the changing travel restrictions and governmental actions taken due to COVID-19;
- ▶ **operations**, including safety events and terrorist incidents;
- ▶ **global pandemic**, which has been the reality not just only a risk during 2020 and beyond and may continue to impact the Group and its interests in the near future;
- ▶ **human resources**, ensuring we are able to recruit the right quality and the right number of colleagues to support our ambition to grow and, once recruited, that they remain engaged and motivated and that the Group has appropriate succession management in place for key colleagues, even in the context of a global pandemic;

- ▶ **climate risk**, ensuring that we are able to answer the growing need of environmental protection and consciousness and create a sustainable, climate-friendly service for our customers at all times respecting the planet; and
- ▶ **social and governance risks**, making sure we are at all times guided through our core values, our value of integrity, all stakeholders are respected throughout our business processes and deals and provided transparency through responsible reporting and disclosure.

Information technology and cyber risk

During the 2021 financial year, over 90 per cent of bookings were made through wizzair.com and mobile apps. Refunds in view of COVID-19 travel disruptions are mostly handled through digital channels. Soon aircraft will be connected via a connected Electronic Flight Bag. We are therefore dependent on our information technology systems to enable and manage ticket reservations and other payments. We need to handle and protect data compliant with industrial standards and GDPR. We check in passengers, manage our traffic network, perform flight operations and engage in other critical business tasks leveraging technology. Our website and our mobile app is our shop window and therefore it is critical that it is functional, reliable and secure.

While we outsource the hosting and operation of some of these systems to external IT suppliers, we retain an experienced internal team to oversee the operation of these systems and manage the service level. We will continue to review our business-critical systems to ensure that the appropriate level of back-up and reliable recovery procedures are in place. Beyond Wizz Air, we focus on supplier processes and practices to ensure all possible gaps are adequately identified and addressed where needed.

The Group has continued to employ business continuity processes since its beginning and during the 2021 financial year. The Group's business continuity plan was comprehensively reviewed and updated to ensure that it remained appropriate and sufficient for the Group's continued growth even against the backdrop of a pandemic. The up-to-date state and the operability of the business continuity plan are ensured through regular testing and maintenance.

Cyber risk is a hugely important consideration for our business and is one of the areas closely monitored by the Board. Our systems could be attacked in a number of ways and with varying outcomes – for example, unavailability of wizzair.com or operations-critical systems or theft of our customers' data that could result in considerable loss of customer confidence. In 2018, leading up to the implementation of the General Data Protection Regulation (GDPR) we completed a comprehensive review of the Group's data systems architecture and launched a combination of new processes, policies and technological solutions resulting in increased data protection at Wizz Air. Regarding customer card data handling, we successfully passed again the PCI DSS accreditation audit in January 2021.

During the 2021 financial year, we have continued to invest in and strengthen our processes, systems and policies and have closely worked together with the Data Protection Officer. Cyber security is a constantly evolving challenge and one of the key issues related to cyber security is our colleagues' awareness of the risk and of the possible ways in which our business could be attacked and, therefore, a comprehensive and compulsory e-learning training programme for all colleagues is maintained. The digital team trained more than 500 staff in cyber awareness in F21. Our in-house IT Security department continues to review emerging threats and the Board will be kept up to date on the actions being taken to safeguard the Group and our customers.

The pandemic further changed the cyber security landscape. The cyber security threat level increased in all industries around the world. Threats include website attacks, end-user phishing, ransomware attacks, compromises via a trusted third party and many others. Facing these challenges, Wizz Air was successfully blocking over 1.7 million attacks per month through deployment of technical improvements.

With the new regulations during the pandemic regarding social distancing, pressure on the IT infrastructure increased and its reliability became more important than before in ensuring business continuity.

External factors

The airline industry suffered one of the biggest hits due to COVID-19. It did recover during the summer of F21 but the second and third waves of the pandemic caused the re-introduction of restrictions. Mass vaccination started at the end of 2020; providing a good basis for the industry to recover. The IATA forecast of the industry is to make net losses of \$118 billion in CY2020, and \$38 billion in 2021.

During the pandemic hedging transferred from being a risk mitigation tool to the risk/cause of loss itself. The hedging policy is continuously discussed by management and the Board in order to provide reasonable protection against price shocks while being consistent with a minimum level of capacity utilisation during the pandemic.

We are an international business and, while we report in Euros, we transact in over 20 currencies. We make a large number of payments in US Dollars. Appreciation of the US Dollar against the Euro may negatively impact results and margins. In all cases, hedging transactions are subject to the approval of the Audit and Sustainability Committee.

During the 2021 financial year fuel accounted for 21.8 per cent of our total Group operating costs (each excluding exceptional expenses) and a rise in fuel prices could significantly affect our operating costs.

Financial counterparties. We believe that a strong cash position is a vital foundation for the Group's financial resilience and its ability to capture commercial opportunities as they arise. Therefore, we actively manage the safeguarding of our financial assets and monitor the viability of our banking, card acquiring and hedging counterparties. In fact, all of the Group's cash is invested in accordance with a Board-approved counterparty risk policy which assigns investment limits to each counterparty based upon its credit rating.

Competition is one of the key risks to our business. Our competitors continuously strive to protect or gain market share in markets in which we operate, perhaps by offering discounted fares or more attractive schedules. During COVID-19, a unprecedented amount of state support has benefited our competitors. States are again large and often majority shareholders in competitive airlines. Competition can adversely affect our revenues and so we constantly monitor our competitors' actions and the performance of our route network to ensure that we take both reactive and proactive actions in a timely manner. Ultimately, our key competitive strength is our commitment to driving our costs ever lower while delivering a superior service and building a loyal customer base. We firmly believe that in tough market conditions lowest cost ultimately wins and therefore we are relentlessly committed to the strictest cost discipline day in and day out.

We are exposed to global political, economic and epidemic events and trends. An economic downturn affects demand for air travel. Our business extends beyond the borders of the EU and into countries such as Russia and Ukraine and regions including the Caucasus, North Africa and the Middle East. Some of the regions we operate in have in the past experienced, and may also in the future be subject to, further potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and local, regional or international conflicts, corruption among government officials, social and ethnic unrest and currency instability. Certain countries may be more affected by COVID-19 than others and may have a longer path to recovery, requiring us to diversify our network and approach. We maintain close relationships with local authorities and, as an organisation, we are able to react quickly to adverse events.

Whereas Brexit is behind us there continues to be a level of uncertainty on how the UK and the EU will foster commercial relationships going forward. We continue a dialogue with various authorities to ensure that there is a general understanding of the need to maintain access to the liberalised market.

Regardless of the future discussions, we believe diversification of our network and markets is a key part of a sustainable business strategy and we remain confident that CEE is a large addressable market which will continue to provide opportunities for profitable growth.

Network development

During the pandemic one of the key strategies of Wizz Air was to diversify its network, allowing us to better deal with risks caused by travel restrictions as they arose in parts of the network whereas other parts of the network were not or less impacted. While international travel was restricted, we successfully opened new domestic routes and bases in several countries. Improving the network allowed us to improve costs through long-term agreements with airports. We compete not just for customers but also for affordable access to infrastructure. To meet our ambitious growth plans we require additional space in airport terminals and additional take-off, landing and airport slots. Certain airports in which we operate may already be or become congested, meaning we may not be able to secure access to those airports at our preferred times. We are also making sure that, to retain the slots we already have, we maintain close working relationships with the relevant airport authorities and slot co-ordinators and continuously improve our scheduling and slot management systems and processes.

Fleet development

In order to support our growth plans, we require additional aircraft. We put emphasis on new aircraft - we currently operate one of the youngest fleets in Europe with an average age of just 5.4 years. Having a modern and reliable fleet means we can utilise it for over twelve hours a day in normal circumstances. For the business it means lower unit operating costs and, for our customers, lower prices. Since early 2019 the Group started to take delivery of the A321neo aircraft and currently operates these narrow body aircraft which are the most efficient technology today and likely to remain that way over the next few years. Our order book with Airbus as at 31 March 2021 comprised 34 A320neo, 194 A321neo and 20 A321XLR aircraft with deliveries scheduled to take place between 2021 and 2027.

Aircraft deliveries materially continued during the pandemic which will allow Wizz Air to gain advantage in the post-pandemic near future. A large aircraft order is a significant financial commitment and requires financing. To date, we have predominantly financed our A320-family's aircraft through sale and leaseback arrangements. In the upcoming few years, Wizz Air will take delivery of a record number of aircraft per year and as a Group we are focused on multiple possibilities to finance our future fleet to ensure we secure the most cost competitive terms. We are confident that, given both the A320 family's desirability as a result of its superior operating economics and Wizz Air's established strong financial track record, financing will be readily available on competitive terms for the foreseeable future.

With the advance of technology, aircraft computer technology intended to make flight operations safer is becoming more sophisticated and may sometimes fail, leading to aircraft being grounded. Similarly, design flaws of aircraft components may lead to costly delays of aircraft delivery. We are in constant dialogue with our key suppliers, Airbus and Pratt & Whitney, to ensure we have sufficient capacity to deliver our planned growth and that crews are trained to the highest standard possible and are adept at using the latest aircraft technology innovations in order to avoid such failures and delays.

Regulatory risks

Today regulatory risks are driven by fast changing mobility restrictions as a result of the non-standardised governmental approaches in key markets. Wizz Air has strengthened a dedicated internal team.

Considering current trends in fast changing travel restrictions, the amount of flight schedule changes may lead to higher operational inefficiency and possibly passenger compensation may continue to be a concern as well.

Beyond COVID-19, aviation remains a highly regulated industry. Wizz Air Hungary relies on an air operator's certificate (AOC) and operating licence issued by Hungary, Wizz Air UK relies on an AOC and operating licence issued by the United Kingdom and Wizz Air Abu Dhabi relies on a licence issued by Abu Dhabi. In each case, the licences allow the airline to operate air services both within Europe and to and from countries with which it has air traffic agreements. Each operating licence requires the Group to meet ownership and control requirements. If the Group ceases to be majority owned and effectively controlled by Qualifying Nationals, then its operating licence – and, so, its right to operate its business – could be at risk. The Group on a periodic basis, but at least before voting events, suspends proportionally voting rights on Ordinary Shares held by Non-Qualifying Nationals such that the airline is effectively majority controlled by EEA holders.

From 1 January 2021 the Group treats as Restricted Shares certain Ordinary Shares held by Non-Qualifying Nationals and issued to such Shareholders Restricted Share Notices. This decision was made by the Board because from 1 January 2021 UK nationals are no longer to be treated as Qualifying Nationals.

The Group's Board of Directors will continue to monitor the ownership level of Ordinary Shares by Non-Qualifying Nationals and will take actions as allowed by its articles if deemed necessary.

Operational risks

An accident or incident, or terrorist attack, can adversely affect an airline's reputation and customers' willingness to travel with that airline. With the pandemic, protection of the health of our employees and customers became a key focus. To be able to implement standardised, central measures a new Group Health, Safety and Wellbeing Manager position was created in early F21 prior to COVID-19.

Furthermore, during COVID-19 the possibility of sudden airport closures and ground handling stops became a significant risk. Political decisions may lead to significant financial loss and temporary operational disruption in case of a potential airport closure and/or ground handling operations suspension. To mitigate this risk, our operational teams are keeping close contact with all relevant airports to understand the risk potentials and diversion airports or contingency airports have been defined.

At Wizz Air, our number one priority is the safety of our passengers and crew. Our aircraft fleet is young and reliable, we use the services of world-class maintenance organisations and we have a strong safety culture. A cross-functional safety council meets four times a year, involving both senior management as well as operational staff, and reviews any issues which have arisen in the previous three months and the actions taken as a consequence. In addition to this, we collect detailed data from all aspects of our operations in order to identify trends, and relevant personnel from our Operations department meet twice a year to discuss any trends identified in their area of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to enable our flight and cabin crew to report safety issues which are a concern to them. The entry standards for our operating crew are high and our own Approved Training Organisation (ATO) ensures that all of our pilots are trained to the highest standards. Wizz Air is a registered International Air Transport Association's Operational Safety Audit (IOSA) programme operator, which helps us to ensure that we have best-in-class airline safety management and control systems and processes.

Our experienced security team has an ongoing programme to ensure that the security of our operations and the airports which we serve meet high standards. Our security team also maintains close contact with relevant authorities in order to assess any potential security or other threats to our operations. Any serious threat will be escalated to senior management. We have in the past suspended operations to destinations where the safety of our passengers, crew and aircraft could not be guaranteed.

Wizz Air Hungary Ltd. is classified as a company of strategic importance by the Hungarian Parliament and, as such, the Company now enjoys enhanced security information and protection under the auspices of the Hungarian Constitution Protection Office. Wizz Air has also joined the campaign launched by the European Union Aviation Safety Agency (EASA) aiming to reduce the number of unruly passengers on all European flights and protect passengers' right to a peaceful travel experience.

Global pandemic

COVID-19 turned into a worldwide pandemic. Although mass vaccination is in progress, COVID-19 may still impact us in the near future.

The Group's crisis management centre has been activated since February 2020. The epidemic was characterised as a pandemic by the World Health Organization on 11 March 2020. The situation has been followed up on a daily basis by senior management and the Group's Board of Directors has been receiving a daily update on the operational, commercial and financial situation of the Group. In addition, extraordinary Board of Directors meetings have been organised monthly since February 2020. Structural measures have been taken by the Group to ensure the health and safety of its passengers and staff and to protect liquidity (including cost savings, workforce cost reductions and working capital interventions). In April 2020 the Group's operations were reduced by more than 95 per cent. Since 1 May 2020 the Group had resumed operations from a number of bases, supported by a new health and safety protocol aimed at minimising the risk of infection of customers, staff and partners. These protocols include regular PCR testing of our employees, providing the necessary protective equipment, implementing home office for office workers if necessary and re-organising the office spaces to be able to keep social distancing. The testing results and the local governmental restrictions are continuously monitored and transparent communication to the employees is established.

Human resources

Wizz Air is a people business. We know our people are the backbone of our business and it is their dedication, day in, day out, that allows us to deliver our low-cost, quality service. We also know we cannot take our people for granted and that competition for the high-quality people we seek is keen and may become even more so.

- ▶ Flight, cabin crew and office colleagues were affected by the impact of the pandemic on aviation and saw their income decline in F21. Wizz Air tried to maintain maximum employment during this period.
- ▶ We are proud that, to date, we have maintained a good relationship with our employees and we have not experienced industrial unrest. We strive to make sure this will remain the case, but we realise that there can be no guarantee. We know we need to ensure we continue to motivate our colleagues, even more so in current times. Feedback is an essential part of this process – both giving and receiving – and we consider direct communication between senior management and other employees as the best way of listening to our employees' concerns. The Wizz Air People Council, established in 2018, regularly brings together employees representing all areas of the business and is designed to facilitate an effective two-way communication between the management and employees and to support the decision-making process on matters that affect all of us within the Group, so that Wizz Air can continue to improve both as an airline and as an employer. This effective two-way communication is also facilitated by regular base visits, which are occasions for senior management to spend quality time with employees, both formally and informally.
- ▶ Our success to date has been driven also by our key personnel. Our continuing success will depend on having the right people in the key positions. Succession of key personnel is a matter which we take extremely seriously and we shall continue to develop our succession planning processes to ensure that we have colleagues of the right calibre to lead the Group in the future.
- ▶ To mitigate risks of the challenges faced by the industry and the implications in terms of employer attractiveness, Wizz Air introduced a number of measures including closely monitoring recruitment and attrition rates, annual salary reviews and annual engagement surveys amongst staff. The results are reviewed by the Leadership Team and are cascaded down on department level for action.

Environment, Social and Governance

As an airline, we recognise the risk related to oil consumption and CO₂ emissions, which are considered a cause of climate change. Sustainability has become an even more important focus for our Group. This includes creating and implementing environmental and socially responsible strategies, centralising data collection in order to increase our reporting capabilities and transparency and a continued commitment to the highest ethical standards.

Greenhouse gas emissions and their potential impacts relating to climate change are under increasing global regulatory focus. Aviation is already included in the EU Emissions Trading System (EU ETS) and the Group expects to be part of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) when effective. In October 2016, the International Civil Aviation Organisation (ICAO) adopted CORSIA with the intention to create a single global market-based measure to achieve carbon-neutral growth for international aviation after 2020, which can be achieved through airline purchases of carbon offset credits. CORSIA is expected to increase operating costs for airlines that operate internationally.

While the precise impacts of climate-related requirements continue to evolve, the Group takes its responsibility towards the climate very seriously and is undertaking various measures that are expected to help reduce its CO₂ emissions over time, such as improving fuel efficiency through operational measures and fleet renewal.

In June 2019, Wizz Air announced that it operated at the lowest CO₂ emissions per passenger amongst all competitor airlines. With 57.2g CO₂ per passenger/km in the 2020 financial year, Wizz Air was the airline with the smallest environmental footprint per passenger. Wizz Air took a proactive step to include the emissions figure in its monthly statistics, adding transparency to allow passengers to have all the necessary information to make responsible choices. During F21, emission intensity did not continue the historic declining trajectory as the airline operated routes with fewer passengers per aircraft versus F20. This is a temporary set-back and the Group is confident to return to its emission intensity glide path driven by its strong fleet order of more than 250 Airbus A321neo.

Until new environmental regulations come into force and/or until pending regulations are finalised, future costs to comply with such regulations remain uncertain but are likely to have a significant financial impact on our operating costs and on the aviation industry as a whole over time. We continue to monitor these developments; however, the precise nature of future requirements and their applicability to the Group are hard to predict.

József Váradi

Chief Executive Officer

2 June 2021

GOVERNANCE

Chairman's Statement on corporate governance

After years of record traffic growth and unprecedented profitability, the airline industry has been facing a sharp and sustained fall in demand as the COVID-19 pandemic has brought international travel to a virtual standstill.

Wizz Air outperformed the industry during the 2021 financial year, carrying 10.2 million passengers at 64.0 per cent load factor against an ever-shifting backdrop of travel restrictions across all markets. At the same time, Wizz Air's disciplined cost management allowed the Company to sustain its investment grade balance sheet with a total cash balance at year end of €1.6 billion.

The Directors recognise the importance of ensuring that the Company's corporate governance remains of a high standard, to maintain the trust that our investors have placed in the Company.

As Chairman, I am pleased to see the commitment of our Directors to the Company's business, with several spending time outside formal Board meetings interacting with the Company's management.

During the course of F21, a certain number of directorate changes or re-appointments occurred:

On 3 June 2020, Ms Charlotte Pedersen was appointed to the Board of the Company as an independent Non-Executive Director. At the same time, Ms Susan Hooper resigned as a Director of the Company. A joint Danish and Luxembourgish national, Ms Pedersen is currently the Chief Executive of Luxaviation Helicopters, a global VVIP helicopter organisation and part of Luxaviation Group. She has more than 30 years of experience in the aviation sector.

Mr Guido Demuynck, who was appointed to the Board in February 2014, did not seek re-election to the Board at the annual general meeting and retired effective from 28 July 2020.

On 4 November 2020, Mr Enrique Dupuy de Lome Chavarri was appointed to the Board of the Company as an independent Non-Executive Director. Mr Dupuy de Lome Chavarri was also appointed as an additional member of the Audit and Sustainability Committee. A Spanish national, Mr Dupuy de Lome Chavarri has had an extensive career at Spain's Iberia. After joining the Company in 1990 as Financial Director, he ultimately rose to become Chief Financial Officer, a position which he held for several years. He also played a key role in the merger of Iberia with British Airways in 2011 and the creation of the International Airlines Group (IAG). He became Chief Financial Officer at IAG, a position he held until he retired in June 2019. During his time at IAG, he led the financial strengthening and expansion of IAG, driving a significant improvement in its market capitalisation, profitability and returns. He also played a critical role in the group's acquisitions of BMI, Vueling and Aer Lingus and the creation of Level.

On 4 November 2020, Ms Charlotte Andsager was appointed to the Board of the Company as an independent Non-Executive Director. Ms Andsager was also appointed as an additional member of the Remuneration Committee. A Danish national, Ms Andsager has held multiple regulatory roles within the Ministry of Transport and Communications of Norway as well as Telenor, the Norwegian majority state-owned multinational telecommunications company. In 2005, Ms Andsager was recruited to serve as Vice President, European and US Public Affairs for SAS Group. In this capacity, Ms Andsager advised SAS Group on European & US public affairs and maintained contacts with the European institutions and the US Administration. In 2010, Ms Andsager was recruited to Rolls-Royce Plc as Vice President EU Affairs. Prior to joining the Wizz Air Board, Ms Andsager served six years as an Independent Director on the board of Avinor Flysikring AS, the state-owned air navigation services provider in Norway.

On 28 January 2021, Mr Simon Duffy's appointment to the Board of the Company as an independent Non-Executive Director, Chairman of the Audit and Sustainability Committee and Senior Independent Non-Executive Director was extended by one year.

On 1 March 2021, Mr William A. Franke's appointment to the Board of the Company as a non-independent Non-Executive Director, Chairman of the Board and Chairman of the Nomination Committee was extended by one year.

On 1 March 2021, Mr Stephen L. Johnson's appointment to the Board of the Company as a non-independent Non-Executive Director was extended by one year.

On 14 March 2021, Mr Peter Agnefjäll resigned as an independent Non-Executive Director of the Company with effect from 13 April 2021.

On 13 April 2021 Dr Anthony Radev was appointed to the Board of the Company as an independent Non-Executive Director. Dr Radev is responsible for overseeing engagement with employees, replacing Mr Barry Eccleston who has been in that role since 1 January 2019. A citizen of Hungary, Germany and Bulgaria, Dr Radev has had an extensive career in academia and business. Presently, he serves as a President of Corvinus University at Budapest, Hungary, is a member of the Board of Directors at MOL Hungarian Oil and Gas Public Limited Company and is a member of the Board at Hungary Football Federation and at the DSK bank in Bulgaria. For over 20 years, Dr Radev has been involved with McKinsey & Co. in various roles, the last one as a Senior Partner from 2001 until 2013. His engagement has spanned many sectors of the economy and included leading McKinsey's financial institutions practice in Central and Eastern Europe as well as being a member of the senior leadership team in European banking practice. Today, Dr Radev is a Director Emeritus of McKinsey (honorary membership).

One of the keys to the Company's success to date has been its agility in responding to challenges and opportunities and, more specifically, to the issues that developed during the COVID-19 pandemic. However, it is important that this agility is matched by a robust governance process over significant decisions. I believe that one of the strengths of the Company's Board is the willingness and ability of the Directors to be involved in strategic discussions and support the Company's management with their decisions in often challenging timeframes.

During F21, the Wizz Air fleet grew to 137 aircraft including 22 additional game-changing Airbus A321neo. The Airbus A321neo is powered by Pratt & Whitney GTF engines, features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and the lowest possible operating costs.

On 13 July 2020, the Company announced that Wizz Air Abu Dhabi, a national airline of the United Arab Emirates and a joint-venture established between ADQ, one of the region's largest investment holding companies, and the Company, had received national carrier status from the UAE government. On 15 January 2021, Wizz Air Abu Dhabi launched its operations at Abu Dhabi International Airport.

During F21, the Board continued to address possible outcomes of the United Kingdom's decision to exit the European Union, or Brexit. As from 1 January 2021 UK nationals would no longer be treated as Qualifying Nationals with regard to ongoing European airline ownership requirements, and notwithstanding the UK-EU Trade and Cooperation Agreement, on 28 December 2020 the Board resolved to exercise its power under the Articles to serve Restricted Share Notices on Non-Qualifying National Shareholders specifying that, from 1 January 2021, in respect of their Restricted Shares they can no longer attend or speak or vote at any general meetings of the Company.

On 8 January 2021, the Board approved the successful issuance by the Company of a €500 million Eurobond under the €3,000 million Euro Medium Term Note programme as described in the base prospectus dated 4 August 2020.

In the face of significant developments in the Company's business, it is important the Board continues to understand risks that have the potential to adversely affect the achievement of the Company's strategic objectives. The Company's more structured enterprise risk management system has now been in place for several years, under the oversight of the Audit and Sustainability Committee. The Company's Risk Council reports to the Audit and Sustainability Committee on a quarterly basis, with the risk report being updated following meetings, between the Company's Senior Internal Audit Manager and individual risk owners, with periodic updates then being given to the full Board.

The Board also recognises that the role of aviation and its environmental impact are now the subject of greater public scrutiny, most notably in relation to carbon emissions. While climate change has had a high profile in Europe, the entry into force of the Paris Agreement contributed to pushing this to the top of the political agenda. The Board is committed to connecting sustainability with corporate purpose and strategy.

The Board thanks each and every one of our investors for the faith they have shown in the Company's business and also recognises the trust that the Shareholders have placed in the Board and senior management. Over the course of the last year, a large number of meetings with investors were organised by senior management and, in addition, I have also spoken to a number of Shareholders. Any concerns or comments raised were then relayed to the Board.

In 2021, Wizz Air engaged Lintstock to facilitate an evaluation of the performance of the Board of Directors. Lintstock is an advisory firm that specialises in Board Reviews and provides no other services to the Company.

The first stage of the Review involved Lintstock engaging with the key project sponsors to set the context for the evaluation and to tailor the survey content to the specific circumstances of the Company. All Board members were then invited to complete surveys addressing the performance of the Board and the Chair. The anonymity of the respondents was ensured throughout the process in order to promote open and candid feedback.

The exercise was designed to ensure that development areas identified in previous Board Reviews were followed up, and had a particular focus on the following themes:

- ▶ the ongoing response of the organisation to COVID-19, including the flow of information from management to the Board during this period, and new practices that ought to be retained;
- ▶ the level of the Board's focus on ESG, and specifically the extent to which ESG factors are incorporated into discussions and decision making;
- ▶ the consideration of the succession plans in place for key leadership positions, including at Board level and amongst the senior management team;
- ▶ the management of risk, and specifically the level of focus on risk at Board level;
- ▶ the information provided to the Board on key stakeholders and the Company's engagement with various parties, including investors, customers, employees and regulators;
- ▶ the composition of the Board, and the relationships amongst the members, including the manner in which the dynamic has developed under remote working conditions;
- ▶ the management of meetings, and ways in which the use of videoconferencing can be maximised for the benefit of the Board; and
- ▶ the monitoring of the competitive environment, and technological opportunities and risks facing the Company.

It is anticipated that the observations and recommendations resulting from the review will be considered at a Board meeting to be held in June 2021, at which point the Board will agree key objectives to take forward. Lintstock remains available to the Chair of the Board to discuss the outcomes of the evaluation and to provide further clarification on any of the points raised during the exercise, if necessary.

Once again, I would like to stress that the trust that both investors and other stakeholders have placed in the Board is not taken for granted. We will continue to develop our processes to ensure that our policy of ensuring high standards of governance appropriate for the Company is maintained in the future and in a manner which is appropriate for the Company's continued fast rate of growth.

GOVERNANCE

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Directors support high standards of corporate governance and it is the policy of the Company to comply with current best practice in UK corporate governance to the extent appropriate for a company of its size. The Company welcomed the publication by the FRC of its new UK Corporate Governance Code in July 2018 and its focus on the themes of corporate and board culture, stakeholder engagement and sustainability, which are critical factors for us as we partner with our stakeholders to build an enduring business.

The Corporate Governance Code is available for review on the Financial Reporting Council's website: www.frc.org.uk.

The Board complied with the requirements of the Corporate Governance Code (July 2018) during the financial year, except as set out below:

- ▶ William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code (Provision 10), given that he is the managing partner of Indigo. In addition, he has also exceeded the nine-year limit imposed by the Code (Provision 19). However, given the benefits to the Company of his recognised experience in the airline industry, the Board believes that Mr Franke should continue as Chairman.
- ▶ The Board acknowledged at the time of appointing Barry Ecclestone as Remuneration Committee Chair that it did not comply with the requirements of the Code in this respect, as Mr Ecclestone had no previous experience on a remuneration committee. The Board saw Mr Ecclestone as a professional with the experience and expertise to effectively manage the Committee. It should be noted that over two years, Mr Ecclestone had also been serving as an independent Non-Executive Director overseeing engagement with employees and has ensured that the workforce voice has reached the boardroom. Having reviewed his appointment, the Board confirms that Barry Ecclestone has since displayed the skills, experience and time commitment required for the role and has the full support of the Board.
- ▶ The post-cessation shareholding policy has been included in the Remuneration Policy changes for the current year, however these are yet to be approved by the Shareholders at the next AGM therefore were not yet in place during the reporting period.

Our key Shareholders

As at 31 March 2021, the Company had been notified pursuant to DTR 5 of the Financial Conduct Authority's Disclosure Rules and Transparency Rules (DTRs) that the following Shareholders held more than 3.00 per cent of the Company's issued Ordinary Shares:

Shareholder	Reported shareholding	Reported number of shares
Capital Research Global Investors	14.5 per cent	12,375,442
Baillie Gifford & Co.	8.3 per cent	7,100,749
Fidelity Management & Research Company	7.3 per cent	6,212,657
Indigo Hungary LP	6.6 per cent	5,610,120
BlackRock Investment Management (UK) Ltd.	3.6 per cent	3,096,348
Jupiter Asset Management Ltd.	3.1 per cent	2,646,919

Between 1 April and 14 May 2021 Capital Research Global Investors bought 84,715 shares, Fidelity Management & Research Company LLC 187,600 shares, and BlackRock Investment Management (UK) Ltd. 104,358 shares, while Baillie Gifford & Co. sold 2,747 shares, Jupiter Asset Management Ltd. sold 37,709 shares.

Changes in interests that have been notified to the Company pursuant to DTR 5 of the DTRs since 1 May 2019 can be found in the Regulatory News section of the Investor Relations page of the Company's corporate website: http://corporate.wizzair.com/en-GB/investor_relations/news/press_releases.

Our relationship with Indigo

On 31 March 2021, Indigo (Indigo Hungary LP and Indigo Maple Hill LP together) held 8.53 per cent of the Company's issued Ordinary Shares, as well as 17,377,203 convertible shares of £0.0001 each in the capital of the Company ("Convertible Shares"). The Convertible Shares do not have any right to participate in the Company's profit and are, save in very limited circumstances, non-voting. These limited circumstances include the consideration of a resolution for the winding-up of the Company or the variation of the rights attaching to the Convertible Shares or any variation of the rights attaching to the Ordinary Shares into which the Convertible Shares may be converted.

Each Convertible Share may be converted into one Ordinary Share, as long as the ownership of the Company remains compliant with applicable EU ownership and control rules. Indigo also holds a number of convertible notes which may be converted into Ordinary Shares, again provided that the Company's ownership remains compliant with EU ownership and control rules. The terms of these convertible notes are governed by a note purchase agreement dated 24 February 2015 and entered into between the Company, Wizz Air Hungary Ltd. and Indigo. Our Chairman, William A. Franke, is the managing partner of Indigo.

According to the Financial Conduct Authority's Listing Rules (the "Listing Rules"), any person who exercises or controls the exercise, on their own or together with any person with whom they are acting in concert, of 30 per cent or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as "controlling shareholders". During its preparation for its initial public offering in February 2015, the Company discussed with the UK Listing Authority that, in the circumstances, Indigo would be treated as a controlling shareholder of the Company for these purposes. The Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement, which is intended to ensure that the controlling shareholder complies with certain independence provisions. The agreement must contain undertakings that:

- a) transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- b) neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- c) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a Shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Wizz Air entered into a relationship agreement with Indigo dated 24 February 2015. The key terms of this relationship agreement are set out below.

Independence

Indigo has undertaken to exercise its voting powers in relation to the Company to ensure that the Company is capable of operating and making decisions for the benefit of the Shareholders of the Company as a whole and independently of Indigo at all times. In addition, Indigo has undertaken that it will not, and will procure that none of its associates will: (a) take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (b) propose or procure the proposal of a Shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Board

Indigo may nominate: (a) three Directors to the Board if Indigo and its associates hold in excess of 30 per cent of the fully converted share capital of the Company (i.e. assuming the conversion in full of all Convertible Shares and Convertible Notes); (b) two Directors to the Board if Indigo and its associates hold in excess of 20 per cent of the fully converted share capital; or (c) one Director to the Board if Indigo and its associates hold in excess of 10 per cent of the fully converted share capital (each an "Indigo Director"). If Indigo and/or its associates no longer hold at least 30, 20 or 10 per cent, respectively, of the fully converted share capital of the Company, then Indigo has agreed to procure, insofar as it is legally able to do so, that the appropriate number of Indigo Directors resigns from the Board unless a majority of the independent Directors resolve that any Indigo Director should remain on the Board.

Indigo may not nominate any person to be an Indigo Director whose re-election has been proposed to, but not approved by, the holders of Ordinary Shares in a general meeting, or who has been removed from office by a resolution of the holders of Ordinary Shares.

The Board shall manage the Company independently of Indigo in accordance with the articles of association, the Listing Rules and applicable law. The parties have also agreed that at least half of the Board (excluding the Chairman) shall comprise independent Non-Executive Directors, the Nomination Committee shall consist of a majority of independent Directors and the Remuneration and Audit and Sustainability Committees shall consist only of independent Directors.

Arm's length transactions

All transactions and relationships between the Company and Indigo or any of their associates shall be conducted at arm's length, on a normal commercial basis and in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules.

Provision of information and confidentiality

Indigo shall, subject to the Company's obligations under all applicable laws (including, without limitation, the Listing Rules and the DTRs), be provided with financial, management and/or other information relating to any member of the Group as Indigo (or any of its associates) may reasonably require for the purposes of any internal or external reporting requirements which the relevant party is required by internal compliance, law or regulation to make. Indigo may disclose any such financial, management and/or other information to its associates provided that: (a) Indigo will (and will procure that any associate to whom any information is passed will) keep confidential any such information; (b) such information does not include information relating to any transaction between the Company and Indigo or any of their associates obtained as a result of an Indigo Director's position as a Director; (c) disclosure would not result in the breach by the Company of the DTRs or require the Company to make a public announcement; and (d) the name of such persons to whom information is disclosed is added to the Company's insider list.

Confirmation regarding compliance

The Board confirms that, since the entry into the relationship agreement, on 24 February 2015, until 31 May 2021, being the latest practicable date prior to the publication of this report:

- a) the Company has complied with the independence provisions included in the relationship agreement; and
- b) so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by Indigo.

Engaging with our Shareholders

Wizz Air recognises the need to engage with its Shareholders.

Over the course of the past year, the Company's Investor Relations department has arranged a number of roadshows, timed around the release of financial results, as well as other meetings with investors. Ahead of the 2020 annual general meeting, attended by all of the Directors, both the Chairman and the Senior Independent Non-Executive Director, along with the Chairman of the Audit and Sustainability Committee and the Remuneration Committee, were available to answer questions from investors. The Chairman, the Senior Independent Non-Executive Director and the Chairman of the Audit and Sustainability Committee and of the Remuneration Committee will again be available to answer questions from investors.

A report on investor relations is presented by the Chief Financial Officer at each Board meeting, during which feedback from meetings held by senior management with investors is provided. The Board is supplied with copies of analysts' and brokers' briefings as they are received.

At the Company AGM held on 28 July 2020, the resolution to approve the Directors' Remuneration Report was supported by 48 per cent of Shareholders. Since then, the Board has welcomed new Directors and a fully refreshed Remuneration Committee with two new members, Ms Andsager and Mr Agnefjäll, along with a new Remuneration Committee Chairman, Mr Eccleston. In his new role, the Remuneration Committee Chairman engaged with key Company Shareholders to listen to their views. The Company has received feedback from Shareholders who voted against the 2020 Remuneration Report resolution that the main concerns at the time of voting related to discretion used to award the F20 Short-term Incentive Plan payment to Senior Management and the total time horizon of the Company's Long-term Incentive Plan. While the Board remains satisfied that the Short-term Incentive Plan outcome for Senior Management was fair as outlined in the Company's 2020 Remuneration Report, it acknowledges and respects the views expressed by Shareholders in their opposition to the resolution. Key feedback, together with other governance initiatives the Company will be undertaking, has been incorporated in the Remuneration Policy.

The Board would like to thank all Shareholders that took part in the engagement process and values the feedback and insight it has gained.

GOVERNANCE

MANAGEMENT OF THE COMPANY

The Board of Directors

Effective oversight of Wizz Air's business is the key function of the Board. Key to this oversight is the approval of the Company's long-term strategy and commercial objectives and these matters are reserved to the Board, along with the approval of annual operating and capital expenditure budgets and any changes thereto. Other key areas also reserved to the Board include financial reporting and controls, internal controls, the review and approval of key contracts, Board membership, the remuneration of Directors and senior executive employees, corporate governance including ESG matters and the review of safety issues.

Since January 2020 all Directors' appointments and re-appointments are effective for a period of one year instead of three years and all Directors, except for those choosing not to put themselves forward for re-election, stand for election or re-election by the Company's Shareholders at each annual general meeting.

Board membership

Wizz Air's Board currently comprises one Executive and eleven Non-Executive Directors. The current Directors bring a wealth of experience from both the worldwide aviation industry as well as other international industries and so together bring to the Company an appropriate breadth, depth and balance of skills, knowledge, experience and expertise. The Directors who have served during the 2020 financial year and since year end are:

Name	Position	Committee membership (as at 31 March 2021)
Executive Director		
József Váradi	Chief Executive Officer	
Non-Executive Directors		
William A. Franke	Chairman	Nomination Committee
Guido Demuynck*	Non-Executive Director	Remuneration Committee
Simon Duffy	Non-Executive Director, Senior Independent Director	Audit and Sustainability Committee, Nomination Committee
Susan Hooper**	Non-Executive Director	Audit and Sustainability Committee, Remuneration Committee
Stephen L. Johnson	Non-Executive Director	
Charlotte Pedersen***	Non-Executive Director	Audit and Sustainability Committee
Barry Eccleston	Non-Executive Director	Nomination Committee, Remuneration Committee
Peter Agnefjäll****	Non-Executive Director	Audit and Sustainability Committee, Remuneration Committee
Maria Kyriacou	Non-Executive Director	Audit and Sustainability Committee
Andrew Broderick	Non-Executive Director	
Charlotte Andsager****	Non-Executive Director	Remuneration Committee
Enrique Dupuy de Lome Chavarri****	Non-Executive Director	Audit and Sustainability Committee, Remuneration Committee
Dr Anthony Radev*****	Non-Executive Director	Overseeing employee engagement

* Did not stand for re-election at the 28 July 2020 annual general meeting.

** Resigned effective as of 3 June 2020.

*** Joined effective as of 2 June 2020.

**** Joined effective as of 4 November 2020.

***** Resigned effective as of 13 April 2021.

***** Joined effective as of 13 April 2021.

When recruiting for Board members, the Company engaged independent external search agencies, such as Korn Ferry and Heidrick & Struggles.

William A. Franke, Chairman

Mr Franke has been Chairman of Wizz Air since 2004. The Chairman's role is to lead the Board and ensure that it operates effectively. Mr Franke is the founder and managing partner of Indigo Partners LLC, a private equity fund focused on air transportation. He is currently chairman of Frontier Airlines, Inc, a United States airline, JetSMART Spa, a Chilean airline, EnerJet, a Canadian start-up airline and APIJET LLC, a software company focused on providing real-time cost saving analytics to airlines, and currently serves on the board of directors of Concesionaria Vuela Compania de Aviacion, S.A. de C.V., a Mexican airline that does business as Volaris. 1998 to 2001, Mr Franke was a managing partner of Newbridge Latin America, a private equity fund focused on Latin America. Mr Franke was the chairman and chief executive officer of America West Airlines from 1993 to 2001. He served as chairman of Spirit Airlines Inc., a United States airline, from 2006 to 2013 and Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009, and held directorships in Alpargatas S.A.I.C., an Argentina-based footwear and textiles manufacturer, from 1996 to 2007, and Phelps Dodge Corporation,

a mining company, where he served as the lead outside director for several years, from 1980 to 2007. He has in the past served on a number of publicly listed company boards of directors including ON Semiconductor, Valley National Corporation, Southwest Forest Industries and the Circle K Corporation. Mr Franke has both undergraduate and law degrees from Stanford University and an honorary PhD from Northern Arizona University. Mr Franke was the 2019 recipient of the Excellence in Leadership Award at the 45th ATW Airline Industry Achievement Awards.

József Váradi, Chief Executive Officer

Mr Váradi was one of the founders of Wizz Air in 2003. Mr Váradi worked at Procter & Gamble for ten years between 1991 and 2001, and became sales director for global customers where he was responsible for major clients throughout eleven EU countries. He then joined Malév Hungarian Airlines, the Hungarian state airline, as chief commercial officer in 2001, before serving as its chief executive officer from 2001 to 2003. He is currently a non-executive director of JetSMART Airlines SpA in Chile and he also held board memberships with companies such as Lufthansa Technik Budapest (Supervisory Board, 2001-2003) and Mandala Airlines in Indonesia (Board of Commissioners, 2007-2011). He has been serving on the Board of Directors of Wizz Air Holdings Plc as Executive Director since 2003 and he chairs the Board of Directors of Wizz Air UK Ltd and Wizz Air Abu Dhabi. Mr Váradi won the Ernst & Young Hungary “Brave Innovator” award in 2007 and the “Entrepreneur Of The Year” award in 2017. Mr Váradi holds a master’s degree in economics from the Budapest University of Economic Sciences and a master’s degree in law from the University of London as well as an international directorship degree from INSEAD.

