WIZZ AIR HOLDINGS PLC

ANNUAL REPORT AND ACCOUNTS 2022

WIZZ AIR AT A GLANCE

Wizz Air is the fastest growing ultra-low cost carrier and one of the most sustainable European airlines, operating a fleet of 153 Airbus A320 and A321 family aircraft, and connecting 194 destinations across 50 countries. A team of dedicated aviation professionals delivers superior service and very low fares, making Wizz Air the preferred choice of over 27 million passengers. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ.

At Wizz, our vision is to liberate lives through affordable travel. We operate among the lowest unit cost and at the lowest carbon intensity footprint in the European airline industry and drive profitable growth to create leading shareholder and stakeholder value.

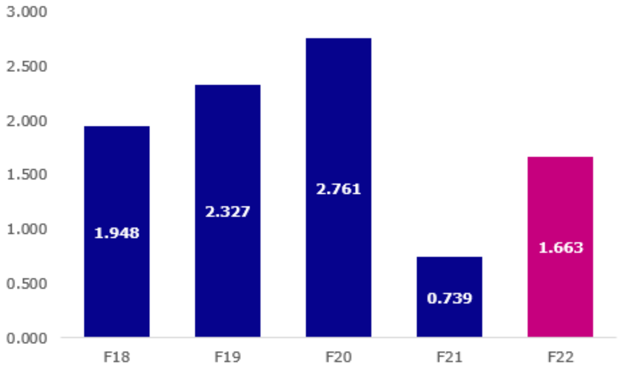
CONTENTS

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.

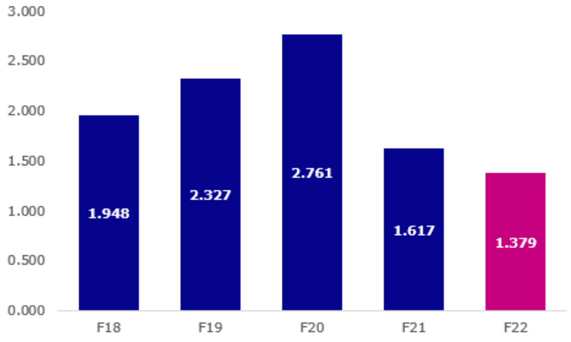
F22 in this document refers to the financial year ended 31 March 2022. Equivalent terms are used for prior/future financial years.

HIGHLIGHTS

€1.7B REVENUE



€1.4B TOTAL CASH*

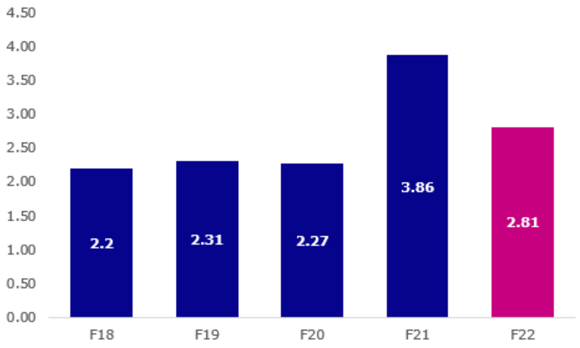


€465.3M OPERATING LOSS

€642.5M NET LOSS

2.99 €CENTS RASK*

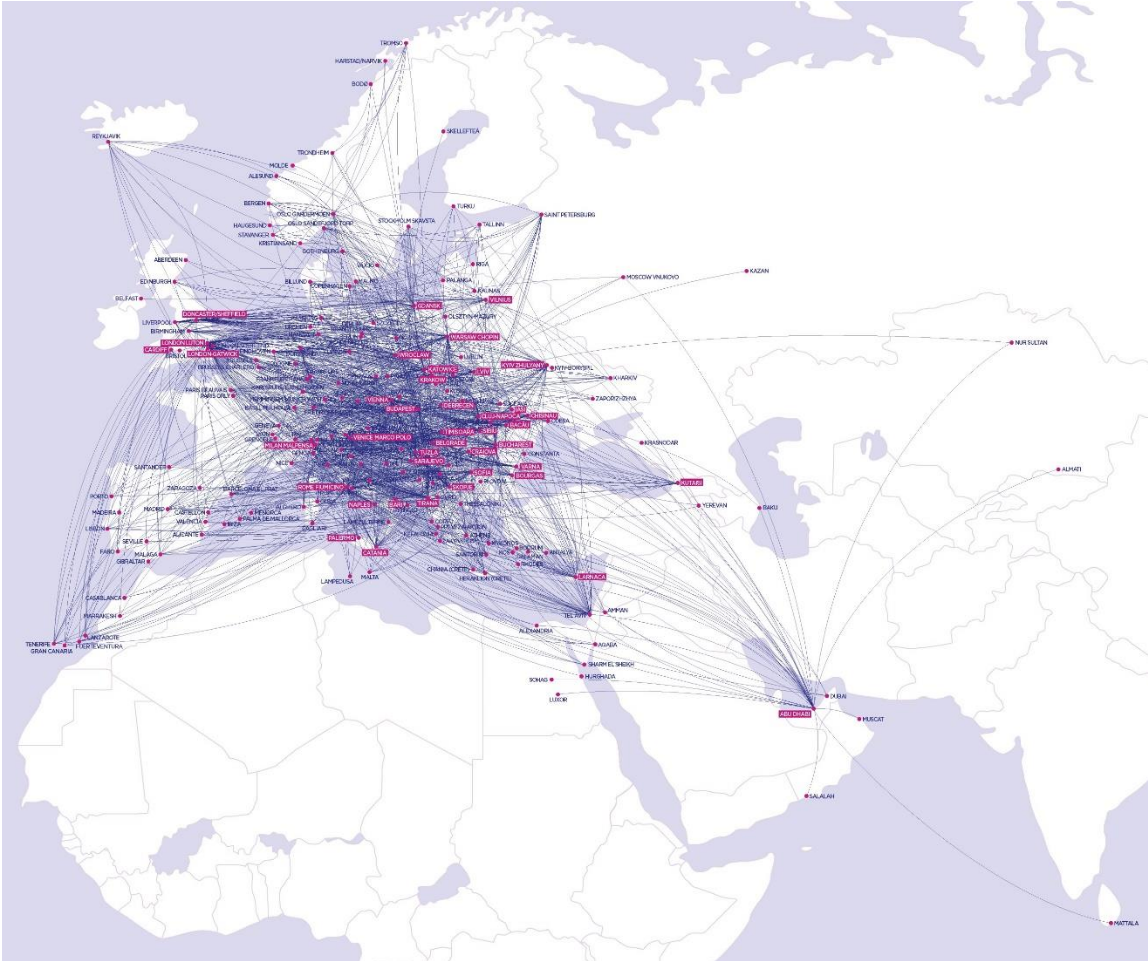
2.81 €CENTS EX-FUEL CASK*



* For definition refer to the Glossary of technical terms on page 68. Total cash comprises cash and cash equivalents (€766.6 million), short-term cash deposits (€450.0 million), and current and non-current restricted cash(€162.2 million).
The Company has a policy of rounding each amount and percentage individually from the fully accurate number to the figure disclosed in the information presented. As a result, some amounts and percentages do not total – though such differences are all small.

GEOGRAPHIES

We offer tickets for **1,000 routes** across Europe and the Middle East



Number of routes operated and on sale as at 31 March 2022:

From Central and Eastern Europe (CEE) countries	
Poland	181
Romania	167
Hungary	76
Bulgaria	60
Albania	42
Bosnia and Herzegovina	37
North Macedonia	36
Lithuania	25
Serbia	25
Moldova	20
Ukraine*	14
Georgia	14
Kosovo	4
Latvia	3
Montenegro	2
Slovenia	1
Estonia	1
From other European countries (to non-CEE countries)	
Italy	145
United Kingdom	83
Austria	29
Cyprus	9
From Gulf Cooperation Council (GCC) and Middle-East countries	
United Arab Emirates	22
Israel	4

* Routes operated to Ukraine and Russia were taken off sale after 31 March 2022.

WHY INVEST IN WIZZ

ULTRA-LOW COST BY DESIGN

The European short-haul market is supplied by full service carriers and a generally younger group of low-cost airlines. Low-cost airlines such as Wizz Air benefit from relatively simple business models, higher aircraft utilisation and staff productivity rates and therefore lower costs than their legacy rivals. Wizz Air's ultra-low-cost model gives it a clear cost advantage versus most of its rivals, including many other low-cost airlines, and as a result it is able to stimulate the market with very low fares.

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 twelve hours per day in normal times, operating a point-to-point network, in a single-class cabin configuration and 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. Today, our growth is also coming from markets where a void has been left by airline operators grounding their fleets in the wake of the COVID-19 crisis. Our geographic exposure to Central Eastern Europe and our expansion in Abu Dhabi hold tremendous potential for the future as the propensity to fly, calculated as a number of seats per head of population, is significantly lower compared to Western Europe.

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 €1,378.8 million of total cash (including short-term deposits and restricted cash balances) at the end of March 2022, one of the stronger liquidity positions in the industry. In January 2022 the Company raised €500 million under its Euro Mid Term Note Programme securing even more attractive interest rates compared to its debut offering in January 2021. As we mention frequently, our focus is on cost and we have relied on our strong credit and scale to optimise our vendor agreements and make the cost structure more variable to asset utilisation. All of this has enabled us to keep our cash burn low, even in the worst of times, and continue to protect the strength of the balance sheet, which is a key ingredient for full participation in the recovery of the travel sector.

DESIGNED FOR PROFITABLE GROWTH

A key strength of Wizz Air is its attractively priced and timely orderbook of Airbus A321neo aircraft, featuring the most fuel efficient Pratt & Whitney GTF engines and the widest single-aisle cabin configuration with 239 seats. With a backlog order of 328 aircraft and the lowest cost base enabled by our disciplined ultra-low-cost model, we have the strong basis to deliver consistent profitable growth. We target 20 per cent growth of seat capacity every single year and aspire to deliver a net income margin between 13–15 per cent as the trading environment normalises. Our pre-COVID-19 track record shows we can deliver on these growth rates at attractive levels of profitability.

THE MOST SUSTAINABLE CHOICE OF AIR TRAVEL

At Wizz Air we strive to serve more and more passengers every day, in the most sustainable way. Our motto is: "When you don't need to fly, please, don't. But when you do, fly the greenest." Here are seven reasons why Wizz Air is your greenest choice:

A passenger travelling with us will have a CO2 footprint of only 57.2 grams per kilometre on average (pre-COVID-19). If every airline were as efficient as us, European CO2 emissions from aviation would reduce by 34 per cent overnight.

This comparison is based on the 2019 statistics from The International Council on Clean Transportation, looking at the difference between the European Union's average CO2 per passenger kilometre.

We don't fly half-empty planes to avoid unnecessary pollution.

Pre-COVID-19, 94 per cent of our seats were occupied on average. In comparison, the industry average in the same period was between 70-85 per cent, and sadly, empty seats still have a CO2 footprint.

We don't have business class seating, another example of needless emissions.

Leaving seats empty to make room for somebody to spread out and read the newspaper more comfortably just doesn't make sense.

We only fly direct routes. One take-off, one landing, no connecting flights, no extra fuel-burn.

Because, as you might have heard, 15-20 per cent of the fuel consumption of the average short-haul flight happens during take-off and landing.

We use world-class engines and aircraft, crucial for low emissions.

The Airbus A320neo family engines are the most efficient in the industry, because they can produce a greater amount of thrust while consuming the same amount of fuel, ensuring the lowest fuel consumption when compared to other engines used in commercial aircraft.

We have the youngest, most modern fleet among European competitor airlines with 100+ aircraft.

We mostly fly Airbus A321neos, and the average age of our fleet is currently five years. That's unparalleled among major airlines, and leads to less emissions.

On top of all this, none of our routes have a direct train alternative under four hours.

CHAIRMAN'S STATEMENT

Dear fellow shareholders, colleagues, customers and partners,

The last two years have been unlike any other in living memory in terms of uncertainty for our customers and colleagues, as we fought through a second year of the COVID-19 pandemic and witnessed the suffering from the outbreak of the war in Ukraine and its impact on the Eastern part of our network, including the key markets of Poland, Hungary and Romania.

The pandemic hit the airline industry hard and its impact on our Company was material, with overall revenue down 40 per cent versus pre-pandemic, resulting in a second year of a significant financial loss, totalling €642.5 million for the year ended 31 March 2022 (F22).

Sadly, the outbreak of the war in Ukraine affected some of our closest colleagues, their families and livelihoods. And, it added volatility to global markets, especially with regard to the price of jet fuel.

Despite the global crisis, in F22 we focused on building the foundation of the business to win disproportionally and sustainably in the next decade, balancing on the one hand the crisis, while on the other hand focusing on strategic decisions impacting the Company's future.

Sustainable, profitable and organic growth with an industry-leading cost-base has been core to our strategy since the start of Wizz Air's operations. We know that, in order to continue to deliver that strategy successfully, we need to ensure strong leadership, to which our Chief Executive Officer remains key. We were therefore pleased that, at our 2021 Annual General Meeting, our Shareholders supported a new incentive scheme for senior management, which strongly incentivises the delivery of that strategy with meaningful and testing financial, sustainability and diversity targets.

In F22, there were three key areas underpinning our ambitious strategic plan:

First, there was a further diversification in the Company's footprint during F22, which allows us to absorb events and adversity better in any one part of the network. As a result, the Company's business is now split 65 per cent Central and Eastern Europe, 30 per cent Western Europe and 5 per cent Middle East, and as at 31 March 2022 we operated 37 bases compared to 25 bases as at 31 March 2020, competing on both international and domestic markets. Significantly, we have grown our business across a number of faster GDP-growth markets with low flight-penetration, where the Company's ultra-low cost base allows it to deliver on its promise of making flying affordable for more people than ever before.

Second, we have continued to invest in our fleet, adding the newest-technology Airbus A320neo-family aircraft and retiring our older aircraft from service. As a result, today we have the youngest and most cost-efficient fleet of any large airline in Europe, with the lowest carbon intensity footprint. We continue to plan for the future, announcing a supplemental order for up to 192 Airbus A321neo aircraft, comprising firm orders for 75 Airbus A321neo and 27 Airbus A321XLR aircraft, with the bulk of this order to be delivered between 2025 and 2027, and the possibility to add a further 90 aircraft to the order book. The order was strongly supported and approved as a Class 1 transaction by our Shareholders during an Extraordinary General Meeting in February 2022. The order is critical to support the Company's growth objectives and to underpin both its cost leadership and industry leadership on environmental sustainability, as we progress towards a net zero community.

Third, we continue to invest in our people and in our Leadership Team. We are focused on building leadership and bench strength to ensure we can execute against our plan to more than double the business by 2026.

I remain confident that targets the Board has set and the actions we have taken to meet those targets have made Wizz Air a 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 it maintains an appropriate balance of skillset, background and experience to enable the Board to oversee the execution by the Leadership Team of the Company's strategy.

In November 2021, we welcomed Ms Anna Gatti to the Board as an independent Non-Executive Director. She is a global technology and business leader with robust corporate governance experience built over years of board membership in international public and private companies. She currently serves as an independent non-executive director at Intesa Sanpaolo Bank, Fiera Milano and WiZink Bank in Spain. As a seasoned digital sales and operations executive, she drove customer success at scale for companies such as Google, YouTube and Skype. Anna is also an active angel investor and co-founded two start-ups leveraging artificial intelligence applied to big data. Prior to her career in technology, Anna spent years in research and public policy, working at the World Health Organization and at the University of Berkeley, California, Goldman School of Public Policy.

In June 2021, we created an additional Board Committee by dividing the responsibility of the Audit and Sustainability Committee into, on the one hand, the Audit and Risk Committee, and, on the other hand, the Sustainability and Culture Committee, allowing for more specialised and dedicated governance for Audit and Risk and for Sustainability and Culture.

In January 2022, Mr Simon Duffy, Senior Independent Non-Executive Director retired from the Board of Directors after eight years of service. Simon was an exemplary Director and we thank him for his service.

Customers

In this complex and volatile world, I would like to thank our customers for their trust in Wizz Air. The fiscal year that ended 31 March 2022 continued to be marked by changing restrictions on passenger mobility that impacted passenger travel schedules and increased the cost and comfort of travel. Added tests, airport and airplane passenger administration plus additional steps in the travel journey became daily events. Wizz Air tried to operate as many flights as it could during the ever-changing pandemic restrictions and did its best to simplify and automate key passenger touch points like: payments, refunds, and customer service through the introduction of chatbots. Wizz Air remains committed to not only offering the lowest fares and a safe, reliable service, but to making the user experience superior to its industry peers. We want to inform, assist and help passengers in reaching their destinations in a simple and worry-free manner.

Employees

Our people are the heartbeat of our Company. More than 90 per cent of our people interact with our customers face-to-face on a daily basis and our highly engaged workforce is synonymous with a positive Wizz Air travel experience. In the second year of the pandemic, the dedication and enthusiasm of our teams of flight and cabin crew, front-line and office employees continued to underpin our ability to navigate the crisis.

It is in these difficult times that the quality of Wizz Air employees and their commitment and character have been highlighted. When the war broke out in Ukraine, our people across the network stepped up with donations for affected colleagues and their families, offering their homes to refugees and helping them settle in a new-found country. The Company also stepped up with donations for employees, by offering the Ukrainian community 100,000 free flights to safer havens, and by offering jobs to the displaced at Wizz Air. We take pride in the actions of our employees and the Company.

Throughout these difficult times our employees remained engaged and, through our Employee Survey, voted Wizz Air as their employer of choice. We want to thank each and every employee for their commitment and enthusiasm during this very difficult period.

The future is bright for our Wizz Air colleagues. We are committed to them, to their career and their work-life balance. We remain focused on continuing to improve the diversity of our workforce and building a strong and diverse bench for the Wizz Air team.

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

Environment

Our focus on lowering emissions is an airline industry benchmark. We expect to accelerate our progress toward our net zero objective. Our fleet renewal plan is focused on ensuring we have the best in class technology, entering our fleet as early as possible, in order to further decrease emission intensity, with an objective to reduce by 25 per cent before the end of the decade. With a longer-term view, the Company is engaging with manufacturers and other industry players in looking at new technologies that would deliver a huge step-change in the industry's environmental credentials. We continue to work to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It is important that our stakeholders understand where Wizz Air is in its journey to meet its sustainability priorities. We encourage stakeholders to suggest initiatives they feel the Company should consider in support of its ambition to remain the most sustainable airline in the region.

Communities

We are conscious of the many economic, social and environmental developments impacting our communities. Overseen by the Board's Sustainability and Culture Committee, we aspire through our focus on four critical pillars (people, environment, community and governance) to have an active role in the communities we serve.

Looking ahead

For the first time in two years, we are near full utilisation of our fleet and our crew, flying one of the youngest and most efficient fleets and having a well-defined, proven business model. This translates into the lowest cost in the industry, allowing us to offer the best value – new, safe and clean technology at the lowest fares – to customers who reward us with their trust. We believe that this in turn will create significant shareholder value.

The investments we have made in people and assets ensure the Company remains well-positioned for a return to more normal operations, superior growth and industry-leading margins. We are nearly there.

Thank you for your support.

William A. Franke
Chairman of the Board of Directors
8 June 2022

CHIEF EXECUTIVE'S REVIEW

Although the past two years have been the most challenging in our 18-year history, they have demonstrated the resilience of the Wizz Air business model and the passion of our people as we work together to deliver for our customers every day, even in these times of extreme adversity.

The aviation industry globally has faced severe restrictions due to COVID-19, with airlines around the world being limited in their ability to operate and many required to seek significant financial support from governments or shareholders or both.

Wizz Air has faced these same restrictions but has managed to navigate the pandemic from a position of strength, with an investment grade balance sheet, a strong liquidity position and an unwavering focus on continuing to widen our competitive cost advantage. The Company continued to deal with the crisis at hand and, at the same time, laid the foundation that would allow us to emerge from this cycle as a more diversified, stronger business; with a younger, more efficient and more sustainable fleet; and with a workforce eager to deliver against our ambitious "Wizz 500" strategy – a vision that will more than triple our fleet and size by the end of the decade.

As a result of the pandemic, Wizz Air is closing F22 with revenue down 40 per cent versus F20 (our pre-COVID-19 financial year), but with revenue up 125 per cent compared to last year. Our net loss for the year was €642.5 million as the uncertain and ever-changing nature of COVID-19 impacted the core principles of our low-cost model – maximising the utilisation of our fleet, the optimal utilisation of our workforce, and sufficient time to commercialise our routes driving the maximum revenue per aircraft. Several times during the year we had to adjust our plans downwards to deal with the next wave of COVID-19 or upwards to ramp up the operation when infections seemed to decrease, supported by increasing vaccination levels.

Following the severe challenges of the pandemic, on the second anniversary of the COVID-19 outbreak in Europe, a war started in Ukraine, impacting our customers, colleagues and operations in Ukraine, Moldova and Russia. Our people showed great resilience and generosity beyond anything I could have imagined, working together to help those customers and colleagues affected by the war. The WIZZ team worked tirelessly to help them to start to rebuild their lives in a new country by providing support, meals, transport and, in some cases, accommodation in their own homes.

From an operational perspective, the impact on the business was quickly mitigated, helped by the diversification of the network, which we have been focused on expanding over the last number of years. We continue to work to repatriate four stranded aircraft in Ukraine.

As we move on from the COVID-19 pandemic we are focused on the business model and strategy that have made Wizz Air so successful. Operational efficiency, cost and price leadership, innovation, and service excellence remain the core principles of how we operate. These are the cornerstones of our success and are the basis of how we will achieve Wizz 500. In doing so we believe we will provide 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, all while setting high benchmarks for safety, customer experience and sustainability.

A focused ultra-low-cost business model

In the post-pandemic environment, and in light of the low levels of operation due to travel restrictions, our total cash balance has been the single most important performance indicator of the health of the Wizz Air business. With a total cash (including short-term deposits and restricted cash balances) balance at €1,378.8 million at the end of March 2022 and an investment grade balance sheet, we remain one of the strongest airlines in the industry.

Maintaining this strong cash position was only possible through our ultra-low-operating cost base, which has allowed us to persevere through periods of severe business interruption and allowed us to operate cash-positive flights, serving our customers and supporting our cash position even during periods of restricted demand.

Nonetheless, we were not immune to all challenges, especially as the crisis entered its second year without interruption. During F22, we raised €500 million from a 1.00 per cent Eurobond maturing in January 2026, used in large part to repay a £300 million Commercial Paper Facility from the Bank of England under the UK Government's COVID Corporate Financing Facility (CCFF).

We also focused on widening our competitive cost advantage by continuing to invest in the network (securing new attractive long-term 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 212 seats per aircraft), and working with our partners to get better cost and payment terms going forward.

Our geographic footprint as sustainable competitive advantage

Our growth model is centred around making mobility affordable for more people. In Central and Eastern Europe flight penetration is still well below Western European markets. As GDP in the region has grown, so has demand for air travel and, historically, 75 per cent of our growth has come from market growth. In Western Europe, we make flying more affordable as we disrupt legacy carriers who operate in fragmented markets.

Our focus has been – and remains – to continue to grow and diversify our footprint. While doing so we have enhanced our ability to recover faster once restrictions lifted and have also improved our structural cost as we locked in a cost structure at a time when there was depressed demand for airport capacity. This allowed us to reinvest these lower costs in lower fares for our passengers.

We have further strengthened our business in our core CEE region, including new bases in Albania and Bosnia and Herzegovina, in order to consolidate our market leadership, with an overall market share close to 21 per cent and a low-cost segment share of over 38 per cent in CEE.

We have also strengthened historic positions in select markets in the West, notably in the UK and Italy. We have expanded our presence in London through our continued market leadership in Luton and expansion in Gatwick and, additionally, we have started operations at a new base in Cardiff, bringing the UK base network to four airports, including Doncaster. In Italy we opened new bases in Rome, Naples and Venice, bringing our Italian bases to seven. The UK and Italy are markets where we have been operating with a strong brand and product for more than 15 years and where COVID-19 has redrawn the competitive landscape allowing for a disproportionate level of growth.

As part of our "Go East" strategy, Wizz Air Abu Dhabi has now been operating for 18 months. As we emerge from the pandemic, we believe it can become a 50 aircraft operation towards the end of the decade, serving a potential market of 5 billion people within five-hours' flying from Abu Dhabi. On 10 May 2022 Wizz Air signed a memorandum of understanding with the Kingdom of Saudi Arabia to explore the country's airline market development opportunities.

Market	Market share	Low-cost segment share	Low-Cost Market position
Romania	37.8%	52.6%	1
Bulgaria	29.0%	52.6%	1
Albania	41.0%	53.6%	1
North Macedonia	61.5%	82.3%	1
Bosnia and Herzegovina	40.6%	58.8%	1
Hungary	29.1%	40.4%	2
Ukraine	12.6%	27.5%	2
Lithuania	16.6%	26.6%	2
Slovakia	17.4%	21.6%	2
Serbia	14.6%	58.9%	2
Moldova	28.5%	58.3%	2
Poland	20.2%	33.6%	3
Latvia	4.8%	16.4%	3
United Kingdom	4.2%	6.8%	5
Italy	8.7%	12.6%	3
Austria	7.2%	19.7%	2
United Arab Emirates	0.6%	2.4%	4
CEE	20.7%	38.1%	1

Our fleet as a driver of competitiveness and sustainability

Operating the most competitive aircraft technology is critical for a low-cost carrier, particularly one which plans to operate its aircraft for around 13 hours per day. State-of-the-art aircraft with the latest engine technology consume less fuel, have lower noise emissions, are more efficient not only to fly but also to maintain and to handle at the airport and accommodating more passengers in still very comfortable seating. Our strong balance sheet enabled us to maintain our fleet delivery programme in F22. 25 A321neos joined the fleet, taking the total number of aircraft to 153 at the end of March 2022. Today, 38 per cent of the Company's total seat capacity is with the A321neo family of aircraft, probably the highest renewal rate of any fleet in Europe.

	March 2022 Actual	March 2023 Planned	March 2024 Planned
A320ceo without winglets (180 seats)	**22**	7	4
A320ceo with winglets (180 seats)	**28**	28	21
A320ceo with winglets (186 seats)	**9**	9	9
A320neo with winglets (186 seats)	**6**	6	7
A321ceo with winglets (230 seats)	**41**	41	41
A321neo with winglets (239 seats)	**47**	91	125
A321neo XLR with winglets (239 seats)	**–**	–	6
Fleet size	**153**	182	213
Proportion of seats on A321	**64%**	78%	85%
Average number of seats per aircraft	**211.7**	221.9	226.1

The new neo aircraft are powered by Pratt & Whitney GTF engines, which reduce fuel burn by 16 per cent, nitrogen oxide emissions by 50 per cent and deliver close to a 50 per cent reduction in noise footprint compared to previous generation aircraft.

Our emission intensity, measured by CO_2 per revenue passenger kilometre (CO_2/RPK), was already the lowest in the industry in F20 and our continued investment in fleet innovation ensures we maintain a strong edge versus any competitor.

During F21 and F22 our emission intensity was affected by COVID-19 travel restrictions given the impact on passenger load on our flights. Nevertheless, we have delivered on the plan disclosed in the F21 Annual Report as we remain highly committed to lowering our emission intensity and achieving the transition to a net-zero future.