Guido Demuynck, Non-Executive Director

Mr Demuynck joined the Board in February 2014. Mr Demuynck spent more than 25 years with Koninklijke Philips N.V., holding various roles including general manager, portable audio business line, general manager, audio business group and Marantz, and chief executive, consumer electronics (as a member of the group management committee of Royal Philips Electronics and senior vice president). He then held the positions of board member, responsible for the mobile division, at KPN (Koninklijke) N.V. and chief executive of Kroymans Corporation B.V. and Liquavista B.V. Mr Demuynck was a member of the supervisory board and chairman of the remuneration committee of TomTom N.V. and of Divitel Holding B.V.. He was a member of the board of directors, member of the remuneration committee and chairman of the audit committee of Proximus N.V. (previously Belgacom), and a member of the supervisory board of Teleplan International N.V. and Aito B.V. Mr Demuynck has a master’s degree in applied economics (magna cum laude) from the University of Antwerp and a master’s degree in marketing and distribution (magna cum laude) from the University of Ghent.

Simon Duffy, Non-Executive Director

Mr Duffy joined the Board in January 2014. Mr Duffy started his career at NM Rothschild & Sons Ltd and has held positions at Shell International Petroleum Co, Bain & Co, Consolidated Gold Fields Plc, Guinness Plc, Thorn EMI Plc (where he held the position of deputy chairman and group finance director), World Online International B.V. (where he held the position of deputy chairman and chief executive), End2End AS (where he held the position of chief executive), Orange SA (where he held the position of chief financial officer), NTL:Telewest Inc. (where he held the position of executive vice chairman) and Tradus Plc (where he held the position of executive chairman). Mr Duffy has extensive London Stock Exchange non-executive director experience. He has sat on the board of, amongst others, Gartmore Plc, HMV Group Plc, GWR Group Plc and Imperial Tobacco Plc. He is currently chairman of Telit Communications Plc, a leading company in the IoT (internet of things) sector listed in London. He is a non-executive director of Nordic Entertainment AB (NENT), one of Europe’s largest broadcasting companies, and Modern Times Group AB (MTG), a leading esports company. Both NENT and MTG are listed on the Stockholm Exchange. He is chairman of the audit committee at both companies. Mr Duffy has a BA in philosophy, politics and economics from Oxford University and an MBA from Harvard Business School.

Susan Hooper, Non-Executive Director

Ms Hooper was appointed to the Board of Directors as a Non-Executive Director in March 2016 and served on Wizz Air’s Audit and Remuneration Committees till June 2020. A UK national, Ms Hooper was managing director of British Gas Services, leading the service and repair, central heating installations, electrical services and Dyno-Rod business units until November 2014. She joined British Gas from the Acromas Group, where she was chief executive of the travel division, responsible for Saga holidays and hotels, Saga cruises, Spirit of Adventure cruises, Titan Travel and the travel division of the AA. Previously, Ms Hooper held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Company and Saatchi & Saatchi. During her time with PepsiCo International, Ms Hooper spent over five years based in Central and Eastern European countries. Ms Hooper is currently a non-executive director of Moonpig plc, Uber UK, The Rank Group PLC and Affinity Water Ltd and is a founding Director of ChapterZero.org.uk. From 2011 to 2014 she was a non-executive director of Whitbread PLC and has held several other non-executive directorships, including at First Choice plc, Transcom SA, Royal and Sun Alliance Group PLC and Courtaulds Textiles Plc.

Stephen L. Johnson, Non-Executive Director

Mr Johnson joined the Board in 2004, left the Board in 2009 and was re-appointed as a Non-Executive Director in 2011. Mr Johnson is executive vice president, corporate affairs for American Airlines Group Inc. and its principal subsidiary, American Airlines, Inc. Previously, Mr Johnson served as executive vice president, corporate and government affairs for US Airways. Prior to joining US Airways in 2009, Mr Johnson was a partner at Indigo from 2003 to 2009. Between 1995 and 2003, Mr Johnson held a variety of positions with America West Holdings Corporation prior to its merger with US Airways Group, including executive vice president, corporate. Prior to joining America West, Mr Johnson served as senior vice president and general counsel at GPA Group plc, an aircraft leasing company, and as an attorney at Seattle-based law firm Bogle & Gates, where he specialised in corporate and aircraft finance and taxation. Mr Johnson earned his MBA and Juris Doctor from the University of California, Berkeley, and a bachelor of arts in economics from California State University, Sacramento.

Peter Agnefjäll, Non-Executive Director

Mr Agnefjäll joined the Board in July 2018, and resigned effective 13 April 2021. A Swedish national, Mr Agnefjäll was the president and chief executive officer of IKEA Group from 2013 to 2017. Following his graduation as a Master of Business Administration from the University of Linköping in 1995, Mr Agnefjäll joined IKEA's trainee programme in 1995 and he was subsequently promoted a number of times within the group, including to roles acting as the assistant to former chief executive officers as well as the founder of IKEA, Ingvar Kamprad, before finally being promoted to president and chief executive officer. Mr Agnefjäll serves on the board of directors of Orkla ASA, a leading supplier of branded consumer goods listed on the Oslo Stock Exchange. In addition to that he serves on the advisory board of Deichmann Group, a family owned European footwear retailer, and on the supervisory board of Ahold Delhaize, a Dutch retail group listed on Euronext.

Andrew S. Broderick, Non-Executive Director

Mr Broderick joined the Board in April 2019. Mr Broderick is a Managing Director of Indigo Partners LLC, a private equity fund focused on air transportation, which he joined in July 2008. He has served on the board of directors of Frontier Airlines Holdings, Inc., an airline based in the United States, since January 2018; JetSMART Airlines SpA, an airline based in Chile, since September 2018; and APIJET, LLC, a software company focused on providing real-time cost saving analytics to airlines, since November 2020. Additionally, he has served as an alternate on the board of directors for Concesionaria Vuela Compañía de Aviación, S.A.B. de C.V., an airline based in Mexico doing business as Volaris, since July 2010. Prior to joining Indigo, Mr Broderick was employed at a macroeconomic hedge fund and a stock-option valuation firm. Mr Broderick holds a BS in Economics and a BA in Spanish from Arizona State University and a Master of Business Administration from the Stanford Graduate School of Business.

Barry Eccleston, Non-Executive Director

Mr Eccleston joined the Board in May 2018. A dual US and British national, Mr Eccleston recently retired as Chief Executive Officer of Airbus Americas Inc., where he was responsible for all aspects of Airbus' commercial aeroplanes business in North America, a position he held since 2005. Prior to this, Mr Eccleston was VP/GM for Honeywell's Propulsion Systems Enterprise and had earlier served as Honeywell's VP Commercial Aerospace for Europe, Middle East and Africa. Before joining Honeywell in 2002, he was Executive VP of Fairchild Dornier Corporation, a provider of Regional Aircraft. He started his career with Rolls-Royce where he held several senior positions, culminating as CEO of International Aero Engines, a joint venture with Pratt & Whitney. Mr Eccleston holds a bachelor's degree in Aeronautical Engineering from Loughborough University and completed the International Executive Program at the IMD in Lausanne. He holds Honorary Doctorates from Loughborough University and Vaughn College of Aeronautics. He is past Chairman of the British-American Business Association in Washington DC., and past President of The Wings Club of New York, and has served on the Boards of other industry Associations. He is currently Chairman of FLYHT Aerospace Solutions Ltd, a Canadian public company, and a past outside director at Vector Aerospace Corporation in Canada. In Her Majesty the Queen's New Year 2019 Honours List, Mr Eccleston was appointed an OBE.

Maria Kyriacou, Non-Executive Director

Ms Kyriacou joined the Board as an independent Non-Executive member in September 2018 and was appointed as an additional member of the Audit and Sustainability Committee with effect from 28 July 2020. Ms Kyriacou started her career with PwC in its audit and advisory division, before joining the finance team at The Walt Disney Company. She held a number of positions with The Walt Disney Company over a 15-year term culminating in the role of Senior Vice President Digital Media Distribution EMEA. In 2010, Ms Kyriacou was recruited by ITV Studios as Managing Director of Global Entertainment, becoming Managing Director of Global Entertainment and Rest of World Studios before being promoted to President International ITV Studios, part of ITV plc. In February 2020, Ms Kyriacou became President, Viacom International Media Networks U.K., where she oversees the broadcast, streaming and related businesses in Australia, Israel and the UK including Channel 5 in the UK and Network 10 in Australia.

Charlotte Pedersen

Ms Pedersen joined the Board in June 2020. She has more than 30 years of experience in the aviation sector. A joint Danish and Luxembourgish national, Ms Pedersen has been President Helicopter Services and Chief

Executive Officer of Luxaviation Helicopters, a global VVIP helicopter organisation and part of Luxaviation Group between 2016 and 2021. Ms Pedersen was selected as the first female pilot candidate for the Royal Danish Air Force in 1989 and graduated from her helicopter flight training in the US Navy on the Commodore's List with Distinction. After her military officer services, she joined the Civil Aviation Authority (CAA) in Luxembourg as a Flight Operations Inspector. Ms Pedersen joined Luxaviation in 2012 and was appointed Chief Operating Officer of the Luxaviation Group in 2014, before becoming the President Helicopter Services and Chief Executive Officer of Luxaviation Helicopters. Ms Pedersen holds a Master's degree with honours in Business Administration from Sacred Heart University and was awarded the Dean's Leadership Award. Ms Pedersen is an Elected Fellow of the Royal Aeronautical Society in the UK.

Charlotte Andsager

A Danish national, Ms Andsager has held multiple regulatory roles within the Ministry of Transport and Communications of Norway as well as Telenor, the Norwegian majority state-owned multinational telecommunications company. In 2005, Ms Andsager served as Vice President, European and US Public Affairs for SAS Group. In this capacity, Ms Andsager advised SAS Group on European and US public affairs and maintained contacts with the European institutions and the US Administration. In 2010, Ms Andsager joined Rolls-Royce Plc as Vice President EU Affairs where she served until 2014. Prior to joining the Wizz Air Board, Ms Andsager served six years as an Independent Director on the board of Avinor Flysikring AS, the state-owned air navigation services provider in Norway. Ms Andsager holds a Master's Degree in Law from Aarhus University.

Enrique Dupuy de Lome Chavarri

Mr Dupuy de Lome Chavarri has had an extensive career at Spain's national carrier IBERIA. After joining the company in 1990 as Financial Director, he ultimately rose to become Chief Financial Officer, a position which he held for several years. He also played a key role in the merger of Iberia with British Airways in 2011 and the creation of the International Airlines Group (IAG). He became Chief Financial Officer at IAG, a position he held until he retired in June 2019. During his time at IAG, he led the financial strengthening and expansion of IAG, driving a significant improvement in its market capitalisation, profitability and returns. He also played a critical role in the Group's acquisitions of BMI, Vueling, Aer Lingus and the creation of Level. Mr Dupuy de Lome Chavarri holds an MBA from IESE Business School, as well as a Master's Degree in Mining and Mineral Engineering from Universidad Politécnica de Madrid.

Dr Anthony Radev

Dr Radev joined the Board in April 2021 as an independent Non-Executive Director. A citizen of Hungary, Germany and Bulgaria, Dr Radev has had an extensive career in academia and business. Presently, he serves as a president of Corvinus University at Budapest, Hungary, is a member of the Board of Directors at MOL Hungarian Oil and Gas Public Limited Company, a member of the Board at Hungary Football Federation and at the DSK bank in Bulgaria. For over 20 years, Dr Radev has been involved with McKinsey & Co., in various roles, last one culminating in a Senior Partner from 2001 until 2013. His engagement has spanned many sectors of the economy and included leading McKinsey's financial institutions practice in Central and Eastern Europe as well as being a member of senior leadership team in European banking practice. Today, Dr Radev is a Director Emeritus of McKinsey (honorary membership). In 2014, Dr Radev founded the School for Executive Education and Development (SEED) in Budapest to serve the needs of Central and Eastern European companies. Dr Radev holds a Master's Degree in Economics from Marx Karoly University of Economics in Budapest, a PhD Degree in Economics from the Institute of Contemporary Social Sciences in Sofia, Bulgaria, and a Post-graduate programme in International Studies from Bologna Center, School for Advanced Studies at the John Hopkins University, Bologna, Italy.

Independence

The UK Corporate Governance Code recommends that at least half the members (excluding the chairman) of the board of directors of a company with a premium listing should be non-executive directors, determined by the board to be independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

The Board has considered the independence of the Company's Non-Executive Directors and has concluded that:

- a) William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code, given that he is the managing partner of Indigo (a significant Shareholder). However, given the benefits to the Company of his recognised experience in the airline industry, the Board believes that it is in the Company's best interest that Mr Franke should continue as Chairman of Wizz Air.
- b) Stephen L. Johnson is not considered to be an independent Non-Executive Director given his past position with Indigo.
- c) Andrew Broderick, who was appointed effective from 16 April 2019, is not considered to be an independent Non-Executive Director as he is a director of Indigo.

Other than William A. Franke, Andrew S. Broderick and Stephen L. Johnson, the Company regards all of its Non-Executive Directors who are currently serving or have served on the Board during F21, namely Guido Demuynck, Simon Duffy, Susan Hooper, Barry Eccleston, Peter Agnefjäll, Maria Kyriacou, Charlotte Pedersen, Charlotte Andsager and Enrique Dupuy de Lome Chavarri as independent Non-Executive Directors within the meaning of “Independent” as defined in the Corporate Governance Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. Accordingly, as an absolute majority of the Directors are independent Non-Executive Directors, the Company complies with the requirement of the Corporate Governance Code that at least half of the board (excluding the chairman) of a company with a premium listing should comprise independent non-executive directors.

Senior Independent Non-Executive Director

The Corporate Governance Code recommends that the Board should appoint one of its independent Non-Executive Directors as the Senior Independent Non-Executive Director. The Senior Independent Non-Executive Director should be available to Shareholders if they have concerns that contact through the normal channels of the Chairman or Chief Executive Officer has failed to resolve or where such contact is inappropriate. In July 2018, Simon Duffy was appointed as the Company’s Senior Independent Non-Executive Director and has been in this position since then.

Independent Non-Executive Director overseeing engagement with employees

In order to strengthen workforce engagement, Wizz Air had decided to appoint an Independent Non-Executive Director to oversee engagement with employees. Mr Barry Eccleston, who joined the Board of Wizz Air Holdings Plc on 1 June 2018, was appointed as an independent Non-Executive Director overseeing engagement with employees effective from 1 January 2019.

In his role, Mr Eccleston has been ensuring that the employee voice reaches the boardroom. As at 31 March 2021, Mr Eccleston has engaged with the workforce either directly or via the Wizz People Council members and has regularly reported back to the Board.

Senior management team

Effective from 1 July 2020, Ms Poos was appointed as Chief Customer and Marketing Officer, based in Budapest.

On 9 December 2020 the Company announced a further enhancement to the senior leadership capacity by appointing a President and an EVP Group Chief Operations Officer to its Leadership Team. Accordingly, Mr Delehan joined Wizz Air in April 2021 as Executive Vice President and Chief Operations Officer.

Mr Carey joined Wizz Air in June 2021 as President.

Mr Sebok, Chief Supply Chain Officer, was appointed to the newly created Chief Central Operations Officer position based in Budapest reporting to Michael Delehan, EVP Group Chief Operations Officer, effective from 1 June 2021. The role aims at maximising cost focus, operational efficiencies and synergies across the Group’s airline subsidiaries.

Mr Jones, Managing Director of Wizz Air UK, was appointed Chief Supply Chain and Legal Officer based in Budapest reporting to the Group Chief Executive Officer effective from 1 June 2021.

Ms Geoffroy, Chief Corporate Officer, was appointed to Managing Director of Wizz Air UK based in Luton reporting to the Executive Vice President and Group Chief Operations Officer and to the Group Chief Executive Officer effective from 1 June 2021.

Mr Eidhagen, Chief People Officer, was appointed to Chief People and ESG Officer based in Geneva reporting to the Group Chief Executive Officer effective from 1 June 2021.

The Group Chief Executive Officer and the senior management team are responsible for the management of the Group’s business and implementation of the Group’s strategy on a day-to-day basis.

As at 2 June 2021, the Group’s senior management team, in addition to the Group Chief Executive Officer, is:

Wizz Air Holdings Plc:

Name	Position
Diederik Pen*	Executive Vice President and Group Chief Operations Officer
Michael Delehan**	Executive Vice President and Group Chief Operations Officer
Jourik Hooghe	Executive Vice President and Group Chief Financial Officer

* In this position until 31 March 2021.

** In this position effective from 1 April 2021.

Wizz Air Hungary Limited:

Name	Position
Heiko Holm	Chief Operations Officer
George Michalopoulos	Chief Commercial Officer
Joel Goldberg	Chief Digital Officer
Owain Jones	Chief Supply Chain and Legal Officer
Zsuzsa Poos	Chief Customer and Marketing Officer
Johan Eidhagen	Chief People and ESG Officer
Andras Sebok	Chief Central Operations Officer

Wizz Air UK Limited:

Name	Position
Marion Geoffroy	Managing Director

Robert Carey, President (from June 2021)

Mr Carey joined Wizz Air in June 2021 as President. Mr Carey is an American and French citizen who has a Bachelor of Science degree in Industrial engineering from Arizona State University as well as a Master in Business Administration degree from Harvard Business School. Mr. Carey started his career in aviation 20 years ago with America West Airlines, followed by Delta Airlines, after which he has spent over a decade at McKinsey & Company, where he was a Partner prior to joining easyJet as Chief Commercial and Strategy Officer in 2017.

Michael Delehant, Executive Vice President and Group Chief Operations Officer (from 1 April 2021)

Mr Delehant joined Wizz Air in April 2021 as Executive Vice President and Chief Operations Officer. Mr Delehant is an American citizen who has a Bachelor in Psychology from the University of Michigan and obtained his MBA from Southern Methodist University in Dallas. He brings two decades of executive airline experience and a long track record of leadership, strategy and corporate transformation. After a long career at Southwest Airlines in the US, he joined Wizz Air from Vueling in Europe. In his last role at Vueling, Mr Delehant has been the Chief Strategy and Network Officer.

Diederik Pen, Executive Vice President and Group Chief Operations Officer (until 31 March 2021)

Mr Pen joined Wizz Air in January 2013 as Chief Operations Officer, becoming Accountable Manager in September 2013. He was promoted to Executive Vice President and Chief Operations Officer in April 2017 and to Executive Vice President and Group Chief Operations Officer in January 2019. Prior to joining Martinair Holland in 2006, Mr Pen worked for Virgin Blue Airlines in Australia from 2002 to 2006 as head of ground operations, for Brisbane Airport Corporation in Australia as general manager of commercial services and for Amsterdam Airport Schiphol as manager of commercial services. Mr Pen has a master of business administration in business economics from the University of Amsterdam.

Jourik Hooghe, Executive Vice President and Group Chief Financial Officer

Mr Hooghe joined Wizz Air in February 2020 as Executive Vice President and Group Chief Financial Officer. He has 20 years of experience in strategy, operations and finance for consumer goods and retail businesses. He worked for 18 years at Procter & Gamble (P&G), a world-leading consumer goods company, where his responsibilities covered various roles in finance, including head of global strategy and regional CFO of multi-billion dollar businesses across Europe, India, the Middle-East and Africa and Greater China. In January 2018, he joined the Adecco Group as senior vice president, group strategy, finance and accounting, where he led the evolution of the company's strategy, step-changed the performance framework and transformed the finance and accounting team into a high-impact data and technology-driven organisation.

Johan Eidhagen, Chief People and ESG Officer

Mr Eidhagen joined Wizz Air in January 2015 as Head of Brand and Marketing and was appointed Chief Marketing Officer effective 1 February 2016 and Chief People Officer effective 1 April 2019. On 1 June 2021, Mr Eidhagen was appointed Chief People and ESG Officer. Before joining Wizz Air, Mr Eidhagen built an extensive sales and marketing career at Nokia, holding several senior global and regional marketing positions. He joined Nokia in 1998 from a background in retail and was head of marketing for the Nordic region until 2004, when he moved to Nokia HQ in Finland to run global marketing services for the entertainment category. Between 2005 and 2007 he was based in New York as the director of marketing for Nokia Multimedia in North America before returning to Finland where he was director and head of marketing for the Nokia Nseries Category. In 2009 he became country manager for Nokia in Sweden and was appointed as managing director for the Scandinavian region in 2011. Mr Eidhagen is a native of Stockholm and is a DIHM marketing graduate from the IHM Business School in Stockholm.

Heiko Holm, Chief Operations Officer

Mr Holm joined Wizz Air in 2015 as Head of Technical Services. Mr Holm graduated from the University of Applied Sciences in Hamburg, Germany, as an engineer specialising in aircraft construction and design and went on to build a successful career with Lufthansa Technik, ultimately becoming the director of operations for Lufthansa Technik in Shenzhen, China, from where he joined Wizz Air.

Owain Jones, Chief Supply Chain Officer

Mr Jones joined Wizz Air as General Counsel in 2010, was promoted to Chief Corporate Officer in June 2014, and was appointed as Managing Director of Wizz Air UK in September 2018 and as Chief Supply Chain and Legal Officer in June 2021. Mr Jones is a solicitor of the Supreme Court of England and Wales. Having trained at Nicholson Graham & Jones (1994 to 1996), Mr Jones joined Wilde Sapte (now Dentons LLP) in 1996 as a solicitor in its aviation group, specialising in finance and regulatory matters. He spent time in the firm's Paris and Hong Kong offices before being appointed a partner in 2006, following which he spent three years in the firm's Abu Dhabi office, becoming acting managing partner of the office. He left the firm in 2009 to spend 18 months training for a frozen air transport pilot's licence with CTC Aviation Training. Mr Jones holds a bachelor of laws degree from University College London.

George Michalopoulos, Chief Commercial Officer

Mr Michalopoulos joined Wizz Air in 2010 as Head of Pricing and Revenue Management and was then promoted to Head of Network Development, Scheduling and Sales in May 2015. Prior to Wizz Air, Mr Michalopoulos built an extensive commercial and revenue career at Flybaboo and Blu-Express. Mr Michalopoulos holds both bachelor and master of science degrees in management science and engineering from Stanford University.

András Sebők, Chief Central Operations Officer

Mr Sebők was one of the first employees of Wizz Air, joining in 2004 as Head of Treasury and Controlling and spending 15 years building an extensive career with the airline, overseeing various financial functions such as Treasury, Financial Planning and Controlling, Fleet Acquisition and Corporate Finance. Mr Sebők was promoted to Chief Supply Chain Officer on 1 April 2019 responsible for fleet acquisition, airport development, purchasing and facility management. On 1 June 2021, Mr Sebők was appointed to the newly created Chief Central Operations Officer position. In this role Mr Sebők aims at maximising cost focus, operational efficiencies and synergies across the Group's airline subsidiaries. Before joining Wizz, Mr Sebők worked in various positions in finance including being the CFO of Aeroplex Central Europe. Mr Sebők is Hungarian and holds a degree in banking, corporate finance and securities law from Eötvös Loránd University.

Joel Goldberg, Chief Digital Officer

Mr Goldberg joined Wizz Air in October 2018 as Chief Digital Officer, a newly created position. Mr Goldberg is responsible for Wizz Air's E-commerce, Data Analytics and Automation, IT Innovation and IT Infrastructure and Services functions reporting to the Company's Deputy Chief Executive Officer. Mr Goldberg was formerly senior director technology, Europe for Nike. Prior to this role, Mr Goldberg worked in executive IT roles at various multinational companies including G4S, APMaersk and DHL Express.

Zsuzsa Poós, Chief Customer and Marketing Officer

Ms Poós joined Wizz Air in April 2017 as Head of Marketing and moved to the role of Head of Retail and Customer Experience in April 2019. Ms Poós was appointed Chief Customer and Marketing Officer in July 2020. Prior to Wizz Air, Ms Poós built an extensive career at Procter & Gamble and strengthened the management capacity of Hungarian Telekom. Ms Poós is a Hungarian national and holds a Master's degree in Business, Management and Marketing from Corvinus University of Budapest.

Marion Geoffroy, Managing Director, Wizz Air UK

Ms Geoffroy joined Wizz Air as Head of Legal and General Counsel in March 2015. She was appointed Chief Corporate Officer in September 2018 overseeing the Legal, Data Protection, Public Affairs, Sustainability and Health and Safety departments and also assumed the responsibility of Corporate Secretary. Ms Geoffroy was appointed as Managing Director of Wizz Air UK in June 2021. Ms Geoffroy holds a master of law (LL.M.) from Paris XI University (France), a lawyer-linguist master from ISIT (Paris, France), a law degree from Philipps University (Marburg, Germany) and a master of laws (LL.M.) from McGill University Institute of Air and Space Law (Montreal, Canada). Between 2000 and 2011, Ms Geoffroy held senior leadership roles in the legal department of Air France-KLM. In 2011, she joined Verlingue Insurance Brokers where she served as general counsel for four years.

Board Committees

The Directors have established an Audit and Sustainability Committee, a Remuneration Committee and a Nomination Committee. The terms of reference of the Committees have been drawn up in accordance with the provisions of the Corporate Governance Code. A summary of the terms of reference of the Committees is set out below.

Each Committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties, in each case at the Company's expense.

Audit and Sustainability Committee

The Audit and Sustainability Committee's duties, as set out in its terms of reference, include:

- a) monitoring the integrity of the financial statements of the Company, including its annual and half-year reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance;

- b) reviewing significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the auditors;
- c) reviewing the content of the annual report and accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy;
- d) keeping under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- e) reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit and Sustainability Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action and that they are reported to the Board as appropriate;
- f) monitoring and reviewing the effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system;
- g) considering and approving the remit of the Internal Audit function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Audit and Sustainability Committee shall also ensure the Internal Audit function has adequate standing and is free from management or other restrictions;
- h) meeting the Company's Senior Internal Audit Manager at least once a year, without management present, to discuss its remit and any issues arising from the internal audits carried out. In addition, the Audit and Sustainability Committee shall ensure that the Company's Senior Internal Audit Manager has the right of direct access to the Chairman, the Audit and Sustainability Committee Chairman and the rest of the Audit and Sustainability Committee, and is accountable to the Audit and Sustainability Committee;
- i) considering and making recommendations to the Board, to be put to Shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Audit and Sustainability Committee shall oversee the selection process for new auditors and if auditors resign the Audit and Sustainability Committee shall investigate the issues leading to this and decide whether any action is required;
- j) overseeing the relationship with the external auditors including (but not limited to):
 - I. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the external auditors as a whole, including the provision of any non-audit services; and
 - II. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Company (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity;
- k) meeting regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage. The Audit and Sustainability Committee shall meet the external auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- l) reviewing and approving the annual audit plan and ensuring that it is consistent with the scope of the audit engagement having regard to the seniority, expertise and experience of the audit team; and
- m) reviewing the findings of the audit with the external auditors. This shall include but not be limited to the following:
 - I. a discussion of any major issues which arose during the audit;
 - II. any accounting and audit judgments;
 - III. levels of errors identified during the audit; and
 - IV. the effectiveness of the audit process;
- n) reviewing the Group's sustainability strategy and its implementation;
- o) examining the extra-financial risks and specifically those relating to environmental, social and societal issues; and
- p) co-ordinating non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

The Corporate Governance Code recommends that the Audit and Sustainability Committee (ASC) should comprise at least three members, who should all be independent Non-Executive Directors, and that at least one member should have recent and relevant financial experience. During the financial year ended 31 March 2021, the membership of the Company's ASC comprised three members, namely Simon Duffy, Susan Hooper and Peter Agnefjäll, and, following the re-composition of the ASC, four members, namely Simon Duffy, Maria Kyriacou, Charlotte Pedersen and Enrique Dupuy de Lome Chavarri, all of whom are independent Non-Executive Directors, have appropriate knowledge and understanding of financial matters, and have commercial expertise gained in industries with similar characteristics, giving the ASC as a whole competence relevant to the sector in which the Group operates. No members of the ASC have links with the Company's external auditors. The Company therefore considers that it complies with the Corporate Governance Code recommendation regarding the composition of the ASC.

The Audit and Sustainability Committee formally meets at least three times per year and otherwise as required. The Chief Executive Officer, other Directors and representatives from the Finance function of the Company may attend and speak at meetings of the Audit and Sustainability Committee. The Company's external auditors and the Chief Financial Officer are invited to attend meetings of the Audit and Sustainability Committee on a regular basis. The Company's Senior Internal Audit Manager, along with the external firm of internal auditors when applicable, also attends the Audit and Sustainability Committee's meetings to report on internal audit matters. The Company's Head of Accounting also attends the Audit and Sustainability Committee's meetings to report on accounting matters. Following each meeting, the Chairman of the Audit and Sustainability Committee reports to the Board on the significant items discussed during the Audit and Sustainability Committee's meeting. The Audit and Sustainability Committee held seven meetings during the 2021 financial year. In addition to the formal meetings, the Audit and Sustainability Committee is in regular contact with relevant management in connection with, for example, the implementation of the Group's hedging strategy, or the Group's ESG strategy.

Remuneration Committee

The Remuneration Committee is responsible for setting the Remuneration Policy for all Executive Directors and the Chairman, including pension rights and any compensation payments, and recommending and monitoring the remuneration of the senior managers. Non-Executive Directors' fees are determined by the full Board.

The objective of the Company's Remuneration Policy is to attract, retain and motivate Executive management of the quality required to run the Company successfully without paying more than necessary, having regard to the views of Shareholders and other stakeholders.

The Remuneration Committee is also responsible for making recommendations for the grants of awards under the Company's share option schemes. In accordance with the Remuneration Committee's terms of reference, no Director may participate in discussions relating to their own terms and conditions of remuneration.

The Corporate Governance Code provides that the Remuneration Committee should comprise at least three members, all of whom should be independent Non-Executive Directors. During the financial year ended 31 March 2021, the membership of the Company's Remuneration Committee comprised three members, namely Guido Demuynck, Susan Hooper and Maria Kyriacou, and, following a re-composition, by Barry Eccleston, Peter Agnefjäll and Charlotte Andsager, all of whom are independent Non-Executive Directors. Effective April 13th, 2021, Peter Agnefjäll resigned as Non-Executive Director and was replaced by Enrique Dupuy de Lome Chavarri. The Chairman of the Remuneration Committee was Mr Demuynck until 28 July 2020 and is Mr Eccleston since 28 July 2020.

The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee meets formally at least twice each year and otherwise as required. There were ten meetings of the Remuneration Committee during the 2021 financial year as well as regular contact with management and the Company's advisers.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, and retirements and appointments of additional and replacement Directors, and will make appropriate recommendations to the Board on such matters. While a number of Directors were initially appointed to the Board under investor appointment rights, the most recent appointments were mostly conducted through Korn Ferry and Heidrick & Struggles, which has no other connections with the Company.

The Nomination Committee gives full consideration and is formulating plans to succession planning for Directors and other Senior Executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future. The Nomination Committee is also responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. Before an appointment is made by the Board,

the Nomination Committee evaluate the balance of skills, knowledge, experience and diversity on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.

The Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent Non-Executive Directors. The Company's Nomination Committee is comprised of three members, namely William A. Franke, Simon Duffy and Barry Eccleston. The Chairman of the Nomination Committee is Mr Franke. The Company therefore considers that it complies with the Corporate Governance Code's recommendations regarding the composition of the Nomination Committee.

The Company recognises the importance to the Company of diversity, including gender equality. The Company's Code of Ethics is unequivocal that discriminatory practices will not be tolerated and that people will be judged on the basis of their performance and ability to do their jobs and not on any other basis. The Nomination Committee will work further to ensure that, when the opportunity presents itself, diversity is properly reflected in the Board and in the Company's senior management. The Company believes that this commitment is demonstrated by recent appointments at both Director and senior management level.

The Nomination Committee is scheduled to meet formally at least twice a year and otherwise as required. There were six meetings of the Nomination Committee during the 2021 financial year and, in between these meetings, members of the Nomination Committee advised senior management on the appointment of Non-Executive Directors and on various senior management appointments, including the President and the EVP and Group Chief Operations Officer. Interviews of candidates for each of these positions were also conducted by the members of the Nomination Committee. Candidates for the Non-Executive Directors were interviewed by the members of the Nomination Committee.

Attendance at Board meetings

The following table sets out the attendance by Director at the Board and Committee meetings held during the 2021 financial year. For completeness, the total for each Director represents the total number of meetings during the term of appointment.

	Board attended/total	Audit and Sustainability attended/total	Remuneration attended/total	Nomination attended/total
Executive Director				
József Váradí	12/12	7/7*	9/10*	6/6*
Non-Executive Directors				
William A. Franke	12/12	—	—	6/6
Guido Demuynck**	5/5	—	3/3	—
Simon Duffy	12/12	7/7	—	6/6
Susan Hooper***	5/5	2/2	1/1	—
Stephen L. Johnson	12/12	—	—	—
Barry Eccleston	12/12	—	7/7	6/6
Peter Agnefjäll	12/12	3/3	7/7	—
Maria Kyriacou	12/12	4/4	3/3	—
Andrew S. Broderick	12/12	—	—	—
Charlotte Pedersen****	8/8	4/4	—	—
Charlotte Andsager*****	5/5	—	4/4	—
Enrique Dupuy de Lome Chavarri*****	5/5	2/2	—	—

* The Executive Director was invited to attend these various Committee meetings in order to discuss certain matters but did not have a vote. Occasionally Non-Executive Directors also attend meetings of Committees that they are not a member of – these cases are not reflected in this table.

** Did not stand for re-election at the 28 July 2020 annual general meeting.

*** Resigned effective as of 3 June 2020.

**** Joined effective as of 2 June 2020.

***** Joined effective as of 4 November 2020.

Board procedures

At least five Board meetings are scheduled during each financial year. At these meetings, the Directors meet with Senior Executives to receive detailed updates on Wizz Air's business and operations and to discuss the Company's strategy.

Since the outbreak of COVID-19 in the early months of 2020, the Board has first been provided with a daily update and later on a weekly update from senior management describing the measures taken by the Company from a financial, operational, commercial and safety perspective.

Seven extraordinary telephonic Board meetings have taken place between the beginning of April 2020 and the end of March 2021.

As a result of the COVID-19 pandemic, all Board and Committee meetings held during the financial year had to be conducted through videoconferencing.

Prior to Board meetings, each Director receives an information pack containing a comprehensive review of the Company's business as well as detailed proposals for approval of transactions and developments falling within the Board's remit. The Company believes that this enables each Director to properly discharge his or

her responsibilities. At each Board meeting, Directors who have a conflict of interest in any agenda item declare that interest and are not entitled to vote on that agenda item.

A number of key strategic and commercial decisions require Board approval and, as and when any such decision is needed outside the scheduled meeting cycle, an ad hoc Board meeting may be arranged. In general, therefore, it is anticipated that there will be approximately ten Board meetings in total during each financial year.

Directors are encouraged to attend all Board and Committee meetings, but in certain circumstances meetings are called at short notice and due to prior business commitments and time differences Directors may be unable to attend. If a Director is unable to attend a meeting because of exceptional circumstances, they continue to receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chairman or the Company Secretary any matters on the agenda which they wish to raise.

Newly appointed Non-Executive Directors meet with the Company's senior management and visit Wizz Air's operational headquarters to ensure that they have a thorough understanding of the Company's business.

Wizz Air maintains directors' and officers' liability insurance. This insurance covers any claim that may be brought against the Directors in the exercise of their duties.

The Company has adopted a Share Dealing Policy. As a consequence, the Directors as well as certain designated employees must obtain clearance from the Company's Chairman before dealing in the Company's shares and are prohibited from dealing at all during certain periods.

Finally, it is proposed that, in accordance with the recommendations of the UK Corporate Governance Code, all Directors will offer themselves for re-election at the 2021 annual general meeting.

REPORT OF THE CHAIRMAN OF THE AUDIT AND SUSTAINABILITY COMMITTEE

The past year has been exceptional and extraordinary for most companies and industries, but few have been more affected than the airline industry, making the year just completed the most challenging in the Company's history. The demands and pressures created by the pandemic have demonstrated the value of the Company's existing agility and resilience but have also required the Company and its management to develop them even further. Over the past year, Wizz Air has had to re-examine all aspects of the way it operates to ensure the business continues to be run to the highest possible standards regardless of the external operating environment.

The challenge for the Audit and Sustainability Committee has been to ensure that risk management systems, internal controls and financial policies and practices have remained robust and effective during this period of rapid change. To this end, and to help ensure the Company is well-positioned to achieve its growth ambitions as we emerge from the pandemic, the Committee has continued to focus on liquidity management, hedging strategy, aircraft financing, counterparty risk and overall enterprise risk management, as well as its oversight of the Internal Audit function and the Company's relationship with its external auditors.

In addition, as sustainability grows in significance and begins to permeate all aspects of the Company's operations, the Committee has worked with management to ensure that it is fully integrated both into governance processes at all levels within the Company, including at the Board, and into day-to-day operations. Having set the Company's sustainability strategy off to a strong start, the Committee will pass responsibility for this critical area to a newly formed Sustainability and Culture Committee in the course of the current financial year.

Main activities of the Audit and Sustainability Committee during F21

Risk management

The Committee is tasked with ensuring that the Board maintains effective oversight of financial reporting and risk management and that it deems the internal controls to be sufficient and effective, ensuring the long-term integrity and viability of the business.

As the framework for risk management activities, the Company's ERM programme operated effectively during F21 in line with the established process and standards in place in previous years. Each risk identified was considered in detail in terms of the inherent risk, existing mitigating measures and residual risk, along with a determination of how each risk should be dealt with in accordance with the Company's risk appetite. The resulting risk register was then used to prepare a principal risk report. Each risk owner is required to review each risk at least semi-annually. The Company's internal Risk Council, comprised of key members of the Company's senior management team, also reviews the risk register and the principal risk report at least semi-annually. The Risk Council reports to the Committee on, among other things, proposed changes to the principal risk report, including any consequent mitigating actions. The principal risk report, once approved by the Committee, is delivered to the Board as a whole for consideration.

During F21 the Company's established risk management programme improved significantly in respect of addressing a potential "Black Swan" event, such as COVID-19, which prevented the business from operating in a normal way for a sustained period. In what was a once-in-a-lifetime operating environment, the Company's embedded risk management culture helped management respond with agility to the pandemic, identifying the emerging and principal risks it created and taking appropriate and timely action.

In addition, during F21, in line with TCFD recommendations, the Company and the Committee integrated climate risk into the risk register and principal risks. While the Company's emission intensity is among the lowest in the industry, the Board recognises that more progress needs to be made to work towards a net zero carbon economy. The Company has established a target to reduce emission intensity by at least 25 per cent by F30 through a combination of new technology adoption, fuel savings initiatives and sustainable aviation fuels.

The Committee continually reviews the Company's risk register and risk oversight process and, during F21, again considered whether existing risk management systems accord with the Financial Reporting Council's (FRC's) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. After careful consideration, the Committee concluded that the Company's risk management and internal control systems are in accordance with the guidance. No significant failings or weaknesses were identified in the review process.

In addition to the ERM programme, the Company's Internal Audit function prepares a plan of internal audits for the upcoming year, which is approved by the Committee. This Internal Audit Plan also covers internal controls over financial reporting.

Internal audits are led by the Senior Manager of Internal Audit, who has direct responsibility to the Chairman of the Committee as well as an administrative reporting line to the Company's Chief Financial Officer. Following completion of an Internal Audit, a report is compiled which sets out findings, makes recommendations for control improvements and presents the improvement actions undertaken by management. Internal audit reports are submitted and presented to the Committee for approval. The Chairman then provides the full Board with detail of the internal audit reports completed in a particular period including any recommendations or findings.

Internal Audit then verifies that actions have been taken and controls implemented to address any recommendations and reports back to the Committee on the status of such implementation. Based on all the interactions with the Senior Internal Audit Manager and the reviews of the internal audit reports, the Committee concluded that the Company's Internal Audit function is effective in the context of the Company's overall risk management system.

More information on risk management within the Company is set out on pages 51 to 56 of this Annual Report.

Reporting controls

Management is responsible for internal controls over financial reporting for the Group. Each week, the Board receives a weekly update on key performance metrics and each month an outline of the Group's financial results (actuals and forecast) are shared. The controls over the preparation of financial reports include amongst others reconciliations of key balances, variance analysis to forecast and prior year results, review meetings within the finance and accounting team and with the respective business owners including the Leadership Team. The Annual Report and Accounts are produced by the Group Accounting team based on the reports from several departments across the Company, including Investor Relations, Financial Planning and Controlling, Treasury, Internal Audit, Legal, HR, Corporate Office, Commercial and Customer Experience, Sustainability and Operations team. Their submissions are thoroughly reviewed prior to inclusion and independently validated by the Corporate Finance Team and reviewed by the respective Officers. The Committee reviews and approves all interim and annual financial statements, as well as the content of the Company's Annual Report. The Company's external auditors provide the Committee with a briefing on any issues arising during their audits. The Committee also reviews and approves any regulatory announcements that are made in connection with such financial information. It is only after the Committee's approval that statements are put to the Board as a whole for approval. In the context of the year in review, in addition to the Company's normal cycle of results' announcements, the Committee carefully considered announcements made relating to the impact of COVID-19 on the business, as well as the Company's financial guidance.

Relationship with external auditors

As Chairman of the Committee, I have regular correspondence and discussions with the engagement partner of the Group's external auditor, Mr Richard Porter, of PricewaterhouseCoopers LLP (PwC), outside the formal cycle of Committee meetings.

The Committee approved the fees to be paid and the external audit plan for the F21 financial year and reviewed the reports of the auditors on the half-year review and annual results. The audit of the F21 financial statements and of this Annual Report, and the review of the half-year financial report, were all completed on time and to a high standard and addressed the key issues arising from the Company's business that could have an impact on the financial statements.

With the completion of the 2021 audit PricewaterhouseCoopers LLP have been the auditors of the company for 14 years uninterrupted, covering the years ended 31 March 2007 to 31 March 2021. The Committee carefully considered the performance of the external auditors and the effectiveness of the external audit process. It noted that the external auditors were willing to challenge management, robustly but constructively, during the audit process to ensure that all material issues were analysed rigorously, resolved appropriately and presented transparently. In line with the FRC's Audit Quality Practice Aid for audit committees, the Committee reviewed materials from independent sources, including the Adviser Rankings Guide, to gain additional insights into the effectiveness and quality of the external auditors.

A primary focus of the Committee is to ensure the independence of the Company's external auditors. The Committee reviewed the independence letter of the auditors and considered in particular the non-audit services taken from and the non-audit fees paid to the external auditors during the year (see Note 7 to the financial statements). The Audit and Sustainability Committee was satisfied that non-audit services and fees did not compromise the objectivity and independence of the auditors, mainly because: (i) the engagement leaders from the relevant advisory departments are not part of the audit team; and (ii) no such services were ordered by the Company that carried self-review threat for the auditors. Furthermore, non-audit fees have been on a declining trend for several years, both in terms of their absolute amount and as a proportion to audit fees. As a result, non-audit fees earned by PwC in F21 were materially less than the audit fees. Detail on non-audit fees paid to the auditors are set out on page 137.

Audit fees (including fees for audit-related services, such as the review of the interim financial information) significantly increased in F21 compared to prior years. The increase reflects the costs of carrying out additional external audit work in the UK, which has increased substantially in recent years. Key examples of regulatory developments that drive external audit effort include: (i) more regular and more demanding external quality reviews on audits by the UK regulator (the Audit Quality Review Team of the Financial Reporting Council); and (ii) new requirements for the scope of audits, coming from revisions to auditing standards ISA 220 and ISA 600 and to the UK Corporate Governance Code. The Committee is committed to ensuring a high-quality audit service and shares the view of PwC that a properly resourced and priced audit is the best way to ensure quality.

The last external audit services tender was conducted in the summer of 2017, when PricewaterhouseCoopers LLP was reappointed to perform the external audit services for five years (2018-2022), and as such is compliant with the UK Competition & Markets Authority Order on mandatory tendering and audit committee responsibilities for FTSE 350 companies. In light of the changes in the external audit environment described in the previous paragraph, the Committee decided to conduct a mid-term tender. After following a thorough process, the Committee unanimously confirmed its previous decision and elected to re-appoint PwC.

Significant matters relating to the Annual Report

In the course of the preparation of the Company's financial statements, the following issues, among others, were considered by the Committee, relying on its professional experience and industry best practice, and constantly challenging management's judgment:

- ▶ Impact of COVID-19: The pandemic and the consequent prolonged grounding of the Group's fleet followed by low levels of operation impacted preparation of the Annual Report in two ways. First, it had a direct impact on the financial statements, resulting in: (i) a historic financial loss as revenue declined 73 per cent; and (ii) higher leverage compared to pre-COVID-19 levels as the Company issued commercial paper and an EUR bond to secure liquidity while successfully maintaining an investment grade balance sheet. Second, the continued uncertainty around future trading prospects required a more robust review of the going concern assumption and the viability statement. The Committee participated in rigorous reviews and analyses of the assumptions and methodologies used by management in undertaking the work required to provide the forecasts to underpin the going concern and viability statements. At the conclusion of this process, which included frequent interaction with the engagement partner of the external auditors, the Committee determined that the positions adopted by management on these issues were appropriate.
- ▶ Sustainability: The Committee oversaw the development of the Company's sustainability strategy and decided on the early adoption of the TCFD recommendations to ensure transparency in disclosure. After consulting with the external auditors and other subject matter experts, the Committee elected to prepare an integrated report, i.e. a sustainability report integrated into the Annual Report. The Committee believes that alignment with the TCFD framework will help better inform the Company's future business and investment decisions and enhance reporting on sustainability issues, which are of growing importance to the business and all the Company's stakeholders.
- ▶ Capital commitments and financing: The Committee undertook a detailed review of the Company's capital commitments and their associated financing. It noted that management had made some revisions in its fleet plan and agreed that the commitments were appropriate and necessary to allow the Company to achieve its ambitious growth plans. It also analysed management's financing strategy and noted that management either had already secured or, over the term covered by the viability statement, as evidenced by continued strong interest from lessors, had clear plans to secure financing on attractive terms that optimised flexibility and minimised costs.
- ▶ The Corporate Reporting Review (CRR) team of the Financial Reporting Council reviewed the F20 Annual Report and Accounts of the Company and shared its questions with the Company in February 2021. It requested further information on the following: (i) the basis for, and presentation of, gains and losses on sale and leaseback transactions; (ii) the basis for concluding that the Company acts as an agent, rather than as principal, in respect of on-board catering services and consequently recognises only the commission on these sales; and (iii) the treatment of financial assets with an original maturity of between three and twelve months as "cash equivalents". Based on the responses from the Company, the FRC closed the review, and in agreement with the FRC the Company has decided to separate from cash and cash equivalents its deposits with a maturity of between three and twelve months at inception even if these deposits (€432.5 million in F20) are accessible in around three months at insignificant cost. A key aspect of CRR's view was the fact that the deposits were being held for purposes other than meeting short-term cash commitments. The Company has restated its F20 statement of financial position and statement of cash flows for this change and also amended its definition of total cash (a non-GAAP alternative performance measure) to integrate these deposits within this alternative performance measure. The FRC also asked for two matters to be considered in the F21 Annual Report and Accounts: (i) the extent to which the sources of uncertainties in critical accounting estimates and judgments identified in Note 4 might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and (ii) provision of greater clarity in the

disclosure of judgments made in the application of hedge accounting and in the disclosure of the effects of hedge accounting on the financial position and performance of the Company. The Company has addressed these suggestions when preparing the F21 Annual Report and Accounts. In respect of the scope and limitations of the review, the FRC informed us that their review was based on our annual report and accounts and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The communication and findings of the FRC are not relied upon by the Company nor should be relied upon by third parties, including but not limited to investors and shareholders, for assurance purposes on the correctness in all material respects of the Annual report or accounts.

The Committee also considered whether the Annual Report taken as a whole was fair, balanced and understandable and whether it provided the necessary information for Shareholders to assess the Company's position, performance, business model and strategy. In reaching its judgment the Committee reviewed all the issues that had been raised by both management and the external auditors during the audit process and at other times during the year and debated whether they had been fully, fairly and clearly disclosed and discussed in the Annual Report. The Committee also considered whether appropriate emphasis was placed on each issue. At the conclusion of this process the Committee determined that the Annual Report taken as a whole is indeed fair, balanced and understandable and recommended it to the Board for approval.

Other matters considered during the year

- ▶ The Committee reviewed and supported the establishment of a £1 billion commercial paper programme on date 17 April 2020, and, subsequently, the raising of a £300 million commercial paper via the Bank of England's CCFF programme, with an initial maturity of March 2021 and a final maturity of February 2022.
- ▶ The Committee reviewed and supported the establishment of a €3 billion medium-term note programme on date 27 July 2020, and, subsequently, of the issuance of a three-year 1.35 per cent bond maturing in January 2024.
- ▶ Changes in the fuel hedging programme during F21: Following the near-full grounding of the Company's fleet due to COVID-19, a decision was taken in April 2020 to suspend the IFRS 16-related fair value hedges on the basis that the Company's focus is to protect shareholder value and liquidity rather than reported earnings. This led to the suspension of the fair value hedges as they mitigate primarily unrealised FX impacts whilst creating cash exposure for the Company due to potential margin calls. The Committee supported management's recommendations for these changes. Furthermore, the Committee supported the suspension of the US Dollar and jet fuel hedging programme post COVID-19 and the extension of the suspension in December 2020 and in March 2021.
- ▶ Cyber security: The Committee continued to regularly review updates from management on the Company's position with respect to cyber security and on the actions implemented or planned to mitigate cyber risks.

Simon Duffy
Chairman of the Audit and Sustainability Committee

REPORT OF THE CHAIRMAN OF THE NOMINATION COMMITTEE

Wizz Air's Nomination Committee is comprised of three members, namely Simon Duffy, our Senior Independent Non-Executive Director, Barry Eccleston and me.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board and Senior Management. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, and retirements and appointments of additional and replacement Directors, and makes appropriate recommendations to the Board on such matters.

The Company's success to date has been achieved by ensuring that it appoints people of the highest calibre, whether as Directors, management or employees. While the key selection criterion is to ensure that people are appointed on their ability to do their jobs, the Company and the Nomination Committee recognise the importance of diversity, including gender equality.

Main activities of the Nomination Committee during the 2021 financial year

During the 2021 financial year, the Nomination Committee worked on a number of key appointments for the Company.

On 3 June 2020, Ms Pedersen was appointed to the Board of the Company as an independent Non-Executive Director and as a member of the Audit and Sustainability Committee.

On 4 November 2020, Mr Dupuy de Lome Chavarri was appointed to the Board of the Company as an independent Non-Executive Director and as an additional member of the Audit and Sustainability Committee.

On 4 November 2020, Ms Andsager was appointed to the Board of the Company as an independent Non-Executive Director and as an additional member of the Remuneration Committee.

Effective from 1 July 2020, Ms Poós was appointed as Chief Customer and Marketing Officer, based in Budapest.

On 9 December 2020, the Company announced a further enhancement to the senior leadership capacity by appointing Mr Delehant and Mr Carey to its Leadership Team. Accordingly, Mr Delehant joined Wizz Air in April 2021 as Executive Vice President and Chief Operations Officer and Mr Carey joined Wizz Air in June 2021 as President.

Mr Sebők, Chief Supply Chain Officer, was appointed to the newly created Chief Central Operations Officer position based in Budapest reporting to Mr Delehant effective from 1 June 2021. The role aims at maximising cost focus, operational efficiencies and synergies across the Group's airline subsidiaries.

Mr Jones, Managing Director of Wizz Air UK, was appointed to Chief Supply Chain and Legal Officer based in Budapest reporting to the Group Chief Executive Officer effective from 1 June 2021.

Ms Geoffroy, Chief Corporate Officer, was appointed to Managing Director of Wizz Air UK based in Luton reporting to the EVP and Group Chief Operations Officer and to the Group Chief Executive Officer effective from 1 June 2021.

Mr Eidhagen, Chief People Officer, was appointed to Chief People and ESG Officer based in Geneva reporting to the Group Chief Executive Officer effective from 1 June 2021.

The Nomination Committee's ongoing work

The Nomination Committee will continue to work with the Board to ensure that it has the appropriate balance of skills, knowledge and experience and that, where the opportunity presents itself, appointments are made which reflect not only the Company's requirement to retain the best people for particular roles but also to support the Company's values, including ensuring diversity within the Board and the Company's senior management.

The Nomination Committee and the Board also recognise the importance of ensuring that succession of Directors and senior management is properly managed, to ensure that the Company has the right people available as needed. The Nomination Committee will continue to work with the Board and the Company's senior management to develop and refine succession plans, encouraging and facilitating internal talent development where necessary.

William A. Franke

Chairman of the Nomination Committee

Report of the Chairman of the Remuneration Committee

I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2021, which is my first as Chair of the Remuneration Committee. I would like to thank Guido Demuynck for his contribution as Remuneration Committee Chair since joining the Wizz Air Board in 2014. I would also like to thank Peter Agnefjäll, who stepped down from the Committee and the Board following the year-end for his contribution during the past year and welcome Enrique Dupuy de Lome Chavarri who joined the Committee alongside Charlotte Andsager and myself.

Resilience through COVID-19

Despite the impact of COVID-19 on the industry, Wizz Air has placed a relentless focus on pursuing its strategic aims. Wizz Air is positioned as one of the true ultra low-cost carriers in the world, and the strength of the business model and management team has positioned the Company well during the pandemic and protected value for Shareholders. The Company's share price increased during calendar year 2020, exceeding the price at the outbreak of the pandemic and hitting an all-time high in early 2021. The strength of our liquidity position also ensures we remain at the forefront of European airlines in our ability to prosper as economies open. However, as expected during these challenging times, the Company declared a net loss for financial year ending March 2021.

The business has maintained investment in the fleet and continues to prepare for recovery with 14 new A321neos in F21 ensuring a total fleet of 137 aircraft. The average age of the fleet is only 5.4 years, one of the youngest and most environmentally efficient in Europe.

In contrast to years of exceptional growth, during F21, the business focused on preserving cash (meaning total cash, comprising cash and cash equivalents, short term cash deposits and restricted cash) and looking for further cost saving opportunities. As part of protection of the business, the Company availed of certain government support schemes in a number of countries in which it operates. In line with a commitment to cost restriction and alignment with stakeholder experience, the Chief Executive Officer voluntarily accepted a 22 per cent reduction in base salary for F21 and the Company's Non-Executive Directors took no fees for the month of April 2020 and reduced all fees by 15 per cent between 1 May 2020 and 31 March 2021, while similar pay cuts were taken by the wider employee population. The salaries of Cabin Crew and Office employees (Heads of Function and below) were restored to pre-reduction levels in January 2021. The Board fees, CEO and Senior Management pay and pilot salary reductions remained in place throughout the full financial year.

In addition to the salary reinstatements in January 2021, the Company's Management also took the decision in November 2020 to pay a one-time bonus as a token of appreciation for the hard work and dedication of the entire Wizz Air team. Each employee below the Heads of Function received €500 on top of their November salary which was paid out in early December 2020.

F21 performance and remuneration outcomes

The strong leadership of the Board, the Chief Executive Officer and the management team during F21 underpinned the Company's ability to address the impact of the pandemic. While the Company recorded a statutory net loss of €576.0 million, Wizz Air preserved its financial strength and is well positioned to return to growth as the effect of the pandemic and travel restrictions recede.

Throughout F21, the CEO's focus was on preserving cash and protecting the business' future success. Based on uncertain and fluctuating demand driven by lockdowns across Europe, the Committee's ability to set goals for the full annual cycle was severely restricted. However, based on the critical need to preserve liquidity, the Remuneration Committee took the decision to approve and implement Short-term Incentive Plan (STIP) performance targets on a quarterly basis. Those measures were based on cash targets as a measure of cost savings and business liquidity through the crisis.

To further recognise the cash constraints of the pandemic, the F21 STIP was capped at only 100 per cent of target (rather than the typical 200 per cent of target) and it was agreed that any payment would be deferred fully into shares rather than immediate cash outlay. During the financial year, the quarterly cash objectives were achieved in three out of four quarters, resulting in an overall STIP award for the CEO of 75 per cent of target, i.e. 75 per cent of base salary to be paid in shares. However, due to the significant and prolonged impact of the pandemic on the industry and the Company's revenue, and the experience of employees across the wider business, the Chief Executive Officer and the management team recommended to the Remuneration Committee that there be no STIP pay-out for F21. The Remuneration Committee agreed and determined that no STIP should be paid.

Under the Long-term Incentive Plan (LTIP), the award vesting at the end of F21 will pay-out at 50 per cent of maximum. The EPS condition under the award was not achieved but due to the strong performance of the Wizz Air share price beyond that achieved at competing airlines, the relative total shareholder return (TSR) condition was achieved in full – resulting in an award payment of 50 per cent of maximum. As a Board and a

Committee, we remain satisfied that the TSR performance of the Company, which exceeded that of the peer group during both the performance period and since our IPO, is an accurate reflection of individual contribution and Company performance.

Shareholder feedback from F21 AGM

At the annual general meeting (AGM) held on 28 July 2020 the resolution to approve the Directors' Remuneration Report was supported by only 48 per cent of our voting Shareholders. Upon appointment, the newly constituted Remuneration Committee engaged with key Shareholders to understand the rationale behind voting last year. The Company received feedback from Shareholders that the main concerns at the time of voting related to discretion used to award the F20 STIP payment to Senior Management and the total time horizon of the Company's LTIP.

While the Board remains satisfied that the F20 STIP outcome for Senior Management was an equitable one that was designed to reflect the underlying performance of the business and the experience of our Shareholders, it acknowledges and respects the views expressed by Shareholders in their opposition to the resolution. This feedback has been considered and the Committee took the decision to delay payment of the F20 STIP award by a year to May 2021.

The Remuneration Committee remains committed to recommending Executive remuneration proposals that serve to support the business in retaining key talent and delivering superior returns to Shareholders, while remaining conscious of the wider stakeholder experience and business performance.

Remuneration Policy review

Over the course of F21, the Committee has undertaken a thorough review of the current Remuneration Policy and the accompanying contract of our Chief Executive Officer, both of which have been in place since IPO in 2015 with the Policy having been renewed unchanged in 2018.

At Wizz, we are fortunate enough to have an Executive team which has driven a performance since IPO which is among the strongest of any airline in the world. As a Remuneration Committee, we are in the process of designing a Remuneration Policy that provides a framework that is not only designed to retain those individuals, but to continue to drive a superior level of performance and value creation for our stakeholders and the countries in which we operate. During the first half of calendar 2021, the Remuneration Committee has engaged extensively with Shareholders as part of designing the revised Remuneration Policy that will be proposed to Shareholders at the 2021 AGM. At the core of our review were the following factors:

- ▶ the importance of retaining one of the highest performing CEOs in the world;
- ▶ clear and simple alignment with Shareholders' interests;
- ▶ integration of sustainability factors that are central to our ability to create value over the long-term;
- ▶ flexibility in policy for future succession and fast-moving business strategy in reaction to COVID-19; and,
- ▶ ensuring incentives are aligned throughout the organisation.

We have a unique and world class leader in our CEO, József Váradi, who has led the business through a period of strong growth since IPO and created one of the strongest and most profitable airlines in the world. As the business enters a crucial juncture, the Committee believes his leadership is central to delivering Wizz Air's next phase of growth over the next five-year period.

In designing the new Policy, we continue to consult with our Shareholders. I have been fortunate enough to meet Shareholders representing 50 per cent of the Company's Ordinary Shares, as well as proxy advisers, to discuss our proposals. While our discussions are continuing as our financial results are published, as a Committee, we were satisfied that our approach to ensuring the retention of the CEO, and the broader changes to incentivisation of employees, were met with broad support among our major Shareholders.

While we will present supplementary information in our Notice of AGM on the proposed incentive framework for our CEO, the updated Remuneration Policy included in this document is intended to provide further flexibility for the business going forward. Notably we are proposing to:

- ▶ adapt the performance conditions under our incentive plans to evolve as the business continues to grow and recover from the impact of the COVID-19 pandemic; and
- ▶ provide an ability to award STIP payments in shares to further save on cash cost to the business and incentivise share ownership on the part of STIP participants.

To facilitate this we will put forward a new set of Omnibus Plan rules at our AGM that include the flexibility to deliver the above.

In addition, the Remuneration Committee is considering alternative structures for the CEO compared to the LTIP presented in this Directors Remuneration Policy. If the Remuneration Committee does proceed with an alternative structure the precise parameters of a new incentive plan including quantum and performance criteria for our current CEO will be detailed in full in the Notice of Meeting for the 2021 AGM, as Shareholder consultation on the matter is on-going. We can commit that the alternative framework under discussion will focus on building sustainable value in the business; place an emphasis on financial and non-financial performance measures; and, align with the principles of simplicity and transparency.

We would like to take this opportunity to thank all those who took part in the consultation process for their constructive engagement and for their support in helping us shape the proposals which will be put forward in our Policy and detailed in full in the Notice of our AGM.

Next steps

The Remuneration Committee is proud of the resilience demonstrated by all our people during the last financial year when faced with unforeseen and unprecedented challenges. We remain committed to ensuring that our Remuneration Policy continues to reward and incentivise the delivery of outstanding results and appropriately aligns the interests of the Directors and senior management with those of the Company's Shareholders.

The resolutions at the AGM will reflect the Remuneration Committee's aims of designing an incentive framework that continues to drive one of the world's leading CEOs as well as an employee base that continues to generate value for all our stakeholders in a sustainable manner.

We hope that you find this Remuneration Report clear in explaining the implementation of our Remuneration Policy during the last financial year and we look forward to shortly providing our detailed Remuneration proposals for your consideration at July 2021 AGM.

Barry Eccleston

Chair of the Remuneration Committee

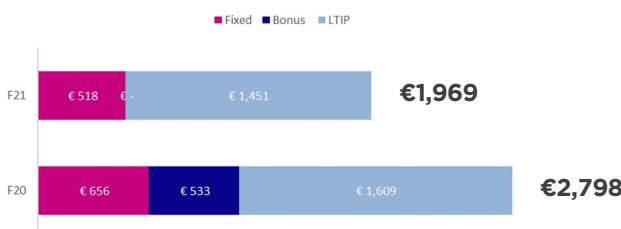
2 June 2021

Remuneration at a glance

	F21 Earnings	F22 Looking ahead
Base salary	€664,050 Note: Due to COVID-19 impact, the CEO agreed to a 22 per cent reduction from the above salary for F21	€664,050 Note: Due to COVID-19 impact, the CEO agreed to a 7.5 per cent reduction from the above salary for F22
Short-term incentive (STIP)	Maximum opportunity 100 per cent of base salary Note: Based on the Remuneration Committee's decision there is no STIP payout for F21	100 per cent of base salary
	Performance metrics (weightings)	Cash preservation and other measures as appropriate (100 per cent) Targets set on quarterly basis
Long-term incentive	Maximum opportunity 250 per cent of base salary	Details to be included in Notice of AGM

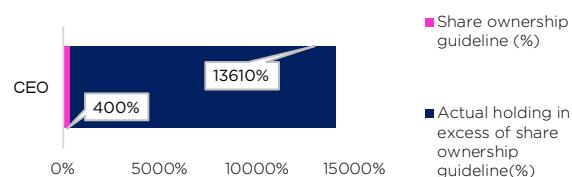
What our CEO earned

Single total figure of remuneration (€'000)

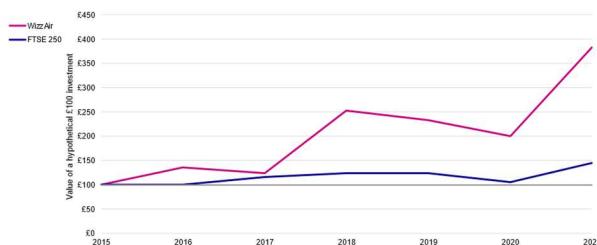


How our CEO is aligned with Shareholders

Number of Ordinary Shares held by the CEO (% of base salary)



Performance remains strong for Wizz Air (TSR)



We are continuing to focus on our people

- We are proud to employ aviation professionals of 54 different nationalities and deliver a superior service across our network.
- Our latest Employee Feedback Survey showed that our employees are highly engaged and that Wizz Air is their employer of choice.
- The engagement survey participation rate was 79 per cent with a general satisfaction within the WIZZ Team at 81 per cent.

Remuneration Policy

Introduction

This Directors' Remuneration Policy will be put forward for approval by Shareholders at the Company's AGM in July 2021 and is intended to be in place for a period of three years from the AGM.

The existing Remuneration Policy has been in place since IPO and was renewed unchanged at our AGM in 2018.

The objective of our review has been to ensure that changes to the Policy provide:

- ▶ a remuneration structure that supports the retention of key Executive talent, and in particular our CEO, who is integral to the Wizz Air growth strategy;
- ▶ a design where variable pay is only received where extraordinary returns are achieved for Shareholders;
- ▶ introduction of features in our pay programmes that ensure alignment with the wider stakeholder experience – both Shareholders and other stakeholders; and
- ▶ continued alignment with our low-cost business model – no pension arrangements for Executives and very limited Executive benefits with a focus on performance-based pay.

As described in our Chairman's letter, the Remuneration Committee has and continues to undertake extensive Shareholder engagement before arriving at the final proposals put forward for Shareholder approval at the AGM. Core messages of engagement include:

- ▶ the importance of retaining one of the highest performing CEOs in the world;
- ▶ clear and simple alignment with Shareholders' interests;
- ▶ integration of sustainability factors that are central to our ability to create value over the long-term;
- ▶ flexibility in policy for future succession and fast-moving business strategy in reaction to COVID; and,
- ▶ ensuring incentives are aligned throughout the organisation.

While we will present supplementary information in our Notice of AGM on the proposed incentive framework for our CEO, the updated Remuneration Policy included in this document is intended to provide further flexibility for the business going forward. Notably we are proposing to include greater flexibility to:

- ▶ adapt the performance conditions under our incentive plans to evolve as the business continues to grow and recover from the impact of the COVID-19 pandemic; and
- ▶ provide an ability to award STIP payments in shares to further save on cash cost to the business and incentivise share ownership on the part of STIP participants.

To facilitate this, we will put forward a new set of Omnibus Plan rules at our AGM that include the flexibility to deliver the above.

Additional details on the plan to incentivise the CEO over the next critical five-year period will be included in the Notice to the 2021 AGM as consultations with Shareholders are still continuing.

Executive Director remuneration

The Chief Executive Officer is currently the Company's sole Executive Director. The Remuneration Committee believes that the Company's Remuneration Policy supports the Company's ultra-low cost, high growth business model by incentivising senior management, including the Chief Executive Officer, to continue to strive to increase the Company's cost advantage while improving customers' experience.

In deciding appropriate remuneration levels, the Remuneration Committee takes into account, among other things, the levels paid at UK FTSE-listed companies, competitor global low-cost carriers and selected fast-growing companies across Europe. The Remuneration Committee also continues to be cognisant of wider employee pay in the organisation – particularly during the last year with COVID-19 impact. In the past year the management has increased its engagement with employees through scheduled floor talks, local base visits and through the regular scheduled meetings with the People Council, who represent all employees throughout the company. In these meetings topics on remuneration are regularly discussed and as a result of this, engagement management and employees have been aligning on Remuneration principles in the company. Management and employees have aligned on salary reductions principles throughout the year as a result of these meetings, the decision to bring back salaries to office employees and Cabin Crew earlier than planned. To ensure that the employees' concerns are raised and addressed, the People Council has met with the responsible Management Team members on 25 occasions and the minutes from the meetings are shared with the Director responsible for employee engagement. The Director has also had a regularly scheduled call every four to six weeks with the People Council and has during a separate session in the Board of Directors Meeting brought up the main topics discussed. The CEO has also had 25 sessions with the People Council throughout the year where he has been updated on the topics of discussion. the regular structured approach to engagement with employees, the Company carried out a company-wide engagement survey in November with a (79%) response rate. Amongst other topics the employees gave their scores within the category of

Reward and provided 14,269 open comments. The results of the employee engagement scores were reviewed by the Management Team, the Board of Directors and in the individual organisations.

Future policy table: Executive Director

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Base salary	<p>To provide the core reward for the role.</p> <p>To attract, retain and motivate high-calibre Executive management.</p>	<p>Salaries are reviewed annually, with any increase being awarded at the discretion of the Remuneration Committee. The Remuneration Committee may take into account a number of factors in deciding whether an increase should be made, including benchmarking against selected comparator companies, the individual's skills and experience, internal relativities, and the Executive's personal performance contribution.</p>	The Remuneration Committee will consider the individual salary of the Executive Director at a meeting each year.
Benefits	To attract, retain and motivate Executive management without paying more than necessary.	<p>The benefits to the Executive Director are in line with those provided to employees and those deemed necessary for the role or job to be taken. They include the following:</p> <p>Executive Directors are covered by the Company's group personal accident and life assurance cover, which is in place for all employees (2x salary).</p> <p>Free return tickets usable on the route network of the Group, consistent with the number of free tickets made available for all employees.</p> <p>At its discretion, the Committee may provide reasonable support for costs associated with relocation where required at Company request and other benefits as deemed necessary by the Remuneration Committee.</p>	
Pension	Not applicable.	Not applicable. The Company does not provide a pension scheme for the Executive Director (unless contributions are required by law).	Not applicable.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Short-term Incentive Plan (STIP)	<p>To incentivise the successful execution of the Company's business strategy.</p> <p>To reward the achievement of annual financial and operational goals.</p>	<p>Payments under the Short-term Incentive Plan are made in cash and/or shares, subject to certain specified performance requirements as determined by the Remuneration Committee being met and up to a maximum STIP set as a percentage of base salary by the Remuneration Committee. The maximum pay-out is 200 per cent of base salary. A threshold level of performance is specified in 50 per cent of base salary; if performance falls below this level, there will be no pay-out for that proportion of the award.</p>	<p>Performance requirements are determined by the Remuneration Committee. They are intended to align the performance of the Executive Director with the Group's near-term objectives of delivering against its strategy. The Committee may use its discretion to ensure that a fair and balanced outcome is achieved, taking into account the overall performance of the Company and the experience of Shareholders.</p> <p>The STIP is based on a combination of financial and non-financial measures as selected by the Committee in any given year. Financial measures would typically represent no less than 50 per cent of weighting.</p> <p>The annual STIP is subject to malus and/or clawback in the event of serious misconduct which could have served as a reason for termination of the employment for cause, or if the employee was involved in fraud, dishonesty or other types of illegal activity. The policy does not determine the time frame of the malus and/or clawback.</p>
Long-term Incentive Plan (LTIP)	<p>To align the Executive Director's long-term interests with those of Shareholders.</p> <p>To reward strong financial performance.</p>	<p>Each year, performance shares may be granted. Awards vest over a three-year period, subject to the achievement of performance targets over those three years. The maximum face value of annual awards will be 250 per cent of base salary. Typically 25 per cent of award value will vest for threshold performance with straight-line vesting to maximum performance.</p>	<p>Framework used to assess performance and provisions for the recovery of sums paid</p> <p>Performance targets are determined by the Remuneration Committee and vesting of the performance shares is subject to performance targets being met over the performance period. The LTIP is based on a combination of financial and non-financial measures as selected by the Committee in any given year. Financial measures would typically represent no less than 50 per cent of weighting.</p>

	The Committee may use its discretion to ensure that a fair and balanced outcome is achieved, taking into account the overall performance of the Company and the experience of Shareholders.
	If a participant's employment ends before the end of the performance period, any vested and unvested options will normally lapse, save in certain "good leaver" scenarios although the Committee retains discretion to allow some proportion of shares to vest in specific circumstances. Long-term incentive awards are subject to malus and/or clawback in the event of serious misconduct which could have served as a reason for termination of the employment for cause, or if the employee was involved in fraud, dishonesty or other types of illegal activity.

Notes to the policy table: target setting and the selection of performance measures

Targets for the STIP and LTIP are continually reviewed to ensure they are appropriate and stretching. The Remuneration Committee takes into consideration the expected performance of individuals, the current business environment and other external reference points. The measures used in the STIP are set quarterly and are selected to reflect the Group's near-term objectives of delivering against its strategy. With regard to the LTIP, performance targets are determined regularly by the Remuneration Committee to ensure that they align well with the Company's strategy and Shareholder interests.

Difference in Remuneration Policy for Executive Director and employees

Remuneration for the Company's senior management team is broadly aligned to that of the Executive Director. The amounts of the components and vehicle of which any long-term awards are granted vary for the individuals and the levels of the position. Management positions in the Company receive remuneration based on market benchmarks that vary between function and local market practices.

The remuneration policy for the Executive Directors and Senior Leadership team is more heavily weighted towards variable and share-based pay than for other employees. This makes a larger proportion of the overall total pay package conditional on the successful delivery of our business strategy and aligned with shareholder value delivery through using shares. This approach ensures a keen incentive to deliver results and aligned with our business strategy, in line with market practice for senior employees. All Heads of Function, Officers, and the CEO are under the same remuneration structure.

Non-Executive Director remuneration

The Non-Executive Directors are only paid fees.

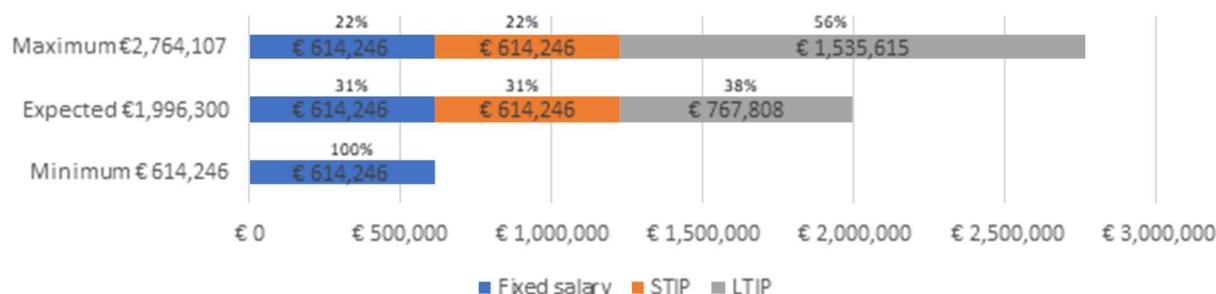
Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Fees	To remunerate Non-Executive Directors to reflect their level of responsibility.	Non-Executive Directors are paid a basic fee, plus an additional amount for each Board meeting attended. Additional fees are paid for the roles of Chairmen of the Audit and Sustainability Committee, the Remuneration Committee and the Board and the Senior Independent Director. Fees for Non-Executive Directors, other than the Chairman, are determined by the Board. Fees for the Chairman are determined by the Remuneration Committee without the Chairman being present. The Remuneration Committee, in relation to the Chairman, and the Board, in relation to the other Non-Executive Directors, retain the flexibility to increase fee levels to	Not applicable; there are no provisions for the recovery of sums paid or the withholding of any payment relating to fees.

ensure that they appropriately reflect the experience of the individual, time commitment of the role and fee levels in comparable companies.

Fees are made in cash and/or shares which are not subject to performance.

Illustration of the application of the Remuneration Policy

The bar chart below sets out the annual remuneration package of the Chief Executive Officer for the 2022 financial year at minimum, expected and maximum levels, on the basis of the LTIP included in this policy. Should an alternative proposal be presented in the Notice of AGM a new remuneration scenario illustration of that proposal along with full details will be presented.



Notes to table: The Chief Executive Officer has voluntarily accepted a temporary 7.5 per cent average reduction in base salary for F22 from his contracted base salary of €664,050. This reduction will also impact the base for the F22 annual STIP. Fixed remuneration is base salary, being €614,246. The annual STIP amount is zero at minimum and €614,246 at the expected level (100 per cent of salary). As the organisation has capped the STIP payment at 100 per cent of salary to mitigate cash flow concerns, there is no possibility for overachievement of the STIP and therefore the maximum pay-out and target are the same: €614,246. The long-term incentive amount is zero at minimum, €767,808 at the expected level (50 per cent of normal maximum opportunity of 250 per cent) and €1,535,615 at maximum (250 per cent of base salary). Were Wizz Air's share price to increase by 50 per cent, total remuneration would increase to €3,531,915 under the maximum scenario - driven by the increased value of the LTIP awards.

Recruitment remuneration

On the recruitment of a new Executive Director, the Committee seeks to pay no more than is necessary to attract and retain the best candidate available, within the limits of the approved Remuneration Policy, up to a maximum variable pay of 450% as the current policy. The remuneration package for an incoming Executive Director would reflect the principles set out above, although the Committee believes that it is in the interests of Shareholders for it to retain an element of flexibility in its approach to recruitment to enable it to attract the best candidates; however, this flexibility is limited.

The Committee may find it necessary to compensate a new recruit for forfeiture of payments for leaving prior employment. There is no limit to the value of such a buy-out award; however, the Committee will seek to link rewards to performance wherever possible and mirror the award being forfeited by the new recruit. The Committee may introduce a one-off arrangement as permitted under Listing Rule 9.4.2.

For the appointment of a new Chairman or Non-Executive Director, fee arrangements will be made in line with the policy as set out above.

Policy on payment for loss of office

In the event of termination of a service contract or letter of appointment of a Director, contractual obligations will be honoured in accordance with the service contract or letter of appointment. There are no fixed terms on the service contracts. The Remuneration Committee will take into consideration the circumstances and reasons for departure, health, length of service and performance. Under this policy, the Remuneration Committee will make any statutory payments it is required to make. In addition, the Remuneration Committee may agree to payment of outplacement counselling costs and disbursements (such as legal costs) if considered to be appropriate and depending on the circumstances of departure.

There are no pre-determined contractual provisions for Directors regarding compensation in the event of loss of office save for those listed in the table below.

Details of provision	Executive Director	Non-Executive Directors
Notice period	Six months' notice by either party.	One month's notice by either party.
Termination payment	<p>The employing company may terminate the Executive Director's employment with immediate effect by payment in lieu of notice.</p> <p>The Executive Director will be paid a sum equal to six months' base salary if the employing company chooses to enforce the restrictive covenants referenced below.</p> <p>Upon termination of employment other than for cause, the Executive Director is entitled to a severance payment equal to six months' base salary in addition to any notice pay or payment in lieu of notice.</p>	Fees and expenses accrued up to termination only.
Post-termination covenants	Post-termination restrictive covenants apply for a period of one year following termination of employment.	Not applicable.

Under the LTI and STI if an executive director leaves, the Board, after considering the recommendation of the Remuneration Committee, the default position is that no payment will be made or any outstanding share awards will lapse except in certain circumstances. In order to receive a payment under the STIP or unvested LTI awards the Board needs to exercise its discretion, within the rules of each plan to grant Good Leaver status. This can be granted in certain circumstances including for example the director leaving for reasons of ill-health, redundancy, retirement or death and other circumstances as determined by the Committee. Executive directors leaving with Good Leaver status will receive a bonus payment as determined under the STI scheme, and, subject to performance conditions, a pro-rata amount of their LTI shares. The pro-ratation is calculated according to what proportion of the performance period the executive director spent in company service. If Good Leaver status is not granted to an executive director, all outstanding awards made to them under the STI and LTI will lapse.

Discretion, flexibility and judgment of the Remuneration Committee

The Remuneration Committee operates under the Remuneration Policy, which includes flexibility in a number of areas. These include:

- ▶ the timing of awards and payments;
- ▶ the size of an award, within the maximum limits;
- ▶ the participants of the plan;
- ▶ the performance requirements and maximum percentages of salary to be used for the Short-term Incentive Plan and the Long-term Incentive Plan from year to year;
- ▶ the performance conditions, performance periods and vesting periods for awards under the Long-term Incentive Plan from year to year;
- ▶ the assessment of whether performance requirements and/or conditions have been met;
- ▶ the treatment to be applied for a change of control or significant restructuring of the Group;
- ▶ the determination of a good/bad leaver for incentive plan purposes and the treatment of awards thereof; and
- ▶ the adjustments, if any, required in certain circumstances (e.g. rights issues, corporate restructuring, corporate events and special dividends).

Legacy arrangements

In approving this policy, authority will be given to the Company to honour commitments paid, promised to be paid or awarded to: (i) current or former Directors prior to the date of this policy being approved; and (ii) to an individual (who subsequently is appointed as a Director of the Company) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, was not in consideration of that individual becoming a Director of the Company, even where such commitments are inconsistent with the provisions of this policy.

Outstanding vested awards under the Company's previous 2009 international employee share option plan remain eligible for exercise in accordance with their terms.

Shareholder approval of share plans

This policy includes any new employee share plans or amendments to existing share plans approved by Shareholders which may be applicable to this policy period.

Consideration of Shareholder views

The Remuneration Committee and the Board will consider Shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM and any action required will be incorporated into

the Remuneration Committee's business plan for the ensuing period. This, and any additional feedback received from Shareholders from time to time, will then be considered by the Remuneration Committee and as part of the Company's annual review of remuneration arrangements.

Specific engagement with major Shareholders may be undertaken when a significant change in Remuneration Policy is proposed. During the year the Committee consulted with shareholders to understand the vote from last year's remuneration report and has engaged with shareholders to discuss the future remuneration policy for our CEO, the senior leadership pay and all employees. As stated in the chairman's letter we have met with over 50% of Ordinary Shareholders to discuss changes in our policy and specifically in respect of arrangements to retain and incentivise our CEO. The feedback from our discussions has been taken into account and we remain in discussion to confirm our final proposals.