Creating the leading digital platform

A digital customer experience and operation is core to the business model of an ultra-low-cost-carrier. It drives costs out of the system, it allows the airline to scale the Company, and it drives immediacy instead of dependency on lead times. Our digital programme is centred around four pillars:

1. An exceptional digital customer journey: our customers' journey remains a key focus area for us, with digital experience as key to making travel as frictionless, safe, and easy as possible in a cost-effective manner. We target all key touchpoints with our customers. Our distribution is nearly fully digital today. We digitalise communications by further streamlining communication channels with customers. We digitalise customer service via the introduction of our Chatbot platform, increasing traffic quarter on quarter, and are nearing an automation rate of 95 per cent.
2. Digital powered operations: Wizz Air is deploying new technology to drive efficiencies into its operations and improve decision making. Not only are we automating existing processes but we are re-imagining our operations with digital being the catalyst for improving key performance metrics like on-time performance, utilisation of fleet and crew, and ultimately to drive a lower CASK. One of the key enabling platforms for this is the roll-out of our Electronic Flight Book (EFB) and the launch of an Electronic Technical Log Book (ETLB) to replace the paper-based communication and records managed by pilots and third parties. New equipment allows for a much greater connectivity, faster decisions and adjustments to how we operate, which, in the end, will lead to a better service at a lower cost.
3. Scaling without boundaries: to support our growth, Wizz Air is working on standardising and automating the core process across support functions like Finance and Accounting and Human Resources, with the focus on automation of transactions, reduction of lead times and higher pixelation of data to allow for more data-driven decision making.
4. Strong digital foundations are a prerequisite for scaling efficiently and operating with the highest levels of reliability. The Company continues to invest in hardware and network connectivity to ensure it can maintain a productive workforce and stable and secure operations.

Focus on our people

Our people are at the core of our business. More than 90 per cent of our employees engage with our customers face-to-face on a daily basis.

During F22 our employee engagement score was 7.0, broadly aligned with the industry average, with a participation rate of 67 per cent. Our Employee Feedback Survey, together with the surveys in the industry, showed a small reduction in overall satisfaction rate, which is understandable given the duration of the pandemic and the impact it had on our operations. Nevertheless, our employees have shown tremendous resilience during unprecedented times of adversity and personal hardship, changing schedules because of COVID-19 and loss of income, as the number of hours they could fly was reduced. Their continued strong engagement even during the toughest of times is a true testimony to the Wizz spirit, and it is their dedication and passion that is at the root of our success. That success allowed us to ramp-up operations as restrictions eased and, as the business recovered, we were proud to be the first major airline in Europe to restore salaries to their pre-COVID-19 levels. 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. We are also focused on driving a better gender balance within the organisation. We improved Board gender diversity further from 27 per cent to 30 per cent, just shy of our 33 per cent target. Our Management Team diversity increased from 27 per cent to 34 per cent. Our commitment is reflected in our long-term incentive targets for our Executives, to reach 40 per cent female representation at managerial level by 2026.

We are also determined to make a step-change in the under-representation of women in the flight deck – a long-standing issue within the aviation 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 and, this year, we exceeded this goal by filling 54 per cent of open positions. We believe that Wizz Air offers the best career progression opportunity in the industry, irrespective of whether you are a pilot, cabin crew or an office employee. Wizz Air opens up opportunities for diverse talents to learn, develop and succeed.

Outlook

During F22 we improved our trading performance and now look forward to what we hope will be a world without COVID-19 disruptions and where peace is quickly restored in Ukraine. While new challenges will emerge, we know that our strategic priorities and progress will help us to thrive in the industry as long as we are focused on executional excellence – excellence in product and service at the lowest cost – allowing us to deliver low fares and superior shareholder returns.

F23 will be a year marked by high inflation across cost lines. This is where our investments in network, in fleet and in people will bear fruit and will help us not only to return to F20 ex-fuel CASK cost levels, but equally to widen the gap versus the rest of the industry on cost competitiveness.

In our industry, lowest cost prevails. Being able to combine the lowest cost with excellence in service and the lowest emission intensity will allow us to reach our value creation targets for all our stakeholders – shareholders, employees, and the passengers and communities we serve.

József Váradi
Chief Executive Officer
8 June 2022

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 70-77.

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 46-59.

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 54-55.

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 page 60.

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 27-59.

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 84.

REPORT OF THE CHAIR OF THE SUSTAINABILITY AND CULTURE COMMITTEE

I am delighted to present to you Wizz Air's Annual Sustainability Report which outlines in detail how firmly our Group-wide sustainability strategy is embedded in the Company's core business, harmonising environmental, social, governance and economic aspects.

We have made significant progress over the past year in strengthening our initiatives that contribute to our ambitious decarbonisation objectives, while also remaining focused on our commitment to our culture and people. As a responsible airline, Wizz Air recognises the impact and the essential role our sector needs to play in delivering sustainable growth and long-term value for our stakeholders, making sure to protect our climate by decreasing our environmental footprint; supporting and caring for our employees; and creating value for the communities we serve with affordable travel opportunities for all and significant job creation.

We are continuously working towards the path to a net zero economy, and although there are some verified voluntary offsetting schemes out there (like the carbon offsetting service we offer to our customers via our partner CHOOOSE), we do not believe that this option by itself provides a long-term solution for aviation to achieve net zero emissions by 2050. Wizz Air is focused on using the latest and most innovative technology available and delivering highly efficient operations that will have a greater impact on tackling carbon emissions. As part of this, we have been continuously adding new A321neo aircraft to our fleet and replacing older aircraft.

The Airbus A321 family aircraft is the most efficient single aisle aircraft with the lowest fuel consumption per seat-kilometre in its category today. A key project for our flight operations in financial year 2022 was the introduction of the Mobile Electronic Flight Bag, which is a considerable step-change for in-flight optimisation and will help our pilots to make more accurate fuel planning decisions, based on instantly updated data. This digital solution is not just replacing printed manuals, but it also helps improve fuel and operational efficiencies in numerous ways. Efficiency, a key principle of our business model, is enabling us to minimise resources, energy consumption and emissions while delivering a great customer experience on board one of the youngest fleets globally.

Climate change is one of the greatest global challenges facing society today, and the aviation sector must play its part in tackling this important issue. Climate change can impact the airline's operations in various ways which may have a material operational and financial impact. At the same time, new technologies, reporting requirements, geopolitical questions and environmental regulations are evolving rapidly in response to the global transition to a net zero economy.

The purpose of Wizz Air's sustainability strategy is to have a clear overview of where we are today and what actions need to be taken to achieve our environmental targets and to stay financially and operationally resilient in the face of climate change and its inherent physical and transitional risks. In financial year 2022, Wizz Air partnered with Risilience (a company applying the risk research pioneered by the Centre for Risk Studies at the University of Cambridge Judge Business School) to further improve the Company's climate risk analysis framework. This is the first year the Company is reporting its Scope 3 greenhouse gas emissions, and we also submitted our first disclosure to the Carbon Disclosure Project and to S&P Global. In October, Wizz Air's Commitment Letter to the Science Based Target initiative (SBTi) was accepted and as such we are aligning to an ambitious decarbonisation roadmap.

While we are continuously working on improving our strategy and operations, the past year has been a remarkable success in many aspects. To name a few, Wizz Air was recognised as the most sustainable low-cost airline in 2022. The Company's Sustainalytics Environment, Social and Governance (ESG) risk rating improved significantly, putting us in a leading position among our competitors in the sector. We received an award from ch-aviation for the third youngest fleet in the world among airlines with 100+ aircraft in their fleet (we also have the youngest fleet among our European competitor airlines above 50 aircraft in their fleet).

Over the past year the Board has realigned its Committees' structure to ensure proper Board oversight of key areas of focus. The creation of a separate Sustainability and Culture Committee on 2 June 2021 allowed the Board to dedicate a separate committee to focus on ESG matters. I am proud to have been appointed as Chair to this Committee with the task at hand to oversee and heighten the Company's impact on sustainability and culture. In the Committee I am joined by Andrew Broderick, and Dr Anthony Radev, the appointed Non-Executive Director overseeing engagement with employees (as of 13 April 2021) including regular engagement with the Wizz Air People Council. This initiative regularly brings together employees from all areas of the business, to facilitate a two-way communication between management and employees, so that Wizz Air can continue to improve, both as an airline, as well as an employer. Ensuring the proper oversight and management for our ESG vision is crucial to achieve our objectives, so we need to keep developing our sustainability governance. I strongly believe that this will help to further build Wizz Air's competitive advantage, whilst delivering leading financial returns for our Shareholders.

Despite the implications of COVID-19 on operational priorities and working environment, Wizz Air has remained strongly focused on the development of its employees. In addition to the already existing talent and performance management process and standard class-room training, numerous new initiatives were introduced to provide further learning and development opportunities: i. WIZZ Academy, which allows selected employees to gain knowledge about WIZZ strategic approaches and aspirations from the CEO and Chief Officers and creates a forum for employee-Leadership Team interaction; ii. dedicated leadership training programme for Cabin and Flight Operations Management to increase leadership self-awareness necessary to lead and motivate others; iii. the online LinkedIn Learning platform was rolled out to office employees and local crew management, granting access to 10,000+ expert-led courses; iv. Management Trainee Programme to bring in and develop young talents with a strong potential to become Managers and Senior Managers in their future at WIZZ; and v. Crew to Office Programme to accommodate crew employees in office positions.

To further strengthen the Company's diverse and inclusive culture, Wizz Air has reached 48-52 per cent female-male gender ratio and a total of 75 nationalities Company-wide, and implemented diversity targets for the Management Team, together with other recruitment policies to ensure a strong pipeline of female professionals to office and flight crew positions.

Wizz Air designates senior management and direct reports as Management Team. This term corresponds with the code requirement of senior management and direct reports, in a way that it includes Officers and Heads of Function, however not inclusive of e.g. executive assistants, to ensure that diversity targets are reached for those people that have a formal leadership role in the Company.

Apart from the numerous improvements due to the Company's developing ESG strategy, we had to face some critical challenges as well. As the COVID-19 pandemic is not yet over, we needed to maintain a strong focus on the related health and safety procedures to develop further our protective and preventive measures throughout last year. Wizz Air led the industry by introducing vaccination policy in September 2021, in order to ensure smooth and sustainable operations, as well as secure the safety of our passengers and crew. When it comes to our world-class, dedicated flight and cabin crews, I absolutely cherished the opportunity to join the Company's Management Team on several base visits where Dr Anthony Radev and I could personally engage with WIZZ employees in Poland, Lithuania, and Ukraine – just shortly before the crisis. In response to the war between Ukraine and Russia and the subsequent refugee crisis, the People Council immediately launched a solidarity initiative to support our Ukraine-based crew, together with their families. Apart from the coordinated actions of the Company to evacuate Ukrainian colleagues from the country, the solidarity project aimed to give a helping hand to those employees who already left Ukraine and needed accommodation, transportation, and other support. The WIZZ Employee Solidarity Fund was also set up for Ukraine-based employees in need. While we are deeply concerned for the Wizz Air employees, we did not draw the line there and stayed committed to the entire Ukrainian community. To support Ukrainian refugees displaced due to the war, we offered 100,000 free seats from the country's bordering countries and special rescue fares on all other flights across our network. As the situation is ongoing, we continue to follow developments and evolve our action plan to address the situation. There is simply nothing more important than ensuring the health and safety of our people and their loved ones.

Looking into the future, the Company's vision to achieve WIZZ 500 by 2030 goes hand-in-hand with the roadmap of achieving a net zero economy. Wizz Air's business growth is a key step towards sustainable aviation, as the airline's efficient business model and low carbon intensity operations help to gradually replace unsustainable airlines' operations across our ever-expanding network. A plane will never be greener than a train or an electric vehicle. But we are and will continue to be the greenest choice of flying.

Charlotte Pedersen
Chair of the Sustainability and Culture Committee
8 June 2022

EMBRACING SUSTAINABILITY AS A FORCE FOR GROWTH

Wizz Air has an ambitious growth plan and we have sustainability at the centre of our plan. Wizz Air together with its stakeholders is increasingly demanding on the environmental, social and governance aspects of our business. Wizz Air wants to have a basis to aspire to be the leading airline on sustainability. By doing so, we believe we will do good for the people and their communities, lower our cost structure, win the hearts and minds of our consumers and improve access to capital over the long run.

Wizz Air is highly committed to transparency. Transparency enables us to hold ourselves accountable for the continued progress we need to achieve on our sustainability priorities. As a sustainable airline, we want to create value through our core business, while also harmonising environmental, social, governance, and economy aspects – the essential components of our Group-wide sustainability strategy.

Sustainability awards and ESG rating

World Finance – Most Sustainable Low-Cost Airline 2022

Wizz Air was recognised as the most sustainable low-cost airline in 2022, award winning is yet to be publicly announced by World Finance Magazine. Wizz Air has been adjudged the winner in 2022 for its ESG credentials and the airline's leading emission intensity results (CO2 per passenger/km) even in the post-pandemic environment. The judging panel took into consideration the strong financial fundamentals.

ch-Aviation – Youngest Fleet Award

In January 2022, Wizz Air received an award from ch-aviation for the world's third youngest aircraft fleet, in the category of airlines with 100 or more aircraft in their fleet. Keeping a modern fleet and portfolio by using new generations of aircraft contributes significantly to the decrease of CO2 within the aviation industry and helps achieve better fuel efficiency. This represents a huge step forward for sustainability, and ch-aviation has decided to give the best performing airlines the recognition they deserve.

Sustainalytics ESG Risk Rating

Wizz Air received the lowest ESG Risk Rating from Sustainalytics among its competitors in Europe in January 2022. The Sustainalytics Risk Ratings measure how well a company proactively manages the environmental, social and governance (ESG) issues that are the most material to their business. Based on a structured, objective, and transparent methodology, the Sustainalytics ESG Risk Ratings provide an assessment of a company's ability to mitigate risks and capitalise on opportunities.

As of April 2022 the Company has the second lowest ESG risk score among its competitors. Wizz Air has significantly improved its sustainability rating over the past years and aims to continue this trend further into F23 to get back into the lead position.

S&P Global Corporate Sustainability Assessment

The Corporate Sustainability Assessment of Wizz Air by S&P Global was published in March 2022. The Company received a score of 31 points, which placed it ahead of many of its competitors and all low-cost competitors in Europe that are participating in the S&P assessment. The assessment looked at all functions within the Company. As Wizz Air met the market capitalisation threshold to be eligible for Dow Jones Sustainability Indices (DJSI) the Company has been invited to complete the assessment questionnaire in the first group of companies in 2022, so another assessment will be available later this year.

Carbon Disclosure Project (CDP)

In F22 the Company submitted its disclosure to CDP for the first time. Wizz Air received a C rating after its debut disclosure and is currently analysing the scores across different metrics to ensure disclosure further aligns with CDP requirements supported by the actions and goals the Company has in place. Extending our greenhouse gas emissions reporting to Scope 3 from F22 and continuously implementing new environmental initiatives (e.g. supply chain decarbonisation policy) will support our progress towards enhancing environmental stewardship.

Our Sustainability Strategy

Wizz Air is focused on continuous improvement on our four sustainability pillars – environment, people, governance and economy. Our sustainability strategy is integrated with the Company's vision and plan to achieve WIZZ500 by 2030. We aspire to become Europe's *undisputed* price leader airline whilst providing excellent customer experience, to become *the* employer of choice and *lead* good corporate citizenship.

On our way to WIZZ500 and to net zero by 2050 we have set 15 objectives to deliver on Wizz Air's sustainability ambition.

ENVIRONMENT	PEOPLE	GOVERNANCE	ECONOMY
Our ultimate goal is to ensure that by choosing to fly with Wizz Air, our customers are making the most sustainable choice of air travel available. We are continuously working on reducing our overall environmental footprint on our way to a carbon neutral industry.	Our people pillar includes colleagues and customers. Our aim is to develop our services to further enhance customer experience, to support our communities and to empower our people to reach their full potential.	Our sustainability agenda is governed by the Sustainability and Culture Committee. The Committee helps to ensure management focus on the task at hand, bringing our sustainability strategy and vision to life via the work every Wizz Air employee does day in day out.	Our Company's mission is to provide affordable travel and give opportunity for air travel to those who were not able to use air transport before, having a direct and material impact on the economies we connect.

Our sustainability objectives across ESG pillars

Environment**:** Continue to decrease our environmental footprint and maintain the lowest CO2 (grams) emitted per revenue passenger kilometre in the industry.

- Reduce carbon emission intensity from flight operations by 25% until 2030 (CO2 grams/RPK)
- Qualify as a SAF supply chain as of 2025
- Drive noise reduction through increased Chapter 14 emission standard compliance from the current 70% to 100% by 2028
- Qualify future technology building blocks and industry partnerships to enable a net zero by 2050 commitment

People: Become an employer of choice and set an example for good corporate citizenship. Retain and develop talent within the organisation, help our people to fulfil their potential and provide excellent customer experience.

- Continue to put safety first, in everything we do
- Continue to improve gender diversity in the Board, management, and flight deck workforce
  - 33 per cent female gender diversity in the Board of Directors (in accordance with the Hampton-Alexander review)
  - 40 per cent female gender diversity in the Management Team by F26
  - 7 per cent female gender diversity in the flight deck by F30
- Develop and sustain employee engagement in the top 25 per cent of the industry benchmark
- Improve customer experience each year as measured by various customer satisfaction metrics

Governance**:** Ensure the proper organisational structure of management, systems, and people in place to support our strategy and vision.

- Ensure effective Board oversight of all elements within the sustainability strategy
- Continue to improve our climate-related disclosures including the alignment of our decarbonisation roadmap to the SBTi and submit the Company's targets to SBTi for approval, by the end of 2022. Report on all scopes of GHG emissions as of F22

- Our environmental target has been integrated into the incentive scheme for the CEO and the entire Management Team (Officers and Heads of Function) as of F22
- Our gender diversity target for management has been integrated into the incentive scheme for the CEOs and Officers as of F22

Economy**:** Contribute to the GDP growth of WIZZ destinations by enabling affordable connectivity, which in turn will create new jobs, drive tourism and opportunities to do business.

- Increase the number of aircraft to 500 by 2030
- Increase the number of customers from 40 million in 2019 to 170 million by 2030
- Employ over ~20,000 directly and 125,000k indirectly across the network*

* ACI studies show 750 jobs per 1m passenger and ICAO studies show 6 indirect jobs per 1 directly employed job

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."

Company 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.

Key objective - Deliver leading shareholder and stakeholder value in aviation

Our goals

1 Deliver average 20 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 low fare business model
2 Increasing and diversifying our geographical footprint
3 Delivering leading sustainability in accordance with the Company's ESG strategy
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. Leading on cost	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 CO2 emission intensity 3/2 Gender 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 mission is brought to life through our culture. Our culture is what empowers our people to live and work by the core values of Wizz Air, allowing us to create opportunities and find solutions to business challenges. Our core values 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 and are accountable for everything 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 greenest 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.

Our Sustainability Manifesto

"We launched Wizz Air with the strong belief that air travel should not be a privilege. That we will create a world of opportunity for all through affordable travel. And we are delivering on that promise. And while we gave the freedom to travel to more and more people, we have also proven that growth and sustainability can be achieved hand in hand. While breaking down barriers between people and air travel, we've also shown a whole industry how aviation can be more sustainable.

Crucial business model and design decisions, from pricing to seat density, make sure we fly with high load factors. We've never even thought about business class seats. Or a hub-and-spoke model. Or substituting train rides below four hours for flights. We've instead focused on flying with the youngest, most efficient fleet and the most modern engines possible, to consume less fuel. This all delivers the lowest CO2 emissions per passenger kilometre in the industry, beating not just legacy carriers, but also low-cost airlines operating in a similar way as us.

A plane will never be greener than a train or an electric vehicle. But we are and will be the greenest choice of flying. Because when it comes to a crucial issue like sustainability, we believe in the facts of today. Not the promises of the future."

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 over 1,600 km. That means our services are connecting cities and destinations where alternative forms of travel are often unavailable, impractical or have a higher environmental impact. We connect these points in a direct way – which lowers emissions. We do not operate a higher carbon footprint business class and none of our routes have a direct train alternative under four hours. We are connecting these points in a way that is affordable for all income levels in society. Large proportions of our passengers are travelling with us to reconnect with friends or family after having migrated mainly for employment reasons.

At Wizz Air, low cost and low fares do not mean low quality of service. We operate the youngest and most carbon-efficient fleet in Europe, and the third youngest fleet in the world (among airlines with more than 100 aircraft in their fleet) and we have an ambitious fleet renewal plan. We offer great choice and value, a pay-for-what-you-use approach (instead of unnecessary services and extra waste generated), a welcoming service, brought to our passengers by a well-trained, highly motivated, engaged and positive-spirited workforce, and all enabled by our highly digitised and scalable operations. We are continuously working to understand the path to a net zero economy, with a clear focus on technology and innovation and the most efficient operations achievable.

Our Sustainability Governance

Our sustainability agenda is governed by our Sustainability and Culture Committee. The Committee shall assist the Board in reviewing the Company's policies and practice on sustainability. It ensures that the Company promotes long-term value creation and thus takes environmental issues into account in defining the Company's strategy by submitting recommendations to the Board.

In particular, the Committee shall:

(a) review the Group's sustainability strategy and its implementation;

(b) examine the extra-financial risks and specifically those relating to environmental, social and societal issues; and

(c) co-ordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

The Committee needs to also assist the Board in reviewing the Company's policies and practice on culture. It ensures that the Company promotes diversity in all areas and enables an effective two-way communication between the management and employees thus taking social issues into account in defining the Company's strategy by submitting recommendations to the Board.

The Committee shall:

(a) review the Group's diversity strategy and targets and their implementation; and

(b) review the Group's employee relations, in particular the effectiveness of the People Council.

- The Audit and Risk Committee has a crucial role in overseeing the Company's risk assessment processes. The climate related physical and transition risks impacting aviation and Wizz Air will be playing an increasingly important role during the net zero transition, depending on the progress and path to decarbonisation.

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

In F22, the Audit and Risk Committee, then the Sustainability and Culture Committee reviewed sustainability during six of their meetings. The main agenda items during the financial year focused on but were not limited to:

- target setting for the Company's sustainability strategy as well as aligning it with the WIZZ500 ambitions;
- embedding the gender diversity and carbon intensity targets in leadership incentives;
- committing to SBTi through the submission and acceptance of our Commitment Letter to the Science Based Targets initiative (SBTi);
- committing to the Hampton-Alexander gender diversity target; and
- continuing to improve ESG information disclosure for external stakeholders.

Going forward, as of F23, the Sustainability and Culture Committee will continue to review the execution of the Company's sustainability strategy during each of its meetings (six times per annum), in a review led by the ESG Officer. The Company-wide, fully cross-functional Sustainability Council will continue to meet on a monthly basis, and will debrief the full Leadership Team including the CEO on the progress it is making versus its strategic priorities. Where needed, during these meetings amendments to goals and strategies will be aligned. Subsequently, progress and future strategies will be aligned with the Sustainability and Culture Committee.

Our sustainability priorities

To identify sustainability priorities that matter most to our stakeholders and 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) 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 (lll = 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	lll	lll
E - Product footprint	lll	lll
E - Climate change position	lll	lll
E - Product H&S	lll	lll
G - Ethical conduct	lll	lll
S - Employee relations	lll	lll
S - Equal opportunities	lll	lll
S - GDPR	lll	lll
E - Noise emissions	ll	lll
S - Employee H&S	ll	lll
Medium Wizz Air materiality		
E - Emissions management	lll	ll
E - Renewables	lll	ll
S - Supplier standards	lll	ll
S - Social impact of services	ll	ll
S - Human rights	ll	ll
S - Training	l	ll
G - ESG reporting	l	ll
G - Political transparency	l	ll
S - Employment security	l	ll
G - Shareholder representation	l	ll
S - Payment practices	l	ll
G - Board composition	l	ll
S - Complaints management	l	ll
S - Community involvement	l	ll
Lower Wizz Air materiality		
E - Energy management	lll	l
E - Fleet disposal	l	l
S - Work/life benefits	l	l
S - Accessibility of service	l	l
S - Responsible marketing	l	l
E - Freshwater use	l	l

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 even more ambitious in setting and achieving targets that are meaningful.

During a period like the COVID-19 pandemic and the Ukrainian war in 2022 our principal stakeholders have sought even more guidance from the Company and their feedback has been good – 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 friction-less digital experience.
Our investors	Our investors' 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 whilst delivering leading shareholder returns.	Our investors value results delivered in a sustainable and responsible manner. Our investors see Wizz Air as a disruptor in the industry not only in terms of our low-cost business model but our 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 offered.	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 people want their voice to be heard leveraging the opportunities we offer to engage via face to face base visits, through the People Council or via the Peakon© engagement surveys the Company is conducting.
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 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. It connects communities into economies and connects people with opportunities.	Our communities expect Wizz Air to enable opportunities and progress, in a responsible manner for their people, and expect us to contribute to the growth and prosperity of the economies we operate in.

Environment – Wizz Air cares for our planet

Wizz Air aspires to be the greenest and most efficient airline on the planet. Today this is a key competitive advantage. However, in light of climate change, our responsibility is to create a pathway towards being an even greener airline. We remain committed to our 2030 goal of reducing emission intensity by 25% versus our F20 baseline, we are committed to aligning our decarbonisation goals with the SBTi and are currently working with SBTi to complete this assessment by the end of 2022, and we continue to work on our net zero commitment for 2050 (while our aspiration is clear, today we cannot credibly state that we have all building blocks defined that will allow for us to achieve a net zero target by 2050 given the uncertainty around future technological innovation such as zero emission aircraft, sustainable aviation fuels or direct air carbon capture technologies, and, as such, the Company, together with the Board of Directors is working to complete our long-term, end-to-end plan prior to any further market communication on 2050 targets).

Emission intensity glide path	F20 (baseline)	F25 target	F30 target
CO_2 in g/RPK	57.2	47.9	43.0

In F21 we aligned our disclosure with the TCFD-recommendations, and we will continue to improve our disclosures every year, as the transparency it brings challenges us to deliver on a more sustainable business year in year out.

Some of the key improvements on environmental governance this year include:

1. Our Sustainability and Culture Board Committee was carved out of the Audit and Risk Committee (previously Audit and Sustainability Committee). This level of dedication to sustainability governance underlines the commitment of the Company to deliver against our ESG objectives. Carbon Trust provided a full day training to the Board Directors to ensure they would be even more effective for this Board mandate.
2. Wizz Air is constantly seeking out cooperation with leading experts and consultants that can support the company’s work with valuable insights on sustainability, particularly on climate change and decarbonization developments and best practices. The Sustainability and Culture Committee is regularly engaged in or is receiving information about industry and sustainability consultancy cooperation on ESG matters, to ensure they remain current and well-informed when it comes to sustainability. A comprehensive training, including greenhouse gas emissions, climate change policies, and industry best practices on decarbonization was provided to the Sustainability and Culture Committee members as well as Wizz Air’s executive team by the Carbon Trust in 2021, to further build their knowledge and skills around sustainability.

3. Avieco, a UK-based company providing sustainability consultancy services, has worked with Wizz Air to validate its greenhouse gas emissions data collection and reporting, and they also assessed all current processes connected to decarbonization and recommended process optimization and improvement opportunities for the future. Through their valuable insights and acumen, they have contributed to the company’s Sustainable Procurement Policy, which was recently implemented.