Annual Report on Remuneration

The members of the Remuneration Committee during F21 were Barry Eccleston (Chairman) and Peter Agnefjäll (both in September 2020) and Charlotte Andsager who joined in November 2020. Following the year-end, Peter Agnefjäll stepped down from the Committee and the Board and was subsequently replaced by Enrique Dupuy de Lome Chavarri on the Committee, effective from 30 March 2021.

The Remuneration Committee is responsible for setting the Remuneration Policy for all Executive Directors and the Chairman, including pension rights and any compensation payments, and recommending and monitoring the remuneration of the senior managers. Non-Executive Directors' fees are determined by the full Board. A summary of the Remuneration Committee's terms of reference can be found on our corporate website, corporate.wizzair.com. Further details about the Remuneration Committee are set out on pages 72 to 73 of the Corporate Governance Report.

In order to monitor the consistency between the remuneration of the CEO and his direct reports, the Remuneration Committee is frequently updated and consulted on any remuneration changes. All external hires and internal promotions to senior-level positions require the prior approval of the Remuneration Committee on their future remuneration package. Only after the approval is received can the offer be extended to the candidate. The Remuneration Committee is also consulted on and needs to approve remuneration changes for existing senior Executives. This includes salary revisions linked to new market benchmark information as well as revisions arising from internal organisational changes.

József Váradi, the Chief Executive Officer, Johan Eidhagen, the Chief People Officer, and Marion Geoffroy, the Chief Corporate Officer and Company Secretary, and Stephen L. Johnson, Non-Executive Director attend meetings by invitation and assist the Remuneration Committee in its deliberations as appropriate, though they are not present when their own compensation is discussed.

The Remuneration Committee is advised by Willis Towers Watson, as appointed by the Remuneration Committee. Willis Towers Watson were re-contracted as remuneration consultant following a competitive tender process in 2020. They attend Committee meetings as and when required. During F21, Willis Towers Watson received fees based on time and materials totalling £334,079 for advice to the Remuneration Committee related to the Remuneration Policy, governance, developments in Executive pay, benchmarking and performance analysis. Besides support on remuneration advice, no other services were provided by Willis Towers Watson to the Company in F21.

Willis Towers Watson is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Remuneration Consultants Group Code of Conduct in relation to Executive remuneration consulting in the UK. The Remuneration Committee is satisfied that Willis Towers Watson offers independent, impartial and objective advice and brings a high degree of expertise to the Remuneration Committee's discussions.

Shareholders' vote on remuneration

At the 2020 AGM the Annual Report on Remuneration and the Chairman's Statement were put forward for an advisory vote which was supported by 48.37 per cent of the Shareholders. Upon appointment, the newly constituted Remuneration Committee engaged with key Shareholders to understand the rationale behind voting last year. The Company received feedback from Shareholders that the main concerns at the time of voting related to discretion used to award the F20 STIP payment to Senior Management and the total time horizon of the Company's LTIP. While the Board remains satisfied that the F20 STIP outcome for Senior Management was an equitable one that was designed to reflect the underlying performance of the business and the experience of our Shareholders, it acknowledges and respects the views expressed by Shareholders in their opposition to the resolution. This feedback has been considered and the Committee took the decision to delay payment of the F20 STIP award by a year to May 2021.

Details of the voting outcomes are provided in the table below:

	Annual Report on Remuneration (2020 AGM)		Annual Report on Remuneration (2019 AGM)	
Votes for	34,412,174	48.37%	46,567,891	87.48%
Votes against	36,735,491	51.63%	6,661,874	12.52%
Total votes	71,147,665		53,229,765	
Votes withheld	108,709		490,550	

Executive Directors' remuneration

Full details of the Chief Executive Officer's remuneration for F21 are set out below (in Euros):

Single total figure of remuneration table - audited

	József Váradi							
	Fees and salary €	Benefits €	STIP €	LTIP €	Pension €	Total €	Total fixed remuneration €	Total variable remuneration €
2021	517,980	—	—	1,102,429	—	1,620,409	517,980	1,102,429
2020	656,389	533	532,714	1,451,030	—	2,640,666	656,922	1,983,744

The Chief Executive Officer has voluntarily accepted a 22 per cent average reduction of base salary for F21 from his contracted base salary of €664,050 in response to COVID-19 resulting in a total of €517,980 salary. There were no benefits provided to the Chief Executive Officer in 2020 other than four free return tickets usable on the route network of the Group, the value of which is estimated to be €533 in total. The LTIP for F20 reflects the award with performance period ending in March 2020 and has been calculated using a closing share price of £36.56 on 3 June 2020 and an FX GBP/EUR rate of 0.89. The LTIP for F21 reflects the award with performance period ending March 2021 and has been calculated on the 20,052 shares that are to vest in June 2021 using the Q4 average share price of €54.98, to be amended upon vesting in the summer of 2021. The value of the LTIP for F21 which is attributable to share price appreciation is €383,765.

The 2021 financial year was fully dominated by the global COVID-19 pandemic which significantly affected the entire aviation industry. As a consequence, the Management team of the Company had to act in crisis mode. This new reality made it impossible to predict accurately over a one-year period what the business would look like given the unprecedented decline in demand due to travel restrictions and lack of willingness to travel in continually changing circumstances. Therefore, the Remuneration Committee took the decision to approve targets for the annual STIP on a quarterly basis rather than on a yearly basis. Those targets have aggregated over the year into a short-term incentive pay-out of the four quarters combined according to the normal schedule for the financial year. Due to the ongoing crisis, STIP consisted of stricter targets than in a normal financial year with a cap at 100 per cent target achievement for the quarter versus the regular cap of 200 per cent. The bottom range also went down to 50 per cent; hence, the range on each target has been between 50 per cent and 100 per cent. The threshold target for 50 per cent was set as a 5 per cent downward collar on the target for 100 per cent achievement. The Chief Executive Director has been measured for his STIP pay-out against one performance KPI: total Company's cash. More information on the target and achievement result can be found in the table below. No payment is made below target level of achievement.

	Q1	Q2	Q3	Q4
Cash target (in € million)	1,540	1,200	1,263	1,557
Actual (in € million)	1,563	1,231	1,202	1,617
Achievement %	100%	100%	—%	100%

Although targets were achieved in three out of the four quarters based on the cash targets above, management's recommendation and the discretionary decision of the Remuneration Committee was to pay no STIP for F21 to the Chief Executive Officer or any other employee eligible for the scheme. This voluntary decision of the Management is in line with the overall industry and Company performance in the last twelve months which was heavily impacted by the COVID-19 pandemic and the significant drop in air traffic.

In May 2021 the Chief Executive Officer received the deferred STIP pay-out for the prior financial year, F20. Due to the COVID-19 pandemic the Remuneration Committee decided last year to approve a STIP award of €532,714 to the CEO but defer it in order to preserve the Company's cash. Originally the decision envisioned the pay-out to happen in two instalments: 50 per cent to be paid in November 2020 and the additional 50 per cent in May 2021. However, as the pandemic continued to evolve throughout 2020 and the business was not able to recover within the expected timeframe, the Remuneration Committee cancelled the November pay-out and moved the total compensation of the STIP to May 2021.

The evaluation of the Chief Executive Officer's personal performance during F21 has been mainly measured against his response and leadership shown during the COVID-19 pandemic. He has managed the crisis as it has evolved over the course of the full financial year by winding down operations in an efficient and orderly manner due to flight restrictions enforced across all markets, and focusing on preserving the Company's strong cash position.

At the same time the Company has been successful in identifying the right expansion opportunities and entered into new markets. Wizz Air opened its Abu Dhabi Air Operator's Certificate holder (AOC) and started

successful operations in December 2020. In addition to the new AOC, during F21 the Company also expanded its operations by opening new bases in old and new markets, thus reaching 43 operating or announced bases in 21 countries. The expansion resulted in delivering cash in these challenging times.

The Chief Executive Officer also dedicated focus and attention throughout the year to listen to the employee feedback. A Company-wide engagement survey was launched in November 2020 with a record high participation rate of 79 per cent. The results of the survey showed a strong overall satisfaction of the employees with Wizz Air as an employer - 81 per cent engagement score (46 employee Net Promoter Score).

Significant progress has been made as well in the area of diversity, especially gender diversity. In this past financial year, the Company improved Board diversity by 9pp reaching 30 per cent. Leadership diversity improved 10pp to reach 27 per cent. Office female gender diversity stayed at 37 per cent. Flight crew female ratio reached 4 per cent and Cabin Crew 75 per cent.

The third award under the LTIP (of 250 per cent of base salary) was made to the Chief Executive Officer during F18 (in June 2017). This award included 70,698 Performance Options, valued at £22.00 per option share at the date of grant. Vesting was subject to the following performance criteria:

- a) relative total shareholder return (TSR) growth versus selected European airlines (50 per cent weighting)
 - 25 per cent of the portion of the award subject to TSR will vest for median performance and 100 per cent of the portion of the award subject to TSR will vest for performance equal to or exceeding the upper quartile. There will be no vesting of this portion for performance below median and linear interpolation will apply for performance between the median and upper quartile.
 - The TSR group consists of the following entities: Ryanair and easyJet (50 per cent. weighting); Air France-KLM, Air Berlin, Deutsche Lufthansa, Finnair, Flybe, IAG and SAS (50 per cent. weighting). Aer Lingus has been removed from the group following acquisition by IAG and subsequent delisting in September 2015.
- b) absolute fully diluted earnings per share (EPS) growth of the Company (50 per cent weighting).
 - The EPS threshold, target and maximum average annual growth rates were revised versus the June 2016 grant to 25 per cent, 28 per cent and 31 per cent, respectively.
 - 25 per cent of the portion of the award subject to EPS will vest for threshold performance, 50 per cent of the portion of the award subject to EPS will vest for target performance and 100 per cent of the portion of the award subject to EPS will vest for maximum performance with straight line vesting in-between these points.

However, the first criterion (TSR growth) was fully met, Wizz Air measured at 50.2 per cent. The peer group consisted of easyJet, Ryanair, Air France - KLM, Air Berlin, Lufthansa, Finnair, IAG and SAS. Flybe Group has been excluded. The peer group median TSR was at -48.3 per cent with the upper quartile at -39.9 per cent. The second criterion (EPS growth) was not achieved for a second year in a row. The fully diluted EPS in EUR during F20 was 2.22 while in F18 it was 1.79. As a result the implied EPS CAGR was only 7.5 per cent. 35,349 options vested in June 2020 (being 50 per cent of the total grant).

The fourth award under the LTIP (of 250 per cent of base salary) was made to the Chief Executive Officer during F19 (in May 2018). This award included 40,103 Performance Options, valued at £31.44 per option share at the date of grant. Vesting is due in June 2021. The award is subject to the following performance criteria:

- a) relative total shareholder return (TSR) growth versus selected European airlines (50 per cent weighting)
 - 25 per cent of the portion of the award subject to TSR will vest for median performance and 100 per cent of the portion of the award subject to TSR will vest for performance equal to or exceeding the upper quartile. There will be no vesting of this portion for performance below median and linear interpolation will apply for performance between the median and upper quartile.
 - The TSR group consists of the following entities: Ryanair and Easyjet (50 per cent. weighting); Air France-KLM, Air Berlin, Deutsche Lufthansa, Finnair, Flybe, IAG and SAS (50 per cent. weighting). Aer Lingus has been removed from the group following acquisition by IAG and subsequent delisting in September 2015.
- b) absolute fully diluted earnings per share (EPS) growth of the Company (50 per cent. weighting)
 - The EPS threshold, target and maximum average annual growth rates were set to 11 per cent, 19 per cent and 26 per cent, respectively.
 - 25 per cent of the portion of the award subject to EPS will vest for threshold performance, 50 per cent of the portion of the award subject to EPS will vest for target performance and 100 per cent of the portion of the award subject to EPS will vest for maximum performance (with straight line vesting in-between these points).
 - Under the Long-term Incentive Plan, the award vesting at the end of F21 will pay-out at 50 per cent of maximum. As the Company hasn't been profitable since the beginning of COVID-19, the EPS

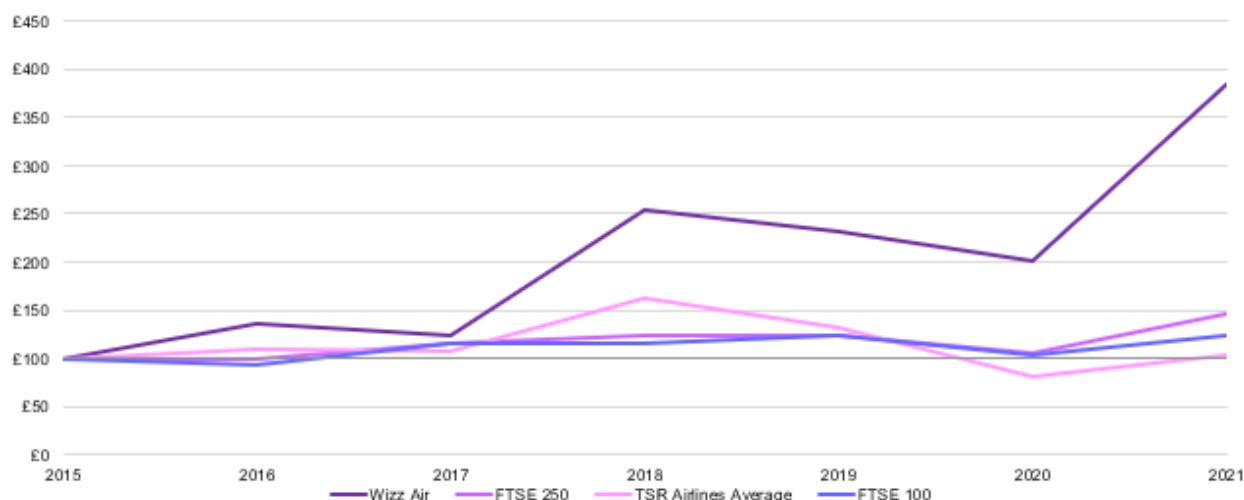
condition under the award was not achieved, but due to the strong performance of the Wizz Air share price beyond that achieved at competing airlines, the relative total shareholder return (TSR) condition was achieved in full, translating to 46.6 per cent – resulting in an award payment of 50 per cent of maximum. The median of the peer group was -33.5 per cent and the upper quartile was -14.2 per cent.

The sixth award under the LTIP (of 250 per cent of base salary) was made to the Chief Executive Officer during F21 (in June 2020). This award included 42,562 Performance Options, nil-cost options, valued at £34.75 (€39.04) per option share at the date of grant – the face value of this award is €1,660,123. Vesting is due in June 2023 and is subject to only one criteria which is the TSR growth vs selected European airlines. The performance period will be three years from the grant date. The TSR group will consist of the following entities: Ryanair and easyJet (50 per cent weighting); AirFrance-KLM, Deutsche Lufthansa, Finnair, IAG and SAS (50 per cent weighting). 25 per cent of the award will vest for median performance and 100 per cent of the award will vest for performance equal to or exceeding the upper quartile. There will be no vesting for performance below median and linear interpolation will apply for performance between the median and upper quartile.

The Chief Executive Officer no longer holds any options from the Company's previous employee share option plan (ESOP), under which options were issued in the calendar years 2005–2011. The CEO did not exercise any of his vested options in F20 or F21.

The following performance graph shows the Company's total shareholder return compared to the FTSE 250 index for the last five financial years following IPO. TSR is defined as share price growth plus reinvested dividends.

Historical TSR performance¹ – Value of hypothetical £100 holding



1 Growth in the value of a hypothetical £100 holding over six years, in comparison with the FTSE 250 and the Airline peer group used for measurement of relative TSR. Data based on one-month average of trading day values. Source: S&P Capital IQ.

The graph above compares the TSR performance of the Company since IPO with the TSR of the FTSE 250 Index. This graph is re-based to 100 at the start of the relevant period. As a constituent of the FTSE 250, this index represents an appropriate reference point for the Company. To provide Shareholders with additional context we have also included a "TSR Airlines Average" reflecting the TSR of the comparator group used for the TSR measurement under the LTIP awards including easyJet, Ryanair, AirFrance-KLM, Lufthansa, Finnair, IAG, SAS. Information is also included on a comparison to the FTSE 100 given Wizz Air's fully diluted market capitalisation would place it within the FTSE 100 index.

In the tables below we provide a ten-year overview of the Chief Executive Officer's remuneration and the change in the Chief Executive Officer's remuneration compared to that of all employees.

Ten-year overview of Chief Executive Officer remuneration

Financial year	Single figure of total remuneration Euro	Performance STIP achieved against maximum possible	LTIP shares vesting against maximum possible*
F12	764,460	100%	100%
F13	533,398	0%	n/a
F14	1,462,212	97%	n/a
F15	1,607,587	91%	n/a
F16	1,812,883	95%	n/a
F17	1,240,812	48%	n/a
F18	1,281,304	58%	n/a
F19	4,056,438	26%	100%
F20	2,640,666	40%	50%
F21	1,620,409	0%	50%

* There were no options vesting in F16-F18 under either the old (ESOP) or the new (LTIP) share option plan.

Change in the remuneration of the Chief Executive Officer compared to that of all other employees

The table below shows the year-on-year percentage change in salary, benefits and annual STIP earned between the year ended 31 March 2021 and the year ended 31 March 2020 for the Directors, compared to the average earnings of all other Wizz Air employees.

	Salary	Benefits*	Annual STIP
Chief Executive Officer	(22%)	0%	(100%)
William A. Franke	(20%)	0%	0%
Stephen L. Johnson	(21%)	0%	0%
Simon Duffy	(21%)	0%	0%
Andrew S. Broderick	(14%)	0%	0%
Barry Eccleston	(27%)	0%	0%
Peter Agnefjäll	(26%)	0%	0%
Maria Kyriacou	(26%)	0%	0%
Guido Demuynck*****	(83%)	0%	0%
Susan Hooper*****	(87%)	0%	0%
Charlotte Pedersen***	—	0%	0%
Enrique Dupuy de Lome Chavarri****	—	0%	0%
Charlotte Andsager****	—	0%	0%
Average pay based on all employees**	(42%)	0%	(100%)

* Benefits represent an insignificant part of the total compensation both for the CEO and the employees. The Non-Executive Directors do not receive any benefits.

** The Average employee figures are based on the average earnings of Group level employees as Wizz Air Holdings Pls has no employees.

*** Joined as of 2 June 2020.

**** Joined as of 4 November 2020.

***** Resigned as of 28 July 2020

***** Resigned as of 3 June 2020.

The 22 per cent decrease in the Chief Executive Officer's base salary reflected the voluntary reduction that he accepted as a response to the pandemic. The lack of STIP payment for F21 resulted in a 100 per cent decrease of the Short-term Incentive Plan for the Chief Executive Officer versus the previous financial year.

As part of the COVID-19 cost saving actions, the Non-Executive Directors, in line with the senior management's response to the pandemic, have taken no fees for the month of April 2020 and reduced all fees by 15 per cent between 1 May 2020 and 31 March 2021 which has resulted in an overall drop in their annual compensation. As part of the Company's initiative to preserve cash during the COVID-19 pandemic, broad salary reduction principles were introduced across all employee groups. In addition to the Chief Executive Officer, all members of the senior management were asked to accept a 22 per cent reduction on their annual salaries. They received in April 2020 a minimum wage salary in line with the country-specific labour legislation which they all donated to the Wizz Air Foundation. The remaining eleven monthly salaries were reduced by 15 per cent. At Head of Function level the April 2020 base salary was reduced by 50 per cent and the subsequent salaries by 15 per cent. All Office employees had a 33 per cent cut on their April 2020 salary and 13 per cent cut on the base salaries starting from May 2020. The Cabin Crew compensation was reduced by overall 11 per cent which was reflected only in the variable compensation and not in the base salary. The pilots received a 15 per cent overall reduction which has been spread across their base salary as well as variable payment. The senior management took a decision in December 2020 to restore back to pre-COVID-19 levels of the compensation of the Cabin Crew and Office employees - Heads of Function and below. Thus, the salary reduction for those groups was

applied in the period between April and December 2020. The reduction for the senior management and the pilots remained until the end of the financial year.

The decision not to pay-out STIP in F21 was extended beyond the Chief Executive Officer and affected all employees in scope of the STIP policy. Salary and fees decreased due to the implemented COVID-19 salary reduction across all employee groups. Total employee remuneration changed from €174 million in F20 to €101 million in F21, being a 42 per cent decrease year on year. This was driven also by the 20 per cent decrease in employee numbers as a result of the mass redundancy in April 2020.

There were no dividends or share buybacks in either F21 or F20, and therefore disclosure of “relative importance of spend on pay” has not been included.

Non-Executive Director remuneration

The Chairman and Non-Executive Directors are paid only Directors’ fees. The full details of the annual compensation of the Non-Executive Directors are set out below:

Single total figure of remuneration table – audited

	Fees and salary		Benefits		STIP		LTIP		Pension		Total	
	€		€		€		€		€		€	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
William A. Franke	183,104	230,104	—	—	—	—	—	—	—	—	183,104	230,104
Stephen L. Johnson	61,625	78,125	—	—	—	—	—	—	—	—	61,625	78,125
Simon Duffy	84,026	106,276	—	—	—	—	—	—	—	—	84,026	106,276
John R. Wilson*	—	1,333	—	—	—	—	—	—	—	—	—	1,333
Guido Demuynck**	14,521	85,365	—	—	—	—	—	—	—	—	14,521	85,365
Susan Hooper***	10,625	83,125	—	—	—	—	—	—	—	—	10,625	83,125
Andrew S. Broderick	61,625	71,875	—	—	—	—	—	—	—	—	61,625	71,875
Barry Eccleston	69,594	95,625	—	—	—	—	—	—	—	—	69,594	95,625
Peter Agnefjäll	61,625	83,125	—	—	—	—	—	—	—	—	61,625	83,125
Maria Kyriacou	61,625	83,125	—	—	—	—	—	—	—	—	61,625	83,125
Charlotte Pedersen****	55,250	—	—	—	—	—	—	—	—	—	55,250	—
Enrique Dupuy de Lome Chavarri*****	31,663	—	—	—	—	—	—	—	—	—	31,663	—
Charlotte Andsager*****	31,663	—	—	—	—	—	—	—	—	—	31,663	—
Total	726,946	918,078	—	—	—	—	—	—	—	—	726,946	918,078

* Resigned as of 16 April 2019.

** Resigned as of 28 July 2020.

*** Resigned as of 3 June 2020.

**** Joined as of 2 June 2020.

***** Joined as of 4 November 2020.

Total Directors’ remuneration (Executive and Non-Executive) (audited)

Total remuneration of Directors for F21 was €2,695,955 (2020: €3,716,241). This is the sum of the total Chief Executive Officer’s compensation and the total fees and salaries paid out to the Non-Executive Directors. The decrease versus F20 was driven by three factors: the voluntary COVID-19 reduction on the Chief Executive Officer’s base salary (22 per cent reduction) and on the Non-Executive Directors’ fees (15 per cent reduction), the €nil STIP payout as a result of the overall industry and business performance throughout the year and the lower amount of 2017 LTIP options of the Chief Executive Officer vesting in F21 (in June 2020) versus 2016 LTIP options vesting in F20 (in July 2019).

Our Conflict of Interest policy prohibits any other employment (for all employees) on top of the employment at Wizz. Therefore in case of the Chief Executive Officer any additional directorship would require specific permission of the Chairman of the Board. The Chief Executive Officer joined the board of JetSMART SpA in March 2018 as a non-executive director, with the approval of the Board. The Chief Executive Officer does not receive any fee for his role as a non-executive director of JetSMART.

Directors’ shareholdings

The Chief Executive Officer holds a significant shareholding in the Company through a family trust and is also eligible to participate in the Company’s Long-term Incentive Plan.

The Company therefore believes that the interests of the Directors are well aligned with those of the Shareholders. Full details of the Directors' and their connected persons' interests in the Company's shares as at 31 March 2021 are set out below:

Directors and connected persons' interests in shares – audited

Director ¹	Direct ownership Number of Ordinary Shares	Interests			Total Ordinary Share interests
		Number of Ordinary Shares	Number of Convertible Shares	Total Ordinary Share interests	
William A. Franke ²	112,917	7,382,442	17,377,203	7,495,359	
József Váradi ^{3,4}	—	1,544,144	—	1,544,144	
Simon Duffy	7,097	831	—	7,928	
Stephen L. Johnson	52,750	—	—	52,750	
Guido Demuynck	5,250	—	—	5,250	
Barry Eccleston	5,000	—	—	5,000	

¹ Directors not included in the table did not have any direct ownership or interest in shares as at 31 March 2021.

² Mr Franke is deemed to be interested in all of the Ordinary Shares and Convertible Shares held by Indigo Hungary LP, Indigo Maple Hill LP, Indigo Hungary Management LLC and Bigfork Partners LLC for the purposes of section 96B of the Financial Services and Markets Act 2000. Indigo Hungary LP and Indigo Maple Hill LP also hold Convertible Notes that, subject to certain conditions, are convertible to Ordinary Shares of the Company.

³ Mr Váradi has 151,789 LTIP shares vested but not exercised yet, additionally to his 1,544,144 Ordinary Shares.

⁴ Mr Váradi is deemed to be interested in the Ordinary Shares held by his family trust companies.

There are currently no shareholding requirements to the Non-Executive Directors and there has been no change to the interests of each of the Directors set out above since 31 March 2021 to the date of the notice of the 2021 AGM. The CEO already has a significant number of shares over and above the normal requirements of such shareholding guidelines.

Application of the Remuneration Policy in F22

a) Chief Executive Officer's base salary

There is no planned increase to the Chief Executive Officer's base salary for F22. The Remuneration Committee has reviewed and benchmarked the salary components and kept a positive dialogue with the Chief Executive Officer in regard to his compensation. The 7.5% reduction will continue to apply but will be reviewed by the Committee when appropriate but no further increases to base pay are intended until the Company has repaid its Bank of England loans.

b) Short-term Incentive Plan

As a result of the business uncertainty caused by COVID-19, the Remuneration Committee agreed in F21 to proceed with quarterly annual STIP targets. The intention is to continue this approach in F22. The Remuneration Committee has agreed to set a Q1 target for F22 where the actual cash STIP received will depend on the achievement level of cash at the end of June 2021 as the single criterion. For the balance of F22 the performance criteria will be decided ahead of each quarter and are likely to include a focus on cash but may also include reference to other metrics as determined by the Remuneration Committee to be appropriate at that time. Targets for award are not yet disclosed due to commercial sensitivity but will be disclosed retroactively in next year's Remuneration Report.

c) Long-term incentive awarded to Chief Executive Officer

As referenced in the Chairman's letter we are currently in consultation with Shareholders on the most appropriate long-term incentive offering to retain and motivate our Chief Executive Officer. If the Remuneration Committee does proceed with an alternative structure the precise parameters of a new incentive plan including quantum and performance criteria for our current CEO will be detailed in full in the Notice of Meeting for the 2021 AGM, as shareholder consultation on the matter is on-going. We can commit that the alternative framework under discussion will focus on building sustainable value in the business; place an emphasis on financial and non-financial performance measures; and, align with the principles of simplicity and transparency.

d) Chairman and Non-Executive Directors' fees

Since the changes made following the review of the Non-Executive Directors' fees in F19 against external benchmarks, no change has been made to the fees. The Non-Executive Director fee remains at €30,000 per annum and the Board attendance fee at €5,000 for each full Board meeting attended, for the financial year ending 31 March 2022.

Simon Duffy, as Chairman of the Audit and Sustainability Committee, receives an additional fee of €18,750 per annum for taking on that role. Barry Eccleston, as Chairman of the Remuneration Committee, receives an additional fee of €12,500 per annum for taking on that role. Simon Duffy, as Senior Independent Director, receives an additional fee of €10,000 per annum. Barry Eccleston, as Independent Non-Executive Director overseeing engagement with employees, also receives an additional fee of €2,500 per employee engagement event attended.

In addition, William A. Franke, as Chairman, will continue to receive a fee of €235,000 (all inclusive) per annum for taking on that role.

The Non-Executive Directors will also be reimbursed for all proper and reasonable expenses incurred in performing their duties.

Since the Company's performance is still significantly impacted by the COVID-19 pandemic, the Board has taken a decision to continue applying a reduction on the annual fees paid to the Non-Executive Directors. The reduction is capped at 7.5 per cent for the duration of the full F22 and is aligned with the reduction on the Chief Executive Officer's base salary for the same financial period.

Other disclosures

Chief Executive pay ratio

The table below sets out the Chief Executive pay ratios using a years' worth of remuneration up to and including March 2021 payroll. The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) UK employees.

We have used the Option A methodology which uses actual earnings for the Chief Executive Officer and employees over the financial year to provide the most accurate comparison. The total FTE remuneration paid during the year for each employee was calculated on the same basis as the information set out in the 'single figure' table for the Chief Executive on page 91.

In calculating the figures, the following considerations were made:

- ▶ The single total figure of remuneration of our colleagues was calculated using a years' worth of remuneration up to and including March 2021 payroll.
- ▶ Where employees joined part way through the reporting period, pay was pro-rated to determine the full year equivalent.
- ▶ This data then identified those employees at the 25th (lower quartile), 50th (median) and 75th (upper quartile) percentile points.

Financial year	F21	P25 (Lower Quartile)	P50 (Median)	Total remuneration	P75 (Upper Quartile)
Ratio					
All employees		80:1	62:1	62:1	37:1
Quantum (EUR)					
All employees		€ 24,569	€ 31,587	€ 31,587	€ 53,903

F21 is the first time Wizz Air disclose the Chief Executive Pay Ratio; therefore, the year on year comparison is not available. Unlike the total remuneration for the majority of employees, total remuneration for the Chief Executive is mostly dependent on business and share price performance over time. As a result, our ratios in the future may vary from year to year. In the case of the pay ratios for F21, the calculations reflect both the impact of the reduced total pay levels for employees during the furlough period and the corresponding voluntary salary decreases and significant total pay opportunity reductions for the Chief Executive Officer and is consistent with our companies reward policy rewarding senior leadership with greater variable pay and incentives.

Directors' service agreements and letters of appointment

Executive Director

The Chief Executive Officer's service agreement with Wizz Air Holding Plc CJSB Geneva branch has been extended as of 1 January 2021, subject to earlier termination upon six months' notice by either party or the introduction of a new contract to replace the terms of the current one. In addition to the contract extension, Mr Váradi has been also seconded to Wizz Air UK Limited in the United Kingdom effective as of 1 December 2020. The secondment is for a period of 24 months from the effective date with a principal place of work being London, the United Kingdom, instead of Budapest, Hungary. During the secondment the employer continues to be Wizz Air Holdings Plc and specifically its Swiss branch. No further changes were made to the original service agreement. The Company continues to have the right to terminate Mr Váradi's employment with immediate effect by payment in lieu of notice. The service agreement contained post-termination restrictive covenants preventing Mr Váradi from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL operates, for a period of one year following the termination of his employment. Mr Váradi will be paid a sum equal to six months' base salary if the Company chooses to enforce these restrictive covenants. Upon termination of employment other than for cause, Mr Váradi is entitled to a severance payment equal to six months' salary in addition to any notice pay or payment in lieu of notice.

Non-Executive Directors

The Company entered into letters of appointment with Mr William A. Franke, Mr Simon Duffy and Mr Stephen L. Johnson on 4 June 2014, which became effective on completion of the IPO for a term of three years. This term was extended for a further three years, effective from 2 March 2018. Mr Barry Eccleston, Mr Peter Agnefjäll and Ms Maria Kyriacou were respectively appointed on 1 June 2018, 24 July 2018 and 25 September 2018. In April 2019 Mr Andrew S. Broderick was appointed as a Non-Executive Director for a period of three years. Ms Charlotte Pedersen was appointed on 2 June 2020 and both Ms Charlotte Andsager and Mr Enrique Dupuy

de Lome Chavarri were appointed on 4 November 2020 as Non-Executive Directors. Mr Peter Agnefjäll stepped down from the Board post year-end. Dr Anthony Radev was appointed effective 13 April 2021 as Non-Executive Director.

Each Non-Executive Director's appointment may be terminated by the Company or the Non-Executive Director with one month's written notice. Continuation of the appointment is contingent on continued satisfactory performance and re-election at the Company's annual general meetings and the appointment will terminate automatically on the termination of the appointment by the Shareholders or, where Shareholder approval is required for the appointment to continue, the withholding of approval by the Shareholders. Re-appointment will be reviewed annually.

In accordance with the terms of the letters of appointment, each of the Non-Executive Directors is required to allocate sufficient time to discharge their responsibilities effectively. Each letter of appointment contains obligations of confidentiality which have effect both during the appointment and after termination.

Regarding the length of appointment, early in 2020, the Board agreed to move all Director contracts to a one-year term, renewable by Shareholder vote at each AGM.

On behalf of the Board

Barry Eccleston
Chairman of the Remuneration Committee
2 June 2021

GOVERNANCE

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for Wizz Air Holdings Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2021.

Results and dividend

The results for the year are shown on page 107.

The Directors do not recommend the payment of a dividend (2020: nil). The Directors consider that currently the existing reserves of the Group can be best utilised in supporting the significant planned future growth of the Group.

Directors

The Directors of the Company who were in office during the year and at the date of signing the financial statements are listed below:

- ▶ József Váradi
- ▶ William A. Franke
- ▶ Stephen L. Johnson
- ▶ Simon Duffy
- ▶ Guido Demuynck (did not stand for re-election at the 28 July 2020 Annual General Meeting)
- ▶ Susan Hooper (resigned with effect from 3 June 2020)
- ▶ Barry Eccleston
- ▶ Peter Agnefjäll (resigned with effect from 13 April 2021)
- ▶ Maria Kyriacou
- ▶ Charlotte Pedersen (appointed with effect from 2 June 2020)
- ▶ Andrew S. Broderick
- ▶ Charlotte Andsager (appointed with effect from 4 November 2020)
- ▶ Enrique Dupuy de Lome Chavarri (appointed with effect from 4 November 2020)
- ▶ Dr Anthony Radev (appointed with effect from 13 April 2021)

Going concern

Wizz Air's business activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report on pages 6 to 50. Emerging and principal risks and uncertainties facing the Group are described on pages 51 to 56. Note 3 to the financial statements sets out the Group's objectives, policies and procedures for managing its capital and liquidity and provides details of the risks related to financial instruments held by the Group.

At 31 March 2021, the Group held cash and cash equivalents of €1,100.7 million (total cash of €1,616.6 million including €346.8 million of short term cash deposits and €169.1 million of restricted cash), while net current assets were €327.4 million. In legal terms, the external borrowings of the Group consist of €340.0 million (£300 million) Commercial Paper with the Bank of England maturing in February 2022, €500 million bonds maturing in January 2024 and convertible debt with a balance of €26.5 million. In accounting terms a further €2,247.3 million are presented as borrowings in relation to future commitments from lease contracts.

The Directors have reviewed financial forecasts including available committed financing and plans to finance future aircraft deliveries. After making enquiries and testing the assumptions against different forecast scenarios, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations for a period of at least the next twelve months from the date of signing this report.

These enquiries and testing included a base case model of how the operations of the business would gradually emerge from COVID-19. Wizz Air has been one of the first airlines to restart operations and, whereas the airline operated in F21 only 37.2 per cent of its capacity compared to F20, the base case assumes a gradual increase in operation quarter on quarter, with around 35 per cent of its available capacity flying in spring and, a peak of 75 per cent of capacity flying over summer, to reduce to 70 per cent of capacity flying during the second half of the financial year.

In addition, the Directors have also modelled a severe but plausible downside scenario based on flying levels compared to F20 levels of 20 per cent of flying in April, May and June 2021, 50 per cent for summer 2021 and 30 per cent for the second half of the financial year. In this scenario the Group is still forecasting significant

liquidity throughout this period and there are no material uncertainties that may cast doubt on the Group's going concern status.

Accordingly, the Directors concluded it was correct to retain the going concern basis of accounting in preparing the financial statements.

Subsequent events

The Company informed Indigo Hungary LP and Indigo Maple Hill, L.P. (together "Indigo") on 1 June 2021 that the Company has elected to convert Indigo's entire holding of 17,377,203 convertible shares of £0.0001 each in the capital of the Company ("Convertible Shares") into ordinary shares of £0.0001 each in the capital of the Company ("Ordinary Shares"), on a one for one basis, in accordance with the Company's articles of association. Once executed the effect of the Conversion will be to increase the number of Ordinary Shares in issue from 85,635,016 to 103,012,219.

Viability

In accordance with Provision 31 of the UK Corporate Governance Code (2018), the Directors have assessed the prospects and the viability of the Group over a three-year period to March 2024. The Directors have determined that a three-year period is appropriate because the Group's strategic planning process traditionally covers three years.

Assessment of prospects

The Group's prospects are assessed by management and the Board primarily through the strategic planning process. This three-year plan takes into account the current position of the Group, includes a detailed annual operating plan for the financial year starting in April of that year and then, based on that plan, builds a sufficiently detailed bottom-up forecast for a further two financial years. The Board reviews and analyses a base plan and a downside plan scenario and sensitivities which vary key parameters around key principal risks. The scenarios also take account of the volatility of the current context and competitive dynamics and align on the most plausible base plan. The scenarios are also used to generate risk mitigation plans to deal with any downside and acceleration plans to capture the upside.

Assessment of viability

The plan takes into account the existing aircraft order book of the Group. This order book underpins the Company's planned growth for several years ahead, which in turn predicates the complete elimination of travel restrictions and recovery of demand for air travel following the COVID-19 pandemic as of F22. The Directors believe that the growth in the fleet can be easily absorbed by strong demand in existing and new markets based on the Company's strengths in terms of: 1) the majority of the Company's customers being drawn from the younger demographic segments in Central and Eastern Europe, where travel for work or to visit family and friends is becoming an increasingly essential feature of life; 2) a low-cost base offering a sustainable competitive advantage and allowing the Company to sustain low fares to stimulate demand; and 3) agility of the business model designed to allow the airline to adapt its operations rapidly and flexibly and to serve the most financially and strategically attractive point-to-point connections, all supported by a strong balance sheet. This was evidenced by the expansion strategy of the Company during F21 where it moved from 25 to 43 operating or announced bases.

Although the strategic plan reflects management's and the Directors' best estimate of the future prospects of the business, they have also tested the resilience of the business to unfavourable deviations of certain key variables from the base case scenario. In defining these scenarios, the Directors took into account the emerging and principal risks that could prevent the Group from delivering on its strategy and financial targets, as summarised on pages 6 to 56 in the Strategic Report. In doing so, they paid particular attention to the potential impact of COVID-19 on the business over the next three years, to the potential impact of climate scenarios as outlined on pages 24 to 26, modelling these impacts in terms of revenue impact, structural economics and balance sheet impact.

The Directors assessed these potential impacts, governmental policies and market attractiveness in key markets were considered the most important risks in terms of both likelihood and potential impact.

The results of this stress-testing showed that, due to the Group's strong competitive position, its healthy operating cash flows and its existing cash reserves, it would be able to withstand the impact of these downside scenarios over the period of the financial forecasts.

Viability statement

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 March 2024.

In making this statement, the Directors have made the following key assumptions:

- ▶ Wizz Air continues to be able to finance its fleet order and lessor financing markets are resistant to longer periods of adverse market conditions.

- ▶ The impact of COVID-19 is not more materially more significant than the severe but plausible downside scenario testing performed. As such there will not be another year-long grounding of a substantial portion of the fleet.
- ▶ Implausible scenarios do not occur. Implausible scenarios include either multiple risks impacting at the same time or where management actions do not mitigate an individual risk to the degree assumed.

For further information on emerging and principal risks and longer-term viability please refer to pages 51 to 56.

Financial risks

The exposure of the Company to financial risks is explained in Note 3 to the financial statements. The Group's financial risk management objectives and policies are described on pages 126 to 134.

Environmental matters

The aviation industry has a responsibility to take steps to minimise its impact on the environment. The Company's ultimate goal is to ensure that by choosing to fly with Wizz Air, our customers are making the greenest choice of air travel available. The Company's business model is to continuously assess and implement innovative technologies that decrease our environmental footprint. Further details on environmental matters are outlined on pages 23 to 33.

Employee matters

Committing to diversity and equal opportunities

The Company treats its existing and potential employees fairly, regardless of anything not related to their professional abilities and irrespective of their race, gender or age. During the recruitment and selection process, we evaluate professional factors including experience and qualifications in light of the relevant job requirements and this principle remains throughout employment with the Company. We expect all of our colleagues to adhere to these same principles, which are set out in The Wizz Way and our Code of Ethics, along with the expected standards of behaviour for every member of the WIZZ team.

Employee involvement

The Company places great value on the contributions of its employees and seeks to promote their involvement in the business wherever possible. The Company keeps employees informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the performance of Wizz Air. Employees are encouraged to share feedback.

Further details of employee matters are set out on pages 33 to 38.

Stakeholder engagement

Details of stakeholder engagement can be found on pages 22 to 23.

Disclosure of information to auditors

The Directors at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution for the appointment of the auditors of the Company for the financial year ending 31 March 2022 is to be proposed by the Directors at the forthcoming annual general meeting.

Indemnities

The Company maintains Directors' and Officers' liability insurance. This insurance covers any claim that may be brought against the Directors and Officers in the exercise of their duties. The Company has also provided customary third-party indemnities to its Directors. These indemnity policies were in place through the year and at the date of this report and it benefits all of the Company's current and past Directors and is a qualifying third-party indemnity provision for the purpose of section 236 of the Companies Act 2006 and to the extent permitted under Jersey law.

Political donations and expenditure

Wizz Air works constructively with all levels of government across its network, regardless of political affiliation. Wizz Air believes in the right of individuals to engage in the democratic process. However, Wizz Air itself does not make any political donations and does not incur any political expenditure.

Capital structure

On 29 December 2020, Wizz Air Holdings Plc announced its decision to treat as Restricted Shares certain Ordinary Shares held by Non-Qualifying Nationals and to issue to such Shareholders Restricted Share Notices

(the "Disenfranchisement"). This is because from 1 January 2021 UK nationals are no longer treated as Qualifying Nationals with regard to ongoing European airline ownership requirements, notwithstanding the UK-EU Trade and Cooperation Agreement. Therefore, the Board has resolved to exercise its power under the Articles to serve Restricted Share Notices on Non-Qualifying National Shareholders specifying that, from 1 January 2021, in respect of their Restricted Shares they cannot attend or speak or vote at any general meetings of the Company. The rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll in respect of the Restricted Shares shall vest in the chairman of such meeting, who will be a director who is a Qualifying National. Each such director will give an irrevocable undertaking not to vote any such Restricted Shares.

The Board has determined, pursuant to the Articles, that the fairest and most appropriate method to implement the Disenfranchisement is for the same proportion of each Non-Qualifying National's (including each UK national's) shareholding to be designated as Restricted Shares.

As at 31 March 2021, the Company had 85,635,016 Ordinary Shares of £0.0001 each in issue, each with one vote, and 17,377,203 Convertible Shares, which do not entitle the holder to voting rights save in very limited circumstances. The holders of Convertible Shares are not entitled to participate in distributions made by the Company. There were no shares held in treasury at that date. The rights and obligations attaching to the Company's shares are set out in the articles of association. Holders of Ordinary Shares have the following rights:

- c) subject to any rights or restrictions as to voting attached to any Ordinary Shares, on a show of hands, each Shareholder present in person shall have one vote, and on a poll each Shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he/she is the holder;
- d) a certificated share may be transferred by means of an instrument in writing, either by the usual transfer form or in any other form that the Board approves, signed by or on behalf of the person transferring the Ordinary Shares and, unless the Ordinary Shares are fully paid, by or on behalf of the person acquiring the Ordinary Shares. Ordinary Shares in uncertificated form may be transferred by means of the relevant system;
- e) the right to receive dividends on a *pari passu* basis; and
- f) on a winding-up, the liquidator may divide amongst the members in specie the whole or any part of the assets of the Company.

During the 2021 financial year 208,586 new Ordinary Shares were allotted for cash, all on a non-pre-emptive basis. These were allotted pursuant to the exercise of share options by the employees of the Group.

The aggregate nominal value of the Ordinary Shares allotted for cash in the 2021 financial year was £20.86. The aggregate cash consideration received by the Company for the allotment of the Ordinary Shares was £477,375.

Ordinary Shares represent 83.1 per cent of total shares (2020: 83.1 per cent) and the remaining 16.9 per cent of total shares (2020: 16.9 per cent) are convertible shares.

Corporate Governance Statement

The Corporate Governance Statement, prepared in accordance with rule 7.2 of the UK Listing Authority's Disclosure Guidance and Transparency Rules sourcebook, can be found in the Wizz Air Holdings Plc Corporate Governance Report on page 58. The Wizz Air Holdings Plc Corporate Governance Report forms part of this Wizz Air Holdings Plc Directors' Report and is incorporated into it by this reference.

Information required by Listing Rule 9.8.4C

In compliance with Listing Rule 9.8.4C, the Company discloses the following information:

Listing Rule	Information required	Relevant disclosure
9.8.4(1)	Interest capitalised by the Group	N/A
9.8.4(2)	Unaudited financial information as required (LR 9.2.18)	Unaudited financial information was published by the Group in its interim management statements (for Q1 and Q3) and in its half-year results. There have been no changes to the unaudited information previously published.
9.8.4(4)	Long-term Incentive Plans (LR 9.4.3)	See Directors' Remuneration Report.
9.8.4(5)	Directors' waivers of emoluments	See Directors' Remuneration Report.
9.8.4(6)	Directors' waivers of future emoluments	See Directors' Remuneration Report.
9.8.4(7)	Non-pro-rata allotments of equity for cash (the Company)	See paragraph headed "Capital structure" in this report.
9.8.4(8)	Non-pro-rata allotments of equity for cash (major subsidiaries)	N/A
9.8.4(10)	Contracts of significance involving a Director	N/A
9.8.4(11)	Contracts of significance involving a controlling Shareholder	N/A
9.8.4(12)	Waivers of dividends	N/A
9.8.4(13)	Waivers of future dividends	N/A
9.8.4(14)	Agreement with a controlling Shareholder (LR 9.2.2.AR(2)(a))	See Corporate Governance Report.

For and on behalf of the Board

József Váradi

Chief Executive Officer

2 June 2021

Registered number: 103356

GOVERNANCE COMPANY INFORMATION

Registered number

103356

Registered office

44 The Esplanade
St Helier
Jersey
JE4 9WG

Secretary

Elian Corporate Services (Jersey) Limited

44 The Esplanade
St Helier
Jersey
JE4 9WG

Independent auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH
United Kingdom

Principal bankers

Citibank

Citigroup Centre
25 Canada Square
Canary Wharf
London
E14 5LB
United Kingdom

Share registrar

Computershare Investor Services (Jersey) Limited

Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES

Financial public relations

FTI Consulting

200 Aldersgate Street
London
EC1A 4HD
United Kingdom

Joint corporate brokers

Barclays Bank PLC

1 Churchill Place
London
E14 5HP
United Kingdom

J.P. Morgan Cazenove

25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the EU.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the profit and loss for that year.

In preparing those financial statements the directors should:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue the business; and
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm they have complied with all the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Directors' Remuneration Report complies with the Companies Act 2006 as if the company were a quoted company under the United Kingdom Companies Act 2006. They 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.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Each of the directors, whose names and functions are listed in the Corporate Governance Report on page 99 confirm that, to the best of their knowledge:

- ▶ the Group's financial statements, which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial positions and loss of the Group; and
- ▶ the Financial Review section in the Strategic Report on page 42 includes a fair review of the development and performance of the business and the position of the Group. The Emerging and Principal Risks and Uncertainties section in the Strategic Report contains a description of the principal risks and uncertainties that the Group faces.

On behalf of the Board

József Váradi

Director

2 June 2021

ACCOUNTS AND OTHER INFORMATION

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 € million	2020 € million
Continuing operations			
Passenger ticket revenue	5,6	325.7	1,508.5
Ancillary revenue	5,6	413.3	1,252.8
Total revenue	5,6	739.0	2,761.3
Staff costs		(132.9)	(231.8)
Fuel costs (including exceptional expense)		(347.5)	(876.5)
Distribution and marketing		(19.6)	(44.1)
Maintenance materials and repairs		(165.7)	(176.4)
Airport, handling and en-route charges		(254.9)	(641.6)
Depreciation and amortisation		(345.3)	(381.4)
Net other expenses	7	(1.2)	(71.2)
Total operating expenses		(1,267.1)	(2,423.0)
Operating (loss)/profit	7	(528.1)	338.3
<i>Comprising:</i>			
- <i>Operating (loss)/profit excluding exceptional expense</i>		(434.5)	402.0
- <i>Exceptional expense (included in fuel costs)</i>	11	(93.6)	(63.7)
Financial income	10	11.6	47.3
Financial expenses	10	(78.4)	(91.5)
Net foreign exchange gain	10	28.4	0.1
Net financing expense	10	(38.4)	(44.2)
(Loss)/profit before income tax		(566.5)	294.1
Income tax expense	12	(9.5)	(13.1)
Net (loss)/profit for the year		(576.0)	281.1
Net (loss)/profit for the period attributable to:			
Non-controlling interest		(3.9)	—
Owners of Wizz Air Holdings Plc		(572.1)	281.1
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Movements in cash flow hedging reserve, net of tax			
Net change in fair value	29	39.2	(187.8)
Recycled to profit or loss	29	200.3	(66.4)
Currency translation differences		0.8	(0.3)
Other comprehensive income/(expense) for the year, net of tax		240.3	(254.5)
Total comprehensive (expense)/income for the year		(335.7)	26.6
Total comprehensive (expense)/income for the year attributable to:			
Non-controlling interest		(4.0)	—
Owners of Wizz Air Holdings Plc		(331.7)	26.6
Basic earnings per share (€/share)	13	(6.73)	3.76
Diluted earnings per share (€/share)	13	(6.73)	2.22

The Notes on pages 112 to 155 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	2021 € million	2020 (restated*) € million
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,878.2	2,553.0
Intangible assets	15	30.4	27.2
Restricted cash	22	134.1	179.7
Deferred tax assets	16	1.1	3.1
Derivative financial instruments	21	—	0.9
Trade and other receivables	20	21.6	19.9
Total non-current assets		3,065.4	2,783.7
Current assets			
Inventories	19	53.7	70.6
Trade and other receivables	20	113.7	169.8
Current tax assets		2.1	—
Derivative financial instruments	21	5.1	17.3
Restricted cash	22	35.0	6.1
Short term cash deposits		346.8	432.5
Cash and cash equivalents		1,100.7	878.0
Total current assets		1,657.2	1,574.4
Total assets		4,722.6	4,358.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	29	—	—
Share premium	29	381.2	380.6
Reorganisation reserve	29	(193.0)	(193.0)
Equity part of convertible debt	29	8.3	8.3
Cash flow hedging reserve	29	(2.2)	(241.7)
Cumulative translation adjustments		1.2	0.2
Retained earnings		712.3	1,280.3
Capital and reserves attributable to the owners of Wizz Air Holdings Plc		907.7	1,234.8
Non-controlling interests	18	(4.0)	—
Total equity		903.7	1,234.8
Non-current liabilities			
Borrowings	23	2,388.7	1,671.9
Convertible debt	24	26.2	26.4
Deferred income	26	43.5	13.1
Deferred tax liabilities	16	6.3	—
Derivative financial instruments	21	—	41.3
Provisions for other liabilities and charges	30	51.1	46.9
Total non-current liabilities		2,515.8	1,799.5
Current liabilities			
Trade and other payables	25	465.7	469.6
Current tax liabilities		0.2	—
Borrowings	23	722.1	340.8
Convertible debt	24	0.3	0.3
Derivative financial instruments	21	9.0	266.5
Deferred income	26	68.0	172.3
Provisions for other liabilities and charges	30	37.8	74.3
Total current liabilities		1,303.1	1,323.8
Total liabilities		3,818.9	3,123.3
Total equity and liabilities		4,722.6	4,358.1

The Notes on pages 112 to 155 are an integral part of these financial statements.

The financial statements on pages 107 to 155 were approved by the Board of Directors and authorised for issue on 2 June 2021 and were signed on behalf of the Board.

József Váradi
Chief Executive Officer

ACCOUNTS AND OTHER INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

Note	Share capital € million 29	Share premium € million 29	Reorganisation reserve € million 29	Equity part of convertible debt € million 29	Cash flow hedging reserve € million 29	Cumulative translation adjustment € million 29	Retained earnings € million 29	Total € million	Non-controlling interests € million 18	Total equity € million
Balance at 1 April 2020	—	380.6	(193.0)	8.3	(241.7)	0.2	1,280.3	1,234.8	—	1,234.8
Comprehensive income/(expense):										
Loss for the year	—	—	—	—	—	—	(572.1)	(572.1)	(3.9)	(576.0)
Fair value gains in the year	—	—	—	—	39.2	—	—	39.2	—	39.2
Losses transferred to income statement	—	—	—	—	68.4	—	—	68.4	—	68.4
Hedge discontinuation losses transferred to income statement	—	—	—	—	131.9	—	—	131.9	—	131.9
Currency translation differences	—	—	—	—	—	0.9	—	0.9	(0.1)	0.8
Total other comprehensive income/(expense)	—	—	—	—	239.5	0.9	—	240.4	(0.1)	240.2
Total comprehensive income/(expense) for the year	—	—	—	—	239.5	0.9	(572.1)	(331.7)	(4.0)	(335.7)
Transactions with owners:										
Proceeds from shares issued (Note 29)	—	0.6	—	—	—	—	—	0.6	—	0.6
Share-based payment charge (Note 29)	—	—	—	—	—	—	4.1	4.1	—	4.1
Total transactions with owners	—	0.6	—	—	—	—	4.1	4.7	—	4.7
Balance at 31 March 2021	—	381.2	(193.0)	8.3	(2.2)	1.1	712.3	907.7	(4.0)	903.7

The Notes on pages 112 to 155 are an integral part of these financial statements.

ACCOUNTS AND OTHER INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

Note	Share capital	Share premium	Reorganisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total equity	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Balance at 1 April 2019	—	379.1	(193.0)	8.3	12.5	0.5	995.0	1,202.4	—	1,202.4	
Comprehensive income:											
Profit for the year	—	—	—	—	—	—	281.1	281.1	—	281.1	
Other comprehensive income/(expense):											
Fair value losses in the year	—	—	—	—	(187.8)	—	—	(187.8)	—	(187.8)	
Gains transferred to income statement	—	—	—	—	(4.6)	—	—	(4.6)	—	(4.6)	
Hedge discontinuation gains transferred to income statement	—	—	—	—	(61.8)	—	—	(61.8)	—	(61.8)	
Currency translation differences	—	—	—	—	—	(0.3)	—	(0.3)	—	(0.3)	
Total other comprehensive expense	—	—	—	—	(254.2)	(0.3)	—	(254.5)	—	(254.5)	
Total comprehensive income/(expense) for the year	—	—	—	—	(254.2)	(0.3)	281.1	26.6	—	26.6	
Transactions with owners:											
Proceeds from shares issued (Note 29)	—	1.5	—	—	—	—	—	1.5	—	1.5	
Share-based payment charge (Note 29)	—	—	—	—	—	—	4.2	4.2	—	4.2	
Total transactions with owners	—	1.5	—	—	—	—	—	4.2	5.7	—	5.7
Balance at 31 March 2020	—	380.6	(193.0)	8.3	(241.7)	0.2	1,280.3	1,234.8	—	1,234.8	

The Notes on pages 112 to 155 are an integral part of these financial statements.

ACCOUNTS AND OTHER INFORMATION
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 € million	2020 (restated*) € million
Cash flows from operating activities			
(Loss)/profit before income tax		(566.5)	294.1
Adjustments for:			
Depreciation	14	336.1	374.0
Amortisation	15	8.8	7.5
Financial income		(11.6)	(47.3)
Financial expenses		78.4	91.5
Unrealised fair value (gains)/losses on derivative financial instruments		(65.5)	79.0
Unrealised foreign currency gains		(69.1)	(11.9)
Realised non-operating foreign currency losses		55.1	12.3
Gain on sale of property, plant and equipment		(40.7)	(16.2)
Share-based payment charges	27	4.1	4.2
		(270.8)	787.2
Changes in working capital			
Decrease in trade and other receivables		48.3	108.4
Decrease in restricted cash		4.6	6.8
Decrease/(increase) in inventory		16.9	(39.0)
(Decrease)/increase in provisions		(4.3)	8.0
Increase in trade and other payables		6.4	113.4
Decrease in deferred income		(22.0)	(220.8)
Cash (used in)/generated by operating activities before tax		(221.0)	764.1
Income tax paid		(3.6)	(12.6)
Net cash (used in)/generated by operating activities		(224.6)	751.6
Cash flows from investing activities			
Purchase of aircraft maintenance assets		(80.6)	(155.3)
Purchase of tangible and intangible assets		(169.5)	(296.9)
Proceeds from the sale of tangible assets		58.7	23.4
Advances paid for aircraft	14	(165.1)	(383.4)
Refund of advances paid for aircraft	14	131.3	85.2
Interest received		13.2	44.5
Decrease/(increase) in short term cash deposits		65.6	(427.7)
Net cash used in investing activities		(146.5)	(1,110.1)
Cash flows from financing activities			
Proceeds from the issue of share capital		0.6	1.5
Interest paid - IFRS 16 lease liability		(67.9)	(85.2)
Interest paid - JOLCO		(1.4)	(1.5)
Interest paid - other	31	(4.4)	(1.2)
Proceeds from new loan**		195.6	297.7
Proceeds from unsecured debt		1,177.0	—
Transactions with non-controlling interests		—	—
Repayment of unsecured debt		(338.2)	—
Repayment of loans**	31	(336.5)	(304.9)
Net cash generated by/(used) in financing activities		624.6	(93.7)
Net increase/(decrease) in cash and cash equivalents		253.6	(452.3)
Cash and cash equivalents at the beginning of the year		878.0	1,316.0
Effect of exchange rate fluctuations on cash and cash equivalents		(30.9)	14.3
Cash and cash equivalents at the end of the year		1,100.7	878.0

* The prior year was restated – refer to Note 36 for more detail.

** Mostly JOLCO and IFRS16 leases.

The Notes on pages 112 to 155 are an integral part of these financial statements.

1. General information

Wizz Air Holdings Plc (the “Company”) is a public company incorporated in Jersey, registered under the address 44 The Esplanade, St Helier, Jersey JE4 9WG. The Company is managed from Switzerland, under the address Route François-Peyrot 12, 1218 Le Grand-Saconnex, Geneve. The Company and its subsidiaries (together referred to as the “Group” or “Wizz Air”) provide low-cost, low-fare passenger air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and the Middle East.

2. Accounting policies

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated financial statements consolidate those of the Company and its subsidiaries. The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs” and IFRS IC interpretations).

Based on the exemption provided in Article 105 (11) of the Companies (Jersey) Law 1991 the Company does not present its individual financial statements and related notes.

The financial statements are presented in Euros (€), which is the functional currency of all companies in the Group other than Wizz Air UK Limited, Wizz Air Abu Dhabi Limited, Wizz Air Abu Dhabi LLC and two dormant entities, Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC.

The Company has a policy of rounding each amount and percentage individually from the fully accurate number to the figure disclosed in the financial statements. As a result, some amounts and percentages do not total – though such differences are all small.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgments in the process of applying the Group’s accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New standards and interpretations**a) Standards, amendments and interpretations effective and adopted by the Group****Definition of Material – Amendments to IAS 1 and IAS 8**

The amendments provide a new definition of material that states: “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Definition of a Business – Amendments to IFRS 3 Revised

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term “outputs” is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments made to IFRS 7 “Financial Instruments: Disclosures”, IFRS 9 “Financial Instruments” and IAS 39 “Financial Instruments: Recognition and Measurement” provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Interest rate benchmarks (IBORs) are being reformed, and many LIBOR and other benchmark interest rates are anticipated to no longer be published or supported past the end of 2021. The Group has exposures to IBORs on its financial instruments in connection with restricted cash balances, floating rate bank deposits and floating rate leases. Based on the management assessment the IBOR reform will not have significant impact on the Group's consolidated results or financial position. Therefore the Group has not adopted the Phase 1 amendments to IFRS 9 and IFRS7.

b) Standards, amendments and interpretations effective and not adopted by the Group

COVID-19 Related Rent Concessions – Amendment to IFRS 16

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The Company decided not to apply the practical expedient described in the Amendment to IFRS 16 "Leases".

c) Standards early adopted by the Group

There are no standards early adopted by the Group.

d) Interpretations and standards that are not yet effective and have not been early adopted by the Group

- ▶ Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- ▶ Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- ▶ Annual Improvements to IFRS Standards 2018–2020 Cycle
- ▶ Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- ▶ Reference to the Conceptual Framework – Amendments to IFRS 3
- ▶ Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The above new accounting standards and interpretations have been published that are not yet effective and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Basis of consolidation

The Company controls an entity when the Company is exposed, or it 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. The Company controls an entity if the Company has all of the following:

- ▶ power over the entity;
- ▶ exposure, or rights, to variable returns from its involvement with the entity; and
- ▶ the ability to use its power over the entity to affect the amount of its returns from the entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ the contractual arrangement(s) with the other vote holders of the investee;
- ▶ rights arising from other contractual arrangements; and
- ▶ the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Non-controlling interests (NCIs) in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively. NCIs are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The Group recognises NCIs in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Subsidiaries are all entities that from an IFRS perspective are deemed controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date when control ceases. The results of all the subsidiaries are consolidated up to 31 March, which is the financial year end of the Company. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Going concern**

Wizz Air's business activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report on pages 6 to 50. Emerging and principal risks and uncertainties facing the Group are described on pages 51 to 56. Note 3 to the financial statements sets out the Group's objectives, policies and procedures for managing its capital and liquidity and provides details of the risks related to financial instruments held by the Group.

At 31 March 2021, the Group held cash and cash equivalents of €1,100.7 million (total cash of €1,616.6 million including €346.8 million of short term cash deposits and €169.1 million of restricted cash), while net current assets were €327.4 million. In legal terms, the external borrowings of the Group consist of €340.0 million (£300 million) Commercial Paper with the Bank of England maturing in February 2022, €500 million bonds maturing in January 2024 and convertible debt with a balance of €26.5 million. In accounting terms a further €2,247.3 million are presented as borrowings in relation to future commitments from lease contracts.

The Directors have reviewed financial forecasts including available committed financing and plans to finance future aircraft deliveries. After making enquiries and testing the assumptions against different forecast scenarios, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations for a period of at least the next twelve months from the date of signing this report.

These enquiries and testing included a base case model of how the operations of the business would gradually emerge from COVID-19. Wizz Air has been one of the first airlines to restart operations and, whereas the airline operated in F21 only 37.2 per cent of its capacity compared to F20, the base case assumes a gradual increase in operation quarter on quarter, with around 35 per cent of its available capacity flying in spring and, a peak of 75 per cent of capacity flying over summer, to reduce to 70 per cent of capacity flying during the second half of the financial year.

In addition, the Directors have also modelled a severe but plausible downside scenario based on flying levels compared to F20 levels of 20 per cent of flying in April, May and June 2021, 50 per cent for summer 2021 and 30 per cent for the second half of the financial year. In this scenario the Group is still forecasting significant liquidity throughout this period and there are no material uncertainties that may cast doubt on the Group's going concern status.

Accordingly, the Directors concluded it was correct to retain the going concern basis of accounting in preparing the financial statements.

Foreign currency

The Group's presentational currency is the Euro. The functional currency of all the Group entities with the exception of Dnieper Aviation LLC, Wizz Air Ukraine Airlines LLC, Wizz Air UK Limited, Wizz Air Abu Dhabi Limited and Wizz Air Abu Dhabi LLC is the Euro. Transactions in foreign currencies are translated into functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Euros at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income as net foreign exchange gain/loss within net financing income/expense. Non-monetary assets and liabilities denominated in foreign currencies and which are recognised at their historical cost are translated into Euros at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies and which are stated at fair value are translated into Euros at exchange rates ruling at the dates the fair value was determined. The functional currency of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC is the Ukrainian Hryvnia (UAH) and the functional currency of Wizz Air Abu Dhabi Limited is the US Dollar (USD or \$) and of Wizz Air Abu Dhabi LLC is the United Arab Emirates Dirham (AED), while the functional currency of Wizz Air UK Limited is the British Pound (GBP or £).

The Group conducted the analysis on potential functional currencies for the Abu Dhabi Holding (WAAD Limited) and the Abu Dhabi airline (WAAD LLC) as per IAS 21, considering the primary economic environment in which entities operate, and the other factors described by the standard. Wizz Air concluded that the functional currency for WAAD Limited should be USD and for WAAD LLC should be AED.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- ▶ assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- ▶ equity is translated at historical rate (except for the cash flow hedging reserve within equity);
- ▶ income and expenses for each statement of comprehensive income are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- ▶ all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustments).

Financial assets and liabilities

The Group classifies its financial assets and liabilities – in line with IFRS 9 “Financial Instruments” – into the following categories:

Description in the statement of financial position	IFRS 9 category
Non-current assets	
Restricted cash	Financial assets measured at amortised cost
Derivative financial instruments	Fair value through profit or loss
Trade and other receivables	Financial assets measured at amortised cost
Current assets	
Trade and other receivables	Financial assets measured at amortised cost
Derivative financial instruments	Fair value through profit or loss
Restricted cash	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Non-current liabilities	
Borrowings	Financial liabilities measured at amortised cost
Convertible debts	Financial liabilities measured at amortised cost
Derivative financial instruments	Fair value through profit or loss
Current liabilities	
Trade and other payables	Financial liabilities measured at amortised cost
Borrowings	Financial liabilities measured at amortised cost
Convertible debt	Financial liabilities measured at amortised cost
Derivative financial instruments	Fair value through profit or loss

The classification of financial assets depends on the business model for managing the financial assets and contractual cash flow characteristics of the financial assets determined by the management at initial recognition.

a) Financial assets measured at amortised cost

These are non-derivative financial assets held by the Group in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and restricted cash in the statement of financial position. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets. The Group invests excess cash primarily in short-term time deposits.

b) Financial assets measured at fair value through other comprehensive income

These are non-derivative financial assets held by the Group in order both to collect contractual cash flows and sell the financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets measured at fair value through profit or loss

Financial assets not valued either at amortised cost or at fair value through other comprehensive income are valued at fair value through profit or loss. Derivatives are measured at fair value through profit or loss.

d) Financial liabilities measured at amortised cost

All financial liabilities are measured at amortised cost unless they are measured at fair value through profit or loss. The Group's other financial liabilities comprise trade and other payables and interest-bearing loans and borrowings (including convertible debt) in the statement of financial position. They are included in current liabilities, except for maturities greater than twelve months after the statement of financial position date that are classified as non-current liabilities.

e) Financial liabilities measured at fair value through profit or loss

Derivatives are measured at fair value through profit and loss by the Group. The recognition and measurement criteria for each class of asset and liability are described in the relevant accounting policy section.

Derivative financial instruments and hedging***Derivative financial instruments***

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income within financial income or expenses. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below). Derivatives can only be entered into with counterparties with investment-grade credit rating.

Cash flow hedges

Until F21 the Group used zero-cost collar and outright forward contracts to hedge commodity and foreign exchange risks related to highly probable future cash flows. The spot and forward elements of forward contracts and the entire fair value (intrinsic and time value) of the option contracts are designated as hedging instrument.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any unrealised gain or loss on the derivative financial instrument is recognised directly in the hedging reserve within other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income as financial income or expenses.

The associated cumulative gain or loss on the effective part is removed from other comprehensive income and recognised in the statement of comprehensive income in the respective operating expense line(s) in the same period or periods as the hedged forecast transaction.

The Group considers a hedge relationship to be effective if:

- ▶ an economic relationship exists between the hedged item and the hedging instrument, and there is an expectation that the value of the hedging instrument and the value of the hedged item would move in the opposite direction as a result of the common underlying or hedged risk;
- ▶ the effect of credit risk does not dominate the value changes associated with the hedged risk; and
- ▶ the hedge ratio is aligned with the requirements of the Group's risk management strategy.

In line with IFRS 9, as long as the risk management objectives are met, the Group does not de-designate and thereby discontinue a hedging relationship that still meets the risk management objective and continues to meet all other qualifying criteria (after taking into account any rebalancing, if applicable).

The hedge ratio applied by the Group is always 100 per cent. The hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item.

When a hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the hedged transaction is recognised in the statement of comprehensive income. If the hedged transaction is no longer expected to take place, from an accounting point of view the hedging relationship is discontinued and the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in the statement of comprehensive income immediately.

Before expiry, the fair value of an option comprises: i) its intrinsic value, being a function of the difference between contracted and market (or spot) prices; and ii) its time value, being the difference between the fair value and the intrinsic value at any point in time. Subject to hedge effectiveness, any increase or decrease in the fair value of the hedging instrument is taken to equity within other comprehensive income or expense.

Accordingly:

- ▶ Initial recognition: the open position on the derivative hedging instrument is recorded as an asset or liability in the statement of financial position at fair value.
- ▶ Subsequent remeasurement of unexpired options: (i) the effective portion of changes in the fair value is recorded in other comprehensive income; and (ii) the ineffective or discontinued portions, if any, are recorded in the statement of comprehensive income.
- ▶ The realised gains or losses on the hedging instrument, to the extent it was not previously classified as ineffective or discontinued, are recorded against the respective operating expense line(s) in the statement of comprehensive income.

The qualitative technique to test the hedge effectiveness of a hedging relationship is the critical terms match method. Hedge effectiveness testing is performed at inception, at each reporting date, and upon a significant

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

change in the circumstances affecting the hedge effectiveness requirements. Such significant change can occur as follows:

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

The ineffective part of changes in fair value, if any, is recorded in the statement of comprehensive income as financial income or expense in the case of FX hedges and as operating income or expense in the case of commodity hedges.

Trade and other receivables

- ▶ Trade and other receivables are initially recognised at fair value when the Group becomes party to the contractual provisions of the instrument and subsequently measured at their amortised cost using the effective interest rate method less impairment losses.
- ▶ The carrying amount of the asset is reduced through recognising the impact of the amortization in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.
- ▶ Other receivables include amounts receivable from aircraft and spare engine lessors (in the form of security deposits and maintenance reserves paid) and also prepayments, deferred expenses and accrued income (see Note 20). The accrued income within other receivables also comprises insurance claims related to events that are covered by insurance contracts. The Group recognises the income in the financial statements only from those insurance claims which, based on management's judgment, are virtually certain to be received by the Group.

Impairment policy of trade and other receivables

Management reviewed the Group's different customer payment channels and the receivables from these channels. The most significant component is ticket sales and the various forms of payment for tickets. The vast majority of tickets are paid either by bank cards or by bank transfer, in any case prior to flight. Based on their nature, in practice there is no impairment required for these. The other, less significant component involving credit risk are commissions receivable from non-ticket revenue partners and marketing support receivable from airports and other parties.

Management reviewed the historical payment and impairment statistics for the transactions in these channels. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and concluded that the impairment of receivables in these channels does not have a material impact on the financial statements of the Group.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances on current accounts and on deposit accounts that are readily convertible into cash without there being significant risk of a change in value to the Group. Cash and cash equivalents do not include restricted cash.

Short term cash deposits

Short term cash deposits comprise cash deposits maturing within three to twelve months of inception, the balance of which was €346.8 million at 31 March 2021 (2020: €432.5 million).

Restricted cash

Restricted cash represents cash deposits held by the banks that cover letters of credit, issued by the same bank, to certain suppliers. Restricted cash is split between non-current and current assets depending on the maturity period of the underlying letters of credit.

Trade and other payables

Trade and other payables are initially recognised at fair value when the Group becomes party to the contractual provisions of the instrument and subsequently stated at amortised cost using the effective interest rate method. Trade and other payables comprise balances payable to suppliers, authorities and employees.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income as a financial expense over the period of the borrowings on an effective interest rate basis. Financial expenses also include withholding tax paid on the interest if according to the loan agreement the payment of withholding tax is the liability of the Group.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Convertible debt**

Convertible debt instruments that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound instruments. Transaction costs that relate to the issue of a compound instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component of the compound instrument is calculated as the excess of the issue proceeds over the value of the liability component.

Classification of compound instruments issued by the Group

Compound instruments issued by the Group are treated as equity (i.e. forming part of Shareholders' funds) only to the extent that they meet the following two conditions:

- g) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- h) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or it is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met the proceeds of issue are classified as a financial liability measured at amortised cost. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a compound instrument that contains both equity and financial liability components exists these components are separated by recognising the liability at fair value and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with compound instruments that are classified in equity are dividends and are recorded directly in equity.

Impairment of financial assets

A loss allowance is recognised on financial assets carried at amortised cost or fair value through other comprehensive income for expected credit losses.

At each reporting date the Group measures the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on a financial asset has increased significantly since initial recognition.

If at the reporting date the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that asset at an amount equal to twelve-month expected credit losses.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to twelve-month expected credit losses at the current reporting date.

The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

Current trade and other receivables are discounted where the effect is material.

Non-financial assets and liabilities**Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income on a straight-line basis to write off cost to residual value over the estimated useful economic lives of each part of an item of property, plant and equipment. In the case of certain aircraft maintenance assets, the useful economic life of the asset can be defined in terms of flight hours or flight cycles, and in this case the depreciation charge is determined based on the actual number of flight hours or flight cycles.

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The estimated useful lives of the relevant asset categories, reflecting the Group's intention for the period of use in the business, are as follows:

Land and buildings – investments made on leased buildings	3-5 years, being the shorter of useful economic life of the investment and the lease term of the building
Aircraft (A320neo)	14 years
Aircraft spare engines (V2500 and GTF)	20 years (part of aircraft parts in Note 14)
Aircraft and spare engines – prepaid maintenance	4-10 years (part of aircraft assets in Note 14)
Aircraft maintenance assets (for leased aircraft or spare engine)	1-10 years, or 2,000-10,000 flight cycles in case of aircraft engines, being the shorter of useful economic life and the lease term
Aircraft parts (other than engines)	7 years
Fixtures and fittings (incl. computer hardware)	3-5 years
Right-of-use assets (from leases)	Between one year and the lease term (typically 8-12 years for leased aircraft, which is significantly less than its estimated useful economic life)

The useful lives stated above correspond to nil residual value except in the case of A320neo aircraft where the 14-year life corresponds to 50 per cent residual value on the asset component excluding the maintenance condition of the aircraft. This aircraft type is otherwise estimated to be capable of flying for 28 years.

The residual values and useful lives are reassessed, if applicable, annually.

Assets received free of charge

In certain cases the Group receives assets free of charge. These are treated as non-cash items in the statement of cash flows. These assets are recognised as deferred income, and are amortised over the useful life of the asset.

Leases

The Group leases most of its aircraft and spare engines. Other than aircraft and spare engines the Group has only a limited number of leases related to offices, flight training simulator buildings (and earlier also equipment), and maintenance hangars.

The Group elected to use the following practical expedients permitted by IFRS 16:

- ▶ lease payments associated with short-term leases (contracts with a duration of twelve months or less) and with leases for which the underlying asset is of low value (defined by the Group as below €5,000) are recognised on a straight-line basis over the lease term;
- ▶ it did not reassess whether a contract that the Group entered into before the date of initial application was a lease or contained a lease – that is, IFRS 16 has only been applied to contracts that were previously classified as leases.

The Group does not have short-term leases. The Group does not apply the Standard to leases of intangible assets. Some lease contracts contain variable payment terms that are linked to floating market interest rates.

The Group chose to treat compensations expected to be payable to lessors, either in the form of recurring maintenance reserve payments or compensation payable at lease end, as "non-lease components" under the Standard. These payments are therefore not included in the measurement of the lease liability. Contractual maintenance obligations which are not dependent on the use of the aircraft or spare engine are recognised in full on commencement of the lease.

Lease extension options

Some of the Group's lease contracts contain lease extension options. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgment is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgment is revised at a later date.

Sale and leaseback transactions after transition

The existing aircraft and spare engine lease contracts were all entered into by the Group through sale and leaseback transactions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Most of these contracts do not include a repurchase option for Wizz Air. On such contracts, where sale proceeds received are judged to reflect the aircraft's fair value, the gain or loss arising on the disposal is directly recognised in the statement of comprehensive income to the extent that it relates to the rights that have been transferred to the lessor, while the gain or loss that relates to the rights that have been retained by the Group are included in the carrying amount of the right-of-use asset recognised at commencement of the lease. With regards to gains and losses arising from these sale and leaseback agreements, the determination of the amounts to be deferred and to be recognised immediately, respectively, requires estimating the fair value of these assets at the date of the transaction. In determining fair values the Group relies on independent third-party valuation reports prepared by specialist aircraft and engine valuation experts. The Group has not sold any aircraft above fair value.

Among the sale and leaseback contracts some include a repurchase option for Wizz Air. These leases relate to some of the aircraft that arrived after 1 April 2019 and are commonly referred to as JOLCO (special Japanese tax lease) contracts. Such contracts do not meet the definition of a sale under IFRS 15 "Revenue from Contracts with Customers", and therefore are not accounted for as a lease contract under IFRS 16. As a result, the treatment of such contracts for Wizz Air (as the lessee) is to: (i) retain the asset as PP&E (as if there were no sale at all); and (ii) recognise a liability under IFRS 9 (as if the sale proceeds received from the lessor were receipts from debt financing).

Foreign exchange

The lease liability (being a monetary liability) is revalued on a monthly basis to reflect the changes in currency exchange rates where the currency of the future lease payments differs from the functional currency of the legal entity having the lease liability. In this respect currently the relevant currency pairs for the Group are the US Dollar to Euro and the US Dollar to British Pound, as most future payments under the aircraft lease contracts of the Group are defined in US Dollar while the functional currency of Wizz Air Hungary Ltd. is the Euro and of Wizz Air UK Limited is the British Pound.

Discount rate

The Group is not able to readily determine the interest rate implicit in its lease contracts; therefore, the Group applied its incremental borrowing rate for discounting lease liabilities, as required by paragraph 26 of IFRS 16. The incremental borrowing rate, in turn, was determined with reference to the market rate of interest observable on financial instruments with appropriate value, term and currency, and adjusted, as required, to reflect risks specific to the leased asset as well as the risk specific to the entity in the Group leasing the asset. These rates have been calculated for each identified asset, reflecting the underlying lease terms and based on observable inputs.

Right-of-use assets and depreciation

With respect to depreciation, the requirements of IAS 16 "Property, Plant and Equipment" are applicable also to the right-of-use assets recognised under IFRS 16. Therefore, in case of aircraft and spare engines, component accounting is required for the right-of-use assets, similar to that applicable to owned aircraft or spare engine assets. The right-of-use assets associated with aircraft and spare engine lease contracts are split into asset components on the basis of value proportions that could be observed on an owned aircraft of the same type and age.

The useful economic life of the asset components that represent the maintenance condition of the aircraft and of its key components is estimated to last until the respective aircraft component no longer meets the return conditions defined in the lease contract (at which point the lease-related asset component is derecognised and a maintenance asset is recognised – see also below). The useful economic life of the residual asset component (which is not related to the maintenance condition of the underlying asset) is the lease term.

The asset components related to maintenance condition are depreciated either straight line or based on usage, depending on their nature.

Component accounting

For aircraft and for spare engines purchased, on acquisition, an element of the total cost of the asset is attributed to its service potential, reflecting its maintenance condition. Such "prepaid maintenance" asset is recognised separately because it has a shorter useful economic life than that of the underlying aircraft or spare engine. The prepaid maintenance asset is depreciated until the estimated date of the first heavy maintenance event that will restore the service condition to original level (and thus lend enhancement to future periods). Such "subsequent costs" are capitalised as aircraft maintenance assets and depreciated over the length of the period benefiting from these enhancements.

The residual cost of the acquisition of the aircraft or spare engine, representing the part of the total asset value that is independent from the service condition of the asset, is depreciated until the end of the estimated useful economic life of the asset.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS***Advances paid for aircraft - pre-delivery payments (PDPs)***

PDPs are paid by the Group to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified as property, plant and equipment in the statement of financial position. PDPs, when paid, are recorded at historical exchange rate at the date of payment. As these payments are in USD and the Company's functional currency is Euro, if PDPs are refunded, it might result in some realised foreign exchange gain or loss. There are no other gains or losses incurred in relation to PDPs. The amount is not depreciated.

The Group may enter into sale and leaseback arrangements with lessors to finance future aircraft or spare engine deliveries. These arrangements are structured such that the right and the commitment to purchase the aircraft or spare engine are assigned to the lessor only on the date of delivery ("delivery date assignment"); as such, the recognition and classification of the PDP balance does not change when the sale and leaseback contracts are signed. On the delivery of the aircraft or spare engine the lessor pays the full purchase price of the asset to the manufacturer and the Group receives from the manufacturer a refund of the PDPs paid. At this moment the fixed asset is derecognised from the statement of financial position and any gain or loss arising is transferred to the statement of comprehensive income as an operating income or expense.

Advances paid for aircraft maintenance assets - engine fleet hour agreements FHAs)

Advances paid for aircraft maintenance assets represent advance payments made in relation to heavy maintenance scheduled to be performed in the future (for the definition of heavy maintenance see the accounting policy section on maintenance). Such advance payments are made by the Group particularly to the engine maintenance service provider under FHAs. Such advance payments are recognised at cost and classified as property, plant and equipment in the statement of financial position. The amount is not depreciated.