4. We established a strategic partnership with Risilience to analyse Wizz Air’s ERM framework and previous climate risk assumptions capitalizing on their best-in-class scientific risk analysis framework. Through our collaboration we gain an exhaustive, relevant and sector-based knowledge on how to improve the company’s risk analysis by reviewing more climate pathways and risk types, helping the business become more resilient in the face of climate related physical and transition risks.

5. In October 2021, Wizz Air’s Commitment Letter to the Science Based Targets initiative (SBTi) was accepted. The Company has reviewed its emissions reduction glidepath towards 2035, taking into consideration the currently available technology, the Company’s fleet renewal, fuel efficiency projects and the projected sustainable aviation fuel mandates, and it is fully aligned on the targets to be set. The Company is currently in the process of collecting and assembling all data and making all the meticulous calculations for its decarbonisation roadmap, as required for the SBTi target setting process. The submission is projected to be completed by the end of the 2022 calendar year.

6. Our work with Risilience, a company that is applying the risk analysis framework pioneered by the Cambridge Centre for Risk Studies (CCRS), was aimed at assessing the physical and transition risks to our operation. Risilience confirmed the necessity of increased attention to physical and transition risks identified in last year’s assessment across different climate pathways. They helped to put more focus on certain physical risks e.g. due to the disruption in the supply chain (e.g. future SAF supply chain) or potential liability risks from historical and continued emissions, or compliance failure.

7. Inclusion of Scope 2/3: Wizz Air is disclosing the data on its Scope 3 greenhouse gas emissions for the first time in this F22 annual report. While Scope 2 indirect emissions occur at the facility where electricity is generated, Scope 3 includes indirect greenhouse gas emissions and allows for the treatment of all other indirect emissions that occur in a company’s value chain. They are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. Wizz Air was supported by Avieco UK Ltd for the data collection and emissions measurement process, for Scope 1, 2, and 3. (Scope 1, and 2 emissions have already been part of greenhouse gas emissions tracking and reporting since F20.) Increased visibility and oversight regarding indirect emissions, especially in the supply chain will enable Wizz Air to assess indirect emissions more accurately and to implement new procedures to start the decarbonisation of its supply chain via engagement with its contracted partners. The new sustainable procurement policy implemented in April 2022 is a part of this process. The carbon footprint has been calculated in line with the World Resource Institute’s (WRI’s) internationally recognised reporting standards: Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard (2015 revised edition); GHG Protocol: Scope 2 Guidance (amendment to GHG Protocol) (2015), GHG Protocol Corporate Value Chain (Scope 3) Accounting (2011); and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (version 1.0).

8. Net zero by 2050 commitment: we have identified the key building blocks necessary to achieving net zero emissions by 2050, which include on short-term continued investments in fleet renewal, fuel and

operational efficiency, on medium-term sustainable aviation fuels and valuable offsetting alternatives, and on long term zero emission technology and air traffic management modernisation. The direction and the crucial elements on the path to achieve this have been clear, however there is much uncertainty around external circumstances outside of our control, such as future technological innovation (e.g. hydrogen aircraft) and the relevant ecosystems in our network, and the availability of sustainable aviation fuels or direct air carbon capture technologies, so we cannot at the present time issue an official net zero commitment. Wizz Air, together with the Board of Directors is continuously working on assessing the potential pathways and alternatives that will enable Wizz Air to reach net zero emissions by 2050.

Responding to TCFD recommended disclosures	
Governance	**Disclose the organization's governance around climate-related risks and opportunities.**
Recommended Disclosure a) 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, as well as the Sustainability and Culture Committee. See page 27-28.
Recommended Disclosure b) Describe management's role in assessing and managing climate related risks and opportunities.	Management defines strategies and drives progress through the Chief People and ESG Officer and the cross-functional Sustainability Council. See page 27-28.
Our disclosure is consistent with the TCFD framework.	
Strategy	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.**
Recommended Disclosure a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	The ongoing development of our risk register including climate-related risk and opportunities is fully integrated in the ERM process (see page 70), but independently challenged via Risilience/ the Cambridge Centre of Risk Studies, as outlined further on page 29.
Recommended Disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Addressed through our comprehensive climate strategy, see page 33, where we have outlined our key strategic priorities, and, embedded in our financial planning for the short and medium-term risks and opportunities.
Recommended Disclosure c) Describe the resilience of the organization'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 short, medium and long-term planning process. Our climate scenario modelling processes will continue to evolve as we move towards a net zero pathway for Wizz Air. In 2022, Wizz Air partnered with Risilience, a company using the research frameworks produced by the Cambridge Centre of Risk Studies (CCRS), in order to assess objectively transition and physical risks under four different climate-related scenarios and will integrate learnings to our operation to achieve corporate targets set. Please refer to page 29.
Our disclosure is consistent with the TCFD framework. Future priorities include working on a quantitative climate risk analysis on top of a qualitative assessment.	
Risk Management	**Disclose how the organization identifies, assesses, and manages climate-related risks**
Recommended Disclosure a) Describe the organization's processes for identifying and assessing climate-related risks.	Climate related risks are identified as part of our ERM process (page 70) and independently verified by a third party risk assessment expert (page 29).
Recommended Disclosure b) Describe the organization's processes for managing climate-related risks.	By integrating sustainability and climate as the key focus area within this into one of our four corporate strategies, we intend to be and become a pioneer on all relevant climate related areas for the Company. See page 32.
Recommended Disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	We manage climate related and ESG risks through our corporate ERM framework. See page 70.
Our disclosure is consistent with the TCFD framework. We are constantly working on further developing our ERM framework and the applicable internal risk management processes, to ensure heightened resilience in the face of climate change.	
Metrics and Targets	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material**
Recommended Disclosure a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	See page 41 for our environmental metrics and targets.
Recommended Disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We report extensively on Scope 1, Scope 2 and Scope 3 emissions on page 41-42.
Recommended Disclosure c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See page 103 of the Directors' Remuneration Report on the inclusion of CO2 emission intensity target in the Leadership Team's award conditions and page 41 for other targets on key climate related metrics.
Our disclosure is consistent with the TCFD framework. We will continue to improve our greenhouse gas disclosure with increased data granularity and location-based emissions reporting on short and medium term.	

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 Sustainability and Culture Committee as well as the Sustainability Council. With the growing business complexity throughout the Company and the need to ensure heightened and proper Board oversight of the key areas of focus, in June 2021 the Sustainability and Culture Committee was established in order to allow the Board to dedicate a separate committee to ESG and culture with an appointed member responsible for employee engagement (including engagement with the Wizz Air People Council).

The Board of Directors continues to be committed to Wizz Air maintaining its position as the greenest choice for air travel, and supports projects, innovation, and investments that contribute to reducing the impact of Wizz Air's operations on the environment in the short, medium, and long term. The Committee has played a crucial advisory role in the creation of the Company's new Group-wide sustainability strategy, aiming to harmonise the essential components of Wizz Air's environmental, social, governance, and economy pillars. The Sustainability and Culture Committee and the Sustainability Council continuously cooperate in the calibration with best-in-class practices, the setting of challenging, progressive decarbonisation targets, and the execution of the entire strategy across all ESG pillars, through well-defined strategic priorities.

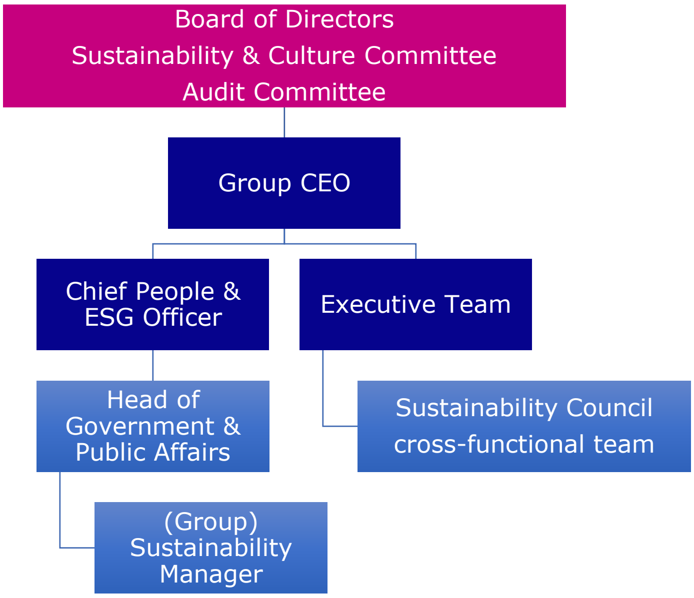
The Board of Directors, based on the proposal of the CEO, examines, and approves the key objectives and strategy on the business including those related to Environmental, Social and Governance factors. The Board of Directors also approves – as part of the Enterprise Risk Management (ERM) process (outlined on page 70) – the climate related opportunities, physical and transition risks on short, medium and long term, as well as the risk appetite and they review the action plans proposed by management.

The Sustainability Council – led by the Chief People and ESG Officer, meets for monthly reviews to discuss the sustainability agenda, new developments, the status of ongoing projects and to discuss and analyse further plans regarding the Company's decarbonisation pathway. The Sustainability Council, led by the Group's Sustainability Manager, comprises key internal stakeholders such as the Chief People and ESG Officer, Chief Corporate Officer, Chief Financial Officer and Chief Customer and Marketing Officer. The meetings are also regularly attended by the leaders and working level experts of strategic functions like Operations, Fleet Acquisition, Supply Chain, Organisational Development, Human Resources and others. The Council's main task is to drive the Company's sustainability strategy and cascade the related actions into the organisation.

In October 2021, the members of the Sustainability and Culture Committee and the Leadership Team participated in an additional, comprehensive and interactive Sustainability Training run by Carbon Trust to further build their knowledge base and skills around global decarbonisation, aviation sector regulation updates, and the net zero pathway. The Sustainability and Culture Committee met six times throughout the year and reviewed the Company's environmental plan, placing significant emphasis on the new sustainability strategy, the greenhouse gas reporting related data collection improvements, the commitment to the Science Based Targets initiative (SBTi), and the Company's analysis of various pathway scenarios to reach net zero by 2050. The Committee has also closely reviewed the outcome of the two employee engagement surveys in F22 and has been supporting the Company with insight and actions to improve engagement after the challenging two-year period following the COVID-19 outbreak. The Board was subsequently informed on the key outcomes. The Committee is also supporting the sustainability team in ensuring continued alignment with the recommendations of the TCFD. Beyond F22, emission intensity is fully integrated into the reward structure of executives.

Company governance	Sustainability governance
Board of Directors	Sustainability and Culture Committee
Approval and supervision of strategic objectives	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.
	Meets at least six times per year with at least one session dedicated to in-depth training on sustainability and climate related matters.
	Audit and Risk Committee, Board of Directors
	Approval of the climate-risk universe (including the physical and transition risk analysis), risk appetite and action plan to address these risks.
Leadership Team	Sustainability Council
Development and execution of strategies	Supports the Leadership Team in the development of sustainability objectives and the corresponding strategies. Drives the execution through the organisation via prioritisation and resourcing. Centre of expertise on ESG, sustainability and climate matters. Oversees and coordinates a number of initiatives on sustainability, and 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 innovation partnerships, climate regulation related advocacy, sustainable aviation fuels and non-fuel related emissions and waste.
	Meets for updates each month of the year with quarterly CEO reviews.

Sustainability Governance – Organisational Structure



Ensuring the proper oversight and management for our ESG ambition is crucial to achieve our objectives. As part of this we will maintain a strong focus on further developing our sustainability governance including trainings to ensure environmental acumen and a growing level of expertise in understanding climate-related developments, risks and opportunities. Building and continuously strengthening our sustainability strategy and governance is the first step towards sustainable aviation, supporting the Company's vision to i) achieve WIZZ500 by 2030 ii) be Europe's undisputed price leader iii) be Europe's greenest airline.

Environmental Strategy/Climate Risk Scenario Analysis

We are aware of our impact on the environment and the actions we need to take to decrease our environmental footprint while providing the most affordable air travel for our customers and the communities we serve.

Whereas we have several work streams within the environmental pillar, the reduction of GHG emission intensity is the number one priority for Wizz Air. We have a clear strategic plan to deliver our goal to reduce emission intensity to 43g CO_2 per RPK by F30 (down from 57.2g CO_2 per RPK in F20). This plan is based on building blocks and annual targets for every year up until F30. Our F30 plan is outlined in more detail below.

Wizz Air has the KPIs defined to measure progress against our strategies, allowing us to correct course should we need to or accelerate ahead of our initial targets. Climate change continues to be a top priority and is identified as an emerging risk to Wizz Air as part of the Enterprise Risk Management process (see page 70) as it may impact our business over the short, medium and longer term. We have outlined the impact that climate change could have on our business via a high-level assessment of the impact of four global warming scenarios (see below). We have looked at the impact on our business by F30 projecting the size of our business based on our current fleet plan and the WIZZ500 ambitions.

To further improve the Company's climate risk scenario analysis, Wizz Air has worked together with Risilience, the company applying the research frameworks pioneered by the Centre for Risk Studies (CCRS) at the University of Cambridge Judge Business School. Building on over a decade of influential research performed by the CCRS, Risilience sits at the cross section of academia, corporate risk management and sustainability, and is providing best-in-class climate and enterprise risk management solutions to translate risk science into business insights and to shape business strategies.

The scope of work included reviewing the Company's ERM and climate risk analysis framework and supporting Wizz Air with a gap analysis and scientific external risk identification to enable an improved climate risk scenario analysis, looking at both physical and transition risks across four different climate pathways.

The four potential climate change scenarios are covering a broad spectrum of outcomes. This enables the Company to gain insight into the materiality of the risks and opportunities that may arise as a result of various possible future climate pathways. These pathways a have crucial socioeconomic narrative with assumptions about policy change, energy outlooks, and technology (benchmarked on existing published scenarios, incl. IPCC's SSPs).

Emission pathway	Global temperature rise by 2100 (vs pre-industrial baseline)	Global reduction in CO_2 emissions	Average annual emissions reduction	Description
No policy	>4°C	+200% by 2100	0%	Assumes policy reversals and increased energy consumption and emissions
Current policy	3°C	- 50% by 2100	0.85%	Continuation of current trend, without any further or additional changes in policy
Paris Agreement limit	2°C	Net-zero by 2070	5%	Aligned with Paris Agreement, requiring rapid and widespread changes in energy system, behaviours, and technology
Paris aspiration	1.5°C	Net-zero by 2050	7.50%	Radical and urgent policy response, requiring rapid and systemic energy and behaviour shifts and major technology innovation

Climate change is one of our principal risks and it may impact our business in the short, mid, and long term. In terms of climate scenario risk analysis, Wizz Air is defining timelines as short term (0–1 years), medium term (1–5 years) and long term (5–10 years). This risk evaluation of the environmental risk area resulted in several specifically identified physical and transition risks. In the short- and mid-term transition risks will be more significant for Wizz Air whereas in the long term, especially in the no policy and current policy pathway, the physical risks affecting operations may be more serious. The less successful the various climate policies and regulations will be, the smaller the threat from transition risks will become. On the other hand, the more successful the policy changes will be, the fewer physical risks will be faced, but this also means significant impact of transition risks in the mid and long term due to new regulatory requirements and compliance measures.

Transition risks

The most relevant and impactful risks identified as a result of policy changes will be:

- Policy risks
    - Change in tax policy and tax compliance – mid and long term
    - Carbon pricing – mid and long term
    - Sustainable aviation fuel regulations – mid and long term
    - Voluntary carbon markets – mid and long term
    - Emission reduction regulations – mid and long term
- Liability risks
    - Emission and climate damage litigation – long term
- Technology risks
    - Disruptive aviation innovation – long term
- Market risks
    - Sustainable preferences in aviation – mid and long term
    - Investor sentiment – short, mid and long term
- Reputation risks
    - Climate activism and consumer stigmatisation – mid-and long term

Policy pathways will have considerable impact on carbon price as regulators will aim to incentivise strong reductions in GHG emissions enabled by shifts in operations towards green, sustainable solutions. Adverse movements in the carbon pricing (including ETS) might have a negative impact on Wizz Air's portfolio. This is a mid- and long-term risk.

The development of highly effective carbon offsetting technologies can shift the market towards carbon capture solutions; however, the most promising and valuable solutions are still insufficiently available in the medium term.

The Fit for 55 "ReFuelEU Aviation" proposal, and other biofuel blending mandates will result in up to 62 per cent of SAF fuel use by 2050 in the EU. Blending mandates are expected to be more common as of 2025 on a national level as well. Due to limited feedstocks and the higher costs of biofuel we would see an overall increase in jet fuel prices. As the Company will continue to grow, increased fuel and SAF cost is a medium and longer-term risk for the Company as higher costs mean higher fares and in turn lower demand for our services.

Emission reduction regulations across various jurisdictions would require organisations to adhere to reductions of emissions or face penalties.

For voluntary carbon markets, acceptance of offsets in GHG reduction targets poses risk of overreliance.

A reform in tax policies to incentivise carbon-efficient technologies would double the overall level of taxation in the mid-term. Increased taxation will slow the industry growth. Possible revenue decline and/or partial offset as the industry would pass on the increased cost of travel to the revenue line. Failure to identify or properly assess (i) new transactions relevant for tax, and/or (ii) changes in tax laws, in an increasingly complex business.

Environmental related liability risks include the likelihood for emission and climate damage litigations against the Company. The plaintiffs could target governments and companies that contributed to greenhouse gas emissions. The probability of a given outcome varies based on the environmental impact of the company in question; however, in any case, such a process would imply significant legal and other costs to the Company.

An uptake rate of low -carbon aviation technologies affects business competitiveness, operating costs and asset values. Capex and R&D investments must balance risk and reward, promoting sustainable but profitable innovations. Technologies such as zero-emission aircraft are not yet commercially viable options in the short and medium term. Policy may be squeezing the aviation sector at a faster pace than technology solutions are coming online. To mitigate this risk, Wizz Air has partnered with Airbus to work together on the future of hydrogen technology and the aircraft ecosystem.

Market and reputation related transition risks include consumer preferences shifting towards sustainable behaviour, for mid- to longer-term demand dropping for air travel (personal and business), divestment by investors of carbon-intensive assets and negative shift of public opinion towards carbon-intensive activities.

Physical risks

While the impacts connected to physical risks will have more relevance the further we look into the future and if policy pathways are not succeeding, the awareness and careful analysis of such risks is key for the Company to prepare with strong risk mitigation plans and incorporate those in Wizz Air's sustainable growth strategy. This enables the Company to stay resilient in the face of climate change and the disruptions that physical risks can cause through various more frequent and more intense extreme weather phenomena.

The four main physical risk types applicable to Wizz Air are:

- operational disruption due to climate change;
- asset damage due to climate change;
- supply chain disruption due to climate change; and
- market disruption due to climate change.

Airports' sites will be varyingly susceptible to various extreme weather events. Damage to assets, including aircraft, will disrupt the operations of flights and could result in temporary suspension. In a no policy scenario flight operations will be disrupted more frequently leading to incidences of delays, diversions or cancellations. Such events may have a material operational and financial impact. With new generation fleets like hydrogen aircraft, MRO costs may increase in order to repair more technologically advanced aircraft in the event of a hazard.

Extreme weather events can reduce the productivity of business activities and add costs to operations and processes by causing operational disruption. Typically, storms and floods are destructive and cause significant physical capital losses, while extreme temperature waves disrupt productivity. The effects of extreme weather on business activities include direct physical damage or destruction of physical assets. Operational disruption results in the loss of productive output, either if the means of production are directly disrupted, for example through transportation and supply chain interruption, energy and utility outages which can hinder or stop the ability to fly.

Extreme weather events may not only impact our operation, but could increase the risk of large-scale crop failures that would heavily impact SAF supply in the longer term. Challenges in crop-based SAF availability will increase SAF prices on the market and push up synthetic SAF prices. Failure to use recommended volumes of SAF blend may contribute to higher carbon costs, kerosene tax and slowed emissions reduction.

Extreme weather events can cause short-term disruption to regular revenue streams, particularly when poorly forecasted, resulting in market disruption. Sales may be affected by changes in demand if consumers alter their behaviours because of the weather. There is also the risk of reduced flight capacity if customers can't access airports due to infrastructure damages. Wizz Air's network is continuously diversifying, and as such, the Company needs to increase oversight regarding the specific physical risk types relevant to the different regions of our operation. We will be working on strengthening our risk mitigation framework and introduce new processes that take the applicable physical risks into account.

Climate related opportunity assessment

Our ambition to be the most sustainable airline on a net zero journey will help us to reduce the impact of the risks outlined above, and more importantly help us to make our business and offering more resilient. Becoming a sustainability leader will open many opportunities for the airline, which we have identified and are trying to accelerate:

Airbus Zero emission aircraft: due to the current cooperation with Airbus on their zero-emission aircraft project and the analysis of the impact of hydrogen aircraft on Wizz Air's fleet and business model, the company will be in a good position to quickly renew its fleet and transition to zero emissions aircraft faster than other airlines. Fleet leasing will allow us to deal better with technology obsolescence.

Potential pathways to net zero: A cross-functional team has analysed several scenarios for potentially reaching net zero by 2050 relying on technology solutions only and without air traffic management and other external economic mechanisms taken into account. The purpose was to evaluate the financial impact in light of WIZZ500 and to understand the financial impact of environmental legislation. The analysis has shown that while there will be an exponential cost increase on short and mid-term due to SAF mandate and carbon cost, if the company invests in zero emission technology and can secure SAF at lower than market cost (e.g. via offsetting agreements with fuel producers), then the overall cost structure will improve considerably, as opposed to not having acquired zero emissions aircraft.

As a result of climate change, green bonds and ESG financing are becoming more widespread. Wizz Air has shown a positive trend in improving ESG ratings due to the company's continued and focused efforts to become more sustainable. Due to this and our leading carbon intensity performance, ESG and sustainability-linked loans and aircraft financing could become more available to Wizz Air and provide additional support in fleet renewal and environmental transition, gaining competitive advantage. Green bonds and similar initiatives may be a crucial mechanism to help fund the transition to a more sustainable economy.

Sustainable aviation fuels: Due to the proposed policy changes and upcoming blending mandates, sustainable aviation fuel production will be increasing across the network. New policies and incentives for SAF should increase supply and availability of the SAFs, supporting Wizz Air's CO_2/RPK reduction targets and allowing us to stay relevant for our consumers who deeply care about our planet.

Offsetting technologies: With direct air carbon capture technologies becoming more widespread and valuable offsetting measures more widely available, this will have the potential to support the company's carbon gap closure to achieve net zero.

Airports' net zero plans: renewable energy will become available at an increasing rate at the company's bases. While this may increase electricity price sourced from renewables at the airports, it will also contribute to reducing Wizz Air's Scope 2 greenhouse gas emissions due to the airports' own decarbonisation efforts to achieve net zero. New policy pressure may also contribute to an increasing number for airports implementing green incentives, rewarding airlines with young, new generation aircraft and low carbon intensity performance, which would be beneficial for Wizz Air.

Consumer trends: Increased revenues resulting from increased demands for more sustainable products and services within aviation. As Wizz Air is highly carbon efficient per passenger kilometre, consumers may shift their airline preferences and favour our services as opposed to more polluting airlines with older aircraft and higher CO2 footprint per passenger kilometre.

Resource efficiency: Relative cost advantage of the lowest intensity airlines like Wizz Air would improve given Wizz Air's competitive emissions intensity. In the airline industry lowest cost wins given airline tickets are the most price sensitive online service. Therefore, Wizz Air is set to make both financial and commercial gains from the continuously decreasing CO/RPK performance.

Environmental Risk and Opportunity Management

Wizz Air has outlined four different 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 Risk Committee and into the Board of Directors and as such has strong support and priority in terms of driving our business plans and the actions to mitigate the risks.

Wizz Air's risk governance structure:

Analysis of the potential financial impact of climate change risks:

As part of the going concern and viability work for the Company, Management is mapping principal risks into the going concern planning horizon and into the viability horizon. These horizons align well with the definition of short-term risks (going concern) and medium-term risks (viability).

The ten principal risks as identified during our Enterprise Risk Management work are mapped and discussed as such for their one year and three year and long-term impact. The same approach is used for climate risks, as one of the ten principal risks. For each of the outlined climate risks – transition risks and physical risks – an assessment is documented for the short-, medium- and long-term horizon. Where relevant, a quantified impact of that assessment is then fed into the going concern and viability modelling for the Company.

The most material climate risks are linked to:

- tax policies – where Wizz Air assumes for all its planning the Paris aspiration impact with regards to jet fuel taxation, ETS impacts and phasing out of ETS credits, SAF mandates;
- SAF regulation – where the criticality is around the development of the SAF supply chain that is maximally resistant across different climate scenarios;
- longer-term next generation technology – where the Company already today is engaged in several programmes as disclosed on page 38 to qualify the ULCC model linked to those new technologies; and
- improving capabilities for the future on planning and managing operations in a context of potentially less predictable and more frequent adverse weather events and meteorological conditions.

Environmental priority programmes

We have four priority programmes on environment:

1 CO2/RPK reduction – our core programme to reduce the emission intensity from flight operations;

2 qualify a SAF supply chain as of 2025 – a key building block to our F30 emission intensity glidepath and net zero by 2050;

3 drive noise reduction through increased Chapter 14 emission standard compliance; and

4 qualify future technology building blocks and industry partnerships – to enable a Net Zero by 2050 commitment.

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

This is the key environmental metric for Wizz Air as Scope 1 CO2 emissions from operations are the most significant contributor to its carbon footprint. One 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 management incentive scheme as of F22 for CEO and Officers.

CO2/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; and (2) latest comparable FY results.

During F22, our carbon intensity metric continued to be adversely affected because of COVID-19 and the impact it has on our load factor, although to a smaller extent. This is a testament to Wizz Air's efforts in its continued fleet renewal which has not ceased even during COVID-19, and the Company's dedication to increase operational and fuel efficiency. While load factors on our aircraft were still lower than pre-COVID-19 levels, there is significant improvement for Wizz Air, which is not present everywhere within the industry. Passenger load factors are expected to further recover through calendar year 2022 and calendar year 2023, hence lowering our CO2/RPK and starting to show significant reductions versus our baseline. As we continue to renew our fleet, we are projecting to be back on track from fiscal F24 onwards.

	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
-	57.2	77.3	62.9	51.1	48.9	47.0	45.1	44.1	43.1	43.0	42.6
CO2 per RPK actuals	57.2	77.3	60.7	—	—	—	—	—	—	—	—

The key actions to deliver on our CO2/RPK glidepath are outlined below: fleet renewal (contributing to 22.5% reduction with the current order book) and fuel savings initiatives (contributing 1.2% reduction). Sustainable aviation fuels will contribute 1.8 per cent reduction by F30. Offset programmes are not included in the above glidepath.

Why it is crucial to use the CO2 per revenue passenger kilometre metric as opposed to total CO2

Emission intensity (e.g. CO2/RPK) measures the emissions resulting from a given amount of activity. This metric enables objective comparison as it provides a unit of emissions performance that is comparable between different sized companies and different business models.

Changes in emissions intensity highlight the changes in the efficiency of the Company, while looking at total emissions focuses on changes in the economic performance. Reduction in total emissions could simply be the result of reduced economic activity, without any positive changes in efficiency and the related processes. Moreover, for passengers who want to reduce their own contribution to the amount of CO2 emitted, this measurement provides a means of comparison between the various options they can choose from.

"It is beneficial to use emissions performance as a basis of emissions reduction strategies and internal progress tracking as it reflects the development in operations' efficiency" (SBTi, 2021).

Emission efficiency reflects the energy efficiency of aviation operations as CO2 and GHG (greenhouse gas) emissions are directly calculated from the amount of burnt fuel. In the transition towards climate neutrality and sustainability, it is key to reduce the energy intensity of technologies and processes used, since to this day there are no energy resources completely free of adverse environmental impact regarding the whole life cycle.

The importance of efficiency improvements in aviation in the past decade can be seen below. According to the statistics published by Eurocontrol, while the number of passengers (RPK) increased by 40% between 2009-2014, the CO2 emissions only show an increase of 15% within the same timeframe. This difference between the rate of increment in economic activity and in its emissions impact is due to development in efficiency – for instance technological renewal, higher load factors, flight operation optimisation, etc. (Eurocontrol, 2020).

Wizz Air is reporting monthly traffic statistics and the CO2 emissions per revenue passenger kilometre each month. Greenhouse gas emissions reporting is included in the annual report and includes Scope 1, 2 and 3.

Fleet renewal is contributing 22.5% reduction by F30

Since its very first flight in 2004, Wizz Air has always operated the Airbus A320/321 family of aircraft and currently operates one of the youngest fleets in the world with an average age of 5.04 years.

Years	Wizz Air	Ryanair	EasyJet	AF-KLM	IAG	LH	SAS
Average aircraft age	5.04	9.0	8.6	10.9	10.6	12.7	8.4

The Airbus A321neo, which WIZZ introduced in 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 and 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 10% compared to the A321ceo, which further translates to 20% fuel savings compared to the A320ceo aircraft.

In January 2022, Wizz Air received an award from ch-aviation for the World’s 3rd Youngest Aircraft Fleet, in the category of airlines with 100 or more aircraft in their fleet (average fleet age was 5.2 years at the time the awards were judged). The ch-aviation Youngest Aircraft Fleet Award was conceived to honour airlines and aircraft leasing companies worldwide who maintain young and efficient aircraft. Keeping a modern fleet and portfolio by using new generations of aircraft contributes significantly to the decrease of CO2 within the aviation industry and helps achieve better fuel efficiency (to determine which airlines currently operate and which lessors manage the youngest aircraft fleet, ch-aviation maintains an extensive aircraft fleet database consisting of more than 4,700 active airlines, more than 65,000 aircraft, and 1,000 lessors worldwide).

The airline operates a fleet currently consisting of 153 Airbus A320/1neo and ceo family aircraft, with an average age well below the industry average (which is around 10 years). Wizz Air’s average aircraft age will continue to improve and reduce to 3.2 years by 2027, underpinning the airline’s continued commitment to sustainability. As Wizz Air announced in November 2021, the Company signed an agreement with Airbus for the purchase of a further 102 Airbus A321 aircraft, comprising 75 Airbus A321neo and 27 Airbus A321XLR aircraft, with the bulk to be delivered between 2025 and 2027. Under certain circumstances, Wizz Air may acquire a further 15 A321neo aircraft. Airbus has also granted Wizz Air 75 A321neo purchase rights for deliveries in 2028-29, to be converted into a firm order by the end of 2022. As with previous orders, under the agreement Wizz Air has the right to substitute a number of the Airbus A321neo aircraft with the Airbus A320neo and/or A321XLR aircraft and vice versa, depending on its future requirements. Completion of the order remains subject to approval by Wizz Air shareholders.

With the new order, Wizz Air’s delivery backlog comprised a firm order for 34 A320neo, 244 A321neo and 47 A321XLR aircraft, plus the additional order for 15 A321neo and purchase rights for 75 A321neo, a total of 415 aircraft at 31 March 2022.

After two years in service, Wizz Air’s Airbus A321neo continues to provide market leading aircraft technology and choice - there is simply no other aircraft that can compete with it. With its next-generation engines, it has proven to be a game-changer. These are by far the most fuel- and cost-efficient aircraft in their class - supporting us in maintaining our position as the most sustainable airline in Europe and reaching our sustainability goals of reducing CO2 emissions per passenger kilometre by 25% by 2030. It is important to note that if all European airlines switched to a modern Airbus A320/1 fleet like Wizz Air and operated them as efficiently as Wizz Air, the whole industry’s CO2 emissions would reduce by 34% overnight.

Fleet plan	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
Avg. fleet age	5.4	5.4	5.04	4.1	4.0	3.6	3.3	3.1	3.4	4.3	5.3
Avg. seat count	201	205	213	221	226	228	230	232	233	233	233
Share of neos	7%	20%	36%	53%	65%	77%	87%	94%	99%	100%	100%

Despite strong demand for the aircraft, Wizz Air signed very attractive terms with Airbus for the long-term supply of more aircraft until the end of the decade, catapulting Wizz Air towards our aim of being a 500 aircraft group and putting us in an unassailable position when it comes to sustainability. When it comes to decarbonising aviation, airlines depend on the technology and innovations available here and now – we are confident that by investing in the most modern aircraft and engine technology we will be able to continuously reduce the passengers' carbon footprint and deliver the targeted CO2 intensity decrease by 2030 and beyond. In October last year, Wizz Air's Commitment Letter to the Science Based Targets initiative (SBTi) was accepted and as such we are aligning to an ambitious decarbonisation roadmap. SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and it drives climate action in the private sector by enabling companies to set science-based emissions reduction targets.

Fuel saving initiatives are contributing 1.2% reduction

We continue to focus on fuel efficiency initiatives that reduce our impact on the environment by consuming less fuel. In total, in F22, we launched initiatives that on an ongoing basis are reducing consumption by 0.85 per cent. Flight path optimisation options are being explored continuously and further improvements are expected with the go-live of a leading third party fuel efficiency platform in combination with our Mobile EFB (Electronic Flight Bag), that will enable aircraft type specific, highly accurate performance models.

We keep working on the ideation and qualification of other optimisation projects to deliver every year 20bps of consumption reduction.

Initiative	Start date	% efficiency
Differentiated cost index	Jun-18	0.4%
Performance/idle factors	Jun-20	0.1%
ZFW optimisation	Jun-20	0.1%
Reduced take-off configuration	Oct-20	0.3%
CONF 3 landing	Sep-19	0.2%
Mobile EFB	Dec-21	0.05%
Fuel efficiency platform	Apr-22	0.8%

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 us to maximise the cost reduction (and fuel burn) of the operations. Essentially, this process allows us to operate with a lower cost index, meaning the most economical way to fly, resulting in saved emissions too.

Performance/idle factors: we are constantly measuring and monitoring (through an external provider) the flight data, recorded for each flight by the aircraft computer 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. This analysis enables higher optimisation as 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 T/D (top of descent), 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 ZFW (zero fuel weight), based on standard and fixed weight of passengers and their luggage. In 2020, Wizz Air introduced a new modelling logic to better estimate ZFW and 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 compared to using the simpler method.

Reduced take-off configuration: we perform reduced take-off configurations. Two years ago, we harmonised in our OM (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 around 15 kg of fuel. In effect, this means that the pilots are recommended to perform take-offs with the lowest flap setting when all circumstances are optimal (weather, aircraft weight, runway length, etc.) - the captain has the final say on this, always ensuring maximum safety of the passengers and the aircraft.

CONF 3 landing: a reduced landing flap configuration (vs full flap) allows for around 10 kg of fuel savings per approach, due to the decrease in induced drag, meaning that a lower thrust setting is required. We will try to focus more attention on this via pilots' communications.

Electronic Flight Bag (EFB): the Mobile Electronic Flight Bag is a significant step-change for in-flight optimisation and will help the pilots make more accurate fuel planning decisions based on instantly updated data. This innovative solution is not just replacing printed manuals and documents with iPads for pilots, but it also helps improve fuel and operational efficiency in numerous ways.

The tablet devices are equipped with all essential documentation, applications and performance monitoring that is a prerequisite to prepare for flights. The pilots will remain constantly connected and able to receive real-time information and changes that affect flight and fuel planning. Having the latest data available on all factors impacting flight operations, the pilots will be able to make well-informed decisions and optimise fuel uptake with high accuracy. The new system is expected to help reduce fuel consumption due to more precise flight planning and weight reduction, which will contribute to the Company's emissions reduction targets. The availability of recalculated flight plans and the optimisation before each flight or even during the flight will save over 4.500 tons of fuel per year, reducing greenhouse gas emissions by over 14.000 tons. This weight is carried in 180.000 passengers of 80 kilograms each, which is equivalent to the weight of 750 full A321neo aircraft, with 239 seats. Another benefit of the EFB is the estimated saving of about six million sheets of paper a year, the equivalent of saving more than six hundred trees. Wizz Air has organized e-trainings to all pilots to guarantee a smooth transition to the new system. After the go-live at the end of 2021, the mobile EFB has received, in close cooperation with the Aviation Authorities, full approval for all the anticipated functionality on 19 May 2022. We will be deploying additional functionality in the months and quarters to follow, leveraging the full potential of the EFB platform.

Fuel efficiency platform: another flagship project for fuel efficiency this year was the preparation for the integration and implementation of a new leading third party fuel efficiency platform. This new platform has two key features: the reporting platform helps measure the overall compliance to Wizz Air's existing fuel saving initiatives, and the advanced analytical functions support the identification of potential new fuel saving opportunities. Wizz Air's fuel data experts will also be able to assess the achieved savings in comparison to the targets set. Another key functionality will be the customised "pilot's app", by which the flight deck crew will be able to view their own results (as % of compliance, fuel/CO2 saved), and receive individual qualitative feedback and tips on how to be more fuel efficient. The platform became available to be used in April 2022.

Environmental offset programmes

Wizz Air started a voluntary CO2 emission offset programme in 2020 as part of its wider commitment to reducing emissions enabling passengers to calculate their flight's environmental impact and provide a choice to offset the carbon emissions of their travel. The programme, in partnership with climate-focused technology company CHOOOSE, 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 CHOOOSE because they offer offsets from projects that are currently aligned with the Oxford Principles for Net Zero Aligned Carbon Offsetting (the "Oxford Offsetting Principles"). 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 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.

The total offsets funded by Wizz Air are now covering 64% of emissions (ETS offsets excluding free credits, voluntary offsets). The average price of an EU ETS credit during F22 was 60.38 EUR (compared to 37.23 EUR in F21).

	F22	F21
Scope 1 CO2 emissions with EU/UK ETS offsets (excluding free credits)	**1,746,695**	863,909
Scope 1 CO2 emissions with CORSIA offsets (excluding baseline credits)	**-**	-
Scope 1 CO2 emissions with voluntary offsets	**1,064**	105
Scope 1 CO2 emissions without offset (free credits, baseline offsets)	**788,777**	474,358

Wizz Air has not included offsets in our F30 carbon intensity reduction glide path as we are focused on reduction through innovation and technology, and the most efficient operations that we believe will have a greater impact on tackling carbon emissions.

2 Qualifying our SAF supply chain as of 2025

Wizz Air is compliant with regulatory requirements with regards to sustainable aviation fuel (SAF) at European Union and country level. Countries that implemented SAF blending mandates so far are Norway, Sweden and France.

The supply, quality and price level of SAFs is deemed not sufficient to meet SAF blending mandates as part of FitFor55 2025 onwards. As such, the Company is working with stakeholders to qualify a SAF supply chain in line with the ULCC principles whilst meeting ISCC+, RSB and EU Renewable Energy Directive II criteria on feedstock.

Actions to achieve this include industry engagements, public support of the book-and-claim system in the EU and establishing offtake agreements that can achieve a strategic advantage for the Company, while ensuring the necessary SAF volumes, which will enable Wizz Air to deliver on its emission reduction goals. Commitments above regulatory requirements will depend on cost and environmental benefits. Wizz Air's advocacy efforts and position on the ReFuelEU proposal are detailed on page 39.

Wizz Air has conducted a SAF to market deployment assessment considering the dimensions of production technology readiness, feedstock availability and life cycle GHG emissions reduction potential of the different SAF pathways with particular focus on identifying the most feasible supply options for its key regions. A key objective is the selection of technology partners to support Wizz Air's ambitious long-term climate targets by ensuring a superior production cost profile, reliable and competitive sustainable feedstock source and advanced engineering capabilities.

While fleet renewal is part of the current orderbook of the Company with Airbus and as such is part of the Company's business plan, whereas the Company is working to lock in its SAF supply in the mid-term the SAF cost is immaterial by F25 given the blending mandates start kicking in as of 2025. After 2025 the cost will be covered through a combination of price-pass-through and longer term SAF supply contracts below market price which are being worked by the Company.

3 Drive noise reduction through increased Chapter 14 emission standard compliance

At Wizz Air, we are also strongly focused on continuous noise reduction given its crucial impact on all socioeconomic groups in the communities we depart from or arrive to.

- Our fleet renewal programme will keep delivering 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% and meeting the Chapter 14 emission standard is at 72% currently (only the 41 A321ceo aircraft do not meet the Chapter 14 noise emission standard) with a projection to get to 100% during 2029. 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	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar	27-Mar	28-Mar	29-Mar	30-Mar
Chapter 14	72%	77%	81%	85%	91%	96%	99%	100%	100%

For reference, the table below shows (in EPNdB) that Airbus neo aircraft deliver 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

4 Qualify future technology building blocks and industry partnerships to enable a Net Zero by 2050 commitment

Wizz Air is committed to driving sustainable change within the aviation industry; thus we are cooperating with our suppliers, partners and various industry stakeholders in projects concerning technological and operational innovations.

ALBATROSS

Launched in February 2021, the ALBATROSS project is seeking to implement the most energy efficient flights in Europe. As part of the initiative, a series of live demonstration flights have been conducted, demonstrating the feasibility of increased energy-efficient flights, utilising both technical and operational innovations, known as SESAR Solutions. ALBATROSS is following a holistic approach by covering all flight phases, and, as such, involving all key stakeholders like airlines, ANSPs, network managers or airports. Wizz Air UK has been participating in the project's working group meetings and alignments and will continue to be involved in the next phase as well.

Airbus – ZEROe Hydrogen Project

Wizz Air has signed a Memorandum of Understanding with Airbus earlier this year on its ZEROe Hydrogen Project, which will help analyse the evolution of the hydrogen ecosystem globally and the impact of hydrogen aircraft on Wizz Air's fleet, operations and infrastructure by taking into account the specific aircraft characteristics. The agreement will also include common advocacy and communication to advance awareness for the mutual benefit of Wizz Air and Airbus. Wizz Air is supporting with providing key commercial and operational input to Airbus to provide ultra-low-cost carrier related insight to the ZEROe Hydrogen

Project team, while Airbus will continuously share information on the expected aircraft performance and ground operations characteristics to support. Working with Airbus on this project will provide the Company with a much closer understanding of how a zero-emission aircraft could be put into service and how it will impact the airline's infrastructure and processes, as well as its efficient performance.

Green Mobility

In collaboration with Rentalcars.com and Green Motion, Wizz Air launched a car rental reward scheme for our passengers, offering a 10% cashback reward for choosing an electric or hybrid vehicle. Green Motion not only operates with an eco-friendly fleet, but they also reduce their environmental footprint by consuming renewable electricity when available and use sustainable materials. Their services are available in many of Wizz Air's bases and destination airports.

EASA Environmental Labelling Programme for Aviation

Wizz Air has entered into a voluntary cooperation with EASA on the operational testing of their environmental labelling platform. The project aims to collect accurate data from stakeholders (airlines, airports, etc.) and publicly communicate transparent environmental performance information to consumers in an easily digestible format.

Important Projects of Common European Interest (IPCEI)

Wizz Air joined the FlyHy Project consortium led by VPP Solar Ltd. and Messer Hungarogáz Ltd. to promote the use of hydrogen and to accelerate the decarbonisation of the aviation sector. The consortium connects the expertise from the aviation sector, as well as the renewable energy, hydrogen, and airport industries. Wizz Air is one of the founding members of the project consortium, along with several other industry stakeholders (e.g. Debrecen International Airport). The project is led by VPP Solar Ltd. which engages in the development, construction, and long-term operation of solar systems. In 2019 VPP Solar Ltd. launched a new business arm for the creation of the full value chain of hydrogen and began the planning and implementation of its first carbon-free hydrogen production plant project in Hungary in 2021. Messer Group GmbH is a global producer and supplier of industrial gases, engaging also in the development of applied technologies. The company has over 15 years' experience in hydrogen supplies, hydrogen refuelling systems and support services to major fleets of fuel-cell buses and material-handling vehicles. Messer has recently extended its portfolio to launch the emissions-free production of hydrogen.

The FlyHy IPCEI Hydrogen Project Proposal, submitted in November 2021, plans the deployment of carbon free, green hydrogen gas production plants and distribution stations near Hungarian (or also other EU) airports. Initially these would supply ground vehicles and SAF production and later, the deployment of liquid hydrogen infrastructure and production, utilised as air fuel. The IPCEI projects represent a key contribution to economic growth, jobs and competitiveness for the Union industry and economy. The strategic forum on IPCEI implemented by the European Commission in 2018 identified hydrogen technologies as one of six strategic value chains as central to competitiveness of the EU economy. Connected to the ambitious goal of EU carbon neutrality by 2050, the European Commission and Member States have offered to support projects on hydrogen. IPCEI project grants are funded from the national budget (and are not considered as state aid), but need to be approved by the European Commission.

Revision of the Energy Taxation Directive

We believe that the European Commission's "Fit for 55" environmental legislation package can create the right path for aviation's future, but only if applied fairly and equally, without distorting the market. A balanced approach from the EU is crucial to promote the decarbonisation of the industry. The entirety of aviation, meaning the operators of all flights need to contribute and play their part equally. Net Zero, after all, is everybody's responsibility, without exception. This is the only way polluters will embrace more efficient technology and more efficient business models. When implementing such measures, connectivity in the CEE and peripheral Europe has to be taken into account. Increasing the cost of flying without such a balanced approach would impact the periphery and CEE countries far more.

Wizz Air's position on kerosene tax is the following:

- it shall be introduced on all air transport (including long-haul and air cargo);
- kerosene tax should be applied on all flights departing from, arriving to, or operating within the territory of the European Economic Area; and
- the possibility of double taxing CO2 emissions needs to be avoided.

Revision of the EU Emission Trading System (ETS) Directive

Wizz Air is supportive of decarbonising the aviation sector by 2050, but the Company is concerned that some parts of the current plans for the ETS revision would distort the market and create an uneven playing field within the European aviation sector. We believe that fair and equally applied European policies are essential to ensure that the entire aviation industry is put on a path to net zero.

Wizz Air would highlight three points that are crucial to the success of the ETS Directive:

- applying the ETS on all flights departing from the EU;

- avoiding the double taxation of CO_2 emissions under different schemes (ETS and kerosene tax); and
- utilising ETS tax for sustainable investments in the sector.

ReFuelEU Aviation Proposal

Wizz Air supports the European Commission's ReFuelEU Aviation Proposal to promote and develop the use of sustainable aviation fuels (SAF) for all flights in a fair and equal way without distorting the market, as we believe SAF will play a significant role in enabling the airline industry to meet net-zero emissions by 2050. It is important to note that SAF is the only viable solution to decarbonise medium- and long-haul flying – representing over 70% of aviation's emissions – based on the announced future models by airframe manufacturers (e.g. smaller electric aircraft, zero-emission concept aircraft, etc.).There are two points that are fundamental to the success of SAF:

- a robust "Book-and-Claim" system to make SAF accessible to the CEE region and the European periphery with limited transportation costs; and
- incentivising SAF investments into production and infrastructure through government support, policy, and economic initiatives.

SAF availability and production are very uneven across Europe. The ReFuelEU Aviation Proposal needs to better reflect this. While there are many ongoing projects, there is little prospect of actual industrial scale, commercial production anytime soon - especially in the CEE region and parts of the European periphery. It is also of concern that a significant share of the proposed SAF production is firmly contracted before the plant is even constructed and hence never reaches the open market.

Due to this uneven distribution of SAF, it is vital that a "Book-and-Claim" system is implemented as part of the ReFuelEU legislation. It would allow for the technologies to reach an economy of scale in locations where they fit best, also considering the geographical differences, feedstock, and renewable energy sources of the Member States.

Although SAF can be transported using established infrastructure at relatively low cost – as a "drop-in" fuel to maximise efficiency and sustainability – minimising both transportation cost and additional transportation-related emissions – SAF should be used as close as possible to production. Regarding the future of e-fuel, a few larger SAF production plants with a robust "Book-and-Claim" system can scale up and attract investors faster than several small ones in each Member State.

Government support, policy and economic incentives for the private sector are critical to enable a transition to widespread pathways and production of SAF. Effective European policy mechanisms can aid the wider adoption of SAF across Europe faster, increase production and supply capacity as well as lowering the cost of sustainable fuel production.

Since November 2021, Wizz Air has been collaborating with Hume-Brophy on advocacy issues in the European Union, with a special focus on climate or other regulation impacting aviation. Throughout F22, the Company has paid over EUR 30,000 to Hume-Brophy for their valuable support with on-the-ground advocacy on behalf of Wizz Air in Brussels.

Wizz Air UK Green Aviation Operations Trial – safely reducing the carbon emissions of the current fleet

Green aviation is the sustainable growth of an operator that tracks a net zero carbon emission trajectory to achieve the Paris Climate Agreement outcomes. This may involve the optimum utilisation of current capabilities as well as investment in future, breakthrough technology, and energy sources. The goal of green aviation operations is to safely reduce carbon emissions of the current fleet as much as possible, and it is estimated that this could achieve as much as 10% CO_2 reduction (total emissions).

Wizz Air UK's implementation of green operations began in January 2022 and is an important step in sustainability leadership – it will focus its efforts at its bases at Luton, Gatwick, Doncaster, and Cardiff. Green operations seek to maximise what can realistically be done within the envelope of flight safety and on-time performance, as well as against the challenges that UK airspace and weather bring. Wizz Air UK is approaching these challenges through four pillars:

(1) Pilots: motivating a mindful approach to fuel efficiency and the way an aircraft is flown can directly reduce Scope 1 emissions on a daily basis. A Company-wide implementation of the Fuel Efficiency Platform will enable flight crew to further analyse their own performance for each route flown and identify ways to reduce their personal fuel burn and emissions.

(2) Airspace modernisation and coordination: become involved in the CAA Airspace Modernisation Strategy consultation, which has sustainability as an overarching principle to be applied through all modernisation activities, including better managing noise and helping achieve government commitments to net zero emissions. Wizz Air UK seeks to encourage a new design of airspace that allows continuous climbs and descents – if successful in the London airspace Wizz Air UK could save around 3 per cent on Scope 1 total CO_2 emissions. In the meantime, liaison with the UK National Air Traffic Service (NATS) is illuminating opportunities for flight crew to coordinate the most efficient flight profiles possible.

(3) Information processes: decreased load (weight) reduces fuel burn and Scope 1 emissions. Flight crew pre-flight decision making on the amount of fuel to be taken is influenced by the operational flight plan. The nature of the operation is dynamic and loading of an aircraft may vary considerably. Wizz Air UK moved to the next generation of Electronic Flight Book in March 2022. This means the most accurate loads (amongst other critical information) are presented to the flight crew at the time of decision making giving the best opportunity to reduce the amount of fuel carried and burned.

(4) Ground operations: minimising emissions through procedures and the pursuit of commercially viable low emission technology. These fall into Scopes 2 and 3 total emission categories.

United Kingdom – Aviation Decarbonisation – Jet Zero 2050

In 2021 the United Kingdom took the Presidency of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP) with the aim of keeping alive the hope of limiting the rise in global temperature to 1.5 degrees Celsius. HM Treasury seeks to make the UK the first net-zero aligned financial centre, which means that Wizz Air, as a listed company, will implement a robust firm-level transition plan setting how it will decarbonise as the UK meets its ambitious and legally binding net zero targets.

Wizz Air took part in the UK government consultation on its Jet Zero 2050 strategy – which set out the principles for delivering aviation net zero carbon emissions by 2050. Wizz Air UK follows this Jet Zero taxonomy and uses the proposed "high ambition" pathway to net zero as a benchmark with which to plan its transition. This pathway predicts that up to 35% of total carbon emissions can be reduced through system efficiencies: improvements in existing engine and airframe design alongside operational improvements. The growth of the UK operations is making UK air travel greener on a like for like basis as its fleet transitions to best-in-class Airbus neo airframes combined with high load factors. Wizz Air UK is going one step further with the implementation of Green Aviation Operations.

In 2021, Wizz Air UK was actively participating in the UK government-backed initiative, called FlyZero. The project is led by the Aerospace Technology Institute (ATI). Via working groups with experts and consultations with industry professionals the ATI's ultimate goal is "to realise zero-carbon emission commercial aviation by the end of the decade", assessing the design and viability of a zero-emission aircraft. Wizz Air was providing valuable operations-related data and information for the scenario-planning in the first phase of the project, which ended in December 2021.

ELeather - Aircraft Seat Covers Made Sustainably

Wizz Air is not only active in finding ways to deliver net zero by 2050, but also continues to be active to drive a circular economy that is resource-efficient. An example is with ELeather. Wizz Air has been flying recycled leather seats by ELeather since 2011. The ELeather manufacturing process is naturally sustainable – recycling waste leather, which would otherwise be destined for landfill, into a durable material with strong environmental credentials. The manufacturing of these seat covers is contributing to 65% less CO2 emissions, 77% less land use, 68% less water consumption, when compared to traditional leather seats' production. Manufacturing the seating for one A321neo aircraft prevents in total 478kg of waste leather from going to landfill and saves over 16,000kg of CO2 emissions during the seat cover production process. The annual CO2 emissions avoidance coming from the use of ELeather's sustainably made seat covers, for one A321neo, equate to over 66,000kg. The sustainability innovation journey with ELeather is continuing as they are developing next generation materials with increased recycled content, as well as end-of-life (EOL) solutions for Wizz Air seat covers to ensure that these materials have a future life, even when no longer on our aircraft.

All Environmental Metrics and Targets

Our climate strategy includes challenging 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 grams per RPK, will be included in the annual remuneration targets for all Officers.

Area	Unit	Note	F22	F21	F20	F19	2030 Target
CO2*/RPK	g/RPK	Priority/1	60.7	77.3	57.2	58.8	43
Emissions							
CO2e Scope 1 (a + b + c)	t	2	2,646,743	1,303,397	3,783,901	3,310,219	—
CO2e Scope 2	t	2	2,290	2,951	5,566	—	—
CO2e Scope 3	t	3	781,467	—	—	—	—
CO2 Scope 1 (a)	t	Priority/4	2,620,321	1,290,647	3,746,884	3,277,836	—
CH4 Scope 1 (b)	t	5	1,631	459	1,332	1,165	—
N20 Scope 1 (c)	t	6	24,792	12,292	35,685	31,217	—
N2O Scope 1	CAEP/8	6	34%	20%	7%	2%	100%
SO2 Scope 1	t	7	823	406	1,178	1,030	—
NMVOC Scope 1	t	8	416	205	595	520	—
CO Scope 1	t	9	5,407	2,663	7,732	6,764	—
Particulate Matter Scope 1	t	10	124	61	178	156	—
Noise	Chapt.14	Priority/11	72%	70%	66%	66%	100%
Waste-to-landfill	%	12	99	98.3	—	—	50
Natural resource use							
Freshwater use per sales	l/EUR	13	0.00295	0.0058	—	—	—
Energy use per sales	GJ/EUR	14	0.023	0.000034	0.000015	—	—
Kerosine use per sales	m3/EUR	15	0.000500	0.000695	0.00054	0.00056	—
Management							
Booked load factor	%	16	78	64	93.5	92.7	95
Stage length	km	17	1,604	1,604	1,635	1,618	1,650
Sustainable aviation fuel	%	18	0.0002	0.0007	0.0002	—	—
Offsets	%	Priority/19	64	67	56	33	
Aircraft age	Years	Priority/20	5.04	5.5	5.3	4.9	5.5

(1). **CO2/RPK**: see page 33, Environmental Priority Programmes. Further, you can find emissions per FTE and per m2 below.