The balance of such assets is re-categorised into aircraft maintenance assets within property, plant and equipment at the time when the aircraft maintenance asset is recognised in respect of the same component and the same heavy maintenance event. This is when the component no longer meets the conditions set out in the lease agreement. Advances paid for aircraft maintenance are not depreciated.

In the statement of cash flows the FHA payments are shown under the purchase of maintenance assets line together with other aircraft maintenance asset purchases.

French Tax Leases

The Group started to apply an additional aircraft financing method in F21, namely the French Tax Leases (FTL). Since these financing arrangements are special forms of structured asset financing, involving local tax benefit for French investors, from an accounting point of view, they are "in substance purchases" and not leases; therefore, IFRS 16 lease accounting is not applicable. The related liability is considered as a financial debt under IFRS 9 and the asset, as an aeronautical asset, according to IAS 16.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Web development costs are capitalised to the extent they are expected to generate future economic benefits and meet the other criteria described in IAS 38 "Intangible Assets".

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful economic lives of intangible assets, except where the asset is expected to have indefinite useful economic life. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licences	3-8 years
Web and other software development costs	3-5 years
Airport landing rights	Indefinite

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Inventories

Inventories (mainly spares) are purchased for internal use and are stated at cost unless impaired or at net realisable value if any items are to be sold or scrapped. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated selling expense. Cost is based on the average price method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Emissions Trading Scheme

As of 2012 the scope of the EU Emissions Trading Scheme 2008/101/EC (EU ETS) covers airlines. The Group is required to formally report its annual actual emissions to the relevant authorities and surrender emission allowances (EUAs) equivalent to the emissions made during the year. Surrendered allowances are a combination of the free allowances granted by the authorities and allowances purchased by the Group from other parties. The Group follows the “cost method” of booking the allowances: the free allowances have nil-cost value so therefore are not recognised as an asset; allowances purchased in the market are recorded at the purchase price in inventory. The Group is given free allowances by the competent authorities, and the net economic impact to the Group is therefore represented by the shortfall between the actual carbon emitted and the free allowances given to the Group for that period. The shortfall is recorded at purchase prices as a cost. The amount of the shortfall is determined in line with the Group’s plans with respect to the utilisation of free allowances. The typical practice of the Group is that in the submission to the authorities it utilises all the free allowances that are available to it and are allowed to be utilised in that submission based on the applicable rules.

The application of this accounting treatment means that the statement of comprehensive income and the statement of financial position reflect the net economic impact and are not grossed up to reflect the full obligation for the allowances that the Group will have to surrender.

During F20 the Group sold some put (purchase) options linked to emission allowances and, in relation to these, during F21 the Group recognised net €2.5 million gain (2020: €1.4 million loss) under financial expenses. Under such contracts at inception the buyer of the option pays a premium to Wizz Air for the option received. If at the expiry of the option the buyer exercises its option then on such future date Wizz Air is obliged to buy a fixed amount of allowances at a fixed price. The “own usage” exemption under IFRS 9 cannot be applied to such instruments and therefore the options are classified as fair value through profit or loss. Accordingly, if there are changes in the fair value of the options (that by definition can only be negative) the loss is recognised in the statement of comprehensive income as financial expense. If in a year the Group incurs both income from option premiums and expense from changes in fair value then it presents the net gain or loss under financial income or expense, as applicable.

ETS allowances subject of sale and repurchase agreements are recognised as inventory and as a financial liability in the amount of the consideration received representing the obligation of the Group to repurchase the allowances. These transactions are considered to be one-off driven by the impact of the pandemic on the business. The difference between the sales price and the repurchase price is recognised as interest expense over the period between the sale date and the repurchase date.

Gain or loss on sale of any excess ETS allowances is recognised under other income/expenses.

Impairment of non-financial assets

The carrying amounts of the Group’s assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The recoverable amount is the higher of an asset’s fair value less costs to dispose and value in use. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Employee benefits***Share-based payment transactions***

The Group operates an equity-settled share option programme that allows Group employees to acquire shares in the Company. The options are granted by the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted at any measurement date so that the cumulative expense to date reflects the actual number of share options that are expected to vest (except where the number of shares to vest depends on the share price performance of the Company, which is a market condition under IFRS 2 and is therefore not updated).

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability (please see further details of aircraft maintenance provisions in the accounting policy section on maintenance).

Revenue

Revenues reported by the Company are disaggregated differently versus IFRS 15. It comprises passenger ticket revenues (being the invoiced value of flight seats) and ancillary revenues.

Passenger ticket revenue arises from the sale of flight seats and is recognised net of government taxes in the period in which the service is provided, that being when the aeroplane has departed. Where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted between revenue and airport, handling and en-route charges lines). Unearned revenue represents flight seats sold but not yet flown and is included in deferred income. Refunds made to passengers are recorded as reductions in revenue.

Ancillary revenue arises from the sale of other services made by the Group and from commissions earned in relation to services sold on behalf of other parties where the Group is an agent rather than principal in the relationship. Revenues from other services comprise mainly baggage charges, airport check-in fees, fees for various convenience services (priority boarding, extended legroom and reserved seats) and loyalty programme membership fees. Commission revenue arises in relation to the sale of on-board catering, where the Group is an agent, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded credit cards. Ancillary revenues are recognised as revenue when performance obligations have been satisfied (i.e. all the benefits associated with the performance obligation have been transferred to the customer). This, depending on the type of service, might be either the date of sale, the date of flight or (in the case of membership fees) over the period when customers take benefit of a paid membership.

The Group considers if it is a principal or an agent in relation to contracts with other partners. Wizz recognises revenue on a gross basis if it is the principal in the arrangement and on a net basis if it is an agent. The Group determined to recognise revenue from contracts with other partners as agent if it is the other partner that:

- ▶ enters into contract with the passengers/customers and bears the liability towards customers for delivering the products and services;
- ▶ defines the majority of the product portfolio, manages the inventory, is responsible for product availability/outage, has title to the inventory and, the effect of the profit share notwithstanding, bears the risk of loss; and
- ▶ has the discretion in establishing the prices.

The disaggregation of revenues into passenger ticket revenues and ancillary revenues, as applied in the statement of comprehensive income, is a non-IFRS measure (or alternative performance measure). The Group did not change the disaggregation of revenue to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because: (i) it mirrors disclosures presented outside of the financial statements; and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance.

Revenues under IFRS 15 are disaggregated into revenues from contracts with passengers and with other business partners, respectively. These two categories represent revenues that are distinct from a nature, timing and risks point of view. This split, as required under IFRS 15, is presented in Note 6.

Accounting for membership fees

The Group operates the Wizz Discount Club (WDC) loyalty programme for its customers. Under this programme customers can pay an annual membership fee, with the key benefit that during most of the twelve-month membership period they get access to special fares that are lower than the standard ticket prices.

The Group recognises the revenue from the membership fees following the pattern of customers taking benefits from the programme. This pattern is determined by management once a year, on the basis of the actual distribution of member flights in the preceding twelve months, and then applied prospectively as an estimate for the future. It is unlikely that there would be a material change in the pattern within one year, because the underlying fact patterns (for customers to buy membership, to buy tickets and then to fly those tickets) are reasonably stable.

Maintenance

Aircraft maintenance provisions

For aircraft held under lease agreements, the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return. If the condition defined in the lease contract can only be met by performing maintenance, then provision is made for the minimum unavoidable costs of the future maintenance obligation at the time when such obligation becomes certain. This is when the respective aircraft component no longer meets the lease re-delivery conditions. The provision is used through the completion of a maintenance event such that the component again meets the re-delivery conditions. If it is probable that on returning the aircraft compensation will be payable to the lessor, because performing maintenance is not or not any longer planned,

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then the Group accrues for such obligation in line with the compensation rates defined in the lease contract and recognises the respective expense within operating expenses (maintenance materials and repairs) in the statement of comprehensive income.

Aircraft maintenance assets

Heavy maintenance relates to the overhaul of engines and associated components, the replacement of life limited parts, the replacement of landing gears and the non-routine airframe inspection and rectification works. Under normal operating conditions heavy maintenance relates to work expected to be performed no more frequently than every two years.

The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as "aircraft maintenance assets") at the earlier of: (a) the time the lease re-delivery condition is no longer met (see above under aircraft maintenance provisions); or (b) when maintenance, including enhancement, is carried out. Other maintenance costs are expensed as incurred.

Such maintenance assets are depreciated over the period the Group benefits from the asset which is the shorter of: (a) the estimated period until the next date when the lease re-delivery condition is no longer met; or (b) the end of the asset's operational life; or (c) the end of the lease.

For engines and associated components, depreciation is charged on the basis of flight hours or cycles, while for other aircraft maintenance assets depreciation is charged evenly over the period the Group expects to derive benefit from the asset.

Components of newly leased aircraft such as life limited parts and engines are not accounted for as separate assets, and the inherent benefit of these assets which are utilised in the period from inception of the lease until the time the assets no longer meet the lease re-delivery condition is reflected in the payments made to the lessor over the life of the lease.

Aircraft maintenance assets are non-monetary items. Non-Euro amounts are translated on inception to Euro and are not retranslated.

The recognition of aircraft maintenance assets against provisions for other liabilities and charges in the statement of financial position is a transaction not involving cash flows. In the statement of cash flows the spending on these assets is presented as "purchase of aircraft maintenance assets" in the period when cash actually flows out of the Group. This can happen either before or after the recognition of the asset, depending on the exact facts and circumstances associated with the relevant asset or assets.

Please refer also to the property, plant and equipment section of accounting policies.

Other receivables from lessors – maintenance reserve

Payments for aircraft and engine maintenance, as stipulated in the respective lease agreements, are made to certain lessors as a security for the performance of future heavy maintenance works. The payments are recorded as receivables from the lessors until the respective maintenance event occurs and the reimbursement with the lessor is finalised. Any payment that is not expected to be reimbursed by the lessor is recognised within operating expenses (maintenance materials and repairs) in the statement of comprehensive income.

Other

The Group enters into agreements with maintenance service providers that guarantee the maintenance of major components at a rate defined in the contract, the prime example being FHAs for aircraft engines. Such FHAs cover the cost of both scheduled and unscheduled engine overhauls. FHA payments are accounted for as follows:

- ▶ Payments for scheduled maintenance work are recognised as advances paid for aircraft maintenance assets until the maintenance asset for the respective engine overhaul is created. After this point any further FHA payments are either used to settle previously established aircraft maintenance provisions (to the extent a provision for the respective FHA contract exists) or, in the absence of a provision, are added to the amount previously capitalised within property, plant and equipment as advances paid for aircraft maintenance assets.
- ▶ Payments that are made to provide guaranteed coverage for the performance of unscheduled maintenance events are considered as insurance payments and are expensed as incurred.

Please refer to the property, plant and equipment section of accounting policies.

Supplier credits

The Group receives certain assets (cash contributions or aircraft spares) for nil consideration in connection with its acquisition of aircraft and of major aircraft parts.

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Cash contributions or aircraft spares received are recognised as an asset in the statement of financial position. The corresponding credits are initially recognised as deferred income but are later, on the delivery of the aircraft that they are connected to, applied to reduce the acquisition cost of the aircraft. If the aircraft is then financed with sale and leaseback transaction then the lower acquisition cost will translate into a higher gain (or smaller loss) on the sale and leaseback transaction.

In certain cases the concessions receivable from a component manufacturer are linked to the Group's commitment to purchase a number of new aircraft with the manufacturer's components installed on those. In such cases, in substance, the right to the concessions is earned by the Group through the delivery of the respective aircraft. In certain cases the concessions might be delivered by the component manufacturer later than the date when the respective aircraft is taken by the Group. If so, then the right earned for the concession is recognised at the date of the aircraft delivery as part of trade and other receivables, with a corresponding credit to deferred income.

Net financing expense

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable are recognised in the statement of comprehensive income using the effective interest method.

Non-cash elements of financial income and expenses are eliminated from the statement of cash flows as an adjusting item whereas cash elements, e.g. realised foreign exchange gains and losses, are included in the statement of cash flows.

Share capital

Ordinary Shares are classified as equity. Qualifying transaction costs directly attributable to the issuing of new shares are debited to equity, reducing the share premium arising on the issue of shares.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax 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 tax 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 statement of financial position date.

A deferred tax asset is recognised to the extent that it is probable that sufficient future taxable profits will be available against which the asset can be utilised.

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the conditions created by COVID-19.

Underlying (loss)/profit after tax is a non-IFRS profit measure introduced by the Company to help investors better understand the trading performance of the Group. Underlying (loss)/profit excludes the effect of exceptional items. This measure might occasionally be used by the Company also in determining the variable remuneration of senior management.

Segment reporting**Operating and reportable segments**

The Group is managed as a single business unit that provides low-cost, low-fare passenger air transportation services using a fleet of single aircraft type. The Group has only one reportable segment being its entire route network.

Management information is provided to the senior management team, which (in the context of IFRS 8 "Operating Segments") is the Group's Chief Operating Decision Maker (CODM). Resource allocation decisions are made by the CODM for the benefit of the route network as a whole, rather than for individual routes within the network. The performance of the network is assessed primarily based on the operating profit or loss for the period.

3. Financial risk management**Financial risk factors**

The Group is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Wizz Air is to minimise the impact of commodity price, interest rate and foreign exchange rate fluctuations on the Group's earnings, cash flows and equity. To manage commodity and foreign exchange risks, Wizz Air uses various derivative financial instruments, including foreign currency and commodity zero-cost collar contracts.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, fuel price risk, credit risk, use of derivative financial instruments, adherence to hedge accounting, and hedge coverage levels. The Board has mandated the Audit and Sustainability Committee of the Board to supervise the hedging activity of the Group and the compliance with the policies approved by the Board.

Risk analysis**Market risks**

Pre-COVID, Wizz Air hedged a minimum of 50 per cent of the projected US Dollar and jet fuel requirements for the next twelve months or 40 per cent on an 18-month hedge horizon. Exceeding the 18-month time horizon was subject to Board approval.

Due to the volatile environment, managing the cash balance of the Company was the key priority. As a result, in April 2020 the Company suspended its fair value hedging programme with respect to foreign currency exposures on lease liabilities.

Following the COVID-19 outbreak, the majority of the Group's fleet was grounded for a period from mid-March 2020. The activity level and consequently the fuel consumption were significantly lower in F21 than that on which the Group hedging programme was originally based. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated net loss on these instruments of €93.6 million (2020: €63.7 million) was charged to the statement of comprehensive income and presented separately as an exceptional operating expense.

In light of ongoing travel restrictions as a result of the COVID-19 pandemic and the subsequent uncertainty in demand for travel, fuel hedging was ceased until further notice and only minimal US Dollar hedges were entered into during the period in order to reduce the risk of over-hedging. As a result the closing cash flow hedge reserve balance is immaterial, however significant loss was recognized during the period, see at Hedge transactions during the year.

In June 2021 the Board of Directors approved the Company's "no hedge" policy for the post-COVID-19 period with respect to US Dollar and jet fuel price risk after carefully evaluating the economic costs and benefits of the Company's hedging programme.

Going forward, the intent of the Company is to no longer engage in cash-flow hedging of US Dollar denominated expenses and jet fuel price risk:

- ▶ The Group's has a significantly stronger balance sheet compared to when the hedging programme was launched, which positions the Company well to absorb the financial impact of potential increases in input costs from stronger US Dollar or higher jet fuel prices;
- ▶ The Group is less vulnerable to input price inflation relative to certain of its industry peers due to the shorter booking window;
- ▶ The Group has a more limited competitive overlap of operated routes compared to competitors;
- ▶ Material liquidity risk can be introduced by hedging activities especially during times of volatile trading environment;

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- Hedging activities come at substantial additional cost in terms of spreads, yields and management time, which may provide greater income statement stability but does not evidently create shareholder value.

The treasury department, under the supervision of the Audit and Sustainability Committee, will continue to monitor the Company's risk environment, market and business opportunities to reduce or transfer its exposure to market risks.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and commitments that are denominated in a currency other than the functional currency of the operating entities. The foreign currency exposure of the Group is predominantly attributable to: (i) only a small portion of the Group's revenues are denominated in or linked to the US Dollar while a significant portion of the Group's expenses are US Dollar denominated, including fuel, aircraft leases, maintenance reserves; and (ii) there are various currencies in which the Group has significantly more revenues than expenses, primarily the British Pound (GBP) and – to a smaller extent – the Polish Zloty (PLN).

Euro/US Dollar foreign currency rate is the most significant underlying foreign currency exposure to the Group.

The table below analyses the financial instruments by the currencies of future receipts and payments as follows:

At 31 March 2021	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	34.8	64.3	10.2	109.3
Derivative financial assets	—	5.1	—	5.1
Cash and cash equivalents	214.1	495.2	391.4	1,100.7
Short term cash deposits	300.0	46.8	—	346.8
Restricted cash	—	168.9	0.2	169.1
Total financial assets	548.9	780.3	401.8	1,731.0
Financial liabilities				
Unsecured debts*	499.2	—	350.3	849.5
IFRS 16 aircraft and engine lease liability	304.7	1,478.1	—	1,782.8
IFRS 16 other lease liability	8.6	—	2.5	11.1
JOLCO and FTL liability	319.6	107.6	27.5	454.7
Loans from non-controlling interests	—	12.8	—	12.8
Convertible debt	26.5	—	—	26.5
Trade and other payables	172.9	40.4	18.4	231.7
Derivative financial liabilities	—	9.0	—	9.0
Total financial liabilities	1,331.5	1,647.9	398.7	3,378.1
Net (liabilities)/assets	(782.6)	(867.6)	3.1	(1,647.1)

*Unsecured debts represent the European Mid Term Note and the Covid Corporate Financing Facility

At 31 March 2020	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	71.7	68.3	13.3	153.3
Derivative financial assets	—	18.3	—	18.3
Cash and cash equivalents	82.1	743.7	52.2	878.0
Short term cash deposits	100.0	332.5	—	432.5
Restricted cash	—	185.5	0.3	185.8
Total financial assets	253.8	1,348.3	65.8	1,667.9
Financial liabilities				
IFRS 16 aircraft and engine lease liability	298.7	1,414.4	—	1,713.1
IFRS 16 other lease liability	8.2	—	—	8.2
JOLCO and FTL liability	177.8	113.6	—	291.4
Convertible debt	26.7	—	—	26.7
Trade and other payables	200.7	16.5	33.9	251.1
Derivative financial liabilities	—	307.8	—	307.8
Total financial liabilities	712.1	1,852.3	33.9	2,598.3
Net (liabilities)/assets	(458.3)	(504.0)	31.9	(930.4)

Trade and other receivables in this table, and also in the other disclosures in this Note, exclude balances that are not financial instruments, being prepayments, deferred expenses, accrued income, and part of other receivables (see Note 20). Similarly, trade and other payables in this table, and also in the other disclosures in this Note, exclude balances that are not financial instruments, being accruals and other payables (see Note 25).

Commodity risks

One of the most significant costs for the Group is jet fuel. The price of jet fuel can be volatile and can directly impact the Group's financial performance.

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The Group's objective to reduce cash flow risk arising from the fluctuation of interest rates on financing.

The Group has future commitments under certain lease contracts that are based on floating interest rates. The floating nature of the interest charges on the leases exposes the Group to interest rate risk. Interest rates charged on Eurobond, convertible debt liabilities and on short and long-term loans to finance the aircraft are not sensitive to interest rate movements as they are fixed until maturity.

The Group has not used financial derivatives to hedge its interest rate risk during the year.

The Group has floating rate instruments within restricted cash, but given their short term (within three months) maturity, the interest rates are not expected to move significantly during this short period.

Hedge transactions during the year

The Group used zero-cost collar instruments and outright forward contracts to hedge its foreign exchange exposures and used zero-cost collar instruments to hedge its jet fuel exposures.

The gains and losses arising from hedge transactions during the year were as follows:

a) Foreign exchange hedge:

	2021 € million	2020 € million
<i>Gain/(loss) recognised within fuel costs</i>		
Effective cash flow hedge	—	26.4
Discontinued cash flow hedge expiring in the financial year	(0.3)	—
Discontinued cash flow hedge expiring in following financial year(s)	(0.3)	—
Total (loss)/gain recognised within fuel costs	(0.6)	26.4
<i>Gain/(loss) recognised within financial income/(expense)</i>		
Effective fair value hedge	0.4	7.7
Effective cash flow hedge	—	0.8
Discontinued cash flow hedge expiring in the financial year	—	—
Discontinued cash flow hedge expiring in following financial year(s)	—	1.9
Total gain/(loss) recognised within financial income/(expense)	0.4	10.4
<i>Gain/(loss) recognised within net foreign exchange gains/(losses)</i>		
Effective fair value hedges	5.1	0.9
Total gain/(loss) recognised within net foreign exchange gains/(losses)	5.1	0.9

b) Fuel hedge:

	2021 € million	2020 € million
<i>Gain/(loss) recognised within fuel costs</i>		
Effective hedge	(68.4)	(31.8)
Discontinued hedge expiring in the financial year	(91.7)	(9.9)
Discontinued hedge expiring in following financial year(s)	(1.2)	(53.8)
Total loss recognised within fuel costs	(161.3)	(95.5)

Hedge year-end open positions

At the end of the year and the prior year the Group had the following open hedge positions:

a) Foreign exchange hedge with derivatives:

	Derivative financial instruments					
	Notional amount US\$ million	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million
At 31 March 2021						
Effective fair value hedge positions	—	—	—	—	—	—
Effective cash flow hedge positions	104.7	—	0.2	—	(2.2)	(2.0)
Discontinued cash flow hedge positions	25.0	—	—	—	(0.4)	(0.4)
Total foreign exchange hedge	129.7	—	0.2	—	(2.6)	(2.4)

	Derivative financial instruments					
	Notional amount US\$ million	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million
At 31 March 2020						
Effective fair value hedge positions	391.0	—	7.1	—	—	7.1
Effective cash flow hedge positions	430.0	0.9	8.4	—	—	9.3
Discontinued cash flow hedge positions	88.0	—	1.9	—	—	1.9
Total foreign exchange hedge	909.0	0.9	17.4	—	—	18.3

The total €9.3 million asset related to effective cash flow hedge position as at 31 March 2021 can be analysed further into €7.4 million intrinsic value and €1.9 million time value components.

For the movements in other comprehensive income refer to the Consolidated Statement of Changes in Equity.

The open foreign currency cash flow hedge positions at year end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

Euro/US Dollar foreign exchange hedge:

At 31 March 2021		F22	F23
		12 months	6 months
Maturity profile of notional amount (million)		\$129.7	—
Weighted average ceiling		\$1.1621	—
Weighted average floor		\$1.1164	—
At 31 March 2020			
Maturity profile of notional amount (million)		\$436.0	\$82.0
Weighted average ceiling		\$1.1622	\$1.1485
Weighted average floor		\$1.1263	\$1.1039

b) Foreign exchange hedge with non-derivatives:

Non-derivatives, such as cash, are existing financial assets that hedge highly probable foreign currency cash flows in the future and therefore act as a natural hedge.

c) Fuel hedge:

At 31 March 2021	'000 metric tonnes	Derivative financial instruments					
		Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million	
Effective cash flow hedge positions	253.0	—	3.6	—	(3.8)	(0.2)	
Discontinued cash flow hedge positions	117.0	—	1.3	—	(2.6)	(1.3)	
Total fuel hedge	370.0	—	4.9	—	(6.4)	(1.5)	

At 31 March 2020	'000 metric tonnes	Derivative financial instruments					
		Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million	
Effective cash flow hedge positions	1,291.0	—	—	(41.3)	(210.1)	(251.4)	
Discontinued cash flow hedge positions	170.0	—	—	—	(53.8)	(53.8)	
Total fuel hedge	1,461.0	—	—	(41.3)	(263.9)	(305.2)	

The total €251.4 million liability at 31 March 2020 can be analysed further into €337.9 million intrinsic value loss and €85.3 million time value gain components.

For the movements in other comprehensive income refer to the Consolidated Statement of Changes in Equity.

The fuel hedge positions at year end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

At 31 March 2021		F22	F23
		12 months	6 months
Maturity profile ('000 metric tonnes)		370.0	—
Blended capped rate		\$554.0	—
Blended floor rate		\$503.0	—

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At 31 March 2020	12 months	6 months
Maturity profile ('000 metric tonnes)	1,091.0	370.0
Blended capped rate	\$632.0	\$554.0
Blended floor rate	\$576.0	\$503.0

Hedge effectiveness

Following the COVID-19 outbreak, the majority of the Group's fleet was grounded for a period from mid-March 2020. The fuel consumption in F21 was significantly lower than that on which the Group hedging programme was originally based, resulting in fuel and foreign currency hedge instruments being discontinued for hedge accounting. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated net loss on these instruments of €93.6 million (2020: €61.8 million), including hedges expiring between April 2021 and May 2021, was charged to the statement of comprehensive income and presented as an exceptional operating expense within the consolidated statement of comprehensive income. No material hedge positions are outstanding after this maturity date.

Sensitivity analysis

The table below shows the sensitivity of the Group's profits to various market risks for the current and the prior year, excluding any hedge impacts.

	2021 Difference in profit after tax € million	2020 Difference in profit after tax € million
Fuel price sensitivity		
Fuel price \$100 higher per metric tonne	-35.0	-107.1
Fuel price \$100 lower per metric tonne	+35.0	+107.1
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+70.2	+99.4
FX rate 0.05 lower	-76.5	-108.8
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	-3.0	-9.2
FX rate 0.03 lower	+3.3	+10.1
FX rate sensitivity (PLN/EUR)		
FX rate 0.15 higher (meaning EUR stronger)	-0.9	-5.1
FX rate 0.15 lower	+1.0	+5.5
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	+15.4	+13.0
Interest rate is lower by 100 bps	-15.4	-13.0

The interest rate sensitivity calculation above considers the effects of varying interest rates on the interest income on bank deposits and floating rate leases.

The table below shows the sensitivity of the Group's other comprehensive income to various markets risks for the current and the prior year. These sensitivities relate to the impact of the market risks on the balance of the cash flow hedging reserve (which includes gains and losses related to open cash flow hedges both for foreign exchange rates and jet fuel price).

	2021 Difference € million	2020 Difference € million
Fuel price sensitivity		
Fuel price \$100 higher per metric tonne	+22.9	+117.6
Fuel price \$100 lower per metric tonne	-22.9	-117.6
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+0.1	+10.5
FX rate 0.05 lower	-0.1	-10.5
Fuel volume sensitivity (metric tonnes)		
100,000 metric tonnes reduction in forecast fuel purchases	+1.1	+14.4
100,000 metric tonnes increase in forecast fuel purchases	-1.1	-14.4

The sensitivity analyses for 2021 above were performed with reference to the following market rates, as the base case:

- ▶ For profits, annual average rates: jet fuel price \$582.0 per metric tonne; EUR/USD FX rate 1.17; EUR/GBP FX rate 0.89; EUR/PLN FX rate 4.50.
- ▶ For other comprehensive income, year-end spot rates: jet fuel price \$512.0 per metric tonne; EUR/USD FX rate 1.17.

Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. In recent years the Group has been holding a high level of cash funds compared to the needs of the business operations.

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Nevertheless, the unprecedented impact of COVID-19 on the industry is affecting the liquidity of the Group in 2021 especially in light of prolonged travel restrictions. The Group responded to these special challenges with a number of actions to improve costs and liquidity, the most important ones being as follows:

- ▶ continue to ensure that the flights that are operated deliver positive cash contribution;
- ▶ securing lease financing for aircraft delivery positions until end of calendar year 2021;
- ▶ working with suppliers to reduce contracted rates and improve payment terms;
- ▶ reducing discretionary spending and suspending non-essential capital expenditure;
- ▶ issuance of a three-year €500 million bond in January 2021 that pays an annual fixed coupon of 1.35 per cent; and
- ▶ raising £300 million through the Covid Corporate Financing Facility (CCFF) that was extended by twelve months in February 2021.

As a result of these measures, Wizz Air is confident in its ability to survive, even in case of potential prolonged restrictions. For further notes, refer to the going concern assessment under Note 2.

The Group paid €232.6 million in F21 to settle hedging transactions. Liquidity risk from derivative financial liabilities is not material at 31 March 2021 due to almost no hedging activity since the start of the pandemic.

The Group invested excess cash primarily in USD, EUR and GBP denominated short-term time deposits with high quality bank counterparties.

The table below analyses the Group's financial assets and liabilities (receivable or payable either in cash or net settled in case of certain derivative financial assets and liabilities) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows except for derivatives where fair values are presented. Therefore, for certain asset and liability categories the amounts presented in this table can be different from the respective amounts presented in the statement of financial position.

At 31 March 2021	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	79.9	9.1	20.3	—	109.3
Derivative financial assets	2.0	3.1	—	—	5.1
Cash and cash equivalents	1,100.7	—	—	—	1,100.7
Short term cash deposits	—	346.8	—	—	346.8
Restricted cash	22.2	12.8	119.4	14.6	169.0
Total financial assets	1,204.8	371.8	139.7	14.6	1,730.9
Financial liabilities					
Unsecured debts	—	358.8	513.5	—	872.3
IFRS 16 aircraft and engine lease liability	107.4	292.3	1,137.6	454.4	1,991.7
IFRS 16 other lease liability	0.4	1.3	6.2	3.4	11.3
JOLCO and FTL lease liability	7.0	25.1	128.5	315.8	476.4
Loans from non-controlling interests	—	—	—	12.8	12.8
Convertible debt	—	—	26.5	—	26.5
Other payables	206.3	25.4	—	—	231.7
Derivative financial liabilities	6.4	2.6	—	—	9.0
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	328.2	705.5	1,812.3	786.4	3,632.2

At 31 March 2020	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	118.3	15.1	19.9	—	153.3
Derivative financial assets	10.5	6.9	0.9	—	18.3
Cash and cash equivalents	878.0	—	—	—	878.0
Short term cash deposits	—	432.5	—	—	432.5
Restricted cash	0.5	5.6	146.6	33.1	185.8
Total financial assets	1,007.3	460.1	167.4	33.1	1,667.9
Financial liabilities					
IFRS 16 aircraft and engine lease liability	104.2	292.8	1,222.1	325.0	1,944.1
IFRS 16 other lease liability	0.3	0.9	3.0	2.4	6.7
JOLCO and FTL lease liability	3.8	13.6	72.4	220.1	309.9
Convertible debt	—	2.1	28.7	—	30.8
Trade and other payables	251.1	—	—	—	251.1
Derivative financial liabilities	93.5	173.0	41.3	—	307.8
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	453.7	482.4	1,367.5	547.5	2,851.1

The Group has obligations under financial guarantee contracts as detailed in Note 32. The most significant financial guarantee contracts relate to aircraft leases, hedging and convertible notes. For these items the respective underlying liabilities are reflected under the appropriate line of the financial liabilities part of the table above (for leases the liability is presented under borrowings). Since the liability itself is already reflected in the table, it would not be appropriate to also include the financial guarantee provided by another Group entity for the same obligation. The only guarantee separately disclosed in this table relates to a contract for the provision of public services in Hungary, with respect to which there is no liability recognised in the statement of financial position. This possible obligation is disclosed in the table above within financial guarantees.

Management does not expect that any payment under these guarantee contracts will be required by the Company.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk from individual customers is limited as the large majority of the payments for flight tickets are collected before the service is provided.

However, the Group has significant banking, hedging, aircraft manufacturer and card acquiring relationships that represent counterparty credit risk. The Group analysed the creditworthiness of the relevant business partners in order to assess the likelihood of non-performance of liabilities due to the Group. The credit quality of the Group's financial assets is assessed by reference to external credit ratings (published by Standard & Poor's or similar institutions) of the counterparties as follows:

At 31 March 2021	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	899.1	50.9	150.3	0.4	1,100.7
Short term cash deposits	346.8	—	—	—	346.8
Restricted cash	168.8	0.1	0.2	—	169.0
Derivative financial assets	2.1	0.1	2.9	—	5.1
Trade and other receivables	—	—	—	109.3	109.3
Total financial assets	1,416.8	51.1	153.4	109.7	1,730.9

At 31 March 2020	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	601.1	271.4	4.6	0.9	878.0
Short term cash deposits	291.4	—	141.1	—	432.5
Restricted cash	185.6	0.1	0.2	—	185.8
Derivative financial assets	10.2	1.0	7.0	—	18.3
Trade and other receivables	—	—	—	153.3	153.3
Total financial assets	1,088.2	272.5	152.9	154.2	1,667.9

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From the unrated category within trade and other receivables the Group has €35.3 million (2020: €60.9 million) receivables from different aircraft lessors in respect of maintenance reserves and lease security deposits paid (see also Note 20). However, given that the Group physically possesses the aircraft owned by the lessors and that the Group has significant future lease payment obligations towards the same lessors (see Note 33), management does not consider the credit risk on maintenance reserve receivables to be material. Most of the remaining balance in this category in both years relates to ticket sales receivables from customers and non-ticket revenue receivables from business partners. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically been good.

Within cash and cash equivalents in 2021, out of the €150.3 million in the category “other” €48.5 million (2020: €45.6 million) relates to cash deposits held with BBB+ rated banks. In 2020 the short term cash deposits in the other category relates to cash deposits held with BBB+ rated banks.

Based on the information above management does not consider the counterparty risk of any of the counterparties being material and therefore no fair value adjustment was applied to the respective cash or receivable balances.

Fair value estimation

The Group classifies its financial instruments based on the technique used for determining fair value into the following categories:

Level 1: Fair value is determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is determined based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value is determined based on inputs that are not based on observable market data (that is, on unobservable inputs).

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 31 March 2021:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	—	5.1	—	5.1
	—	5.1	—	5.1
Liabilities				
Derivative financial instruments	—	9.0	—	9.0
	—	9.0	—	9.0

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 31 March 2020:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	—	18.2	—	18.2
	—	18.2	—	18.2
Liabilities				
Derivative financial instruments	—	307.8	—	307.8
	—	307.8	—	307.8

The Group measures its derivative financial instruments at fair value, calculated by the banks involved in the hedging transactions that fall into the Level 2 category. The banks are using generally accepted valuation techniques, principally the Black-Scholes model and discounted cash flow models.

All the other financial assets and financial liabilities are measured at amortised cost.

Capital management

The Group’s objectives when managing capital are: (i) to safeguard the Group’s ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders; (ii) to secure funds at competitive rates for its future aircraft acquisition commitments (see Note 33); and (iii) to maintain an optimal capital structure to reduce the overall cost of capital.

The current sources of capital for the Group are equity, bonds and other borrowings (see Note 23), as well as to a smaller extent, convertible debt (see Note 24).

Wizz Air’s strategy is to hold significant cash and liquid funds to mitigate the impact of potential business disruption events and to invest in opportunities as they come along in an increasingly volatile market environment. Accordingly, the Group has so far retained all profits and paid no dividends and financed all its aircraft and most of its spare engine acquisitions through sale and leaseback agreements. In addition Wizz Air

diversified further its financing options through the establishment of a €3.0 billion European Mid Term Note (EMTN) programme and issuance of its debut bond by Wizz Air Finance Company B.V., unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc.

The existing aircraft orders of the Group create a need for raising significant amounts of capital in the following years. The strategy of the Group is to ensure that it has access to various forms of long-term financing, which in turn allows the Group to further reduce its cost of capital and the cost of ownership of its aircraft fleet.

4. Critical accounting estimates and judgments made in applying the Group's accounting policies

a) Maintenance policy

The estimations and judgements applied in the context of the maintenance accounting policy of the Group impact the balance of (i) property, plant and equipment (and, within that, of aircraft maintenance assets, as detailed in Note 14) and (ii) aircraft maintenance provisions (as detailed in Note 30).

Estimate: For aircraft held under lease agreements, provision is made for the minimum unavoidable costs of specific future maintenance obligations created by the lease at the time when such obligation becomes certain. The amount of the provision involves making estimates of the cost of the heavy maintenance work that is required to discharge the obligation, including any end of lease costs. A 10% increase in the planned costs of heavy maintenance works at the 31 March 2021 year end would increase the balance of both aircraft maintenance assets and aircraft maintenance provisions by €7.8 million.

Estimate: The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as an "aircraft maintenance asset") at the earlier of: (a) the time the lease re-delivery condition is no longer met; or (b) when maintenance, including enhancement, is carried out. The calculation of the depreciation charge on such assets involves making estimates primarily for the future utilisation of the aircraft. A 43% decrease in the F22 forecast aircraft utilisation would result in the same average utilisation as in F21. This would cause €9.9 million decrease in the balance of aircraft maintenance assets.

The bases of these estimates are reviewed annually, and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation of the assets, or changes in the cost of heavy maintenance services.

Judgment: On a lease by lease basis the Group makes a judgment whether it would perform future maintenance that would impact the condition of the respective aircraft or spare engine asset in a way that eliminates the need for paying compensation to the lessor on the re-delivery of the leased asset. When such maintenance is not expected then accrual is made for the compensation due to the lessor in line with the terms of the respective lease contract.

Judgment: The policy adopted by the Group, as summarised above, is only one of the policies available under IFRS in accounting for heavy maintenance for aircraft held under lease agreements. A principal alternative policy involves recognising provisions for future maintenance obligations in accordance with hours flown or similar measure, and not only when lease re-delivery conditions are not met. In the judgment of the Directors the policy adopted by the Group, whereby provisions for maintenance are recognised only when lease re-delivery conditions are not met, provides the most reliable and relevant information about the Company's obligations to incur major maintenance expenditure on leased aircraft and at the same time it best reflects the fact that an aircraft has lower maintenance requirements in the early years of its operation. The average age of the Group's aircraft fleet at 31 March 2021 was 5.4 years (same as a year before).

b) Hedge and derivative accounting

Estimate: The asset and liability balances at year end related to open hedge instruments can be material. The fair value of derivatives is estimated by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. These estimations are performed based on market prices observed at year end and therefore, according to paragraph 128 of IAS 1, do not require further disclosure. Such fair values might change materially within the next financial year but these changes would not arise from assumptions made by management or other sources of estimation uncertainty at the end of the year but from the movement of market prices. The fair value calculation is most sensitive to movements in the jet fuel and foreign currency spot prices, their implied volatility and respective yields. A sensitivity analysis for the jet fuel price and for the FX rate on most relevant currency pairs is included in Note 3.

The open hedge instrument balances at 31 March 2021 were not material. Due to the increase in jet fuel prices compared to 31 March 2020 and as a result of limited cash flow hedging activity during 2021, the net carrying amount of cash flow hedges was only €2.2 million liability at 31 March 2021 (2020: €242.2 million liability). The carrying value of discontinued hedges was €1.6 million liability at 31 March 2021 (2020: €51.9 million liability).

Estimate and judgment: The effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses. Prospective testing of open hedges requires making certain estimates, the most significant one being for the future expected level of the

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business activity (primarily the utilisation of fleet capacity) of the Group. Estimating the expected level of future business activity is particularly critical in periods of high uncertainty like the current COVID-19 pandemic.

Building on these estimations of the future, management makes judgment on the accounting treatment of open hedge instruments. Hedge accounting for jet fuel and foreign currency cash flow hedges was discontinued where the “highly probable” forecast criterion was not met in accordance with the requirements of IFRS 9. The impact of these estimations and judgments was material at 31 March 2020 but is no longer longer material for the asset and liability balances at 31 March 2021.

None of the hedge counterparties had a material change in their credit status that would have influenced the effectiveness of the hedging transactions.

c) Net presentation of government taxes and other similar levies

The Group’s accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted between the revenue and the airport, handling and en-route charges lines).

Judgment: Management reviews all passenger-based charges levied by airports and government authorities to ensure that any amounts recovered from passengers in respect of these charges are appropriately classified within the statement of comprehensive income. Given the variability of these charges and the number of airports and jurisdictions within which the Group operates, the assessment of whether these items constitute taxes in nature is an inherently complex area, requiring a level of judgment.

d) Accounting for aircraft and spare engine assets

Judgment: When the Group acquires new aircraft and spare engines, it applies the following critical judgments in determining the acquisition cost of these assets:

- ▶ Engine contracts typically include the selection of an engine type to be installed on future new aircraft, a commitment to purchase a certain number of spare engines, and lump-sum (i.e. not per engine) concessions from the manufacturer. Management recalculates the unit cost of engines by allocating lump-sum credits over all engines ordered and by adjusting costs between installed and spare engines in a way that ensures that identical physical assets have an equal acquisition cost.
- ▶ Aircraft acquisition costs are recalculated to reflect the impacts of: (i) any adjustment on the cost of installed engines (as above); and (ii) concessions received from the manufacturers of other aircraft components under selection agreements. Such acquisition cost has relevance also for leased aircraft when calculating the amount of total gain or loss on the respective sale and leaseback agreement.

e) Accounting for leases

Judgment: Some of the Group’s lease contracts contain lease extension options. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgment is made lease by lease, and is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgment is revised at a later date. As at 31 March 2021, there were eight aircraft lease contracts that the Group is reasonably certain to extend by 2-3 years from their original maturity in 2022. As at 31 March 2020, there were ten contracts planned to be extended, but during F21 the Group revised its plans due to the impacts of COVID-19 being more severe and longer lasting than originally estimated, and decided not to extend two of these leases.