GHG emissions	Final year-end emissions (tCO2e)	% of total
Total emissions	3,430,500	100%
Total FTE	5,604	FTE
Total floor area	15,341	m2
Emission intensity per FTE	612	tCO2e/FTE
Emission intensity per m2	224	tCO2e/m2

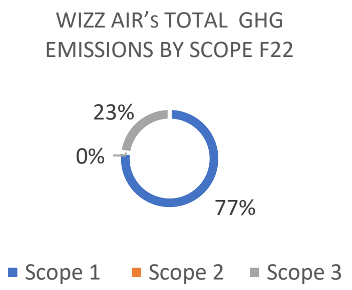
(2). **Scope 1 and Scope 2 CO2e emissions** are emissions we control directly. Scope 1 emissions are linked to sources we own, lease or control, whereas Scope 2 emissions relate to purchased energy. Scope 1, for Wizz Air, jet fuel is the only emission source accounted for in this category. Scope 2 includes GHG emissions emitted from electricity used in the Company's operated facilities or ground power units. Scope 2 market-based emissions use the supplier specific emission factors for calculating emissions, as opposed to location based emissions, which use the national grid average emission factors.

(3). **Scope 3 CO2e emissions** include all other indirect GHG emissions emitted from a company's upstream and downstream supply chain. For Wizz Air, only upstream emissions have been identified as relevant.

(2) and (3). **Greenhouse gas emissions: Scopes 1, 2 and 3.** Wizz Air had its total GHG emissions across Scopes 1, 2 and 3 calculated for the first time in F22, in alignment with the WI/WBSCD GHG Protocol. The total emissions were calculated using a hybrid methodology using actual consumption data for jet fuel, spend

data for various categories and benchmark/proxy data for categories with a low degree of materiality (e.g. electricity, waste and employee commuting).

Wizz Air's single most significant emission source is jet fuel, accounting for 93% of total emissions when accounting for the impacts from fuel production (Scope 3) and combustion in aircraft (Scope 1). The remaining emissions from Scope 2 (electricity) and Scope 3 (upstream supply chain emissions) account in aggregate for 7% of total emissions.



GHG emissions by scope	tCO2e
Scope 1: Jet fuel	2,646,743
Scope 2: Electricity, location and market based	2,290
Scope 3: Upstream categories	781,467
Total GHG emissions	**3,430,500**

Wizz Air's remaining emissions (after excluding jet fuel) are concentrated in two key areas: purchased goods and services, and capital goods. The other emissions, whilst minor from a share of total (7%), are significant in absolute terms, so Wizz Air's long-term emissions reduction strategy will consider these categories as well.

Wizz Air's total carbon footprint make-up is in line with the aviation sector guidance of the Science Based Targets initiative. The results show that Wizz Air's jet fuel emissions (upstream emissions and combustion in aircraft) account for 93% of total carbon footprint, followed by purchased goods and services 6%, business travel 0.3% and capital goods acquired in the reporting year 0.2%, with the remaining categories being immaterial and accounting for ~1% of total. Capital goods emissions exclude aircraft leases, as these assets are not effectively owned by Wizz Air, so the upstream emissions from the acquisition of these assets are attributed to the third party owner, which Wizz Air leases the aircraft from on a long-term basis. As such, it will be noted that this category is significantly more material for airlines that own part or the majority of aircraft, as they include the raw material extraction and manufacturing emissions (cradle to gate).

Considering that jet fuel's impact is so material to Wizz Air's total carbon footprint, the main focus should remain on managing these emissions to achieve efficiencies as the business continues to grow to achieve WIZZ500. Wizz Air has already developed a strategy to manage and reduce jet fuel emissions through fleet upgrade, fuel saving initiatives and the use of sustainable aviation fuel; however, given the global urgency to reduce emissions, the Company's decarbonisation strategy will also include actions and targets for other relevant emissions across the supply chain (which are significant in absolute terms). The recently implemented Sustainable Procurement Policy (discussed in more detail on page 58) is a crucial step to achieve this.

(4). **Scope 1 CO2 emissions (Carbon Dioxide)** by our operations was 2,620,321 tonnes (based on our jet fuel consumption of 831,847.9 tonnes multiplied by the standard 3.15 multiplier to convert jet fuel kerosene 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. This includes the fuel consumption of any wet lease aircraft 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 kerosene. 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 kerosene). 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% 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 kerosene. 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 kerosene). As we are industry leading, it will not be a surprise that we have 100% of our fleet meeting the ICAO NOx CAEP/6 standards and 34% 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% 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	Mar30
CAEP-8	7%	20%	34%	44%	59%	70%	81%	90%	97%	100%	100%

Our neo fleet has a very wide margin in terms of NOx emissions versus CAEP/8 standards, significantly ahead of the Boeing 737-8200 (Max).

	NOx margin to CAEP/6 (%)	NOx margin to CAEP/8 (%)
Wizz Air A320neo	56.0	49.0
Wizz Air A321neo	55.0	49.0
Wizz Air A320ceo	7.4	-10.6
Wizz Air A321ceo	1.3	-13.9
Boeing 737-8200	16.0	6.0

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, 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 kerosene. 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),** whilst 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 kerosene. 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 Wizz Air's fleet composition of ceo and neo as of F22.

(9). **Scope 1 CO (Carbon Monoxide),** whilst not a greenhouse gas, is best known for the lethal effects that it can have in-house, but outdoors 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 kerosene. 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 F22.

(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 kerosene. Studies have shown that primary soot particles from kerosene combustion in aircraft turbine engines can cause damage to lung cells and can trigger an inflammatory reaction if the solid particles are inhaled in the direct vicinity of the engine. The 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 Wizz Air's fleet composition of ceo and neo aircrafts as of F22.

(11). **Noise emissions:** see page 33, 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 one hour of flying causing around 30kg of waste (5kg of galley waste and 25kg of tank waste), or a total of 10,689 tonnes during F22. Office waste for Wizz Air was 88.9 tonnes. Office waste is segregated at 24% recycling rate. In October 2021 we started an in-flight recycling trial programme with 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, digitisation of procure-to-pay processes and electronic power of attorney requests.

(13). Water use intensity. Wizz Air consumes water in its offices, training centres, hangars (where engine wash events are also conducted), and for de-icing of aircraft where needed. In F22, in the Company's main offices, hangars and training centre consumed a total amount of 4,915,600 litres of water.

(14). Energy use intensity. Wizz Air uses electricity 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. The calculations for F22 include electricity usage in all leased Company offices, all base offices, hangars and other leased facilities. The Company's office headquarters in Budapest received BREEAM certification due to its energy efficiency. The Company's training centre has an Energy Certificate level "CC" – the building is not consuming any natural gas; it has been built with air to air heat-pumps covering the energy needs for heating and cooling the building. Air to air heat pumps are a low carbon and highly efficient way of cooling and heating the building. An air curtain was installed to the entrance in 2021, which enables us to reduce the heat loss during wintertime and the energy need for heating can be reduced.

(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. Our mid to long-term target is to reach 95% load factor on our aircraft.

(17). **Stage length** for Wizz Air is on average 1,605km with flights below 1,000km accounting for less than 13% 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
Stage-length F20	1,635	1,409	1,132

(18). **Sustainable aviation fuels** have been adopted by Wizz Air to ensure compliance with regulatory requirements. In Norway there is a 0.5% blending mandate and our fuel uptakes are in line with the Norwegian requirements. As of 1 July 2021, Sweden introduced a 0.8% blending mandate, which changed to 1.7% in January 2022. The mandate in France is applicable from January 2022 and requires 1% sustainable aviation fuel uptake. We will continue to be compliant with what we believe will be an increasing number of blending mandates over the region we operate in. 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%.

(19). **CO2 emissions offset programme:** see page 33, Environmental Priority Programmes.

(20). **The average age of aircraft** is 5.04 years; see also page 33, Environmental Priority Programmes. Additionally, Wizz Air's average lease length is around ten years, after which the aircraft is returned in the contractually determined condition to the lessor.

In January 2022, our "Fly the Greenest" campaign was launched to raise awareness among our passengers about Wizz Air's environmental credentials and to enable them to make the responsible decision when flying. Wizz Air is proud to be not only Europe's fastest-growing airline, but also its greenest choice of air travel.

DEAR CUSTOMERS,

FLY THE GREENEST

WHEN YOU DON'T NEED TO FLY, PLEASE, DON'T.

BUT WHEN YOU DO, FLY THE GREENEST.

At Wizz Air we strive to serve more and more passengers every day, in the most sustainable way. So if you do decide to fly, here are 7 reasons why Wizz Air is your greenest choice:

- A passenger traveling with us will have a CO2 footprint of only 57.2 grams per kilometre on average (pre-COVID). If every airline would be as efficient as us, European CO2 emissions from aviation would reduce by 34% overnight.
- We don't fly half-empty planes to avoid unnecessary pollution.
- We don't have business class seating, another example of needless emissions.
- We only fly direct routes. One take-off, one landing, no connecting flights, no extra fuel-burn.
- We use world-class engines and aircraft, crucial for low emissions.
- We have the youngest, most modern fleet among competitor airlines with 50+ aircraft.
- None of our routes have a direct train alternative under four hours.

So the next time you fly, I urge you to **look for the facts and the technology of today, instead of the vague promises for the future.** I'm confident you will make the right choice.

József Váradi
Chief Executive Officer,
Wizz Air Group

www.wizzair.com/en-gb/greenest

wizzair.com

People – Wizz Air cares for its colleagues and customers

Wizz Air's commitment to its people and to fostering an equal opportunity environment for all has never been more relevant than it is today – to drive the growth agenda and act as responsible business leaders. It enables Wizz Air to attract, develop, inspire and reward top talent and it creates an environment that allows people to perform at their very best and underpins a culture in which everyone feels they have an equal opportunity to belong and build a career.

Social governance

The governance of our social agenda and progress on the targets 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 Sustainability and Culture (Board) Committee meetings as outlined on page 80.

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 business challenges. *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 and are accountable for everything 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 greenest choice of air travel and work hard on continuously decreasing our environmental footprint.

Our diversity is driving our success

Wizz Air is an ethnically diverse and inclusive professional organisation with over 75 nationalities within its employees' base. Despite this impressive metric on ethnicity, 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. Several one-of-a-kind programmes have been launched to nurture talent and diversity within the organisation, as well as support Wizz Air's broader commitment to increase the number of female representation in the flight deck.

- The Internal Cadet Programme is a self-sponsored employee programme – a designated course for WIZZ employees, Office and Cabin Crew, who have worked for the Company for a minimum of two years and have completed their pilot training in their own time and on their own cost already. Instead of 300 hours' flying experience they need to have only 140 hours.
- The Cabin Crew to Captain Programme is a Company sponsored programme for WIZZ employees, only for Cabin Crew to nurture and diversify talent within the organisation. This is the industry's first programme to help aspiring cabin crew with no or little flying experience to turn their dreams into reality and obtain a Commercial Pilot Licence, and kick-start their pilot career while they still remain part of the WIZZ Team.
- The Wizz Air Pilot Academy Programme (WAPA) offers young, passionate candidates the required training and 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. The Management agreed to keep the programme for our CEE base countries, with special focus on non-EU bases.
- As part of the Self-Sponsored Cadet Programme, three to five designated flight schools will be selected in F23 for Wizz Air's growing UK, Italian and UAE bases. Schools to be dedicated WIZZ providers with a main focus to provide guaranteed 30/50 cadets per year/school to specific requirements of the UK, Italy and UAE (licensing, nationality, etc.)
- University Cooperation - since 2017 Wizz Air has signed cooperation agreements with eight universities and expects to sign two more in Bulgaria and Georgia. The plan is to approach further CEE countries (Romania, Albania, Macedonia, etc.) and the UK in order to establish a foundation for the cooperation with Aviation Universities.

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 through the People Council; and

5 make customer experience developments.

1 Putting safety first, in everything we do

Since the outbreak of the COVID-19 pandemic over two years ago we have made a number of sacrifices to keep our employees, our loved ones and our passengers safe and healthy. We had to make difficult business decisions to keep the business sustainable, furthermore successful and to be able to keep as many jobs as possible.

The health and safety of our employees and our passengers has always been and will remain our top priority. To make sure we stay committed to our mission the Company has made further protective and preventive measures.

From early 2021, COVID-19 vaccinations have become more and more widely available and with regards to employee vaccinations, we were working with local authorities to facilitate and financially support the process wherever possible. We have been working to make sure we facilitate and support the vaccination process of our colleagues at all of our offices and bases. We remain dedicated to finding the best approach towards those cabin and flight crews who cannot take the vaccine due to serious underlying health reasons.

Effective from 10 September 2021 we implemented and continuously updated our Crew COVID-19 Vaccination Policy, to ensure smooth and sustainable operations in the coming months, as well as secure the safety of our passengers and crew. As a first step we started collecting vaccination related information from the crew at all bases (guaranteeing to handle this sensitive information in accordance with the strict data protection laws applicable). As of 1 December 2021, Wizz Air did not allow any crew members (including both flight and cabin crew) to board a Wizz Air aircraft unless proof of vaccination or a negative antigen or PCR test is provided, which is not older than seven days. Those who are not eligible to receive the vaccination due to a medical condition, would need to present the related medical certificate issued by a doctor or medical unit. The Company is committed to bear the cost of regular antigen or PCR test for those crew members who are exempted from vaccination based on a medical certificate.

During March 2022, the Health and Safety team was closely monitoring the COVID-19 situation, as well as its effect on our operations. Based on the public statistics and as an increasing number of countries were easing their COVID-19 regulations, Wizz Air reviewed its Crew COVID-19 Vaccination Policy and decided to suspend the Crew COVID-19 Vaccination Policy for an indefinite period, depending on how the pandemic situation develops.

The health and safety of our employees continues to be of utmost importance. Together with the People Council, we made significant improvements to workplace wellbeing in the Budapest Office. More floors were rented, people were re-seated for more space and privacy, while dining and transportation options were also provided during the months when infections in the region were intensifying.

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 continuous 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 5,772 by the end of March 2022. During F22, another turbulent operating environment due to the COVID-19 pandemic, Wizz Air still recruited 2,491 employees.

Flight and cabin crew training is organised by a dedicated in-house training team, which consists of 351 flight deck and 255 cabin crew trainers across Wizz Air's network. During F22 world class initial and recurrent training was provided for 4,167 cabin crew and 1,959 flight crew members. Training is undertaken in the modern, state-of-the-art training facility in Budapest, equipped with three 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.

Wizz Air Crew Training has successfully implemented a fully integrated digital Training Management System, which enables us to manage and control the entire lifecycle of pilot, cabin crew learning and qualifications in one platform. The system will further enhance training efficiency, organisational flexibility and performance, while ensuring compliance with regulations.

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, peers' and management's feedback, and a greater focus on each employee's potential to develop their career with Wizz Air. In the past 12 months, despite the implications of COVID-19 on operational priorities and working environment, 26 per cent of our office population was rewarded with internal career moves and progression at both employee and Management Team levels. These opportunities reflect Wizz Air's principle that talent, commitment and delivered results should lead to career progression.

In July 2021, Wizz Air introduced its internal training programme called WIZZ Academy, which aims to give employees the unique opportunity to gain knowledge about WIZZ strategic approaches and aspirations on a top executive level. Besides giving the employees the chance to learn from the CEO and Chief Officers, the Academy provides a forum for more interaction between employees and the Leadership Team, as well as builds a community of potential internal culture/brand ambassadors. Each academic year there is a diverse group of 40 employees selected (distributed between 10 office, 15 cabin crew, 15 flight crew from different departments and locations) who have the opportunity to attend the series of 8 bi-weekly, 4-hour long interactive lectures and accompanying networking sessions led by the CEO and Chief Officers.

We organised a dedicated leadership training programme for Cabin and Flight Operations Management in order to increase leadership self-awareness necessary to lead and motivate others, as well as to equip managers with essential leadership skills and techniques such as constructive feedback, effective delegation, conflict management and impactful leadership communication.

In addition to classroom training, to reach WIZZ500, we need to be digitally savvy and more committed to digital tools, platforms, and tailored learning solutions.

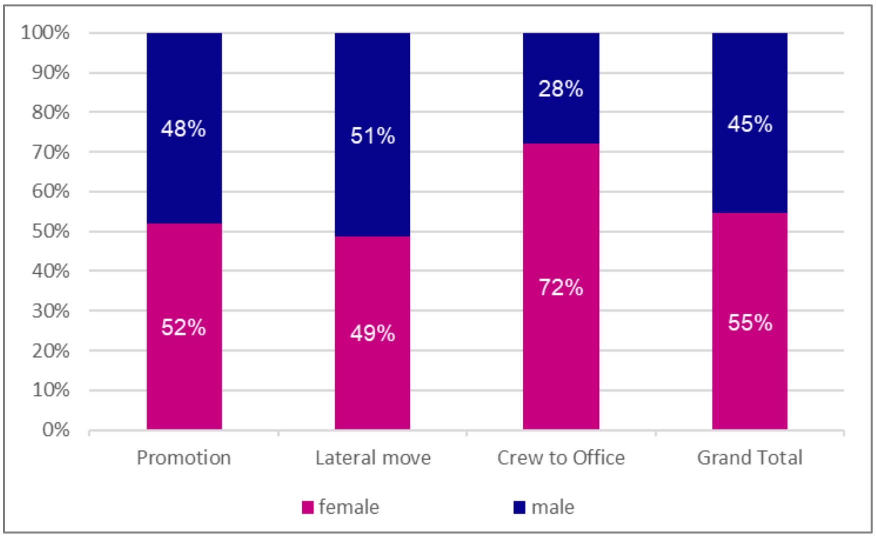
Wizz Air has partnered with LinkedIn to implement a new online educational platform, LinkedIn Learning, which will help employees to develop skills through expert led course videos and tailored employee learning journeys in the future. This will give our employees more opportunities to grow both professionally and personally, with unlimited access to interactive, engaging courses. The platform as a start was made available to our WIZZ office employees and local crew management as of April 2022. Employees can select from over 10,000 different courses relevant to their role in Business, Technology, Marketing plus many more, as well as pursue other areas of interest supporting their career growth or individual aspirations.

Wizz Air also has an office on-boarding process, which allows all new hires to benefit from an intensive three-day long programme in the Company and to familiarise themselves with Wizz Air's culture, policies, various departments, practices and procedures. This on-boarding process aims to improve new joiners' entry experience, engagement and increase productivity from day one.

In August 2021, Wizz Air launched a renewed Management Trainee Programme. The objectives of the programme are to recruit and develop young talents with strong potential to become Managers and Senior Managers in the future at WIZZ, to build diverse talent growth opportunities from the bottom end of the organisation, as well as to expand the WIZZ brand and culture awareness on the market, strengthen our presence at Top Hungarian Universities. Currently there are eight international trainees employed within the framework of this Programme.

As part of our Crew to Office Programme, we transferred 19 employees from crew to office positions in fiscal year 2022. Our goal is to give the opportunity to active flight and cabin operations employees to change the direction of their career and experience the office environment.

Wizz Air continues to provide new and alternative career opportunities for existing employees to further develop in their areas of expertise or to try themselves in a new sphere within WIZZ operations. In the office in F22, 26% of open positions were filled internally: 27 employees were promoted to a higher position level, whereas 43 employees moved laterally to a different position similar to their recent level in the same or another department.



Regular performance and talent review

Wizz Air has a yearly People Cycle programme in place to set a framework to make sure we have the right people, in the right place, at the right time, with the right capabilities, getting the right goals, being rewarded for the right results. It consists of three stages – goal setting (definition of SMART professional and development goals for upcoming fiscal year), performance appraisal (mid-year and end-year evaluation of employees' performance against the set goals by themselves, their peers and managers, and feedback), and talent review (identifying their aspirations and potential for future promotion or lateral move).

Wizz Air's regular performance review process is completed via a dedicated digital platform. The process is as follows: a) employees rate themselves against WIZZ capabilities and their goals; b) employees nominate a minimum of three colleagues to provide feedback on their performance; peers and direct reports evaluate employees based on the same WIZZ Competency Model. Managers have to modify or approve the 360 Review Forms for their direct reports; and c) all managers provide preliminary performance ratings for each of their direct reports. Then calibration sessions take place to finalise ratings on function and Company levels. Final performance ratings and collected feedback are later shared with all employees during face-to-face discussions.

As part of the talent review process, employees update their career aspirations, geographic mobility, work experience (outside of WIZZ), educational background and language skills. The managers assign a potential rating for all of their direct reports and create a succession plan on the employees' talent profiles. Then, similarly to performance, calibration sessions take place and final talent ratings are also shared during face-to-face discussions.

3 Focus on improving and leveraging the diversity of our employees

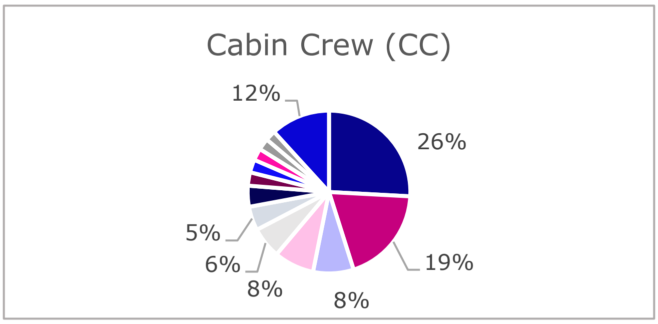
Since Wizz Air’s foundation in 2003, the Company has treated existing and potential employees fairly, irrespective of their race, culture, gender, religion or age. During the recruitment and selection process, we evaluate professional factors including experience and qualifications considering the relevant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

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.

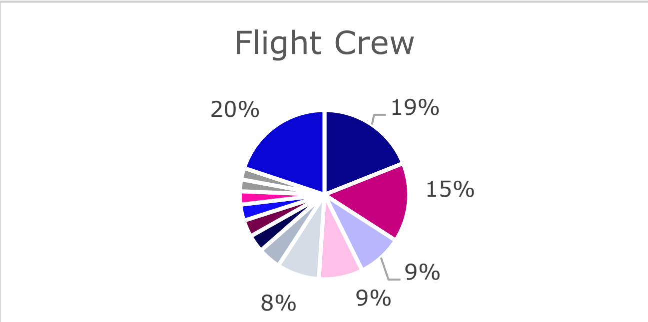
Wizz Air has initiated several programmes in order to ensure a strong pipeline of female Flight Crew professionals, further highlighting how leadership diversity is now a key element of our Long-term Incentive Plan.

Nationalities

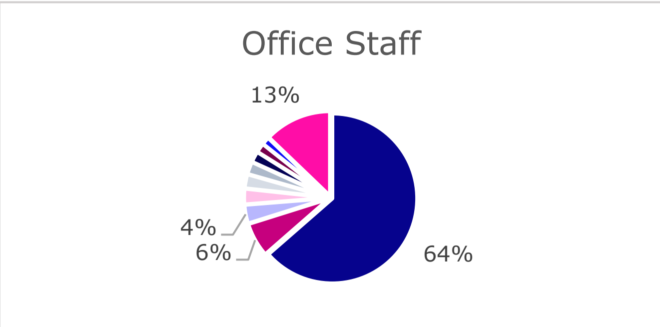
We value diversity and inclusion and are focused on doing even better. Our international team brings together more than 75 different nationalities (52 in cabin and flight crew, 32 in the office). At Board level, 10 current Directors are from six different countries and the Company's ten Officers are from seven different countries.



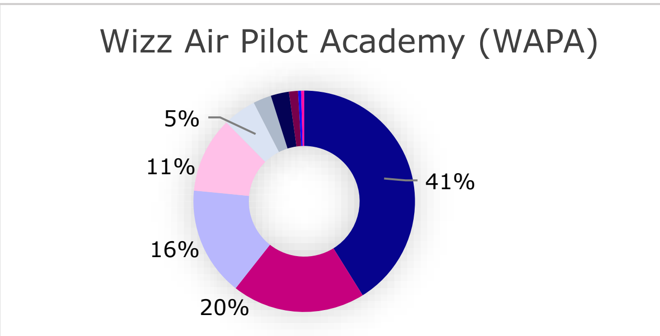
National diversity (CC)	North Macedonia: 4%
Romania: 26%	Albania: 3%
Poland: 19%	Bosnia and Herzegovina: 3%
Hungary: 8%	Serbia: 2%
Italy: 8%	Moldova: 2%
Bulgaria: 6%	Lithuania: 2%
Ukraine: 5%	Other: 12%



National diversity (FD)	France: 3%
Poland: 19%	Spain: 3%
Hungary: 15%	Lithuania: 3%
UK: 9%	Ukraine: 3%
Romania: 8%	Serbia: 2%
Italy: 8%	Germany: 2%
Bulgaria: 4%	Other: 20%



National diversity (Office)	
Hungary: 64%	Bulgaria: 2%
Poland: 7%	Ukraine: 2%
Romania: 4%	Russia: 2%
UK: 3%	France: 1%
Spain: 3%	Other: 13%



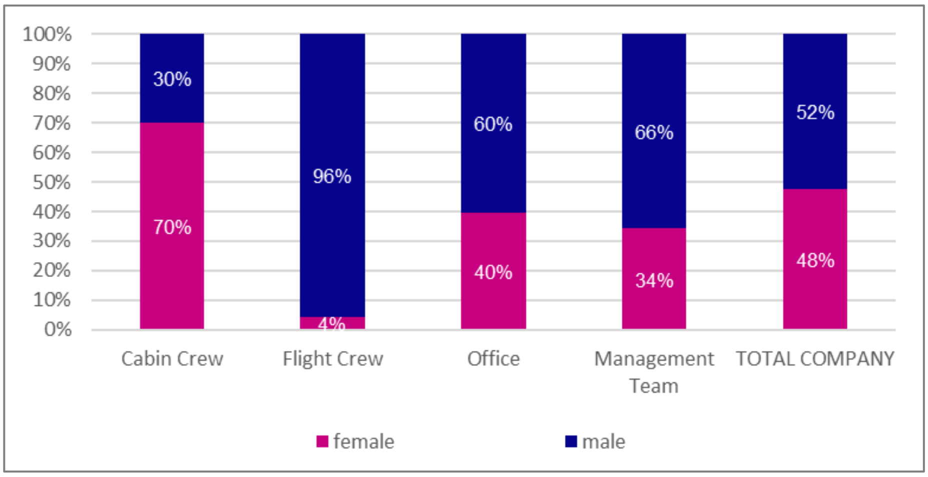
National diversity (WAPA)	
Romania: 41.2%	North Macedonia: 2.7%
Poland: 19.5%	Serbia: 2.7%
Hungary: 15.9%	Moldova: 1.3%
Bulgaria: 11.1%	Germany: 0.4%
Ukraine: 4.9%	Bosnia and Herzegovina: 0.4%

Gender

Wizz Air has also identified that it will make faster progress on gender diversity if its leadership is more diverse. We have made a strong commitment to close the diversity gap in our Boardroom and at leadership level; therefore we have included gender diversity of the Management Team (Senior Management and their Head-level direct reports) in our reward structure as of fiscal year 2022. Wizz Air set a Long Term Target to deliver 40% gender diversity in the Management Team of the Company (Heads, Officers, EVPs and CEO). As part of the Long Term Target these are broken down into yearly plans and actions, and the Company's action plan on diversity is regularly reviewed at Board level and in the nomination committee.

The Hampton-Alexander Review set a target of 33% representation of women on FTSE 350 boards and in Executive Committee and Direct Reports by the end of 2020. The FTSE 250 index reached 33% in December 2020 – in line with the target date – with 652 women on FTSE 250 boards out of a total of 1,962 directorships. 152 companies in the FTSE 250 have individually met the 33% women on boards target.

In this past financial year, Board gender diversity improved by 3 per cent to reach 30 per cent female ratio, while the Management Team's gender diversity improved by 7 per cent to 34 percent female ratio. Office female gender diversity increased with 3 per cent, to 40 per cent female to male distribution. Flight crew female gender diversity remained at 4 per cent, whereas female cabin crew number decreased by 5 per cent to 70 per cent.



Within Wizz Air, the overall male to female ratio is balanced, with 48 per cent 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.

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

Our Ambassadors Programme, representing the Company at public events, and our Cadet Programme initiatives 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. 94 per cent of our employees are directly interacting with our passenger base, and are ensuring the safety of these people as they travel generally with joy and anticipation to their destination. There are several key pillars on how we engage our employees, and make sure their voices are heard, keeping the WIZZ spirit alive. The backbone of employee engagement is our People Council, supported by the regular People Survey (and the forthcoming actions), the floor talks hosted by Wizz Air's CEO and our Base Visits.

Wizz Air's People Council

At Wizz Air, we know that a company is only as extraordinary as its people. The Wizz Air team is passionate, dedicated, kind, and they thrive on the challenges that come with the job. At the same time, it is imperative that our employees have a say in how their careers are moving forward, and how their professional development is moving in the right direction along with the Company.

The People Council is more than just another department within the Company, it is a place where the people of WIZZ feel safe to share their concerns, ideas or suggestions.

People Council Governance:

The Council is led by its president who serves for two years and is appointed by the former president from among the People Council's committee chairs. This role is currently filled by Andreea Popa who joined Wizz Air eleven years ago and has since become Captain, Base Captain, and is a very strong supporter of the Wizz Air Pilot Academy. The president is aided by the Council's Secretary General, Nikoletta Zima, who has been with the Company ever since 2004 as the very first cabin crew and has had a long and successful WIZZ career with roles such as Cabin Crew Instructor, Cabin Crew Training Manager, and Training Centre Operations Manager. There are 13 additional members of the Council, making sure that all regions within Wizz Air's network, and all business divisions are well represented within the Group. These representatives are elected for one year, after an all-Company application process, by the President and Secretary General of the People Council based on a set of clear guidelines to ensure balanced representation of all areas of business from all regions. The representatives can serve one more year if approved by the President.

The Council's work is centred around three major areas, and is split into three committees accordingly, namely Benefit, Wellbeing, and Policy. Committee chairs are appointed for one year, by the President.

Committees meet twice a month to discuss a variety of topics and current challenges and initiatives, while the entire Council also meets biweekly with the Senior Leadership Team and separately with the Company's CEO. This is key to enable the People Council to fulfil its main purpose:

- facilitate an effective two-way communication between management and employees; and
- support the decision-making process on matters which affect all within the Company.
- For the Council members it is crucial to stay in touch with the WIZZ community, so on top of the recurrent meetings, they have frequent face to face sessions with office employees and they make regular base visits together with the Wizz Air Leadership Team, to maintain and strengthen open communication between the employees and the management across the airline's entire network.

All actions and decisions from the monthly meetings are reported back to the employees by their representatives at the end of each month.

The key recurring agenda topics are:

- work-life balance;
- Company policies and process changes;
- working environment improvement;
- salary principles and policies;
- Company events;
- trends impacting safety; and
- initiatives enhancing employee diversity.

The People Council contributed to various projects throughout the year, supporting the work of other departments with detailed input on employee groups' perspectives; a key example of this was their help in establishing Wizz Air's industry-leading vaccination policy.

People Council at Base Visits

The People Council is regularly participating in base visits when the Leadership Team spends time with employees in the market, both formally and informally. During F22, the People Council's President, Secretary General and the local Council representative took part in 7 personal base visits.

The Secretary General participated in the Fly Around with the Management, and members of the Wizz Air Holdings Plc Board of Directors, Dr Anthony Radev and Charlotte Pedersen, in February 2022, visiting all Polish bases, Vilnius and both Ukraine bases, where the current projects the Council is involved in were presented for the employees and all crew questions and concerns were addressed.

These events are unique in the industry as they provide a special forum for the local crews to meet with Company management in person, to voice their opinions or questions about where the business is going, and they also have the opportunity to raise their concerns. Apart from the top management base visits, there are line operation base visits as well, as part of which the line management is travelling to each base once throughout the year. At least one People Council representative must be present at these base visits.

WIZZ Employee Solidarity Fund

There is nothing more important than the safety and health of our people and their loved ones. During the Ukraine-Russia conflict in February 2022, the People Council launched a solidarity initiative to support Wizz Air's Ukraine-based crew, together with their families. Apart from the coordinated actions of the Company, the solidarity project aimed to give a helping hand to those employees who left Ukraine and needed accommodation or transportation. On the second day of the crisis, the People Council also set up the WIZZ Employee Solidarity Fund accessible for employees in need. Any Company employee could volunteer to donate money to their Ukrainian colleagues and their families affected by the devastating situation in their home country. The Company also committed to match the raised amount on a weekly basis. The Employee Solidarity Fund had received over 130,000 EUR in donations until the end of the financial year, thanks to the generosity of our employees across the network and the Company's contribution. Out of the sum collected, two employee groups were supported: those within Ukraine and the Ukrainian nationals no longer located in the country. The eligible 163 employees received additional financial support on top of their monthly February salary. The remaining amount of donations will be used to support employees who might require more help later on. All related actions are to be decided by the responsible People Council committee.

WIZZ Family – Let's Give a Helping Hand

Another initiative announced by the Council in response to the crisis was connected to Ukrainian evacuated colleagues. The purpose of the project was to arrange accommodation for them upon their arrival, and giving them support when arriving to certain countries, or accommodating a crew member or their family for some time, supporting with transportation if needed. More than 700 Wizz Air employees volunteered to offer transport, accommodation, clothing, and other essentials to our Ukrainian employees who have crossed the border and arrived in a neighbouring country.

These initiatives, and the Council's response with immediate actions, truly demonstrated the values the Company stands for. The Council does not only need to make sure the WIZZ culture is maintained but at the same time it is key to embrace the culture of the various countries where we operate – diversity is our future, and it is essential that we bring the WIZZ spirit to all of our base countries. While the past two years have been the most challenging in the Company's history, the People Council will remain the voice of the employees and will support them to keep the WIZZ spirit alive.

Floor Talks and Management Updates on Workplace

This effective two-way communication is also facilitated by our People Survey, the floor talks hosted by Wizz Air CEO (available to attend in person or watch and comment live via Workplace, the internal social media channel available for all employees), and Base Visits, as they provide quantitative and qualitative insights into work and life for our employees. The CEO, the President, and other chief officers are also issuing updates via Workplace when events of high importance impact Company operations or when key updates need to be delivered directly by the management.

Employee Engagement Survey

Wizz Air is taking bi-annual employee engagement surveys. Overall, the latest survey scores were 7 per cent below the industry average (source: Workday Peakon Employee Voice, analytics and employee engagement software), at 70 per cent engagement rate (eNPS 9) versus transportation industry average of 77 per cent, with a participation rate of 67 per cent. Cabin crew employees had an engagement of 74 per cent (eNPS 21), in flight crew 64 per cent (eNPS -11) and in office 64 per cent (eNPS -14).

Results of the 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.

Company projects supporting employee engagement

For our crew colleagues projects are focused on three areas:

- **Roster stability for Cabin and Flight Crew** will be continuously increased to have a more stable and consistent pattern. We are developing new rules and set of principles to support a healthy work-life balance.
- **Admin support** provision will be further enhanced at bases for both Flight and Cabin Crew Management with the introduction of Base Admin roles so that **People Leadership can be the primary focus** for local management.
- **Clear processes for Crew communication** will be established to ensure the continuous and smooth flow of operational and strategic updates and decisions across our network.

For the colleagues in the office key improvement points and actions were focused on succession planning and career aspiration within Performance and Talent Review. In addition, new features were implemented in the Vacation Management System in order to provide more flexibility whilst creating a single platform for transparency on employee whereabouts both for line managers and direct reports.

As social interaction is an important part of our culture, we need to take advantage of the opportunities to reunite with colleagues and celebrate our culture. For this reason, we will remain dedicated to organising corporate events and programmes, such as annual Christmas and summer parties, Department Away Days, and programmes such as the WIZZ Academy, to strengthen Company culture.

Employee Engagement on Sustainability

To care about the environment we live in, is the responsibility of everyone and Wizz Air is dedicated to making the world around us better. Following the release of the "Wizz Air – Fly the Greenest" campaign, the Company launched the 7-Day Sustainability Challenge in February, involving the entire organisation. The 7-Day Sustainability Challenge was a week-long competition, with the purpose of drawing attention to sustainability behaviours among WIZZ employees and encouraging everyone at WIZZ to take up eco-friendly habits to make the world a better and greener place. The WIZZ team was challenged to complete the daily challenges as per the following agenda: *Meatless Monday, Green Transportation Tuesday, Plastic Free Wednesday, Sorting Waste Thursday, Donation Friday, Buy Local Saturday and Grow Your Own Sunday*. By the end of the campaign the 7-Day Sustainability Challenge Workplace Group had 590 members. Approximately 200 employees actively participated in the campaign by completing daily challenges and posting photos and videos to the online Workplace Group. Based on the numerous individuals and teams across our network who joined the Sustainability Challenge the overall reception of the campaign was positive especially as it mobilised and united employee groups all across the Wizz Air network.

5 Leading in Customer Experience

As we finally emerge from the COVID-19 pandemic with the recovery of operations and welcome our customers back on board, we are focused on prioritising and continuously improving our leading customer experience. In recent years, Wizz Air has continued to prioritise delivering the lowest prices, on-time performance, and ease of access to air travel for all our passengers via our website and mobile application platforms, as well as elevating the customer experience with digitalisation and self-service improvements, empowering customers to be in control of managing their reservations and their travel.

In March 2021, Wizz Air introduced "Amelia", a new virtual assistant chatbot at wizzair.com aimed at improving our customer experience standards. The airline's new chatbot enables customers to quickly and conveniently get information about their flights, while also providing useful general information on services, flight disruptions, special assistance or voluntary flight changes. The online live chat option with agents remains available free of charge, in case customers have further questions or need additional support. The chatbot is a real gamechanger in Wizz Air's customer experience solutions. Automating and digitalising our processes is key in delivering ever-higher customer satisfaction. Wizz Air is dedicated to broadening Amelia's expertise and to supporting our passengers with an expanding array of self-service options to manage their travel plans.

Since Q3 F22, Amelia has steadily become the primary point of contact for customers when requesting support – the number of chats handled exceeded the number of calls per month. Now she can provide support in English, Italian and German languages via the wizzair.com website and official Wizz Air Facebook Messenger. In addition, Amelia will soon be implemented within the WIZZ mobile app too. The chatbot was inspired by Amelia Earhart, the first American female aviator to fly solo across the Atlantic Ocean. With this, Wizz Air aimed to pay tribute to women in aviation and underpin the Company's commitment to a more gender-equal aviation industry. In F22, Amelia assisted over one million Wizz Air customers.

Wizz Air's customer journey has also been improved on the airport side. The Company introduced a new feature in its mobile application for the scanning of travel documents in 2021. The Company is now working on adding this feature to the website check-in process as well. Until the end of March, more than 113,000 travel documents were scanned by Wizz Air customers via the new feature. Customers using this option are benefitting from a more convenient online check-in process, with no need to manually enter their travel document details, and they can expect a more seamless passenger journey at the airport because of this.

Linked to this, Wizz Air also introduced scanning capability of the EU Digital COVID-19 Certificate QR code, and validation was introduced in the online check-in flow to enable customers to proceed directly to the boarding gate and avoid the need for physical COVID-19 document verification at the airport check-in desks and queueing. Since its implementation, this development improved the airport experience when the destination country requires a vaccination certificate at check-in in order to travel without the need for PCR testing or quarantine.

In order to assist customers during the ever-evolving COVID-19 environment, Wizz Air also introduced the Travel Planning Map, a dynamic map aimed at providing easy to understand information about travel restrictions and documentation required by each destination country. For increased customer convenience and peace of mind, a restriction checklist was added in the online check-in flow as a last preparation step before each journey.

As we continue to recover from the COVID-19 pandemic, we must do more for our customers in addition to offering them our lowest fares and the greenest choice of air travel, which is why the airline launched the "WIZZ Youth Panel", The Customer Youth Panel which has been created to complement the current quantitative customer feedback with qualitative feedback and bring the voice of the customer on board the product development and customer journey planning.

We have further automated and digitalised customer support services towards increasing scalability, providing faster resolutions and improved customer convenience by implementing a series of developments and features. These solutions have included the automatic payment of EU261 compensation claims, optimised claim forms with flight validation and data pre-collection, and enhanced Interactive Voice Response (waiting times and number in the queue announcements), which has been especially useful during peak-traffic periods.

During this period Wizz Air's Customer Satisfaction score reached approximately 90%, meaning of all the customers surveyed 90% rated their overall experience on their last WIZZ flight as positive, back in line with pre-pandemic levels.

Finally in March of this year, we were the first and only airline to react proactively and help Ukrainian nationals in need to reach safety away from the country, by offering 100,000 free tickets for flights from Ukraine's bordering countries and discounted rescue fares on all other routes. We are proud that the airline has been able to support our Ukrainian passengers during this extremely challenging period.

People Metrics – 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.

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	F22	F21	F20
Work-related accidents	#	Priority/1	0	0	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		4,709	3,960	4,440
Staff costs	m EUR		220.5	133	231
Revenue/employee	k EUR		288	187	622
Staff costs/revenue	%		13	18	8
Survey scores	%	Priority/5	70	81	—
Survey participation	%	Priority/6	67	79	—
Average attrition	%	7	11.2	24	13
Gender diversity	% female	Priority/8	48	49	52
Leadership diversity	% female	Priority/9	34	27	17
Flight crew gender diversity	% female	Priority/10	4	4	4
Cabin crew diversity	% female	11	70	75	76
Office diversity	% female	Priority/12	40	37	37
Ethnic diversity	# nationalities	13	75	53	54
Leadership ethnic diversity	# nationalities	14	16	15	15
Part time ratio	%	15	1	6	1
Training per employee	Hours	16	42	45	n.a.

(1). **Accidents:** measures work-related accidents (excluding travel to/from work) involving occurrences where an 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 a 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 9 translates into a 70 per cent engagement rate. Participation rate was 67 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.

Economy – Connectivity driving responsible GDP growth

Wizz Air's mission is to provide affordable travel and give opportunity for air travel to those who were not able to use air transport before, having a direct and material impact on the economies we connect.

Wizz Air is contributing to the GDP growth of WIZZ destinations by enabling affordable connectivity, which in turn will create new jobs, drive tourism, and opportunities to do business. By 2030 we aim to serve 170 million passengers, and, through direct and indirect opportunities, we aim to provide employment to 125,000 citizens in our network.

Our role in society

We launched Wizz Air to create a world of opportunity for all through affordable travel, and we are consistently delivering on that promise. 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 pandemic and during the recovery, resilient and responsible airlines like Wizz Air showed that they have all the necessary attributes to support the recovery for the tourism industry and even the broader economy. Wizz Air further invested into the connectivity of communities, following the network expansion achieved in F21. In F22 an additional 5 bases were opened and 15 new destinations were added to the WIZZ network. These all contribute to the economic growth by providing for affordable connectivity, promoting tourism, creating new employment opportunities in and for local communities (Wizz Air is committed to recruiting people locally at each base and office in its network) and increasing tax revenues in the given countries.

A key example of Wizz Air's network investments is Italy. In F21 we started our first bases: Milan Malpensa, Catania and Bari. We extended our local presence with bases opened in Palermo in June 2021, in Rome Fiumicino and Naples in July 2021, and in Venice in October 2021. The Company is fully committed to continue growing Wizz Air's presence in Italy, to bring more connectivity and lower fares to Italians, generate additional airport revenues, and create more employment opportunities in the country. By the end of F22, we were operating from 24 Italian cities with 257 routes, providing connectivity to 67 international destinations across Europe and the Middle East. Wizz Air is now the fourth largest carrier in the country, and the biggest airline connecting Italy to the Central Eastern Europe region.

The Company's recent investment in Albania is another great example of how Wizz Air can enhance growth in underdeveloped aviation markets. For the first time in the history of Albania, there are more than 40 destinations on offer from Tirana, with nine based aircraft and 3.5 million seats per annum worth of based capacity, deployed in a timespan of just 20 months. Furthermore, Wizz Air will be flying from Kukës International Airport Zayed, a greenfield project which we're confident we'll make work.

Everything we did and achieved regardless and in spite of the pandemic's impact is a testimonial to the agility of our airline and our commitment to maintain air connectivity, to support and lead tourism and economic recovery in all our networks in Europe and beyond.

Our role in society – testimonials
Mr Antonio Maria Vasile – President of Aeroporti di Puglia, Italy *"The opening of a Wizz Air base in Bari and the expansion of their operations in Brindisi have enabled an ideal environment to consolidate connections between Apulia region and the domestic and international markets that are strategic for our economy, in particular for the tourism industry that is favoured by aviation. We are satisfied that Wizz Air considers Aeroporti di Puglia a reliable commercial partner able to provide a robust outlook to air traffic recovery."* *Mr Alan Bajić, Managing Director of Sarajevo International Airport, Bosnia and Herzegovina:* *"Opening of Wizz Air base at Sarajevo Airport has significantly increased air traffic (number of passengers and flights) in less than a year. Launching of new and additional flight routes is tremendously important not just for the airport Sarajevo, but for the entire tourism industry in Bosnia and Herzegovina and for the economy of our country in general.* *Wizz Air base has created new opportunities and numerous advantages, both in terms of economy and in terms of promoting connectivity of our country, i.e. Sarajevo to the rest of the world.* *We are happy and proud that the agreement with Wizz Air on launching the base has been reached during the term of office of this Management Board. Also, I would like to congratulate you on all of your successes accomplished and a visionary approach you have. Taking into consideration all positive impacts of our business cooperation, the airport Sarajevo is going to remain your reliable partner."*

Humanitarian initiatives

Rescue flight – Kabul

In August 2021, following the capture of Afghanistan's capital city, Wizz Air operated a humanitarian flight to safely rescue over 170 refugees and other personnel from Kabul, in cooperation with the Hungarian Air Force and in support of a military rescue operation. Wizz Air did not hesitate when it was asked for help and carried its passengers to Budapest safe and fast. Wizz Air truly believes that in these harsh times cooperation and working together is the only way to overcome challenges. The safety of our passengers and crew has always been Wizz Air's number one priority and we remain true to this principle under any conditions, especially during such operation.

Csodalámpa Foundation partnership

In early 2022, the WIZZ Foundation partnered with Csodalámpa Foundation. The purpose of the wish granting foundation is to fulfil wishes of children who suffer from a life-threatening illness. By making their wish come true, the foundation hopes to strengthen the children's and their families' belief in recovery, to persevere through times of adversity. As part of the cooperation, Wizz Air will provide 45 flight tickets (and the applicable services) annually for children and their travelling guardians, to support the foundation's projects where the surprise involves travelling to another destination by plane.

Free and rescue fare tickets for Ukrainian refugees

In March 2022 Wizz Air announced it would support Ukrainian refugees by offering them 100,000 free seats on continental Europe flights departing from Ukraine's border countries (Poland, Slovakia, Hungary, Romania). This initiative aimed to help refugees reach their final destinations. Wizz Air allocated larger aircraft and extra flights from border countries to Europe to help support the movement of refugees as necessary. The tickets could be easily booked online with a valid Ukrainian passport. Discounted rescue fare tickets were also available at wizzair.com for all other flights in the WIZZ network for any passengers with Ukrainian citizenship.

Wizz Air also announced in May 2022 that the airline, in partnership with not-for-profit organisations Choose Love, The Shapiro Foundation, The Steve Morgan Foundation and USPUK, will be offering 10,000 free tickets for Ukrainian refugees to travel from Ukraine's neighbouring countries (Bulgaria, Hungary, Poland, Romania and Slovakia) to the UK, in support of the UK Government "Homes for Ukraine" visa scheme. The main aim of this initiative is to make free travel available to Ukrainian refugees during this time of crisis. This cooperation will allow even more Ukrainian families to be welcomed into the UK.

Packed with Hope initiative in the UK

Thousands of backpacks supplied with bi-lingual books and essential items were delivered to Ukrainian children affected by the Russian-Ukrainian conflict in April 2022. The Packed with Hope project was kicked off and managed by UK independent publishers. One of the publishers, Gracie Cooper, of Little Toller Books reached out to Wizz Air to supply free tickets for the staff travelling to Romania and back to distribute the packs to the children. Wizz Air provided free return tickets to the team travelling to deliver the backpacks to the Ukrainian children.

Ukraine and Wizz Air's actions in response to the crisis in Ukraine

Since 24 February 2022 the Company invested significant effort to support our employees and their family members affected by the crisis in Ukraine. A WIZZ Employee and Family Assistant Package was introduced to the crew, which provides immediate and long-term help for the employees and their close family members (up to four people), covering a wide range of medical, transportation, financial and psychological support. Employees were offered job opportunities and have subsequently been employed at other Wizz Air bases in the network, and along with their family members they were assisted according to our Relocation and Base Change Policy.

Since the outbreak of the crisis, Wizz Air has provided services to NGOs and other companies with transporting aid either as part of cargo operations or on passenger flights.

Company policies reviewed or implemented in F22

Environmental Policy

Over the past year Wizz Air continued to drive change by innovative projects. The Company recently renewed and published its Environmental Policy, which is focused on integrating sustainability targets across the whole organisation (e.g. Supply Chain). The policy outlines our commitment to reduce our carbon emissions and minimise our environmental impact, leading the way to sustainable aviation. Key commitments laid out in the document are the following: review organisational activities and identify areas with the potential to minimise environmental impact; follow the highest environmental standards in all operational areas; meet all applicable regulations regarding sustainability and pollution prevention; set objectives and targets and put in place sustainability programmes for continuous performance improvement; train and inform employees on how their work might have an impact on the environment and encourage their involvement in environmental actions; reduce the impact of our waste through increased recycling and the more efficient use of resources; use sustainable procurement to improve environmental performance within our supply chain; monitor and reduce energy and water usage within our premises in order to minimise the consumption of natural resources; promote agile and digital solutions to drive reductions in paper consumption; where possible, purchase products and materials which cause less harm to the environment; engage with key stakeholders to contribute to the development of the pathway to net-zero emissions; encourage innovation and support programmes for decarbonisation technology; become a sustainability ambassador; and raise awareness among employees, stakeholders, and suppliers.

Sustainable Procurement Policy

We are committed to minimising the impact of our operations on the environment and to demonstrating leadership by integrating environmental considerations into our supply chain strategy and business practices. The policy at this phase primarily focuses on carbon emissions reduction, to have an impact in the most effective way possible. This policy will be amended with new targets and initiatives as they are identified or required and once the already set goals are successfully concluded. In addition, the policy introduces the need for ongoing research and efforts for new sustainability practices, implementing the sustainability criteria in tender evaluations (next to price and quality factors) with the appropriate weight and requiring suppliers to include sustainability factors in their own procurement and daily operations. This policy applies to all Wizz Air Group AOCs and companies, and to all procurement activities.

Extracts of both policies are available at wizzair.com under Sustainability.

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	F22	F21	F20	F19
Passengers	m	1	27.1	10.2	40	35
km run	km	2	168*	17,730	7,830	4,060
Paid taxes	m EUR	3	304	107	340	305
Government debt	m EUR	4	0	326	0	0
Furlough support	m EUR	5	1.1	7.1	0	0

*Wizz Air Run Club activities were impacted by Covid-19

(1). **Wizz Air transported 27,079,918 passengers** in F22, showing strong recovery after travel demand had been heavily impacted by pandemic related restrictions and the appearance of new COVID-19 variants.

(2). We believe that, just like affordable travel, a healthy and active lifestyle should be available to everyone. Running is the most inclusive and affordable sport as one only needs a pair of running shoes – this sport is accessible and affordable for all, similarly to the ultra-low-cost low-fare business model. This year we sponsored several running events across Europe, including the Budapest Half Marathon, our flagship event and races in Bucharest, Cluj-Napoca, Sofia, Skopje, Kyiv, Debrecen and the newest event of our portfolio in Cardiff. Despite the negative impact of the COVID-19 pandemic, in F22 we moved a total of 32,000 runners and attracted a total of 105,000 visitors with all our events.

(3). **Wizz Air contributes to the communities it operates in through the payment of taxes**. In total €304 million taxes were paid in the form of airport related taxes, corporate income tax, local business 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 there are environmental taxes to incentivise the right behaviour in the industry.

(4). Wizz Air repaid £300 million outstanding commercial paper with the Bank of England (as part of the CCFF) in February 2022.

(5). For F22 Wizz Air benefited from a total of €1.1 million in furlough schemes with the key scheme being the UK furlough support scheme.

MODERN SLAVERY ACT DISCLOSURE STATEMENT 2022

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 2022. 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 and 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. A team of dedicated aviation professionals delivers superior service, making Wizz Air the preferred choice of 40 million passengers in the financial year F20 ending 31 March 2020 and 27.1 million passengers in the financial year F22 ending 31 March 2022. Its fleet consists of 153 aircraft and its network spans more than 1,000 routes across 51 countries. Wizz Air employs over 5,000 people across a network of 40 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 171 (annual revenue of €2,761.3 million in F20 and €739 million in F21).

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 which 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 recognise 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 the 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, and 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
8 June 2022

FINANCIAL REVIEW

Over the past year Wizz Air's results continued to be impacted by the COVID-19 pandemic even as we witnessed traffic recovery in most of our markets. Wizz Air's more diversified network has been key in recovering capacity and dealing with macro events such as conflict in Ukraine. Amid a gradually recovering demand Wizz Air continued to make investments in people, fleet, its network and systems, all of which lay the foundation for the Company's future growth. Our focus continued to be on cost and managing cash and throughout the year we have maintained our investment grade balance sheet.

Wizz Air carried 27.1 million passengers during F22, an increase of 166 per cent compared to the previous fiscal year. Revenues increased by 125 per cent to €1,663.4 million. Passenger and revenue figures reflect the increase in capacity throughout the year, as more people returned to flying encouraged by COVID-19 vaccines and immunity travel certificates.

Throughout the year the underlying focus for the Company has been investment for growth, enabled by market shifts created due to the COVID-19 pandemic and capacity retrenchment by a number of our industry peers.

Wizz Air reported a net loss of €642.5 million (compared to €576.0 million net loss in F21).

The unit revenue measured in terms of ASKs increased by 3.1 per cent to 2.98 Euro cents, while unit costs decreased by 18.0 per cent to 3.98 Euro cents in F22 from 4.85 Euro cents in F21. CASK excluding fuel expenses decreased by 27.3 per cent to 2.81 Euro cents in F22 from 3.86 Euro cents in F21. A decrease in CASK is driven behind greater capacity operated during the year, which resulted in a higher number of ASKs.