Judgment: The Group takes the view that, as a lessee, it is not able to readily determine the interest rate implicit in its lease contracts. Therefore, it applies its incremental borrowing rate for discounting future lease payments.

The estimations made by management in accounting for leases do not materially impact the asset and liability balances of the Group. The majority of aircraft and spare engine assets are leased and as such their period of depreciation is the shorter of their useful economic lives and lease duration. As these assets are new at the inception of the lease and typically have a useful economic life of at least twice the duration of the lease no further estimation has been required.

f) Income taxes

Judgment: A significant judgment has been made by the Group in relation to the position that the Swiss tax authority would take with respect to the calculation of the income tax base for F18-F21 for one of the legal entities of the Group. In applying IFRIC 23 the Group applied the “most likely amount method” and, by relying also on professional advice, took the view that the positions taken by the Group represent the most likely outcome for the Swiss income tax liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**g) Revenue from contracts with other partners**

As explained in Note 6, revenue from contracts with other partners relates to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

Judgment: The Group considers that it is an agent (as opposed to principal) in relation to all its contracts with other partners. Accordingly, Wizz recognises revenue from these contracts on a net (commission) basis.

Out of these contracts, the one for the provision of on-board catering services is the most significant in value and it is also the most complex from the perspective of making the 'agent versus principal' assessment/judgment. The Company's judgment was based on the facts that it is the partner that (i) enters into contracts with the passengers/customers and bears the liability towards them for delivering the products and services; (ii) defines the majority of the product portfolio, manages the inventory, is responsible for product availability/outage, has title to the inventory and bears the risk of loss; and (iii) has discretion in establishing prices. The difference on this contract between gross sales and net commission revenue (as recognised in the statement of comprehensive income) was €13.6 million (2020: €46.3 million).

5. Segment information**Reportable segment information**

The Chief Operating Decision Maker of the Group, as defined in IFRS 8 "Operating Segments", is the senior management team of the Group.

During F21 the Group had only one reportable segment being its entire route network. All segment revenue was derived wholly from external customers and, as the Group had a single reportable segment, inter-segment revenue was zero.

Reconciliation of reportable segment revenue and operating profit to consolidated profit after income tax:

	2021 € million	2020 € million
Segment revenue	739.0	2,761.3
Segment operating expenses	(1,267.1)	(2,423.0)
Segment operating (loss)/profit	(528.1)	338.3
Net financing expense	(38.4)	(44.2)
Income tax expense	(9.5)	(13.1)
(Loss)/profit for the year	(576.0)	281.1

Entity-wide disclosures**Products and services**

Revenue from external customers can be analysed by groups of similar services as follows:

	2021 € million	2020 € million
Airline passenger ticket revenue	325.7	1,508.5
Airline ancillary revenue	413.3	1,252.8
Total segment revenue	739.0	2,761.3

These categories are non-IFRS categories meaning that they are not necessarily distinct from a nature, timing and risks point of view; however, management believes that these categories provide clarity over the revenue profile of the Group to the readers of the financial statements and are in line with airline industry practice. The categories as per the definition of IFRS 15 are disclosed in Note 6.

Airline ancillary revenues arise mainly from baggage charges, booking/payment handling fees, airport check-in fees, fees for various convenience services (priority boarding, extended legroom and reserved seats), loyalty programme membership fees, commission on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls, co-branded cards and repatriation and cargo flights.

Geographic areas

Segment revenue can be analysed by geographic area as follows:

	2021 € million	2020 € million
EU	526.4	1,992.9
UK	128.6	381.1
Other (non-EU)	84.0	387.3
Total revenue from external customers	739.0	2,761.3

Revenue was allocated to geographic areas based on the location of the first departure airport on each ticket booking.

The Company's revenue from external customers within the EU is mainly generated by Romania of €106.6 million (2020: €362.7 million) and by Poland of €75.9 million (2020: €291.0 million).

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The physical location of non-current assets is not tracked by the Group and is therefore not disclosed by geographic area. This is because: (i) by value most assets are associated either with aircraft not yet received (pre-delivery payments) or with existing leased aircraft and spare engines (RoU and maintenance assets), the location of which changes regularly following aircraft capacity allocation decisions; and (ii) the value of the remaining asset categories (land and buildings, fixtures and fittings) is not material within the total non-current assets.

The distribution of the non-current assets between the four key operating entities of the Group is as follows:

	2021 € million	2020 € million
Hungarian airline	2,595.6	2,555.0
UK airline	311.2	226.9
Abu Dhabi airline	12.4	—
Wizz Air Leasing Ltd.	144.3	—
Other	1.9	1.8
Total non-current assets	3,065.4	2,783.7

Major customers

The Group derives the vast majority of its revenues from its passengers and sells most of its tickets directly to the passengers as final customers rather than through corporate intermediaries (tour operators, travel agents or similar).

6. Revenue

The split of total revenue presented in the statement of comprehensive income, being passenger ticket revenue and ancillary revenue, is a non-IFRS measure (or alternative performance measure). The Group did not change the disaggregation of revenue to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because: (i) it mirrors disclosures presented outside of the financial statements; and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance of the (now only one) operating segment.

Revenue from contracts with customers can be disaggregated as follows based on IFRS 15:

	2021 € million	2020 € million
Revenue from contracts with passengers	704.1	2,706.1
Revenue from contracts with other partners	34.9	55.2
Total revenue from contracts with customers	739.0	2,761.3

These two categories represent revenues that are distinct from a nature, timing and risks point of view. Revenue from contracts with other partners relates to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

The contract assets reported in F21 as part of trade and other receivables amounted to €0.4 million (2020: €1.2 million) and the contract liabilities (unearned revenues) reported as part of deferred income were €65.0 million (2020: €168.4 million). Of the €704.1 million revenue recognised in F21 (2020: €2,706.1 million), €172.3 million (2020: €395.1 million) was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 26).

7. Operating profit

Net other expenses

Net other expenses decreased from €71.2 million in F20 to €1.2 million in F21, as there was a significant drop in other expenses due to the coronavirus, and there were credit items relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations in F21.

Auditors' remuneration

	2021 €'000	2020 €'000
Fees payable to Company's auditors for the audit of the consolidated financial statements	779	586
Audit of financial statements of subsidiaries pursuant to legislation	112	49
Other services relating to taxation	—	115
Audit-related assurance and transaction services	99	32
Total remuneration of auditors	990	782

Fees payable to Company's auditors for the audit of the consolidated financial statements includes amounts in respect of the interim review, and out of pocket expenses.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Inventories**

Inventories totalling €6.7 million were recognised as maintenance materials and repairs expense in the year (2020: €11.0 million).

Gain on sale and leaseback

The gain on sale and leaseback transactions was €40.6 million (2020: €11.7 million) due to the sale and leaseback of aircraft and engines, and the loss on these transactions was €nil (2020: €nil).

8. Staff numbers and costs

The monthly average number of persons employed during the year, including Non-Executive Directors but excluding inactive employees and subcontracted staff such as rented pilots, analysed by category, was as follows:

	Number of persons	
	2021	2020
Non-Executive Directors	9	9
Crew and pilots	3,647	4,115
Administration and other staff	304	316
Total staff number	3,960	4,440

The aggregate compensation of these persons was as follows:

	2021	2020
	€ million	€ million
Wages and salaries	106.5	179.8
Pension costs	4.3	8.2
Social security costs other than pension	11.7	16.8
Share-based payments	4.1	4.2
Subtotal	126.6	209.0
Subcontracted staff costs (rented pilots)	6.3	22.8
Total staff costs	132.9	231.8

9. Directors' emoluments

	2021	2020
	€ million	€ million
Salaries and other short-term benefits	1.0	1.9
Social security costs	0.3	0.5
Share-based payments	1.0	0.6
Directors' services and related expenses	2.7	0.4
Total Directors' emoluments	5.0	3.4

	2021	2020
Directors receiving emoluments	14	11
The number of Directors who in respect of their services received LTIP share options under long-term incentive schemes during the year	1	1

10. Net financing income and expense

	2021	2020
	€ million	€ million
Interest income	9.0	45.4
Gain on discontinued FX hedges	—	1.9
ETS put option fair value gain	2.6	—
Financial income	11.6	47.3
Interest expenses:		
Convertible debt	(2.0)	(2.0)
IFRS 16 lease liability	(68.1)	(85.2)
JOLCO and FTL lease liability	(3.0)	(1.3)
Unsecured debts	(3.7)	—
Other	(1.6)	(3.0)
Financial expenses	(78.4)	(91.5)
Net foreign exchange gain	28.4	0.1
Exceptional financial expense	—	—
Net financing expense	(38.4)	(44.2)

Interest income and expense include interest on financial instruments (earned on cash and equivalents and in F20 also on FX forward hedges).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**11. Exceptional items and underlying profit****Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the conditions created by COVID-19.

In F21 the Group had exceptional operating expense of €93.6 million (net of €5.7 million gain and €99.3 million loss) relating to cash flow hedges regarding future fuel purchases that were classified as discontinued (refer to Note 3) during 2021 as a consequence of the grounding of the majority of the Group's fleet under the COVID-19 situation. In F20 the Group had exceptional operating expense of €63.7 million relating to cash flow hedges regarding future fuel purchases that were classified as discontinued during March 2020 as a consequence of the grounding of the majority of the Group's fleet under the COVID-19 situation. These items were used by management in the determination of the non-IFRS underlying profit measure for the Group – see below.

Underlying profit

	2021 € million	2020 € million
(Loss)/profit from continuing operations	(576.0)	281.1
Adjustment for (exclusion of) exceptional items	93.6	63.7
Underlying (loss)/profit after tax	(482.4)	344.8

The tax effects of the adjustments made above are insignificant.

12. Income tax expense

Recognised in the statement of comprehensive income:

	2021 € million	2020 € million
Current tax on profits for the year	0.1	4.5
Adjustment for current tax of prior years	(0.1)	—
Other income-based taxes for the year	4.8	10.5
Adjustment for income-based taxes of prior years	(3.1)	—
Total current tax expense	1.7	15.0
Deferred tax – increase in deferred tax liabilities	6.3	—
Deferred tax – increase/(decrease) in deferred tax assets	1.5	(1.9)
Total deferred tax charge/(benefit)	7.8	(1.9)
Total tax charge	9.5	13.1

The Company, that is Wizz Air Holdings Plc, has a tax rate of 13.97 per cent (2020: 13.97 per cent). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations. There was no deferred tax asset recognised in relation to the losses incurred by the Group in 2021 mainly because the losses incurred by the main airline subsidiary of the Group are not eligible for utilisation against taxable profits in the future.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 13.97 per cent (2020: 13.97 per cent). The difference is explained below.

	2021 € million	2020 € million
(Loss)/profit before tax	(566.5)	294.1
Tax at the corporation tax rate of 13.97 per cent (2020: 13.97 per cent)	(79.1)	41.1
Adjustment for current tax of prior years	(0.1)	—
Adjustment for income-based taxes of prior years	(3.1)	—
Increase/(decrease) in deferred tax liabilities due to changes in Swiss effective tax rate	1.7	(0.1)
Effect of different tax rates of subsidiaries versus the parent company	76.6	(38.4)
Effect of current year losses not being eligible for utilisation against taxable profits in future years	8.8	—
Other income-based foreign tax	4.7	10.5
Total tax charge	9.5	13.1
Effective tax rate	(1.68)%	4.4%

The effect of different tax rates of subsidiaries is a composition of impacts primarily in Switzerland and the UK, relating to the airline subsidiaries of the Group. The Company paid €3.6 million tax in the year (2020: €12.6 million). Substantially all the losses and the profits of the Group in F21 and F20, respectively, were made by the airline subsidiaries of the Group, and substantially all the tax charges and credits presented in this Note were incurred by these entities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Other income-based foreign tax represents the local business tax and the “innovation contribution” payable in Hungary in F21 and F20 by the Hungarian subsidiaries of the Group, primarily Wizz Air Hungary Ltd. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

Recognised in the statement of other comprehensive income

	2021 € million	2020 € million
Deferred tax related to movements in cash flow hedging reserve	(0.5)	(0.6)
Total tax charge	(0.5)	(0.6)

Interpretation 23 “Uncertainty over Income Tax Treatments” (IFRIC 23)

The Group has open tax periods in a number of jurisdictions involving uncertainties of different nature and materiality, the most important open ones being for F18–F21. The Group assessed the impact of uncertainty of each of its tax positions in line with the requirements of IFRIC 23. The outcome of this assessment in F2021 was to release €1.9 million of provisions previously made, due to the facts that during the year: (i) some prior tax periods expired for tax authority examination; or (ii) there was a tax examination that confirmed the treatment applied by the Company. For all other tax returns the Group concluded that it was probable that the tax authority would accept the uncertain tax treatment that has been taken or is expected to be taken in those tax returns and therefore accounted for income taxes consistently with that tax treatment. The final liabilities, as later assessed by the tax authorities, may vary from the amounts that have been recognised by the Group.

13. Earnings per share**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during each year.

	2021	2020
(Loss)/profit for the year, € million	(576.0)	281.1
Weighted average number of Ordinary Shares in issue	85,545,648	74,685,880
Basic earnings per share, €	(6.73)	3.76

There were also 17,377,203 Convertible Shares in issue at 31 March 2021 (17,377,203 at 31 March 2020) (see Note 29). These shares are non-participating, i.e. the profit and loss attributable to them is nil. These shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue with the weighted average number of Ordinary Shares that could have been issued in the respective year as a result of the conversion of the following convertible instruments of the Group:

- ▶ Convertible Shares (see Note 29);
- ▶ Convertible Notes (see Note 24); and
- ▶ employee share options (see Note 27) (vested share options are included in the calculation).

The profit for the year has been adjusted for the purposes of calculating diluted earnings per share in respect of the interest charge relating to the debt which could have been converted into shares.

	2021	2020
(Loss)/profit for the year, € million	(576.0)	281.1
Interest expense on convertible debt (net of tax), € million	—	2.0
(Loss)/profit used to determine diluted earnings per share, € million	(576.0)	283.1
Weighted average number of Ordinary Shares in issue	85,545,648	74,685,880
Adjustment for assumed conversion of convertible instruments	—	52,572,127
Weighted average number of Ordinary Shares for diluted earnings per share	85,545,648	127,258,007
Diluted earnings per share, €	(6.73)	2.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Underlying earnings per share**

The underlying earnings per share is a fully diluted non-IFRS measure defined by the Company, calculated as follows:

	2021	2020
Underlying (loss)/profit for the year (see Note 11), € million	(482.4)	344.8
Interest expense on convertible debt, € million	—	2.0
(Loss)/profit used to determine underlying earnings per share, € million	(482.4)	346.8
Weighted average number of Ordinary Shares for underlying earnings per share	85,545,648	127,258,007
Underlying earnings per share, €	(5.64)	2.72

The calculation of the underlying EPS is different from the calculation of the IFRS diluted EPS measure in that for earnings the underlying loss for the year was used (see Note 11) as opposed to the statutory (IFRS) loss for the year. The underlying EPS measure was introduced by the Company to better reflect the underlying earnings performance of the business.

14. Property, plant and equipment

	Land and building € million	Aircraft maintenan ce assets € million	Aircraft assets and parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenanc e assets € million	RoU assets aircraft and spares € million	RoU assets other € million	Total € million
Cost									
At 1 April 2019	17.9	414.3	74.1	8.3	259.9	138.6	2,286.0	7.9	3,207.0
Additions	0.2	46.2	277.1	4.6	383.4	76.3	162.3	3.0	953.1
Disposals	—	(20.0)	(8.4)	(0.2)	(85.2)	—	(25.8)	—	(139.6)
Transfers	—	22.9	12.1	—	(12.1)	(22.9)	—	—	—
At 31 March									
2020	18.1	463.4	354.9	12.6	546.0	192.0	2,422.5	10.9	4,020.5
Additions	0.1	27.9	162.1	0.7	165.1	41.7	418.4	4.6	820.6
Disposals	—	(65.7)	(25.3)	(4.7)	(129.8)	(12.2)	(40.4)	—	(278.1)
Transfers	—	4.6	54.2	—	(54.2)	(4.6)	—	—	—
FX translation effect	—	0.1	—	—	—	0.5	9.1	—	9.7
At 31 March 2021	18.2	430.3	545.9	8.6	527.1	217.3	2,809.6	15.5	4,572.5
Accumulated depreciation									
At 1 April 2019	1.6	223.7	26.4	4.8	—	—	882.1	1.4	1,140.0
Depreciation charge for the year	1.2	82.2	16.8	0.9	—	—	271.7	1.2	374.0
Disposals	(0.7)	(19.0)	(1.7)	(0.2)	—	—	(25.8)	—	(47.4)
FX translation effect	—	0.1	0.2	—	—	—	—	0.6	0.9
At 31 March 2020	2.1	287.0	41.7	5.5	—	—	1,128.1	3.2	1,467.5
Depreciation charge for the year	1.2	77.3	25.9	0.9	—	—	229.4	1.8	336.5
Disposals	—	(65.7)	(5.7)	—	—	—	(40.4)	—	(111.8)
FX translation effect	—	0.3	(0.3)	—	—	—	2.0	—	2.0
At 31 March 2021	3.3	298.9	61.5	6.4	—	—	1,319.1	5.0	1,694.2
Net book amount									
At 31 March 2021	14.9	131.4	484.4	2.2	527.1	217.3	1,490.5	10.4	2,878.2
At 31 March 2020	16.0	176.6	313.4	7.1	546.0	192.0	1,294.3	7.6	2,553.0

The Group entered into various financing arrangements in order to finance aircraft including Sale and Leaseback, Japanese Operating Lease with Call Option (JOLCO) and French Tax Lease (FTL) structures. Certain of these arrangements include Special Purpose Vehicles (SPV) in the financing structure and in accordance with IFRS 10, where the Group has control of these entities, these are consolidated in the Group balance sheet. Aircraft assets and parts leased under JOLCO as part of sale and leaseback arrangements are not classified as leases under IFRS 16.

Other Right-of-Use (RoU) assets include leased buildings and simulator equipment. Please refer to Note 23 for details on lease liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Additions to aircraft maintenance assets (€27.9 million in F21 and €46.2 million in F20) were fixed assets created primarily against provision, as the Group's aircraft or their main components no longer met the relevant return conditions under lease contracts.

Additions to "advances paid to aircraft maintenance assets" reflect primarily the advance payments made by the Group to the engine maintenance service provider under FHAs.

Additions to "advances paid for aircraft" represent PDPs made in the year, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During F21 in the statement of cash flows the cash inflow was €131.3 million "refund of advances paid for aircraft" and the cash outflow was €165.1 million "Advances paid for aircraft".

The gross carrying amount of fully depreciated property, plant and equipment is €20.0 million.

Due to COVID-19 and the consequential low level of asset utilization an impairment review was performed. The Group's aircraft fleet was considered a single cash generating unit, the carrying value of which includes virtually all Property, plant and equipment and intangible assets, of which recoverable amount was estimated according to its value in use. The calculation is based on the cash flow projections in the operating plans approved by the Board for the following three financial years up to and including 2024, which take into account expectations of increased costs to address climate change. The values assigned to the key assumptions represent management's assessment of future trends, including its view of trading (such as, passenger number expectations, capacity utilisation, and average revenue per passenger kilometer) based on market data and internal expectations. Jet fuel price and USD exchange rate were estimated as per the following:

	2022	2023	2024
Jet fuel price (EUR per metric tonne)	475	600	600
USD/EUR exchange rate	1.21	1.21	1.21

A growth rate of 1.7% was used to extrapolate cash flow projections beyond F24, which is the end of our normal three year forecasting period, through to F33, being the end of the lease term of the existing aircraft fleet. A pre-tax discount rate of 8.0% was derived from the weighted average cost of capital of the Group. Analysis was performed to model the possibility that travel restrictions remain in place during 2022, and other adverse changes in underlying assumptions and their impact on the headroom. As a result management did not identify a need for impairment. As a result management did not identify a need for impairment and there were no reasonable possible changes in assumptions that would cause an impairment.

15. Intangible assets

	Software € million	Licences € million	CIP intangible assets € million	Total € million
Cost				
At 1 April 2019	33.2	4.7	—	37.9
Additions	14.1	—	—	14.1
At 31 March 2020	47.3	4.7	—	52.0
Additions	7.5	—	12.1	19.6
Disposals	—	—	(7.5)	(7.5)
At 31 March 2021	54.8	4.7	4.6	64.1
Accumulated amortisation				
At 1 April 2019	17.2	0.2	—	17.4
Amortisation charge for the year	7.3	0.1	—	7.4
At 31 March 2020	24.5	0.3	—	24.8
Amortisation charge for the year	8.8	—	—	8.8
At 31 March 2021	33.4	0.3	—	33.7
Net book amount				
At 31 March 2021	21.5	4.4	4.6	30.4
At 31 March 2020	22.8	4.4	—	27.2

Out of the licences, €4.4 million relates to landing slots at London Luton Airport, purchased from Monarch Airlines. As these landing slots have no expiry date and are expected to be used in perpetuity, they are considered to have indefinite life and accordingly are not amortised.

The impairment review for intangible assets was performed together with Property, plant and equipment, as described in Note 14.

16. Tax assets and liabilities**Deferred tax assets and liabilities recognised**

	RoU assets and lease liabilities € million	Provisions for other liabilities and charges € million	Property, plant and equipment € million	Advances paid for aircraft maintenance assets € million	Tax loss carry forward € million	Other € million	Total € million
At 1 April 2019 (restated)	2.8	(0.5)	(0.9)	(0.6)	—	(0.2)	0.6
Charged/(credited) to:							
Profit or loss	(0.2)	—	0.5	0.2	1.0	0.4	1.9
Other comprehensive income/(expense)	—	—	—	—	—	0.6	0.6
At 31 March 2020	2.6	(0.5)	(0.4)	(0.4)	1.0	0.8	3.1
Charged/(credited) to:							
Profit or loss	(2.4)	(2.3)	(0.9)	(1.8)	0.1	(0.5)	(7.8)
Other comprehensive income/(expense)	—	—	—	—	—	(0.5)	(0.5)
At 31 March 2021	0.2	(2.8)	(1.3)	(2.2)	1.1	(0.2)	(5.2)
Less than one year	—	—	—	—	—	(0.2)	(0.2)
Greater than one year	0.2	(2.8)	(1.3)	(2.2)	1.1	—	(5.0)

Assets: + / Liabilities: -

The €0.2 million deferred tax asset recognised in relation to IFRS 16 RoU assets and lease liabilities is driven by the fact that the relevant subsidiaries of the Group are not currently applying IFRS 16 for their statutory financial statements and therefore they recognise leasing fees in line with contracts, on a straight-line basis. Under IFRS 16 the lease-related expenses are forward loaded, i.e. throughout the lease the Group IFRS financial statements cumulatively include more expense and a lower profit than the tax returns.

There was no deferred tax asset recognised in relation to the losses incurred by the Group in F21 mainly because the losses incurred by the main airline subsidiary of the Group are not eligible for utilisation against taxable profits in the future. The €0.1 million increase in the asset balance in this category was an adjustment in relation to losses recognised in prior years.

17. Subsidiaries

The Group has the following principal subsidiaries:

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class of shares held	Percentage held	Financial year end
Wizz Air Hungary Ltd.	Hungary		1 Airline operator	Ordinary	100	31 March
Cabin Crew Professionals Sp. z.o.o.	Poland		2 Dormant	Ordinary	100	31 December
Wizz Air Bosnia	Bosnia and Herzegovina		3 Crew company	Ordinary	100	31 December
Wizz Air Netherland Holding B.V.	The Netherlands		4 Dormant	Ordinary	100	31 March
Dnieper Aviation LLC	Ukraine		5 Dormant	Ordinary	100	31 December
Wizz Air Ukraine Airlines LLC	Ukraine		5 Dormant	Ordinary	100	31 December
Wizz Tours Kft.	Hungary		1 Dormant	Ordinary	100	31 March
Wizz Aviation Professionals	Moldova		6 Crew company	Ordinary	100	31 December
WA Pilot Academy Sp. z.o.o.	Poland		7 Special purpose company	Ordinary	100	31 December
Wizz Air UK Limited	UK		8 Airline operator	Ordinary	100	31 March
Wizz Air Finance Company B.V.	The Netherlands		4 Financing company	Ordinary	100	31 March
Wizz Air Leasing Ltd.	Hungary		1 Aircraft leasing	Ordinary	100	31 March
Wizz Air Abu Dhabi Limited	United Arab Emirates		9 Holding entity	Ordinary	49	31 March
Wizz Air Abu Dhabi LLC	United Arab Emirates		10 Airline operator	Ordinary	49	31 March

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Registered offices**

- 1 1103 Budapest, Kőér utca 2/A. B. ép. II-V, Hungary
- 2 ul. Wolnosci 90, 42-625 Pyrzowice, Poland
- 3 Tuzla International Airport, Passenger Terminal Building, first floor-room No.12, Gornje Dubrave b.b., Živinice
- 4 'Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands
- 5 Bulv. Tarasa Shevchenko 33-B, 3rd floor, 01032 Kyiv, Ukraine
- 6 MD-2062, bd. Dacia, 49/8, municipiu CHIȘINĂU, R.MOLDOVA
- 7 26 Jasna Street, 00-054 Warszawa, Poland
- 8 Main Terminal Building, London Luton Airport, Luton LU2 9LY, United Kingdom
- 9 PO Box 35665, 34th & 35th Floor, Al Maqam Tower, Regus Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
- 10 Business Park 01, Plot P6, Office number 208, Abu Dhabi International Airport, Abu Dhabi, Abu Dhabi, United Arab Emirates

On 26 March 2020 Wizz Air Abu Dhabi Limited was incorporated as a holding company.

On 19 May 2020 the Group established Wizz Air Abu Dhabi LLC, an airline company in the United Arab Emirates, as a fully owned subsidiary of Wizz Air Abu Dhabi Limited.

On 8 July 2020 Wizz Air Leasing Ltd. and on 22 July 2020 Wizz Air Finance Company B.V. were incorporated as wholly owned subsidiaries of Wizz Air Holdings Plc.

The Group entered into various financing arrangements in order to finance aircraft including Sale and Leaseback, Japanese Operating Lease with Call Option (JOLCO) and French Tax Lease (FTL) structures. Certain of these arrangements include Special Purpose Vehicles (SPV) in the financing structure and in accordance with IFRS 10, where the Group has control of these entities, these are consolidated in the Group balance sheet.

Certain subsidiaries have a financial year end different from the Group's financial year end due to the requirements of local legislation.

18. Non-controlling interests

The following table summarises the information relating to Wizz Air Abu Dhabi Limited and Wizz Air Abu Dhabi LLC that has material NCI, before any intra-group eliminations.

	2021 € million	2021 Abu Dhabi LLC	2021 € million	Abu Dhabi Limited	2020 € million
Non-current					
Non-current assets		174.7		42.6	
Current assets		31.4		—	
Non-current liabilities		201.6		42.6	
Current liabilities		15.6		—	
Net assets		(11.1)		—	
Net assets attributable to NCI		(3.9)		—	
Revenue		—		—	
Profit		(13.2)		—	
OCI		(0.2)		—	
Total comprehensive income		(13.4)		—	
Profit allocated to NCI		(3.9)		—	
OCI allocated to NCI		(0.1)		—	
Cash flows from operating activities		(3.9)		(42.6)	
Cash flows from investment activities		(0.2)		—	
Cash flows from financing activities (dividends to NCI: €nil)		34.9		42.6	
Net increase/(decrease) in cash and cash equivalents		30.8		—	

19. Inventories

	2021 € million	2020 € million
Aircraft consumables	20.2	19.9
Emissions trading scheme (EU ETS) purchased allowances	33.5	50.8
Total inventories	53.7	70.6

During the year remnant stock with the book value of €0.1 million was written off to maintenance expenses (2020: €0.4 million). There was no write back in either year of any write down of inventory made previously.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**20. Trade and other receivables**

	2021 € million	2020 € million
Non-current		
Receivables from lessors	12.6	11.0
Other receivables	9.0	8.9
Non-current trade and other receivables	21.6	19.9
Current		
Trade receivables	63.1	83.9
Receivables from lessors	30.2	52.4
Other receivables	1.0	0.9
Total current other receivables	31.2	53.3
Less: provision for impairment of other receivables	—	—
Other current receivables net	31.2	53.3
Prepayments, deferred expenses and accrued income	19.4	32.6
Current trade and other receivables	113.7	169.8
Total trade and other receivables	135.3	189.7

Trade and other receivables in F21 included financial instruments in the amount of €109.3 million (2020: €153.3 million).

Receivables from lessors (both current and non-current) represent the deposits provided by Wizz Air to lessors as security in relation to the lease contracts and in relation to the funding of future maintenance events.

Trade receivables included €24.0 million receivables from contracts with customers (2020: €29.2 million). The decrease in contract assets was driven by the significant decline in sales revenues due to the COVID-19 outbreak.

Impairment of trade and other receivables

	2021 € million	2020 € million
Impaired receivables		
- other receivables	2.6	2.6
Allowances on impaired receivables		
- other receivables	—	—

The Group previously recorded €2.1 million receivables from Warsaw Modlin Airport as compensation for damages which were immediately impaired in full. However, the Group is legally claiming the full amount in court. The compensation claimed by Wizz Air, plus interest, was awarded by the District Court of Warsaw in June 2018. However, the airport appealed against the decision and the next hearing is to be scheduled.

21. Derivative financial instruments

	2021 € million	2020 € million
Assets		
Non-current derivatives		
Cash flow hedges	—	0.9
Current derivatives		
Fair value hedges	—	7.1
Cash flow hedges	3.8	8.3
Discontinued hedges	1.3	1.9
Total derivative financial assets	5.1	18.2
Liabilities		
Non-current derivatives		
Cash flow hedges	—	(41.3)
Current derivatives		
Cash flow hedges	(6.1)	(212.6)
Discontinued hedges	(2.9)	(53.9)
Total derivative financial liabilities	(9.0)	(307.8)

Derivative financial instruments represent cash flow and fair value hedges (see Note 3). The full value of a hedging derivative is classified as a current asset or liability if the remaining maturity of the hedged item is less than a year.

The changes in the net position of assets and liabilities in respect of open cash flow hedges are detailed in the Consolidated Statement of Changes in Equity.

During 2020 the Group used fair value hedges as well in order to mitigate change in lease liability value. The value of fair value hedge open positions is recorded immediately in the statement of comprehensive income as financial gain or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The mark-to-market gains (derivative financial assets) were generated on gains on call options bought (as part of zero-cost collar instruments) and FX forward transactions that were in the money at year end.

The mark-to-market losses (derivative financial liabilities) were generated on losses on put options sold (as part of zero-cost collar instruments) that were out of the money at year end. In F20 losses related almost exclusively to fuel options and was particularly high as the fuel price dropped significantly at the end of the year.

22. Restricted cash

	2021 € million	2020 € million
Non-current financial assets	134.1	179.7
Current financial assets	35.0	6.1
Total restricted cash	169.1	185.8

Restricted cash comprises cash in bank, against which there are letters of credit issued or other restrictions in place governing the use of that cash, resulting from agreements with aircraft lessors or other business partners. Restricted cash is excluded from cash and cash equivalents in the cash flow statement.

23. Borrowings

	2021 € million	2020 € million
Lease liability under IFRS 16	341.7	324.3
Unsecured debts	350.3	—
Liability related to JOLCO and FTL contracts	30.1	16.5
Total current borrowings	722.1	340.8
Lease liability under IFRS 16	1,452.2	1,397.0
Unsecured debts	499.2	—
Loans from non-controlling interests	12.8	—
Liability related to JOLCO and FTL contracts	424.5	274.9
Total non-current borrowings	2,388.7	1,671.9
Total borrowings	3,110.8	2,012.7

The Company issued £300.0 million commercial paper in April 2020 through the Covid Corporate Financing Facility (CCFF) with the Bank of England that was rolled over by twelve months in February 2021. Further to that, on 19 January 2021, Wizz Air Finance Company B.V., a 100 per cent owned subsidiary of Wizz Air Holdings Plc., issued €500.0 million 1.35 per cent Eurobond, fully and irrevocably guaranteed by the Company, under the €3,000.0 million EMTN programme with a maturity in January 2024.

The maturity profile of borrowings as at 31 March 2021 is as follows:

	IFRS 16 aircraft and engine lease liability € million	IFRS 16 other lease liability € million	JOLCO and FTL lease liability € million	Unsecured debts € million	Loans from non- controlling interests € million	Total € million
Payments due:						
Within one months	45.3	0.1	—	—	—	45.4
Between one and three months	45.6	0.7	6.4	—	—	52.7
Within three months and one year	248.8	1.1	23.7	350.3	—	623.9
Between one and five years	1,013.9	5.7	122.5	499.2	—	1,641.3
More than five years	429.2	3.5	302.0	—	12.8	747.5
Total borrowings	1,782.8	11.1	454.6	849.5	12.8	3,110.8

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The maturity profile of borrowings as at 31 March 2020 is as follows:

	IFRS 16 aircraft and engine lease liability € million	IFRS 16 other lease liability € million	JOLCO and FTL lease liability € million	Unsecured debts € million	Loans from non-controlling interests € million	Total € million
Payments due:						
Within one months	31.0	—	—	—	—	31.0
Between one and three months	53.4	0.2	3.6	—	—	57.2
Within three months and one year	239.0	0.7	12.9	—	—	252.6
Between one and five years	1,078.7	2.0	69.5	—	—	1,150.2
More than five years	311.1	5.3	205.3	—	—	521.7
Total borrowings	1,713.2	8.2	291.3	—	—	2,012.7

The total cash outflow for leases during F21 was €405.9 million (2020: €391.6 million). Please refer to Note 14 for details on right-of-use assets.

24. Convertible debt

	2021 € million	2020 € million
Non-current financial liabilities	26.2	26.4
Current financial liabilities	0.3	0.3
Total convertible debt	26.5	26.7

Convertible debt is Convertible Notes held by Indigo Hungary LP and Indigo Maple Hill LP ("Indigo").

Principal and any accrued interest on the Convertible Notes are convertible into Ordinary Shares in Wizz Air Holdings Plc at conversion factors in the range of €1.0-€1.5 for one share. Such Ordinary Shares issued as a result of conversion in certain cases might be subject to restrictions on voting and dividend rights. Until the Notes are converted, interest on the Notes is payable in cash with a coupon rate of interest of 8 per cent per annum, twice a year in February and in August.

Convertible Notes are guaranteed by Wizz Air Hungary Ltd. – see Note 32.

For more information about the Group's exposure to interest rate risk, see Note 3.

25. Trade and other payables

	2021 € million	2020 € million
Current liabilities		
Trade payables	89.8	119.1
Payables to passengers	116.4	132.0
Other payables	32.5	12.6
Accrued expenses	227.0	205.9
Total trade and other payables	465.7	469.6

In F21 €116.4 million (2020: €132.0 million) payable to passengers includes the refunds made in credits which can be used by customers for re-booking tickets for later dates or can be requested to be refunded by the Group in cash and other liabilities towards customers. In F21 other liabilities contain ETS allowances subject of sale and repurchase agreements, representing the obligation of the Group to repurchase the allowances.

26. Deferred income

	2021 € million	2020 € million
Non-current financial liabilities		
Deferred income	43.5	13.1
Current financial liabilities		
Unearned revenue	65.0	168.4
Other	3.0	3.9
Total deferred income	111.5	185.4

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Non-current deferred income represents the value of benefit for the Group coming from concessions (cash credits and free aircraft components) received from aircraft and certain component suppliers that will be recognised as a credit (an aircraft rentals expenses decreasing item) on a straight-line basis over the lease term of the respective asset.

Current deferred income represents the value of tickets paid by passengers for which the flight service is yet to be performed ("unearned revenue"), the value of membership fees paid but not yet recognised and the current part of the value of supplier credits received. The decrease in unearned revenue was due to the significant drop in ticket sales due to coronavirus.

The contract liabilities (unearned revenue) of €65.0 million existing at 31 March 2021 (€168.4 million at 31 March 2020) will become revenue during F22 (subject to further cancellations that might happen after the year end). The decrease in contract liabilities was driven by the lower business activity and shorter booking windows during and towards the end of the financial year, both due to coronavirus.

27. Employee benefits

Share-based payments

The share-based payment charge in the financial statements for the year relates to employee share options issued during 2015-2020 under the 2014 Employee Long-term Incentive Plan (LTIP) of the Group. The expenses (other than social security) recognised in relation to these instruments were €4.1 million (2020: €4.2 million).

The options are classified as equity-settled share-based payments. The Company issues new shares for any options exercised, irrespective of the method of exercise. The fair value of the awards and options is recognised as staff cost over the estimated vesting period with a corresponding charge to equity.

Long-term Incentive Plan (LTIP)

Share options issued during the financial year

Terms and conditions:

	All Options	Restricted Options	Performance Options
Number of options	240,927	18,525	222,402
Exercise price		nil	nil
Vesting period		3 years	3 years
Termination		10 years	10 years

There are no individual performance conditions set for the employees to exercise their options after the three-year vesting period other than that the employee must be in employment with one of the Group entities until and on the date of exercise of the options.

For the Performance Options the performance conditions are set as per the TSR of the Group relative to the TSR of certain selected European airlines over the three-year period following the award.

The percentage of Performance Options that will vest will be determined on a pro-rata basis ("pay-out rate") to the extent that the target levels for the performance conditions will be met by the Group.

The fair value of options granted was determined by using the Black-Scholes model, resulting in €39.00 per share. The total cost of the grant was determined based on: (i) the fair value of options; (ii) the number of options expected to be forfeited due to employee turnover; and (iii) the estimated pay-out rate for Performance Options.

Share options in issue

The number of LTIP share options in issue at year end is as follows:

	All Options	Restricted Options	Performance Options
Outstanding at the beginning of the year	1,095,738	114,010	981,729
Granted during the year	240,927	18,525	222,402
Exercised during the year	(160,586)	(44,599)	(115,987)
Forfeited during the year	(295,736)	(9,494)	(286,242)
Outstanding at the end of the year	880,343	78,442	801,902
Exercisable at the end of the year	203,296	11,400	191,896

The number of options outstanding at the beginning of the year has been restated compared to the disclosure in the 2020 Annual Report. There were more options forfeited during the 2020 financial year than originally reported and consequently the 31 March 2020 total balance of options have been corrected from 1,162,313 (as in the 2020 Annual Report) to 1,095,738 in this table.

The weighted average remaining contractual life for the LTIP share award at 31 March 2021 is was seven years and five months (seven years and nine months years at 31 March 2020).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Employee Share Option Plan (ESOP)***Share options issued during the financial year*

There were no share options issued either during the year or in the prior year. The last options under the ESOP were issued in January 2015 and therefore by January 2018 all open options vested.

There are no individual performance conditions set for the employees to exercise their vested options other than that the employees must be in employment with one of the Group entities until and on the date of exercise of the options.

Share options in issue

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

	2021 Weighted average exercise price €	2021 Number of options	2020 Weighted average exercise price €	2020 Number of options
Outstanding at the beginning of the year	13.69	47,500	13.56	182,000
Granted during the year	—	—	—	—
Exercised during the year	13.69	(47,500)	13.51	(134,500)
Forfeited during the year	—	—	—	—
Outstanding at the end of the year	—	—	13.69	47,500
Exercisable at the end of the year	—	—	13.69	47,500

At the end of the 2021 financial year, there were no outstanding options any more (at the end of the 2020 financial year the outstanding options had a weighted average outstanding contractual life of four years and nine months).

Taxation

Under the terms of both programmes all taxes payable on share options are the liability of the recipients of these benefits. However, in certain cases the Company or its subsidiaries have a legal obligation to pay the employer social security on the income realised by the recipients. To the extent the additional social security obligations can be estimated, the Group makes a provision for these already during the vesting period of the instruments.

28. Government grants and government assistance

The Group benefited from paying employer social security contributions in the period from May to December 2020 for both the Hungarian employed crew and the office employees in Hungary. In the United Kingdom, Wizz Air UK Limited has been able to utilise the government established Coronavirus Job Retention Scheme (CJRS) commonly referred to as the furlough scheme. Similar schemes have been utilised in Germany and Italy. Together these schemes resulted in total savings for the business of €7.1 million (2020: €nil).

29. Capital and reserves**Share capital**

Number of shares	2021	2020
In issue at the beginning of the year	102,803,633	102,617,673
Issued during the year for cash	208,586	185,960
In issue at the end of the year – fully paid	103,012,219	102,803,633
Ordinary Shares	85,635,016	85,426,430
Convertible Shares	17,377,203	17,377,203

Value of shares	2021 £	2021 €	2020 £	2020 €
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Authorised

Equity: 170,000,000 (2020: 170,000,000) Ordinary

Shares of £0.0001 each and 80,000,000 (2020:

80,000,000) non-voting, non-participating

Convertible Shares of £0.0001 each

25,000 **34,415** 25,000 34,415

Allotted, called up and fully paid

Equity: 103,012,219 (2020: 102,803,633) shares of

£0.0001 each

10,301 **12,092** 10,280 11,623

Ordinary Shares

8,564 **10,053** 8,543 9,659

Convertible Shares

1,737 **2,039** 1,737 1,964

During both F21 and F20 the increase in the total number of issued shares was due to the exercise of certain employee share options.