Supporting the recovery and sustaining the growth of the business, key management actions included:

From an investment and financing point of view:

- placing a new aircraft order for a further 102 Airbus A321 aircraft, including purchase rights and optional units, at very attractive commercial terms, securing a continued supply of best market technology aircraft;
- enhancing liquidity position with a €500 million four-year bond issued in January 2022 on more favourable terms compared to January 2021 issuance, which was used to pay off a £300 million facility from the Bank of England under the UK Government's CCFF in February 2022; and
- taking delivery of 25 new A321neo aircraft, while returning nine A320ceo aircraft, bringing forward the benefits of new technology in ownership and operating cost, fuel consumption and lower carbon and noise emissions.

From a cost point of view:

- adjusting capacity in markets and reallocating aircraft to better performing locations in line with the Company's historic network optimisation churn rate;
- renegotiating key long-term supply agreements covering aircraft component services, engine refurbishment and base and line maintenance;
- deploying new systems and hardware as part of its digital powered operations, including departure control systems across its stations and launching Electronic Technical Log Book to replace the paper-based maintenance record managed by pilots and MRO agents; and
- applying hot and cold parking of parts of our fleet, to further reduce costs.

From a revenue point of view:

- sustaining a clear principle of cash-positive flying; and
- continuing to leverage our strong capabilities in ancillary revenue – posting record growth month on month and rolling out advanced data science tools supporting dynamic pricing of key product streams (e.g. bags, seats and priority boarding).

From a cash point of view:

- continuing to apply our 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;
- optimising key elements of our investment cash flow by focusing on optimised fleet deliveries and early lease returns (where contractually feasible); and
- converting advance aircraft payments (pre-delivery payments) to EUR currency significantly reducing the USD currency exposure in the years ahead.

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

	F22	F21	Change
Average jet fuel price ($/metric tonne, including into-plane premium and impact of effective hedges)	**789**	674	16.9%
Average USD/EUR rate (including impact of effective hedges)	**1.16**	1.17	(0.8%)
Year-end USD/EUR rate	**1.11**	1.21	(8.3%)

Financial overview

Summary statement of comprehensive income

€ million	**F22**	F21	Change
Total revenue	**1,663.4**	739.0	125.1%
Fuel costs (including exceptional income/(expense))	**(649.0)**	(347.4)	86.8%
Operating expenses excluding fuel	**(1,479.7)**	(919.7)	60.9%
Total operating expenses	**(2,128.7)**	(1,267.1)	68.0%
Operating loss	**(465.3)**	(528.1)	(11.9)%
Comprising:			
– Operating loss excluding exceptional income/(expense)	**(469.6)**	(434.5)	8.1%
– Exceptional income/(expense)	**4.3**	(93.6)	n.m.*
Operating profit margin (excluding exceptional income/(expense))	**(28.2%)**	(58.8%)	30.6 ppt
Net financing expense	**(176.2)**	(38.4)	358.8%
Loss before income tax	**(641.5)**	(566.5)	13.2%
Income tax expense	**(0.9)**	(9.5)	(90.5%)
Loss for the year	**(642.5)**	(576.0)	11.5%
Exceptional income/(expense) net of income tax	**4.3**	(93.6)	n.m.*
Underlying loss after tax	**(646.7)**	(482.4)	34.1%

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

Loss per share

Loss per share, EUR (Note 13)	F22	F21	Change
Basic and diluted loss per share	(6.33)	(6.73)	(6.0%)

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 F22 was (16.8) per cent, compared to (19.4) 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 (117.7) at the end of the 2022 financial year, while liquidity decreased to 73.1 per cent from 195.9 per cent at the end of the 2021 financial year.

	F22	F21	Change
ROCE*	**(16.8%)**	(19.4%)	2.6 ppt
Leverage ratio*	**(117.7)**	(18.9)	(98.8 ppt)
Liquidity*	**73.9%**	195.9%	(122.8 ppt)

* See the definition of these non-statutory measures and their calculation under key statistics on page 68.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for F22 and F21 and the percentage change in those items:

	F22		F21		
	Total (€ million)	**Percentage of total revenue**	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	**732.1**	**44.0%**	325.7	44.1%	124.8%
Ancillary revenue	**931.4**	**56.0%**	413.3	55.9%	125.4%
Total revenue	**1,663.4**	**100%**	739.0	100%	125.1%

The increase in passenger ticket revenue was driven by a 166.3 per cent increase in passengers. Similarly, ancillary (or "non-ticket") revenue increased in line with the ticket revenue development. The share of ancillary products in the total revenue increased to 56.0 per cent.

Average revenue per passenger decreased by 15.5 per cent from €72.5 in F21 to €61.3 in F22. Average ticket revenue per passenger declined from €32.0 in F21 to €27.0 in F22 (by 15.6 per cent), while average ancillary revenue per passenger decreased to €34.3 from €40.6 (by 15.4 per cent).

Total operating expenses excluding exceptional income/expense increased by 79.0 per cent to €2,133.0 million in F22 from €1,173.4 million in F21.

The following table sets out for F22 and F21 the expenses relevant for the CASK measure (thus excluding exceptional expense), and the percentage changes in those expenses:

	F22			F21			
	Total (€ million)	**Percentage of total operating expenses**	**Unit cost (€cts/ASK)**	Total (€ million)	Percentage of total operating expenses	Unit cost (€cts/ASK)	Percentage change of total cost
Staff costs	**220.5**	**10.3%**	**0.39**	132.9	11.3%	0.52	65.9%
Fuel costs (excluding exceptional income/(expense))	**653.3**	**30.6%**	**1.17**	253.8	21.6%	0.99	157.4%
Distribution and marketing	**43.4**	**2.0%**	**0.08**	19.6	1.7%	0.08	120.8%
Maintenance, materials, repairs	**170.4**	**8.0%**	**0.30**	165.7	14.1%	0.65	2.9%
Airport, handling, en-route charges	**545.9**	**25.6%**	**0.98**	254.9	21.7%	1.00	114.2%
Depreciation and amortisation	**446.3**	**20.9%**	**0.80**	345.3	29.4%	1.35	29.2%
Net other expenses	**53.2**	**2.5%**	**0.10**	1.2	0.1%	0.00	4,328.8%
Total operating expenses (excluding exceptional income/(expense))	**2,133.0**	**100%**	**3.82**	1,173.4	100%	4.59	81.8%
Net cost from financial income and expense	**86.7**		**0.16**	66.8		0.26	29.8%
Total	**2,219.7**		**3.98**	1,240.2		4.85	79.0%

Staff costs were €220.5 million in F22, up by 65.9 per cent from €132.9 million in F21, driven primarily by the crew headcount increase, restoration of salaries to pre-COVID-19 levels for crew and office employees and increased variable compensation for crew in line with the increased flying programme.

Fuel expenses (excluding exceptional expense) increased by 157.4 per cent to €653.3 million in F22, up from €253.8 million in F21. The main driver for this increase was an ASK increase of 118.3 per cent as well as higher fuel prices. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in F22 was $789 per tonne, an increase of 16.9 per cent from the previous year's figure of $674 per tonne. The average Euro/US Dollar exchange rate, including the impact of hedging, was 1.16 in F22 compared to a rate of 1.17 in F21. The impact of effective fuel hedges was a €13.7 million gain in F22 (compared to a €68.4 million loss in F21).

The increase in distribution and marketing costs of 120.8 per cent to €43.4 million in F22 from €19.6 million in F21 is driven by the ASK increase of 118.3 per cent in F21.

Maintenance, materials and repair costs increased by 2.9 per cent to €170.4 million in F22 from €165.7 million in F21. Maintenance costs are largely driven by size of the fleet, pre-determined maintenance schedules and aircraft utilisation.

Airport, handling and en-route charges increased by 114.2 per cent to €545.9 million in F22 from €254.9 million in F21. This increase is primarily driven by the increase in both seat capacity and passenger numbers, which increased by 118.2 per cent and 166.3 per cent respectively.

Depreciation and amortisation charges increased by 29.2 per cent to €446.3 million in F22, up from €345.3 million in F21 due to the increase in the 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 increase in net other expenses to €53.2 million was primarily driven by: (i) significantly higher flight disruption costs (2022: €29.5 million; 2021: €6.7 million); (ii) increase in crew-related costs due to ramping up operations (2022: €32.5 million; 2021: €14.6 million); and (iii) increase in overhead costs due to higher level of operations compared to F21 (2022: €41.4 million; 2021: €31.8 million). For further details, please refer to Note 7.

Net financing income and expense

The Group's net financing expense was €176.2 million in F22 after an expense of €38.4 million in F21. This aggregate change was driven by foreign exchange impacts beside the increase in net financial expense mainly due to increase of the leased fleet, as shown in the table below:

€ million	**F22**	F21	Change
Net financial expense	**(86.7)**	(66.8)	29.8%
Net foreign exchange (losses)/gains	**(89.5)**	28.4	n.m.*
Net financing expense	**(176.2)**	(38.4)	358.8%

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

See also (Note 10) to the financial statements.

Taxation

The Group recorded an income tax expense of €0.9 million in F22 compared to the €9.5 million in F21.

The effective rate for the Group in F22 was (0.1 per cent) compared to (1.7 per cent) in F21. 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.

Loss for the year

The Group generated an underlying net loss of €646.7 million in F22, compared to the underlying net loss of €482.4 million in F21.

Other comprehensive income and expenses

In F22 the Group had other comprehensive expense of €1.8 million compared to an income of €240.3 million in F21. This significant decrease was due to the limited number of hedges in F22 as a result of the "no hedge" policy in June 2021.

Cash flows and financial position

Summary statement of cash flows

The following table sets out selected cash flow data and the Group's cash and cash equivalents for F22 and F21:

€ million	**F22**	F21	Change
Net cash generated by/(used in) operating activities	**370.6**	(224.6)	595.2
Net cash used in investing activities	**(407.2)**	(146.4)	(260.8)
Net cash used in financing activities	**(325.5)**	(624.6)	299.1
Effect of exchange rate fluctuations on cash and cash equivalents	**28.0**	(30.9)	58.9
Cash and cash equivalents at the end of the year	**766.6**	1,100.7	(334.1)

Cash flows from operating activities

The majority of Wizz Air's cash inflows from operating activities are derived from the sale of passenger tickets and ancillary services. Net cash flows from operating activities are also affected by movements in working capital items.

Operating cash flows increased from €(224.6) million in F21 to €370.6 million in F22 primarily due to the following factors:

- Operating cash flows before adjusting for changes in working capital improved by € 204.7 million year on year driven by the market recovery from COVID-19 restrictions.
- The positive contribution of working capital changes to operating cash flows was €441.6 million in F22, compared to €49.9 million in F21, being an improvement of €391.7 million year on year. The main driver behind this improvement was the significant increase in deferred income and in trade and other payables, partially offset by the decrease in trade and other receivables at the end of F22 compared to the end of F21.

Cash flows from investing activities

Net cash used in investing activities increased to €(407.2) million in F22 from €(146.4) million in F21. The significantly higher investment in F22 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 €217.6 million in F22 compared to a net outflow of €33.8 million in F21. This increase was primarily driven by the Company's delivery schedule and associated PDP commitments with Airbus.
- The short-term cash deposits increased by €99.2 million in F22 compared to the decrease of €65.6 million in F21.

Cash flows from financing activities

The net cash used in financing activities was a €325.5 million outflow in F22 and a €624.6 million inflow in F21. The cash inflow in F22 was the net of the following two factors:

- Proceeds from new loan: This was an inflow of €16.4 million in F22 and a €195.6 million inflow in F21, relating to the JOLCO financing raised on new aircraft. Additionally, we also received proceeds of €497.5 million from the bond issue in F22.
- Repayment of loans plus interest paid on loans: The cash outflow from these items was €839.3 million in F22 compared to €410.2 million in F21, which is €429.1 million higher than in F21 mainly as a result of the repayment of the commercial paper issuance under the CCFF.

Summary statement of financial position

The following table sets out summary statements of financial position of the Group for F22 and F21:

€ million	**F22**	F21	Change
ASSETS			
Property, plant and equipment	**3,631.4**	2,878.2	753.2
Restricted cash*	**162.2**	169.1	(6.9)
Derivative financial instruments*	**0.7**	5.1	(4.4)
Trade and other receivables*	**207.6**	135.3	72.3
Short-term cash deposits	**450.0**	346.8	103.2
Cash and cash equivalents	**766.6**	1,100.7	(334.1)
Other assets*	**137.6**	87.3	50.3
Total assets	**5,356.1**	4,722.6	633.5
EQUITY AND LIABILITIES			
Equity			
Equity	**263.9**	903.7	(639.8)
Liabilities			
Trade and other payables*	**615.4**	465.7	148.2
Borrowings (incl. convertible debt)*	**3,964.9**	3,137.3	827.6
Deferred income*	**396.8**	111.5	285.3
Derivative financial instruments*	**4.6**	9.0	(4.4)
Provisions*	**107.0**	88.9	18.1
Other liabilities*	**3.5**	6.5	(1.5)
Total liabilities	**5,092.1**	3,818.9	1,273.2
Total equity and liabilities	**5,356.1**	4,722.6	633.5

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

Property, plant and equipment increased by €753.2 million as at 31 March 2022 compared to 31 March 2021, 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 €6.9 million as at 31 March 2022 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 €4.4 million as at 31 March 2022 compared to 31 March 2021 (see also Notes 3 and 21 to the financial statements). In 2022 these hedge receivable balances are related to fuel hedge instruments.

Trade and other receivables increased by €72.3 million as at 31 March 2022 compared to 31 March 2021. This was primarily driven by increase in trade receivables as a result of increased sales and operation level, and decrease in maintenance reserve receivables due to maintenance events performed during the financial year.

Cash and cash equivalents amounted to €766.6 million at 31 March 2022 (2021: €1,100.7 million), and short-term cash deposits to €450.0 million at 31 March 2022 (2021: €346.8 million).

Borrowings (including convertible debt) increased by €827.6 million as at 31 March 2022 compared to 31 March 2021. The increase was primarily driven besides the bond issue by lease liabilities recognised during the fiscal year (see Note 23 to the financial statements).

Deferred income increased by €285.3 million as at 31 March 2022 compared to 31 March 2021 (see Note 26 to the financial statements). This was primarily driven by the higher business activity compared to the previous year-end which was affected more severely by the coronavirus pandemic.

Derivative financial liabilities (current and non-current) decreased by €4.4 million as at 31 March 2022 compared to 31 March 2021 (see Notes 3 and 21 to the financial statements). The €4.6 million liability at 31 March 2022 was related to fuel hedges.

Provisions increased by €18.1 million as at 31 March 2022 compared to 31 March 2021 (see Note 30 to the financial statements). The increase is in line with the planned maintenance schedule.

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 losses and gains on these instruments were charged to the statement of comprehensive income as exceptional expense in F21 and F22.

In light of pertaining 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 US Dollar and jet fuel hedging in order to reduce the risk of over-hedging.

Since June 2021 the Company has a “no hedge” policy in place with respect to US Dollar and jet fuel price risk after carefully evaluating the economic costs and benefits of the Company’s hedging programme; as a result the Company is no longer engaging in systematic cash flow hedging of US Dollar denominated expenses and jet fuel price risk. US Dollar hedges expired before F22, while the last jet fuel hedges expired in September 2021.

The treasury department, under the supervision of the Audit and Risk Committee, continuously monitors the Company’s risk environment, market and business opportunities to reduce or transfer its exposure to market risks.

Given the high and volatile commodity environment, the Company has, in agreement with its Board, capped part of its fuel cost exposure for the five months ended August 2022 with zero cost collars. Details of the current hedging positions (as at 31 March 2022) are set out below:

Fuel hedge coverage

Period covered	F23 12 months
Exposure in metric tonnes ('000)	1,620.0
Coverage in metric tonnes ('000)	240.0
Hedge coverage for the period	15%
Blended capped rate	$1,130.0
Blended floor rate	$982.0

Jourik Hooghe
Chief Financial Officer
8 June 2022

KEY STATISTICS

	F22	F21	Change*
CAPACITY			
Number of aircraft at end of period	**153**	137	11.7%
Equivalent aircraft	**143.5**	129.7	10.7%
Utilisation (block hours per aircraft per day)	**7.73**	4.13	87.2%
Total block hours	**405,556**	195,601	107.3%
Total flight hours	**354,461**	172,469	105.5%
Revenue departures	**167,709**	80,820	107.5%
Average departures per day per aircraft	**3.20**	1.71	87.5%
Seat capacity	**34,754,709**	15,927,709	118.2%
Average aircraft stage length (km)	**1,605**	1,604	0.1%
Total ASKs ('000 km)	**55,787,659**	25,551,625	118.3%
OPERATING DATA			
RPKs (revenue passenger kilometres) ('000 km)	**43,679,179**	16,691,569	161.7%
Load factor (%)	**78.1%**	64.0%	14.1 ppt
Number of passenger segments	**27,128,160**	10,186,077	166.3%
Fuel price (US$ per tonne, including hedging impact and into-plane premium)	**789**	674	16.9%
Foreign exchange rate (US$/€ including hedging impact)	**1.16**	1.17	(0.8%)
FINANCIAL MEASURES (for the airline only)			
Yield (revenue per RPK, € cents)	**3.81**	4.43	(14.0%)
Average revenue per seat (€)	**47.9**	46.4	3.2%
Average revenue per passenger (€)	**61.3**	72.5	(15.5%)
RASK (€ cents)	**2.98**	2.89	3.1%
CASK (€ cents)**	**3.98**	4.85	(18.0%)
Ex-fuel CASK (€ cents)**	**2.81**	3.86	(27.3%)

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

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

Glossary of technical terms

Available seat kilometres (ASKs): 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.

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 benefits 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 (RPKs): the number of seat kilometres flown by passengers who paid for their tickets.

RASK: total revenue divided by ASK.

Underlying net loss: 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 (or loss) 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	F22	F21
Operating loss (excluding exceptional income/(expense))	**(469.6)**	(434.5)
Effective tax rate for the year	**(0.1%)**	(1.7%)
Operating loss after tax (excluding exceptional income/(expense))	**(470.1)**	(441.8)
Average shareholders' equity	**583.8**	1,069.3
Average borrowings	**3,551.1**	2,588.4
Average cash and cash equivalents	**(933.7)**	(989.3)
Average short-term cash deposits	**(398.4)**	(389.7)
Average capital employed	**2,802.8**	2,278.6
ROCE (%)	**(16.8%)**	(19.4%)

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	F22	F21
Operating loss (excluding exceptional income/(expense))	**(469.6)**	(434.5)
Depreciation and amortisation	**446.3**	345.3
EBITDA (excluding exceptional expense)	**(23.3)**	(89.2)
Borrowings	**3,964.8**	3,137.3
Cash and cash equivalents	**(766.6)**	(1,100.7)
Short-term cash deposits	**(450.0)**	(346.8)
Net debt	**2,748.2**	1,689.8
Leverage	**(117.9)**	(18.9)

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

€ million	F22	F21
Cash and cash equivalents	**766.6**	1,100.7
Short-term cash deposits	**450.0**	346.8
Revenue	**1,663.4**	739.0
Liquidity	**73.1%**	195.9%

EMERGING AND PRINCIPAL RISKS AND UNCERTAINTIES

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 Company is committed to proactively identifying and managing risks effectively. We have integrated the learning from the past 2+ years of two different but overlapping periods which the Company has gone through. First the pandemic pronounced operational and demand driven downturn, during which time the focus was on cutting cash losses, minimising the effect of unfavourable fuel hedges. This was followed by a market and demand recovery due to the vaccination programmes. Second, the conflict between Ukraine and Russia is causing in the present and near future high geopolitical instability, very high fuel prices and inflationary pressure together with a volatile overall business environment.

Our risk management process

The Board is responsible for the Group's risk management and it has delegated to the Audit and Risk 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.

There were no significant changes in the risk appetite of the Company compared to the F22 mid-year review. The majority of the Wizz Air risk categories have "averse" risk appetite due to their safety/compliance/regulatory nature. Similar to the previous year, in F22 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 risks related to growth and network expansion 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, and commodity and exchange rate volatility). The category "geopolitical changes" became cautious from averse due to the fact that Wizz operates in volatile environments and countries.

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 Risk 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 F21 and include a deeper assessment of external factors, 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, and ensuring the availability of operations-critical systems in an increasingly complex system landscape;
- external factors, ensuring the Company has capabilities and resilience to deal with risks such as geopolitical risks, Brexit, fuel cost, foreign exchange rates, risk of higher cost of doing business, competition, general economic trends, and the default of a partner financial institution;
- 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 the Company has the right number of aircraft available at the right time to take advantage of commercial opportunities and grow in a disciplined way without any supply chain disruption;

- regulatory risk, making sure that we remain compliant with regulations affecting our business and operations and we remain agile to react to the changing governmental actions due to COVID-19, Brexit and changing policies due to sustainability (taxation, etc.);
- operations, including safety events and terrorist incidents and employee and passenger security;
- global pandemic, which has been the reality during 2020, 2021 and the start of 2022 and may continue to impact the Company and its interests in the near future even after the successful vaccination programmes and slowly reaching an endemic state;
- 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 Company has appropriate succession management in place for key colleagues, even in the context of a global pandemic;
- social and governance risks, making sure we are at all times guided through our core values, our value of integrity, respected throughout our business processes and deals and providing transparency to all our stakeholders through responsible reporting and disclosure; and
- environmental risk, ensuring that we are able to answer the growing need of environmental protection and consciousness, mitigate the emerging transition and physical risks and create a sustainable, climate-friendly service for our customers at all times respecting the planet.

Principal risks requiring the most attention in F23

Out of the principal risks the following will need the most attention in F23:

- External factors, of which the most critical are the geopolitical changes and the security challenges due to the ongoing conflict between Ukraine and Russia, higher inflation, quicker and more drastic changes in FX rates, risk of higher cost of doing business, changes in oil prices affecting fuel costs, and potentially consequences behind Brexit. Employee and passenger security is of utmost importance for Wizz and our Company will adjust its internal protocols and policies to protect employees and passengers while flying with Wizz. The conflict already generated financial losses due to trapped aircraft, over and above operating cost to evacuate our people, and lowered commercial performance behind partial closure of airspace affecting current and future aircraft allocation. We have previously disclosed the four trapped aircraft in Ukraine, which continue to be in good condition and continue to be monitored closely by the Company so they can be put back into service at the first opportunity that presents itself.
- Beyond the short-term impact there may be a longer-term demand impact as market potential (e.g. in Ukraine, Russia, Poland, Hungary and Romania) may get dented and impact fares especially at a time where we are growing capacity, which, in turn, will need to be weighed against the opportunity of down-tiering if there were stagflation and further shrinking of competitive capacity in CEE where smaller local players equally will get affected and will suffer from a materially uncompetitive cost structure.
- Moreover, the Company has decided to stop structural hedging whereas key competitors (Ryanair and easyJet) have continued to hedge. The current oil price trajectory represents a high financial disadvantage versus those hedged competitors. This is a transitory risk but a material one, and the Company is continuing to monitor hedging opportunities to reduce and limit the exposure linked to commodity price volatility in the short term.
- Further tension on the EU-UK relations can have material adverse impacts on labour flows to the UK which might have a potential impact on revenue and on available human resources in WUK.
- Human resources, presenting a big challenge the Company had to face during the ramp-up period and a major challenge to staff up to reach 170+ aircraft by summer 2022. Insufficient number of flight crew and the inability to find, develop and retain the appropriate office staff represent the most critical risks in this area.

Information technology and cyber risk

Over 90 per cent of bookings are made through wizzair.com and mobile apps every year and refunds are mostly handled through digital channels as well. Wizz aircraft connection via a connected Electronic Flight Bag is being tested and rolled out. We are therefore dependent on our information technology systems to enable and manage ticket reservations and other payments and 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 are our shop window and therefore it is critical that they are functional, reliable and secure. The complexity of our system landscape is growing; therefore, we created new roles within the Digital team to strengthen the architecture processes and give better control and faster reaction time over the increasing complexity.

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 Company has continued to employ business continuity processes since its beginning and during the 2022 financial year the Company's business continuity plan was comprehensively reviewed and updated to ensure that it remained appropriate and sufficient for the Company's continued growth. The up-to-date state and the operability of the business continuity plan are ensured through regular testing and maintenance. Business continuity and crisis management plans were activated and are used with success due to the conflict between Ukraine and Russia.

System resiliency requires continuous monitoring as well; system and data redundancy strongly supports business continuity. The risk of lack of system resiliency can be reduced with new generation platform and cloud migration.

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 Company'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 annual PCI DSS accreditation audit.

During the 2022 financial year, we have continued to invest in and strengthen such 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. Training, tests and exercises conducted by the Digital team were continuous in F22 and will be ongoing in F23 as well. 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 our Company.

Besides the pandemic, the regional conflicts 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.

Although social distancing regulations eased, pressure on the IT infrastructure increased and its reliability became more important than before in ensuring business continuity. The resource gaps in the Digital team to manage cyber risks were addressed by increasing resources on the external cyber team and creating an additional senior cyber leader position.

External factors

IATA reported that the airline industry suffered $51.8 billion loss in 2021, while net 2020 loss estimates have been revised to $137.7 billion (from $126.4 billion). 2022 industry losses were first forecasted by IATA to be approximately $11.6 billion with jet fuel at $78/barrel and fuel representing 20 per cent of total costs. At the beginning of March, jet fuel prices were over $140/barrel, so the losses will be significantly higher for the airline industry should high inflation prevail, while the industry is still struggling to recover after two years of pandemic and as COVID-19 starts to reach its endemic state. Airspace and travel restrictions rolled out due to the conflict between Ukraine and Russia further catalyse challenges and losses.

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.

The ongoing conflict between Ukraine and Russia not only closes two emerging markets for Wizz but also is bordering other significant Wizz base countries. Employee and passenger security is of utmost importance for Wizz and our Company will adjust its internal protocols and policies to protect the employees and passengers while flying with Wizz. The conflict already generated additional losses due to inaccessibility of property, equipment and closure of airspace and markets and these losses may escalate further and the costs of doing business are also likely to rise as outlined before. Despite this adversity, the Company has reallocated the in-bound operation and in-bound fleet to other opportunities across its network. The Company has also spared no expense to help our Ukrainian crew to find new opportunities outside of Ukraine, across our network.

Some of the other 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 governmental officials, social and ethnic unrest and currency instability. Certain countries are 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.

Hedging policy is continuously discussed by management and the Board in order to provide reasonable protection against price shocks while being consistent with the minimum level of capacity utilisation during COVID-19. The Company is relooking at hedging plans but decided to stop structural hedging and review the policy annually and try to manage higher levels of volatility including potentially engaging in specific short-term hedging opportunities.

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 Risk Committee.

During the 2022 financial year fuel including ETS and IPP accounted for 30 per cent of our total Group operating costs and a rise in fuel prices will significantly affect our operating costs.

Financial counterparties. We believe that a strong cash position is a vital foundation for the Company's continued, aggressive growth 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 and hedging counterparties. In fact, all of the Company'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 tremendous 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.

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, effectively utilise as many aircrafts as possible and keep load factors at a maximum possible level, allowing Wizz Air to better deal with risks caused by airspace and 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, Wizz successfully opened new domestic routes and bases in several countries. Improving the network allowed Wizz Air 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 of flying 170+ aircraft in the summer of 2022 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 5.04 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 Company 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 2022 comprised 34 A320neo, 244 A321neo and 47 A321XLR aircraft with deliveries scheduled to take place between 2022 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 financed all of our A320-family 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 Company 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 advances in 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. Sanctions, protectionist policies and country-specific economic isolation can also have a negative effect on growth.