Ordinary Shares

The holders of Ordinary Shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Convertible Shares

In March 2015, linked to the listing of the Company's shares on the London Stock Exchange, certain convertible loans and notes (including accrued interest) were converted into non-voting, non-participating Convertible Shares of the Company. There were 17,377,203 Convertible Shares in issue at 31 March 2021, all fully paid (2020: 17,377,203 shares). The Convertible Shares are held by Indigo and can be converted into Ordinary Shares of the Company by Indigo on the condition of meeting certain criteria post-conversion regarding the overall shareholding structure of the Company.

Reserves**Share premium**

Share premium has two main components. €207.2 million was recognised as a result of the Group reorganisation in October 2009. It represents the estimated fair value of the Group at the date of the transaction. The remaining €174.0 million (as at 31 March 2021) was recognised as a result of new share issues made since October 2009. These new share issues comprised the primary offering on the initial public offering of the Company's shares on the London Stock Exchange in March 2015, the conversion of some of the convertible debt instruments into shares and the conversion of certain employee share options into shares. Within this, during F21 a €0.6 million (2020: €1.5 million) increase was recorded in the share premium, all related to conversion of employee share options.

Reorganisation reserve

A reorganisation reserve of €193.0 million was recognised as a result of the Group reorganisation in October 2009. It is equal to the difference between the fair value of the Group at the date of reorganisation of €209.0 million and the share capital of the Group at the same date (€16.0 million).

Equity part of convertible debt

The equity part of convertible debt comprises the equity component of compound instruments issued by the Company. The amount of the convertible debt classified as equity of €8.3 million (2020: €8.3 million) is net of attributable transaction costs of €8.3 million.

Share-based payment charge

The share-based payment balance of €18.4 million credit (2020: €14.3 million) corresponds to the recognised cumulative charge of share options and share awards provided to the employees and Directors under long-term incentive schemes. This balance is recognised directly in retained earnings.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative unrealised net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The gross amount of cumulative unrealised change in the fair value of cash flow hedging instruments was €2.2 million loss (2020: €241.7 million loss), while the deferred tax effect was €nil (2020: €0.5 million gain).

Retained earnings

There were no dividends paid in F21 or F20. Share-based payments are credited to retained earnings.

30. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2019	138.3	10.9	149.2
Non-current provisions	45.9	—	45.9
Current provisions	92.4	10.9	103.3
Capitalised within property, plant and equipment	42.4	—	42.4
Charged to comprehensive income	—	24.4	24.4
Used during the year	(74.8)	(20.0)	(94.8)
At 31 March 2020	105.9	15.3	121.2
Non-current provisions	44.2	2.7	46.9
Current provisions	61.7	12.6	74.3
Capitalised within property, plant and equipment	25.9	—	25.9
Charged to comprehensive income	—	5.7	5.7
Used during the year	(53.7)	(10.2)	(63.9)
At 31 March 2021	78.1	10.8	88.9
Non-current provisions	49.3	1.8	51.1
Current provisions	28.8	9.0	37.8

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due beyond one year from the balance sheet date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The amount of provision reflects management's estimates of the cost of heavy maintenance work that will be required in the future to discharge obligations under the Group's lease agreements (see Note 4). Maintenance

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines. Maintenance provision decreased due to scheduled maintenance events during F21.

The decrease in maintenance provisions from F19 to F20 and from F20 to F21 both related primarily to engine Life Limited Part replacements.

Other provisions mainly relate to liabilities for EU Regulation (EC) No. 261/2004 (EU 261) compensation to customers, refunds made to passengers, and uncertain tax positions. The value of the provision is determined based on known eligible events and historical claim patterns.

31. Financial instruments

Fair values

The fair values of the financial instruments of the Group together with their carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2021 € million	Fair value 2021 € million	Carrying amount 2020 € million	Fair value 2020 € million
Trade and other receivables due after more than one year	21.6	21.6	19.9	19.9
Restricted cash	169.1	169.1	185.9	185.9
Derivative financial assets	5.1	5.1	18.2	18.2
Trade and other receivables due within one year	113.7	113.7	169.8	169.8
Cash and cash equivalents	1,100.7	1,100.7	878.0	878.0
Short term cash deposits	346.8	346.8	432.5	432.5
Trade and other payables due within one year	(465.7)	(465.7)	(469.6)	(469.6)
Derivative financial liabilities	(9.0)	(9.0)	(307.8)	(307.8)
Convertible debt	(26.5)	(26.5)	(26.7)	(26.7)
Borrowings	(2,261.3)	(2,318.5)	(2,012.7)	(2,042.4)
Unsecured debts	(849.5)	(858.0)	—	—
Net balance of financial instruments (asset)	(1,855.0)	(1,920.3)	(1,112.5)	(1,142.2)

The fair value of borrowings and some items within trade and other receivables are Level 3 in the fair value hierarchy. The fair values of all other financial assets and financial liabilities fall into Level 2 category.

Financial assets measured at fair value through profit or loss:

	Carrying amount 2021 € million	Carrying amount 2020 € million
Derivative financial assets	5.1	18.2
Total	5.1	18.2

Financial liabilities measured at fair value through profit or loss:

	Carrying amount 2021 € million	Carrying amount 2020 € million
Derivative financial liabilities	9.0	307.8
Total	9.0	307.8

Where available the fair values of financial instruments have been determined by reference to observable market prices where the instruments are traded. The fair value of financial instruments that are not traded in an active market (such as long-term deposits among the non-current other receivables) is determined by estimated discounted cash flows.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to the short-term nature of trade receivables and payables. Long-term financial assets and liabilities which are classified as fair value through profit and loss are recognised on fair value.

Trade and other receivables due after more than one year are almost exclusively maintenance reserves, with an average term of approximately four years. The fair value of these assets is determined by discounting at a rate of interest of four years' US Dollar swap rate prevailing on the last day of the financial year. The carrying value of the level 3 instruments within trade and other receivables considered to be the fair value as discounting has an immaterial effect.

The fair value of derivative financial instruments is determined by the financial institutions that issued the respective derivative. The financial institutions are using generally accepted valuation techniques, principally the Black-Scholes model and discounted cash flow models.

The fair value of lease liabilities is determined by discounting the future lease cash flows with the discount rate (incremental borrowing rate) prevailing at the year end.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Gains and losses**

The following net gains or losses were recognised in the statement of comprehensive income in relation to financial assets measured at amortised cost:

- ▶ during the year €7.5 million interest income (2020: €35.7 million income) on cash and cash equivalents;
- ▶ during the year €8.1 million unrealised FX loss (2020: €18.8 million gain) on cash and cash equivalents; and
- ▶ during the year €3.0 million unrealised FX loss (2020: €3.0 million loss) on trade and other receivables.

Effective interest rates analysis**Interest-bearing financial liabilities**

The following table indicates the effective interest rate of the interest-bearing liabilities of the Group on the statement of financial position date and the periods in which they mature. Convertible Notes (see Note 24) are denominated in Euros, while the lease liabilities are denominated in Euros and US Dollars.

	2021						2020					
	Effective interest rate	Total	Within one year	One to two years	Two to five years	Above five years	Effective interest rate	Total	Within one year	One to two years	Two to five years	Above five years
		€ million	€ million	€ million	€ million	€ million		€ million	€ million	€ million	€ million	€ million
Convertible Notes	7.4%	26.5	0.3	26.2	—	—	7.4%	26.7	0.3	—	26.4	—
Unsecured debts	1.53%	849.5	350.3	—	499.2	—	—	—	—	—	—	—
IFRS 16 aircraft and engine lease liability	4.3%	1,782.8	339.8	284.2	729.7	429.1	5.8%	1,713.2	323.4	313.4	765.3	311.1
IFRS 16 other lease liability	2.78%	11.1	1.9	1.6	4.1	3.5	3.60%	8.2	1.2	0.9	2.4	3.8
JOLCO and FTL lease liability	0.92%	454.6	30.1	30.3	92.2	302.0	0.78%	291.3	16.5	52.0	17.5	205.3

Interest earning financial assets

The Group invested excess cash primarily in Euros and US Dollars denominated short-term time deposits on market rate at major banking groups.

Changes in liabilities arising from financing activities

The following table includes changes in net borrowings (including convertible debt) reconciled with their effects on the consolidated statement of cash flows.

	2021 € million	2020 € million
Net borrowings at the beginning of the year	2,039.4	1,841.3
Paid interest	(72.7)	(89.1)
New loans	195.6	297.7
New unsecured debt	1,177.0	—
Repayment of unsecured debt	(338.2)	—
Repayment of loans	(336.5)	(304.9)
Change in net borrowings from cash flows	625.2	(96.3)
New non-cash borrowings	482.2	193.1
Accrued interest	76.7	88.8
Exchange difference (<i>unrealised FX</i>)	(82.6)	12.5
Other non-cash items	(1.0)	—
Net borrowings at the end of the year	3,139.9	2,039.4

32. Financial guarantees

The Company has provided a parent guarantees to certain lessors of its aircraft fleet, to guarantee the performance of its airline subsidiaries under the respective lease contracts.

The Company has provided a parent guarantee to the Hungarian government, to guarantee the performance of its airline subsidiary in relation to a public services contract for the scheduled transport of passengers between Hungary and five Western Balkan countries.

The Company has provided a parent guarantee to certain hedging counterparties, to guarantee the performance of Wizz Air Hungary Ltd., under the respective hedge contracts.

The Company in April 2018 provided a parent guarantee to the UK Civil Aviation Authority, to guarantee the performance of Wizz Air UK Limited in the context of the UK operating licence application process of Wizz Air UK Limited.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The note purchase agreement (for Convertible Notes) contains a guarantee and indemnity, pursuant to which Wizz Air Hungary Ltd., *inter alia*, guarantees to Indigo Hungary LP and Indigo Maple Hill LP the punctual performance by the Company of its obligations under the note purchase agreement.

The issue of €500.0 million 1.35 per cent Eurobond by Wizz Air Finance Company B.V. is fully and irrevocably guaranteed by the Company.

33. Capital commitments

At 31 March 2021 the Group had the following capital commitments:

- ▶ a commitment to purchase 248 Airbus aircraft of the A320-family in the period 2021–2027. Of the 248 aircraft 228 relate to the “neo” version of the A320-family (82 from the purchase orders placed in June 2015 and 146 from the purchase order placed in November 2017), while the remaining 20 relate to the “neo XLR” version (from the purchase order placed in June 2019). The total commitment is valued at US\$34.1 billion (€29.1 billion) based on list prices last published in 2018 and escalated annually until the reporting date (2020: US\$33.5 billion (€30.5 billion), valued at 2018 list prices). As at the date of approval of this document out of the 248 aircraft 27 are to be delivered in F22 and 22 are covered by sale and leaseback agreements; and
- ▶ a commitment to purchase 35 IAE “neo” (GTF) spare aircraft engines in the period 2021–2026. In July 2016 the Group entered into an engine selection agreement with Pratt & Whitney that, among other matters, included a commitment for the Group to purchase 16 spare engines (of which six were already received). In September 2019 the Group restated and amended this engine selection agreement with certain other commitments including a purchase of 25 additional spare engines until 2026. The total commitment is valued at US\$557.4 million (€474.5 million) at list prices in 2020 US\$ terms (2020: US\$569.1 million (€518.4 million), valued at 2020 list prices). As at the date of approval of this document the 35 engines are not yet financed. Only a few of these 35 engines will be delivered in F22.

34. Contingent liabilities

Legal disputes

European Commission state aid investigations

Between 2011 and 2015, the European Commission has initiated state aid investigations with respect to certain arrangements made between Wizz Air and the following airports, respectively: Timișoara, Cluj-Napoca, Târgu Mureș, Beauvais and Girona. In the context of these investigations, Wizz Air has submitted its legal observations and supporting economic analyses of the relevant arrangements to the European Commission, which are currently under review. The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of the new “EU Guidelines on State aid to airports and airlines” which were adopted by the European Commission on 20 February 2014. Where relevant, Wizz Air has made further submissions to the European Commission in response to this notification. In relation to the Timișoara arrangements, the European Commission confirmed on 24 February 2020 that the arrangements did not constitute state aid. We are awaiting decisions in relation to the other airport arrangements mentioned herein above. Ultimately, an adverse decision by the European Commission could result in a repayment order for the recovery from Wizz Air of any amount determined by the European Commission to constitute illegal state aid. None of these ongoing investigations are expected to lead to exposure that is material to the Group.

Claims by Carpatair

Between 2011 and 2013, Carpatair, a regional airline based in Romania, has initiated a number of legal proceedings in Romania alleging that Wizz Air has been receiving state aid from Timișoara airport, demanding that Wizz Air reimburse any such state aid. In addition, Carpatair has initiated an action for damages demanding recovery from Wizz Air of approximately €93.0 million in alleged damages, which damages claim was dismissed by the Bucharest court of appeals on the basis of the substantive argument that Carpatair lacks an interest in the matter. The decision by the Bucharest court of appeals is currently subject to appeal. Importantly, in light of the favourable European Commission decision on the Timișoara arrangements referred to above, it is expected that the Romanian courts will eventually rule in favour of Wizz Air dismissing the respective requests and claims filed by Carpatair.

No provision has been made by the Group in relation to these issues because there is currently no reason to believe that the Group will incur charges from these cases.

35. Related parties

Identity of related parties

Related parties are:

- ▶ Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as “Indigo” here), because it has appointed two Directors to the Board of Directors (all in service at 31 March 2021); and
- ▶ key management personnel (Directors and Officers).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Indigo, Directors and Officers altogether held 11.4 per cent of the voting shares of the Company at 31 March 2021 (2020: 20.0 per cent).

Transactions with related parties

There were no transactions with related parties during the financial year except as indicated below.

Transactions with Indigo

At 31 March 2021 Indigo held 7,307,692 Ordinary Shares (equal to 8.5 per cent of the Company's issued share capital) and 17,377,203 Convertible Shares of the Company (2020: 15,000,000 Ordinary Shares and 17,377,203 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company (see Note 24). The Company's liability to Indigo, including principal and accrued interest, was €26.7 million at 31 March 2021 (2020: €26.8 million).

During the year ended 31 March 2021 the Company entered into transactions with Indigo as follows:

- ▶ the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2020: €2.0 million); and
- ▶ fees of €0.2 million (2020: €0.2 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company.

Transactions with key management personnel

Officers (members of executive management) and Directors of the Board are considered to be key management personnel. The compensation of key management personnel, including Non-Executive Directors, is as follows:

	2021 € million	2020 € million
Salaries and other short-term employee benefits	3.5	7.0
Social security costs	0.8	1.9
Share-based payments	3.1	2.9
Amounts paid to third parties in respect of Directors' service	2.7	0.4
Total key management compensation expense	10.2	12.2

There were no termination benefits paid to any key management personnel in the year or the prior year.

36. Prior period restatements**Short term cash deposits**

In agreement with the Financial Reporting Council (FRC), the Company has decided to present deposits with an original maturity of longer than three months separately from cash and cash equivalents. Please refer to Note 2 on the revised accounting policy for more details.

Presentation of foreign currency gains and losses in the Consolidated statement of cash flows

The management restated the presentation of foreign exchange gains and losses on cash and cash equivalents as these amounts were previously reported as part of Changes in working capital of €11.4 million. Further €9.0 million gains on bank deposits were reclassified from operating cash flow to "effect of exchange rate fluctuations on cash and cash equivalents". The Statement of Cash Flows for F20 was restated in order for the corresponding amounts to be presented appropriately.

Interest received in the amount of €44.3 million were previously incorrectly presented within financial expense and are now presented within financial income. Furthermore, other reclassifications have also been made within Net cash generated by operating activities to better align the financial expenses and financial income in the Statement of Cash Flows to the Statement of Comprehensive Income.

Impact of these changes on the F20 Statement of Balance Sheet and F20 Statement of Cash Flows are shown below. The restatements do not have a significant impact on the opening balances of F20.

The Consolidated statement of financial position for the year ended 31 March 2020 has been restated as follows:

	2020 As previously stated € million	Impact of deposit reclassification	2020 As restated € million
ASSETS			
Current assets			
Short term cash deposits	—	432.5	432.5
Cash and cash equivalents	1,310.5	(432.5)	878.0

The Consolidated statement of cash flows for the year ended 31 March 2020 has been restated as follows:

	2020 As previously stated € million	Impact of separating FX gains and losses € million	Impact of deposit reclassification € million	2020 As restated € million
Cash flows from operating activities				
(Loss)/profit before income tax	294.1	—	—	294.1
<i>Adjustments for:</i>				
Financial income	(3.1)	(44.2)	—	(47.3)
Financial expenses	120.6	(29.1)	—	91.5
Unrealised fair value losses on derivative financial instruments	—	79.0	—	79.0
Unrealised foreign currency gains and losses	—	(11.9)	—	(11.9)
Realised non-operating foreign currency gains and losses	—	12.3	—	12.3
Changes in working capital (excluding the effects of exchange differences on consolidation)				
Decrease in trade and other receivables	115.6	(7.1)	—	108.4
Increase/(decrease) in restricted cash	(6.8)	13.7	—	6.8
Increase in trade and other payables	146.5	(33.1)	—	113.4
Cash (used in)/generated by operating activities before tax				
	784.5	(20.4)	—	764.1
Decrease/(increase) in short term cash deposits	—	4.7	(432.5)	(427.7)
Net cash (used in)/generated by investing activities				
	(682.4)	4.7	(432.5)	(1,110.1)
Net decrease in cash and cash equivalents	(4.1)	(15.7)	(432.5)	(452.3)
Effect of exchange rate fluctuations on cash and cash equivalents	(1.4)	15.7	—	14.3
Cash and cash equivalents at the end of the year				
	1,310.5	—	(432.5)	878.0

37. Subsequent events

The Company informed Indigo Hungary LP and Indigo Maple Hill, L.P. (together "Indigo") on 1 June 2021 that the Company has elected to convert Indigo's entire holding of 17,377,203 convertible shares of £0.0001 each in the capital of the Company ("Convertible Shares") into ordinary shares of £0.0001 each in the capital of the Company ("Ordinary Shares"), on a one for one basis, in accordance with the Company's articles of association. Once executed the effect of the Conversion will be to increase the number of Ordinary Shares in issue from 85,635,016 to 103,012,219.

38. Ultimate controlling party

In the opinion of the Directors there is no individual controlling party in relation to the Company's issued Ordinary Shares.

As at 14 May 2021 approximately 52.4 per cent of the Ordinary Shares in the Company were owned by Qualifying Nationals. Shareholders and potential investors are reminded that the Group's Hungarian operating licence depends, *inter alia*, on Qualifying Nationals owning more than 50 per cent of the Ordinary Shares. The Company's articles of association enable the Directors to take action to ensure that the amount of Ordinary Shares held by Non-Qualifying Nationals does not reach a level that could jeopardise the Group's entitlement to continue to hold or enjoy the benefit of any operating licence that benefits the Group.

On 29 December 2020, Wizz Air Holdings Plc announced its decision to treat as Restricted Shares certain Ordinary Shares held by Non-Qualifying Nationals and to issue to such Shareholders Restricted Share Notices (the "Disenfranchisement"). This is because from 1 January 2021 UK nationals are no longer to be treated as Qualifying Nationals with regard to ongoing European airline ownership requirements, notwithstanding the UK-EU Trade and Cooperation Agreement. Therefore, the Board has resolved to exercise its power under the Articles to serve Restricted Share Notices on Non-Qualifying National shareholders specifying that, from 1 January 2021, in respect of their Restricted Shares they cannot attend or speak or vote at any general meetings of the Company. The rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll in respect of the Restricted Shares, shall vest in the chairman of such meeting, who will be a director who is a Qualifying National. Each such director will give an irrevocable undertaking not to vote any such Restricted Shares.

The Board has determined, pursuant to the Articles, that the fairest and most appropriate method to implement the Disenfranchisement is for the same proportion of each Non-Qualifying National's (including each UK national's) shareholding to be designated as Restricted Shares. Qualifying Nationals include: (i) EEA nationals; (ii) nationals of Switzerland; and (iii) in respect of any undertaking, an undertaking that satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and any third country (whether or not such undertaking is itself granted an operating licence).

A Non-Qualifying National is any person who is not a Qualifying National as per with the definition above.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

Report on the audit of the financial statements

Opinion

In our opinion, Wizz Air Holdings Plc's group financial statements:

- ▶ give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its loss and cash flows for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards as adopted in the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual report and accounts 2021 (the "Annual Report"), which comprise: the Consolidated statement of financial position as at 31 March 2021; the Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Sustainability Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- ▶ The group financial statements are a consolidation of Wizz Air Holdings Plc, the trading subsidiaries Wizz Air Hungary Ltd., Wizz Air UK Limited, and Wizz Air Abu Dhabi LLC, a number of insignificant intermediate holding and small trading companies, and companies that have ceased operations.
- ▶ The accounting for these entities and the group consolidation is centralised in Hungary where the majority of our audit work was performed.
- ▶ Whilst the consolidated results consist of a number of legal entities, due to the internal reporting process, our audit approach is to audit the consolidated results as one component.

Key audit matters

- ▶ Accuracy of IFRS 16 'Leases' input data
- ▶ Aircraft maintenance provisioning
- ▶ Hedge and derivative accounting
- ▶ Consideration of the impact of COVID-19
- ▶ Ability of the group to continue as a going concern
- ▶ Impairment of non-financial assets

Materiality

- ▶ Overall materiality: €17,500,000 (2020: €17,500,000) based on 5% of three-year average profit / loss before tax adjusted for exceptional items, capped at the level of the prior year materiality.
- ▶ Performance materiality: €13,125,000.

The scope of our audit

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Accuracy of IFRS 16 'Leases' input data and Impairment of non-financial assets are new key audit matters this year. Accounting for the adoption of IFRS 16 'Leases', which was a key audit matter last year, is no longer included because of the fact that this related to the adoption of this accounting standard in the FY20 financial statements, whilst the on-going risk relates to the accuracy of data for new leases in the year which has been reported as a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accuracy of IFRS 16 'Leases' input data The group adopted IFRS 16 from 1 April 2019 using the fully retrospective method of application meaning that the changes in accounting were applied and presented as if IFRS 16 was applicable for leases since their inception. The group recognised right-of-use assets of €1,500.9 million and associated lease liabilities of €1,739.9 million as at 31 March 2021. The right-of-use assets and lease liabilities are calculated based on discounted future lease payments. These calculations involve assumptions including, but not limited to, determination of the lease payments, expected lease term, consideration of extension options and the discount rate used to determine the liabilities. We focused on this area because input data errors for new leases or a failure to accurately capture changes in lease contracts in the year could materially impact the lease accounting given the value of an individual lease. <i>Refer to the Accounting policies note (Note 2), Note 4 for the directors' disclosures of the relevant judgments and estimates involved in determining the IFRS 16 balances at 31 March 2021 and Notes 14 and 23 which disclose the right of use assets and lease liability balances and movements, respectively.</i>	We understood and evaluated the process followed by management to account for its leases under IFRS 16. We tested the integrity of management's system used to perform the lease liability and RoU asset calculations by testing its IT general controls. We tested the accuracy of the underlying data used in management's system and in the discount rate calculation for new leases in the year to supporting documentation. We assessed the process by which variable factors within the calculation were estimated and re-performed calculations for a sample of leases. We also tested the appropriateness of the other significant assumptions used for lease additions or modifications in the year. This included the discount rates used. We assessed the appropriateness of lease extension options being used to calculate the value of the lease liabilities. We tested the rate used to discount future lease payments, and the appropriateness of the external sources of information used for risk-free rates and credit spread and found that the rates used for new leases were a reasonable approximation of the incremental borrowing rate of the group. Where leases contained an option for early termination or extension, we considered management's assessment of the likelihood of the option being exercised, based on the nature of the

assets and the terms including changes in the period under option.

We did not find any significant issues from our testing of the input data or the calculations of right-of-use assets and lease liabilities. The basis for these calculations is consistent with the prior year and in line with the accounting policy set out in Note 2 and the critical accounting estimates and judgement disclosed in Note 4.

Aircraft maintenance provisioning

The group operates aircraft which are held under lease arrangements and incurs liabilities for maintenance costs in respect of leased aircraft in line with the terms of its aircraft leases.

Under these lease agreements, the group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return.

The group uses the 'strict obligation' method of accounting for such costs under which provision is made for the minimum unavoidable costs of specific future maintenance obligations created by the lease at the time when such obligations become certain.

Maintenance provisions of €78.1 million for aircraft maintenance costs in respect of leased aircraft are recorded in the financial statements at 31 March 2021 (refer to Note 30 to the financial statements).

At each balance sheet date, the calculation of the maintenance provision includes a number of variable factors and assumptions including: likely utilisation of the aircraft; the expected cost of the heavy maintenance check at the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts.

We focused on this area because an inherent level of management judgement and estimation is required in determining the above variable factors and assumptions on an aircraft by aircraft basis. This includes a judgement on whether to perform future maintenance based on expected flying hours or whether to pay compensation to the lessor at the end of the lease.

Refer to the Accounting policies note (Note 2) and Note 4 for management's disclosures of the relevant judgments and estimates involved in calculating the maintenance provisions required, as well as Note 30 for specific disclosures relating to the maintenance provisions.

We understood and evaluated the process followed by management to determine its maintenance provision.

We tested the integrity of the maintenance provision system used by management by testing its IT general controls and testing specific automated calculations therein.

We also assessed the process by which the variable factors within the provision were estimated by performing the following procedures:

- ▶ Comparing the cost assumptions in the maintenance provision system with recent invoices, inspected and approved maintenance plans as well as validated current flight hours and flight cycles to non-financial data sources.
- ▶ Testing the input data through agreement to underlying lease contracts, focussing specifically on new and amended contracts.
- ▶ Assessing whether the calculations took into account the impact, if any, of grounding of the fleet in the year or aircraft that have been parked.
- ▶ Re-performing calculations.
- ▶ Performing a look back test to assess the accuracy of past estimates.
- ▶ Testing the short and long-term split of the provision.

We did not identify any significant issues with the calculated maintenance provisions and charges nor the related disclosures, including significant estimates and judgements involved in the calculation, that are included in the financial statements. The basis for the calculation of the provision was found to be consistent with the prior year and in line with the accounting policy set out in Note 2.

Hedge and derivative accounting

Given the nature of its business, the group uses derivatives and financial instruments to hedge transactional foreign currency and jet fuel price risks. In light of ongoing travel restrictions caused by the COVID-19 pandemic and the resulting uncertainty in demand for travel, management suspended fuel hedging and only limited new US Dollar hedges were transacted to reduce the risk of over-hedging.

We evaluated the processes, procedures and controls in respect of the group's treasury and other management functions which directly impact the relevant account balances and transactions. The results of this work allowed us to focus on substantiating the year-end positions recorded in the financial statements. Our audit procedures comprised:

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As a result the closing cash flow hedge reserve balance is immaterial, however, a significant loss was recognized on these derivatives during F21. The capacity operated in F21 was significantly lower than the forecast capacity that the hedging programme was originally based on. As a consequence, hedge accounting was discontinued, and where the hedging instruments no longer matched expected future purchases of jet fuel or, to a smaller extent, foreign currency purchases, any losses deferred in the cash flow reserve within other comprehensive income related to these derivatives were released to the statement of comprehensive income.

The loss on these instruments totalled €93.6 million and was treated as an exceptional operating expense in the current year. At 31 March 2021, derivative financial assets amounted to €5.1 million and derivative financial liabilities were €9.0 million.

We focus on these transactions due to the level of manual input in monitoring open, closed and settled derivatives and the judgement relating to whether hedge accounting can be applied.

Refer to the Accounting policies note (Note 2) and Note 4 for management's disclosures of the relevant judgments and estimates involved in the accounting for hedging arrangements and financial derivatives, as well as Note 3 for financial risk management and Note 21 for specific disclosures relating to derivative financial instruments. Refer to the Audit and Sustainability Committee report on page 78.

- ▶ We independently obtained direct confirmations from each of the counterparties to test the completeness of the transactions and the cut-off at the year end.
- ▶ We recalculated the year-end fair value of derivatives to test the accuracy and valuation of the fair value using independent data feeds.
- ▶ We assessed the appropriateness of hedge accounting for the derivative financial instruments and performed testing procedures over the hedge documentation and effectiveness testing.
- ▶ We tested management's estimate and judgement on the discontinuance of cash flow hedge accounting due to COVID-19 and noted that the impact on future reporting periods is now immaterial. This involved testing that the forecast volume of jet fuel hedges identified as neither highly probable nor expected to occur was consistent with forecasts used to support other judgements.
- ▶ We tested the losses incurred on discontinued hedges to supporting books and records.
- ▶ We assessed the disclosures included in the financial statements in respect of derivative financial instruments and hedge accounting and the exceptional expense.

Overall we did not identify any significant issues with the measurement or presentation of the group's derivative financial instruments and hedge accounting.

Consideration of the impact of COVID-19

The COVID-19 pandemic in early 2020 has affected individuals and business across the globe, and there has been a significant impact in countries served by the group's routes, with differing local limitations on international and domestic travel being imposed.

Given the unprecedented nature of the pandemic, the impact on the airline industry is difficult to predict, but may include a prolonged global recession and changes to consumer behaviour which may impact passenger numbers in both the short term and longer term.

The directors have considered the potential impact of the disruptions caused by the COVID-19 pandemic on the current and future operations of the group. In doing so, management have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on fuel hedge effectiveness mentioned in the key audit matter above and the group's ability to continue as a going concern which is addressed in the key audit matter below.

Consideration has also been given to the risk of impairment of fleet assets (covered in the 'Impairment of non-current assets' key audit matter below), the accounting for customer credits relating to cancelled flights, and potential impacts on aircraft

In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following audit procedures:

- ▶ We obtained from management their latest assessments that support the Board's assessment and conclusions with respect to the going concern statement; for the details please refer to the key audit matter below;
- ▶ We discussed with management and the Board the critical estimates and judgements applied in their latest assessments in order to understand and challenge the rationale underlying the factors incorporated and the sensitivities applied as a result of COVID-19;
- ▶ We inspected the impact assessments provided to evaluate consistency with our understanding of the operations of the group;
- ▶ We audited the disclosures included in the Annual Report in respect of this risk, including going concern, discontinued hedge accounting and impairment sensitivities and consider them reasonable.

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maintenance provisions (covered in the key audit matter above) given reduced flying hours.

We have focussed on this risk due the evolving nature of the pandemic, the uncertainties involved and the magnitude of any potential impact on the financial statements.

Management's way of working, including the operation of controls, has been impacted by COVID-19 as a result of staff working remotely. There is inevitably an increase in risk due to the remote accessing of IT systems and potentially heightened cyber risk.

Refer to Note 2, 3 and 14 of the financial statements.

Refer to the Audit and Sustainability Committee report on page 77.

The impact of COVID-19 on the group's ability to continue as a going concern is considered in the key audit matter below.

Our audit places limited reliance on the group's IT and control environment. However, in response to any incremental risk from remote working, we understood key changes to the group's IT controls and processes as part of our assessment of audit risks to consider where additional testing might be required. We also met with senior management responsible for cyber security and considered whether there were developments in the year that warranted further procedures to be performed.

Despite undertaking most of our audit work remotely, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions. We reviewed the disclosures in the financial statements in respect of the impact of COVID-19 and concluded that these are appropriate.

Based on the work performed, as summarised above, we have concluded that the Group's conclusions in respect of the impact of COVID-19 are appropriate.

Our procedures and conclusions in respect of going concern are set out below in the 'Conclusions relating to going concern' section below.

Ability of the group to continue as a going concern

The COVID-19 pandemic has had a significant impact

on the airline industry, and had a major impact on the

group's operations and the 'cash burn' that it

experienced in the year ended 31 March 2021.

There is on-going and significant uncertainty over the shape and speed of potential recovery and the impact of new variants of the COVID-19 virus. The group's cash flow forecasts for the next two financial years have been reduced as a result by analysts.

Given this uncertainty, management has modelled a base and downside liquidity headroom position for its going concern assessment covering the 13 month period to June 2022. Both scenarios include considerations about future capacity levels, the availability of aircraft financing and the 'cash burn' rate, including assumptions on fuel costs and estimated costs relating to the impact of climate change.

The group's debt facilities do not contain financial covenants.

The Directors have concluded that there is sufficient liquidity available for at least the period of its going concern assessment to June 2022. As the going concern assessment is dependent on management's future cash flow forecasts there is significant judgement involved in determining these and concluding that there is not a material uncertainty.

We focused on management's going concern assessment due to the significant uncertainty of the industry's recovery from the COVID-19 pandemic and the associated risks in relation to the Group's liquidity over the next twelve months.

Refer to the Accounting policies note (Note 2) for the management's disclosures of the relevant

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

judgments and estimates in relation to their going concern assessment.

Impairment of non-financial assets

At 31 March 2021, the Group had aggregate property, plant and equipment, intangible assets and right-of-use assets totalling €2,908.6m.

These carrying amounts should be tested for impairment if an impairment trigger exists and the significant fall in forecast cash flows as a result of the COVID-19 pandemic has been identified by management as such an indicator.

Accordingly management has performed an impairment assessment of these assets as at 31 March 2021. For the impairment assessment, management has estimated the recoverable value of the underlying Cash Generating Unit (CGU), which has been determined to be the group's fleet of aircraft, by determining its value in use. To do so, management has utilised its three year medium term cash flow forecasts and extrapolated from the end of this period to FY33, being the end of the lease life of the aircraft in the fleet.

Management has reflected the increased uncertainty from COVID-19 by probability weighting a base case and downside scenario in order to arrive at expected future cash flows and discounted these future cash flows to their present value using a pre-tax discount rate.

Management's impairment analysis indicates significant headroom exists between the recoverable amount of the CGU and its carrying value and accordingly no impairment was booked.

We focused on the risk of impairment of non-current assets due to the significance of the balance to the Group and the significant uncertainty over the shape and timing of recovery from the COVID-19 pandemic that the group will experience.

Refer to the Accounting policies note (Note 2) and Note 14 for the management's disclosures of the relevant judgments and estimates involved in determining the value in use.

We obtained management's impairment model and tested its logic and mathematical accuracy. We also agreed the underlying forecasts to the board approved medium term plan and assessed how these budgets were compiled.

We evaluated the future cash flow forecasts of the CGU, being the aircraft fleet, by performing the following procedures:

- ▶ we evaluated the reasonableness of the whole aircraft fleet being treated as one CGU and tested how the carrying value of this CGU was determined by management
- ▶ we assessed the reasonableness of the two scenarios used by management and the associated probability given to each
- ▶ we tested the key assumptions used in management's forecasts by considering supporting evidence, past experience, actuals in the current year and industry forecasts, where available
- ▶ we considered how management had evaluated the useful economic life of its leased aircraft fleet, noting the duration of the leases, and also the need to address the potential impact of new technology in this period
- ▶ with the support of our valuations experts, we assessed the inflation rate and discount rate applied by management with reference to third party information and the group's cost of capital
- ▶ we performed our own sensitivity analysis in order to understand the impact of changes in key assumptions (such as passenger numbers, fuel costs, and capacity) on the available headroom by replacing key assumptions with alternative scenarios.

We also adjusted the weighting assumed of the base and downside case cash flows within management's model to assess its impact on headroom.

In addition to the above we also considered a high level enterprise value approach based on the group's market capitalisation adjusted for cash and debt and noted that this also exceeded the carrying value of the CGU by a significant amount.

We also assessed the presentation and disclosure of the impairment assessment and its results in the financial statements, including disclosure of key assumptions and whether no sensitivity disclosures in respect of 'reasonable possible changes' in key assumptions are appropriate given the significant headroom in management's model. We found that suitable disclosure has been given in note 14 of the financial statements.

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We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The group consists of one reporting segment, being the airline business. It includes the results of the legal entities of Wizz Air Holdings Plc and its trading subsidiaries, Wizz Air Hungary Ltd., Wizz Air UK Limited, and Wizz Air Abu Dhabi LLC, which include branch operations in base countries. Whilst the consolidated results consist of a number of legal entities, due to the internal reporting process, our audit approach is to audit the consolidated results as one component. The accounting for these entities and the group consolidation is centralised in Hungary.

The audit is largely performed by a single engagement team comprising individuals based in the UK and in Hungary together with an offshore support function, tax specialists and valuation experts. The operations are audited by applying their collective knowledge and understanding of the group and its financial reporting processes and controls.

As a result of travel restrictions, the UK and Hungarian audit team members had regular catch-ups via video-conference calls. The UK team members also attended local bi-weekly virtual meetings in Hungary with management and all Audit Committee meetings via video-conference calls. We believe this gave us the evidence we required for our opinion on the group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€17,500,000 (2020: €17,500,000).
How we determined it	5% of three year average profit / loss before tax adjusted for exceptional items, capped at the level of the prior year materiality
Rationale for benchmark applied	We believe that adjusted profit / loss before tax is a key measure used by shareholders in assessing the performance of the Group. For the year ended 31 March 2021 the group incurred significant losses due to the COVID-19 pandemic imposing restrictions on flying and impacting measures of performance. To mitigate this we have used a three year average of adjusted profit / loss before tax to calculate materiality. In order to avoid applying a higher materiality for the current year's reduced activities we decided to cap the materiality at the prior year level.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €13,125,000 for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Sustainability Committee that we would report to them misstatements identified during our audit above €875,000 (2020: €875,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- ▶ Testing the model used for management's going concern assessment which is primarily a liquidity assessment given there are no financial covenants in its committed debt facilities. Management's assessment covers the period to 30 June 2022.
- ▶ Management's base case forecasts are based on its normal budget and forecasting process for the next three years. We understood and assessed this process including the assumptions used for 2021 and 2022 and assessed whether there was adequate support for these assumptions. We also considered the

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

reasonableness of the monthly phasing of cash flows. A similar assessment was performed of the downside cash flows, including by comparison of actual monthly cash burn experienced in F21 and by comparison of assumed flying levels relative to those experienced in F20 and F21.

- ▶ We read and understood the key terms of all committed debt facilities to understand any terms, covenants or undertakings that may impact the availability of the facility.
- ▶ We understood the schedule of committed aircraft deliveries over the next twelve months and assessed management's assessment of how these would be financed based on their available committed financing and other plans to finance future aircraft deliveries.
- ▶ Using our knowledge from the audit and assessment of previous forecasting accuracy, we applied our own stress test to management's downside cash flow forecasts. We overlaid this on management's forecasts to arrive at our own view of management's downside forecasts.
- ▶ We considered the potential mitigating actions that management may have available to it to reduce costs, manage cash flows or raise additional financing and assessed whether these were within the control of management and possible in the period of the assessment.
- ▶ We assessed the adequacy of disclosures in the Going Concern statement on pages 99 to 100 and statements in note 2 of the group financial statements and found these appropriately reflect the key areas of uncertainty identified.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate governance report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- ▶ The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

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- ▶ The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- ▶ The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- ▶ The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- ▶ The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- ▶ The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- ▶ The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- ▶ The section of the Annual Report describing the work of the Audit and Sustainability Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK Listing Rules and the UK Corporate Governance Code, the regulations of country aviation authorities such as the European Union Aviation Safety Agency, the UK Civil Aviation and the UAE General Civil Aviation Authority Regulations, health and safety regulations and the

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

relevant tax regulations in the jurisdictions in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- ▶ Discussions with management, Internal Audit and the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- ▶ Understanding and evaluating controls designed to prevent and detect irregularities and fraud;
- ▶ Assessing significant judgements and estimates in particular those relating to impairment, maintenance provisions, hedge and derivative accounting, lease accounting and EU-261 provisions, and the disclosure of these items (and as outlined further in the 'Key audit matters' section of this report); and
- ▶ Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee (now the Audit and Sustainability Committee), we were appointed by the members on 15 August 2007 to audit the previous parent company of the Wizz Air group. Following the Company's incorporation in 2009 we were appointed to audit the consolidated financial statements of the Company for the period ending 31 March 2010 and subsequent financial periods. We were reappointed as auditor of the Company following a competitive tendering process by the members on 21 July 2017 to audit the consolidated financial statements for the year ended 31 March 2018 and subsequent financial periods. Our period of total uninterrupted engagement for the Group (comprising the previous parent company and now the Company, and their subsidiaries) is 14 years covering the years ended 31 March 2008 to 31 March 2021 and for the Company is 12 years, covering the years ended 31 March 2010 to 31 March 2021.

Other voluntary reporting

Directors' Remuneration Report

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The company voluntarily prepares a Directors' Remuneration Report. The directors requested that we audit the part of the Directors' Remuneration Report specified by the United Kingdom Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the United Kingdom Companies Act 2006.

Richard Porter
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London, United Kingdom
2 June 2021