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 and Wizz Air UK relies on an AOC and operating licence issued by the United Kingdom. In each case, the licences allow the airline to operate air services both within Europe and to and from countries with which Europe has liberalised air traffic agreements. Each operating licence requires the Company to meet ownership and control requirements, which currently means for our European airline AOC nationals of the European Economic Area and Switzerland. If the Company 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 Company on a periodic basis but at least before voting events suspends proportionately voting rights on Ordinary Shares held by Non-Qualifying Nationals such that the airline is effectively majority controlled by EEA holders.

The Company'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.

In order to enhance government relations, a dedicated department for government and public affairs was established.

Operational risks

The Company's Crisis Management team and several business continuity plans were activated at the start of the conflict between Ukraine and Russia. As mentioned above, the ongoing conflict between Ukraine and Russia created several principal risks for Wizz and the Company is adjusting and revising its internal protocols and policies to ensure maximum employee and passenger security and minimise the damage of property and equipment as much as possible. The Security team is reviewing contingency planning, revising business intelligence capabilities and scope, and enforcing internal resources of Group security and resilience. Additionally, external special services are contracted for physical security, extraction and additional services. Employees from Ukraine who wished to leave the country were able to do so with the help of the Company. Those who remained are obliged (martial law) or decided to stay. 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.

An accident or incident, or terrorist attack, can adversely affect an airline's reputation and customers' willingness to travel with that airline. With COVID-19 still around, 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.

Even though the possibility of sudden airport closures and ground handling stops is less significant, to mitigate the remaining risk, our operational teams are keeping close contact with all relevant airports 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 operation 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.

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 is forecasted to stay with us in the near future but thanks to the successful vaccination programmes, it is assessed to soon reach its endemic state.

Nevertheless, the Company may be impacted in the future by decisions taken by regulators and governments that impact mobility should there be a major surge in infection levels in the future.

The experience of COVID-19 has taught the Company to continuously adjust protocols to ensure the health and safety of its passengers and employees, and has revealed the key interventions it should take from a commercial, operational, financial and human resource point of view to maximally mitigate the business operational and financial risk linked to potential future mobility restrictions and to keep its workforce maximally engaged during these times of extreme adversity in overall business context and in the way our colleagues are doing their work every single day.

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. Human resources/hiring represents the biggest challenge the Company had to face during the ramp-up period and it was a major challenge to staff 170+ aircraft by the summer of 2022. Insufficient number of flight crew and the inability to find, develop and retain the appropriate office staff represent the most critical risks in this area. As a risk mitigation Wizz is:

- Boosting recruitment using external agencies, university recruitment, job fares, etc.
- Re-evaluating processes, making them more effective with a complex platform development including internal solutions monitoring and boosting careers and opportunities, crew life cycle management and implementing new digital solutions to make onboarding more effective.
- Mitigating 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 cascaded down on department level to action plans.
- Initiating special office and crew-related actions including the Crew Development Centre, career path planning, revision of financial benefits, follow-up processes after engagement surveys, exit interviews, etc.
- 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 Company, 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.
- Driving our success to date by our key personnel. Our continuing success will depend on having the right people in those 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 Company in the future.
- Amongst the most ethnically diverse professional organisations you will find in the business world, with 50 nationalities within its employee base. We have a strong commitment to close the diversity gap in our boardroom and at leadership level and have included management diversity in our reward structure, with a target to have 40 per cent female Officers by 2026. Equal opportunities are also presented during recruitment and relevant management KPIs are integrated into the incentive plan of all managers.

Social and governance

At Wizz Air, we are committed to transparency. Our passengers trust us every day to operate a safe service at the lowest cost to bring them to their desired destination. Equally, stakeholders are trusting Wizz Air to operate a sustainable business model, not only integer from an environmental point of view but equally operating with high integrity with regard to all other stakeholders, our passengers and how we treat them, communities of people and how our service may affect their daily life, investors and how we make the most out of their investments, and how we partner with suppliers and governmental bodies.

Our core values include integrity. We have strong governance for the operation through our Board of Directors and the Sustainability Council established and led by the People and ESG Officer. We continue to invest in being a more transparent organisation and have significantly improved our disclosure around sustainability, environmental, social and how the Company is governed. We have laid out mid and long-term targets and have incentivised management to deliver the highest priority targets.

For more information please see our dedicated Sustainability and Governance sections of the annual report.

Environment

Climate change is one of our principal risks and it may impact our business in the short (0–1 years), mid (1–5 years) and long term (5–10 years). To further improve the Company's climate risk scenario analysis, Wizz Air has worked together with Risilience, the company applying the research frameworks pioneered by the Centre for Risk Studies (CCRS) at the University of Cambridge Judge Business School. The methodology and organisation for the ERM environmental risk evaluation is based on the Cambridge Centre for Risk Studies methodology and is identical with the TCFD and sustainability report. Wizz Air has outlined four different climate scenarios in the sustainability and TCFD reports and has integrated climate risk management into its Enterprise Risk Management (ERM) process.

These scenarios are the following:

Emission pathway	Global temperature rise by 2100 (above pre-industrial baseline)	Global reduction in CO2 emissions	Average annual emissions reduction	Description
No policy	>4°C	200% by 2100	0%	Assumes policy reversals and increased energy consumption and emissions
Current policy	3°C	-50% by 2100	0.85%	Continuation of current trend, without any further or additional changes in policy
Paris Agreement limit	2°C	Net zero by 2070	5%	Aligned with Paris Agreement, requiring rapid and widespread changes in energy system, behaviours and technology
Paris aspiration	1.5°C	Net zero by 2050	7.5%	Radical and urgent policy response, requiring rapid and systemic energy and behaviour shifts and major technology innovation

These physical and transition risks are outlined in more detail in the Sustainability section of the annual report and their impact is different depending on the different climate scenarios and the time horizon.

This risk evaluation of the environmental risk area resulted in several specifically identified physical and transition risks. In the short and mid term transition risks will be more significant to Wizz but in the long term physical risks can have more serious effects on the Company and the planet itself.

For the scenarios, transition and physical risks are inversely proportional. The higher the global temperature rise is, the less significant transition risks may be, but the more impactful physical risks may be as policies are less strict, and as such global temperatures may rise more. The better the policy changes are, the fewer physical risks should be faced (but a significant rise in transition risks should be expected).

Environment – transition risks

Policy changes and new legislation by governments are and will be implemented in order to price and penalise GHG emissions. Adverse movements in the carbon pricing (including ETS) might have a negative impact on Wizz's portfolio. A reform in tax policies to incentivise carbon-efficient technologies would double the overall level of taxation in the mid term. Increased taxation will slow the industry growth. For F23 these are considered as principal risks for the Company. In addition to carbon pricing policies, emission reduction regulations across global jurisdictions require organisations to adhere to reductions or face penalties. Further policy-related transition risks include expansion of national governments mandating sustainable aviation fuels in aviation fuel blends, increasing fuel and operating costs. For voluntary carbon markets, acceptance of offsets in GHG reduction targets poses risk of over-reliance.

Environmental-related liability risks describe the rising possibility for emission and climate damage litigations including loss of Company interest due to environmental liability to suppliers.

An uptake rate of low-carbon aviation technologies affects business competitiveness, operating costs and asset values. Capex and R&D investments must balance risk and reward, promoting sustainable but profitable innovations.

Market and reputation-related transition risks include consumer preferences shifting towards sustainable behaviour and a preference for sustainable services, with mid to longer-term demand growth reducing for air travel (personal and business), and potential divestment by investors of carbon-intensive assets and public opinion supporting low-carbon intense services.

Environment – physical risks

While the impacts connected to physical risks have more relevance the further we look into the future, the awareness and careful analysis of such risks are key for the Company to allow it to prepare with strong risk mitigation plans incorporated in Wizz Air's sustainable growth strategy. This enables the Company to stay resilient in the face of climate change and the disruption that physical risks may cause.

The ReFuelEU aviation regulation mandates minimum SAF blending volumes in aviation fuel, rising from 2 per cent in 2025 to 5 per cent in 2030 and 63 per cent in 2050. Extreme weather events increase the risk of large-scale crop failures that would heavily impact SAFs (main raw materials for production), causing supply chain disruption.

Airports' sites will be varyingly susceptible to various extreme weather events. Damage to assets, including aircraft, may disrupt the operations of flights and could result in temporary suspension.

Extreme weather events can reduce the productivity of business activities and add costs to operations and processes by causing operational disruption. Typically, storms and floods are destructive and cause significant physical capital losses, while extreme temperature waves disrupt productivity. The effects of extreme weather on business activities include direct physical damage or destruction of physical assets. Operational disruption results in the loss of productive output, either if the means of production are directly disrupted or the ability to fly is impacted.

Extreme weather events can cause short-term disruption to regular revenue streams, particularly when poorly forecasted, resulting in market disruption. Sales may be affected by changes in demand if consumers alter their behaviours because of the weather. There is also the risk of reduced flight capacity if customers can't access airports due to infrastructure damages.

Wizz Air aspires to be the greenest airline on the planet. Today this is a key strength and contributor to our competitive advantage. However, in view of global warming, our responsibility towards the environment is our single biggest opportunity in creating a pathway towards being an even greener airline. This is why we have aligned ourselves to our 2030 goal of reducing emission intensity to 43 grams per RPK, whilst we work on an even bolder 2050 target.

For more information please see our detailed Sustainability section of the annual report.

József Váradi
Chief Executive Officer
8 June 2022

GOVERNANCE

CORPORATE GOVERNANCE REPORT

A COMPANY COMMITTED TO HIGH STANDARDS OF CORPORATE GOVERNANCE

Chairman's statement on corporate governance

After years of record traffic growth and profitability, the airline industry continued to experience the effects of the COVID-19 pandemic, with the Company seeing unpredictable demand reflecting varying and often inconsistent travel restrictions and the particular health situation in each country in which we operate. More recently, the war in Ukraine directly affected the Company's operations in Ukraine and, most importantly, continues to affect our colleagues and customers in the country.

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. At times of crisis, the importance of good governance and oversight of the Company's business takes on an elevated importance.

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 F22, a certain number of directorate changes or re-appointments occurred:

On 4 November 2021, Ms Anna Gatti joined the Board as an independent Non-Executive Director. Ms Gatti is a global technology and business leader with robust corporate governance experience built over years of board membership in international public and private companies. She currently serves as independent non-executive director at Intesa Sanpaolo Bank, Fiera Milano and WiZink Bank in Spain. As a seasoned digital sales and operations executive, she has demonstrated ability to translate strategic thinking into strong business growth, driving customer success at scale for companies such as Google, YouTube and Skype. She worked at launching YouTube in more than 22 countries and she built an entirely new advertising product business for Skype that laid the foundation for the company's planned IPO and eventual sale to Microsoft. Ms Gatti is also an active angel investor. In Silicon Valley, where she has been living for over 20 years, she co-founded two start-ups leveraging artificial intelligence applied to big data. Prior to her career in technology, Ms Gatti spent years in research and public policy, working at the World Health Organization and at the University of Berkeley, California, Goldman School of Public Policy. She currently serves as Associate Professor of Practice of Digital Transformation at the Scuola di Direzione Aziendale (SDA) at Bocconi University, where she is also the director of the research lab in life sciences and digital technology (LIFT Lab). She earned a PhD in Business Administration and a PhD in Criminology. She also completed a post-doctoral programme in Organisation Behaviour at Stanford University.

After serving on the Company's Board for eight years, Mr Simon Duffy decided not to put himself forward for re-appointment as a Director, owing to other commitments. Mr Duffy provided an exceptional and expert contribution to the Company during his time on the Board and he leaves us with our thanks for that contribution and best wishes for the future. Following Mr Duffy's retirement from the Board on 28 January 2022, Mr Barry Eccleston was appointed Senior Independent Non-Executive Director and Mr Enrique Dupuy de Lome Chavarri was appointed Chairman of the Audit and Risk Committee.

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 and, more recently, the war in Ukraine. 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. The Company's ambitious "WIZZ 500" vision, which will see the Company grow to become a 500 aircraft airline group by the end of the decade, is a fundamental part of the strategy and a consideration in every aspect of the Company's business. The Board fully supports the Company having a long-term strategy and goal that will both provide exceptional opportunities for the Company's employees to develop their careers and enhance shareholders' interests. Progress of the many workstreams necessary to deliver that strategy is reported regularly by Management to the Board.

During F22, the Company continued its strategic growth, with the Wizz Air fleet growing to 153 aircraft including 25 additional game-changing Airbus A321neo aircraft, taking the Company's total Airbus A321neo fleet to 47 aircraft. 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. The operating economics delivered in service by the aircraft are compelling and, on 15 November 2021, the Board approved the purchase of up to an additional 196 Airbus A321neo Family aircraft from Airbus, including 75 purchase rights, subject to Shareholder approval as a Class 1 transaction. Shareholder approval for the order of up to 117 Airbus A321neo family aircraft was gained at an extraordinary general meeting of the Company on 22 February 2022. Showing that the Board is not just an oversight body but is also keen to leverage the industry skills and knowledge of Directors in everyday business when appropriate, a number of Directors were personally involved in the conclusion of the deal. The requirement for Shareholder approval of the acquisition of aircraft pursuant to the 75 purchase rights will be assessed at the time (if any) of exercise of those purchase rights.

On 17 December 2021, the Board approved the successful issuance by the Company of a second €500 million Eurobond under the €3,000 million Euro Medium-term Note programme as described in the base prospectus dated 4 August 2020.

The Board also recognises that the role of aviation and its environmental impact are now the subject of ever 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. Reflecting the Board commitment to connecting sustainability with corporate purpose and strategy, the establishment of a Sustainability and Culture Committee was approved by the Board on 2 June 2021 with Ms Charlotte Pedersen being appointed as its Chair. We have often said that employees are the Company's greatest asset and we strongly believe that the Wizz Air team has created a culture which is both strong and unique, evidenced by the resilience shown during the COVID-19 pandemic as well as, more recently, the war in Ukraine. Our culture is as important to the Company's sustainability as its environmental impact. Dr Anthony Radev, the Director with responsibility for employee engagement, is a member of and reports to the Sustainability and Culture Committee. Both Dr Radev and Ms Pedersen have participated in a number of employee engagement events at bases through the Company's network as well as meeting with the Company's People Council. Oversight of sustainability issues has therefore now passed from the former Audit and Sustainability Committee, which is now renamed the Audit and Risk Committee.

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 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 Risk Committee. The Company's Risk Council reports to the Audit and Risk 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 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 2022, Wizz Air once again 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 aligning 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:

a) the level of the Board's focus on ESG, and specifically the extent to which ESG factors are incorporated into discussions and decision making;
b) the consideration of the succession plans in place for key leadership positions, including at Board level and amongst the senior management team;
c) the management of risk, and specifically the level of focus on risk at Board level;
d) the information provided to the Board on key stakeholders and the Company's engagement with various parties, including investors, customers, employees and regulators;

e) the composition of the Board, and the relationships amongst the members, including the manner in which the dynamic has developed under remote working conditions; and

f) 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 2022, at which point the Board will agree key objectives to take forward. Lintstock remains available to the Chairman 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.

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. The only exception to this is that 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, Mr Franke has unrivalled knowledge of developing ultra low-cost airlines such as the Company and has exceptionally broad experience of the airline industry from both executive and non-executive roles across many regions of the world. As the Company continues to grow and to expand into different geographies, the Board believes that Mr Franke should continue as Chairman, given his recognised experience in the airline industry, his alignment with the interests of shareholders as an investor in the Company and his dedication to ensuring high quality governance of the Company.

Our key Shareholders

As at 31 March 2022, 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
Indigo Hungary LP	18.4 per cent	18,950,611
Baillie Gifford & Co.	9.9 per cent	10,230,426
Capital International Investors	7.3 per cent	7,517,439
Fidelity International	6.4 per cent	6,569,240
Fidelity Management & Research Company LLC	6.1 per cent	6,254,860
Indigo Maple Hill LP	5.6 per cent	5,734,284
Capital Research Global Investors	4.7 per cent	4,879,728

Between 1 April and 13 May 2022 Capital International Investors bought 132,203 shares, Fidelity International bought 619,116 shares and Fidelity Management & Research Company LLC bought 341,336 shares, while Baillie Gifford & Co. sold 61,246 shares and Capital Research Global Investors sold 23,498 shares.

Changes in interests that have been notified to the Company pursuant to DTR 5 of the DTRs scan 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

As at 31 March 2022, Indigo (Indigo Hungary LP and Indigo Maple Hill LP together) held 23.9 per cent of the Company's issued Ordinary Shares. On 2 June 2021 the Company converted Indigo's entire holding of 17,377,203 Convertible Shares into Ordinary Shares, on a one for one basis, in accordance with the Company's articles of association. The details of the conversion can be found in the Regulatory News section of the Investor Relations page of the Company's corporate website: https://wizzair.com/en-gb/information-and-services/investor-relations/investors/regulatory-news.

Indigo also holds a number of convertible notes which may be converted into Ordinary Shares, 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:

- 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;
- 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
- 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 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 Risk 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 2022, 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 2022 Annual General Meeting, the Chairman, the Senior Independent Non-Executive Director, and the Chairman of the Audit and Risk Committee and of the Remuneration Committee will 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 27 July 2021, all resolutions proposed were approved by Shareholders. Two of those resolutions, the Directors' Remuneration Policy and the Wizz Air Value Creation Plan (VCP) were supported by 67 per cent and 68 per cent of Shareholders, respectively. As a consequence of this vote, the Company engaged with Shareholders to solicit their feedback on voting at last year's AGM.

As background information, in advance of the 2021 AGM, the Wizz Air Board engaged in an extensive consultation with a majority of Shareholders to discuss the proposed Remuneration Policy and VCP and to set out the primary drivers of the proposals. Following multiple rounds of Shareholder engagement, the Board incorporated Shareholder feedback into the final proposals put to Shareholders at the 2021 AGM. While the Board was pleased that the majority of Shareholders approved all AGM proposals, the Company conducted a further consultation following the meeting to solicit further feedback from Shareholders on the Remuneration Policy and the VCP. Despite recognising the stretch nature of targets and the role of the plans in retaining and incentivising the Senior Leadership Team, some Shareholders reiterated during the post-AGM consultation that they considered the maximum potential payout to be excessive. Shareholders were broadly supportive of the other elements of the Remuneration Policy. Understanding that Shareholders and other representative bodies are fine-tuning their policies regarding the adoption of VCPs, particularly after the increase in their adoption during the 2021 AGM season, the Board looks forward to maintaining an ongoing dialogue with Shareholders on remuneration and related issues. The Board believes it has taken the right decisions in the interest of the business and its stakeholders as a whole and implemented a series of plans which will incentivise superior performance, from an all-time high share price, over the next five years.

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

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.

Board membership

Wizz Air's Board currently comprises one Executive and nine 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 2022 financial year and since year end are:

Name	Position	Committee membership (as at 31 March 2022)
Executive Director		
József Váradi	Chief Executive Officer	
Non-Executive Directors		
William A. Franke	Chairman	Nomination and Governance Committee
Simon Duffy*	Non-Executive Director, Senior Independent Director	
Stephen L. Johnson	Non-Executive Director	
Charlotte Pedersen	Non-Executive Director	Audit and Risk Committee Sustainability and Culture Committee
Barry Eccleston	Non-Executive Director	Nomination and Governance Committee, Remuneration Committee
Peter Agnefjäll**	Non-Executive Director	
Maria Kyriacou***	Non-Executive Director	
Andrew S. Broderick	Non-Executive Director	Sustainability and Culture Committee
Charlotte Andsager	Non-Executive Director	Nomination and Governance Committee, Remuneration Committee
Enrique Dupuy de Lome Chavarri	Non-Executive Director	Audit and Risk Committee
Dr Anthony Radev****	Non-Executive Director	Sustainability and Culture Committee; INED overseeing employee engagement
Anna Gatti*****	Non-Executive Director	Remuneration Committee, Audit and Risk Committee

* Retired upon expiry of appointment on 28 January 2022.

** Resigned effective as of 13 April 2021.

*** Did not stand for re-election at the 27 July 2021 Annual General Meeting.

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

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

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 and strategic adviser to the CEO, leadership team and board of directors at 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. He is a Lecturer at the School of Law and the Haas School of Business at the University of California, Berkeley, and serves on the Executive Advisory Board of the University's Berkeley Center for Law and Business.

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.

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 and holds an international directorship degree from INSEAD.

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 and 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 in 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 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 the 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 in Economics from the Institute of Contemporary Social Sciences in Sofia, Bulgaria, and a postgraduate programme in International Studies from Bologna Center, School for Advanced Studies at the Johns Hopkins University, Bologna, Italy.

Anna Gatti

Ms Gatti is a global technology and business leader with robust corporate governance experience built over years of board membership in international public and private companies. She currently serves as independent non-executive director at Intesa Sanpaolo Bank, Fiera Milano, and WiZink Bank in Spain.

As a seasoned digital sales and operations executive, she has demonstrated ability to translate strategic thinking into strong business growth, driving customer success at scale for companies such as Google, YouTube and Skype. She worked at launching YouTube in more than 22 countries and she built an entirely new advertising product business for Skype that laid the foundation for the company's planned IPO and eventual sale to Microsoft. Ms Gatti is also an active angel investor. In Silicon Valley, where she has been living for over 20 years, she co-founded two start-ups leveraging artificial intelligence applied to big data. Prior to her career in technology, Ms Gatti spent years in research and public policy, working at the World Health Organization and at the University of Berkeley, California, Goldman School of Public Policy.

She currently serves as Associated Professor of Practice of Digital Transformation at the Scuola di Direzione Aziendale (SDA) at Bocconi University, where she is also the director of the research lab in life sciences and digital technology (LIFT Lab). She earned a PhD in Business Administration and a PhD in Criminology. She also completed a post-doctoral programme in Organisation Behaviour at Stanford University.

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; and

c) Andrew S. Broderick, who was appointed effective from 16 April 2019, is not considered to be an independent Non-Executive Director as he is a managing 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 F22, namely Simon Duffy, Barry Eccleston, Peter Agnefjäll, Maria Kyriacou, Charlotte Pedersen, Charlotte Andsager, Enrique Dupuy de Lome Chavarri, Anthony Radev and Anna Gatti, 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 remained in that position until his retirement from the Board on 28 January 2022. On 28 January 2022, Barry Eccleston was appointed as the Company's new Senior Independent Non-Executive Director.

Independent Non-Executive Director overseeing engagement with employees

In order to strengthen workforce engagement, Wizz Air decided to appoint an independent Non-Executive Director to oversee engagement with employees. The key purpose of the role is to ensure that the employee voice reaches the boardroom. The relevant Non-Executive Director is expected to engage independently of management with the Company's employees and to report back to the Board any issues arising which could affect employees' ongoing engagement with the Company. Mr Barry Eccleston, who joined the Board of Wizz Air Holdings Plc on 1 June 2018, was appointed as the independent Non-Executive Director overseeing engagement with employees effective from 1 January 2019. On 13 April 2021, Dr Anthony Radev took over as the Company's independent Non-Executive Director overseeing engagement with employees. In that role, Dr Radev also sits on and reports regularly to the Sustainability and Culture Committee. During F22, Dr Radev attended a number of engagement events with employees, as well as engaging through the Wizz People Council members.

Senior management team

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 June 7th, the Group's senior management team, in addition to the Group Chief Executive Officer, is:

Wizz Air Holdings Plc:

Name	Position
Michael Delehant	Executive Vice President, Operations
Jourik Hooghe	Executive Vice President, Finance

Wizz Air Hungary Limited:

Name	Position
Robert Carey	President
Heiko Holm	Operations Officer
Zsuzsa Poós	Customer and Marketing Officer
Johan Eidhagen	People and ESG Officer
Alexandra Avadanei	Revenue Officer

Wizz Air Innovation Limited:

Name	Position
Joel Goldberg	Digital Officer
Owain Jones	Supply Chain and Legal 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

Mr Delehant joined Wizz Air in April 2021 as Executive Vice President, Operations. Mr Delehant is an American citizen who has a bachelor's degree 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 was the Chief Strategy and Network Officer.

Jourik Hooghe, Executive Vice President and Group Chief Financial Officer

Mr Hooghe joined Wizz Air in February 2020 as Executive Vice President, Finance. 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. He is a Non-Executive Director at Royal Mail PLC.

Johan Eidhagen, 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, 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, Supply Chain and Legal 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.

Joel Goldberg, 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, 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.

Alexandra Avadanei, Revenue Officer

Ms Avadanei joined Wizz Air as a cabin attendant in January 2009. She moved into her first office role with Wizz Air in 2013 and since then has held three senior management roles: Head of Customer Experience, Head of Digital (Ancillary) Revenue, and most recently Head of Cabin Operations. Ms Avadanei has been consistently top rated since joining the Company, and under her leadership Wizz Air became the number one airline, globally, to reach highest ancillary revenue relative to total revenue during 2021. She obtained her bachelor's degree in Economic Studies and master's degree in Marketing and Management from the Academy of Business Studies in Bucharest, Romania. In her role as Revenue Officer Ms Avadanei is responsible for pricing and revenue management, digital (ancillary) revenue, cargo, sales and e-commerce areas.

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 laws (LLM) 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 (LLM) 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 Risk Committee, a Remuneration Committee, a Nomination and Governance Committee and a Sustainability and Culture 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 Risk Committee

The Audit and Risk 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 Risk 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 Risk 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 Risk Committee shall ensure that the Company's Senior Internal Audit Manager has the right of direct access to the Chairman, the Audit and Risk Committee Chairman and the rest of the Audit and Risk Committee, and is accountable to the Audit and Risk 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 Risk Committee shall oversee the selection process for new auditors and if auditors resign the Audit and Risk 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 Risk 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;

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 Risk Committee (ARC) 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 2022, the membership of the Company's ARC comprised three members. At the start of F22, the members were Simon Duffy, Peter Agnefjäll and Enrique Dupuy de Lome Chavarri. The current ARC comprises Enrique Dupuy de Lome Chavarri, Charlotte Pedersen and Anna Gatti, 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 ARC as a whole competence relevant to the sector in which the Group operates. No members of the ARC 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 ARC.

The Audit and Risk 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 Risk Committee. The Company's external auditors and the Chief Financial Officer are invited to attend meetings of the Audit and Risk 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 Risk Committee's meetings to report on internal audit matters. The Company's Head of Accounting also attends the Audit and Risk Committee's meetings to report on accounting matters. Following each meeting, the Chairman of the Audit and Risk Committee reports to the Board on the significant items discussed during the Audit and Risk Committee's meeting. The Audit and Risk Committee held seven meetings during the 2022 financial year. In addition to the formal meetings, the Audit and Risk Committee remains in regular contact with relevant management in connection with significant business issues.

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 2022, the membership of the Company's Remuneration Committee comprised three members. At the start of F22, the members were Barry Eccleston, Peter Agnefjäll and Charlotte Andsager, all of whom were independent Non-Executive Directors. Effective 13 April 2021, Peter Agnefjäll resigned as Non-Executive Director and was replaced by Enrique Dupuy de Lome Chavarri. Effective 28 January 2022 and following Mr Dupuy de Lome Chavarri's appointment as Chairman of the Audit and Risk Committee, Anna Gatti replaced him as a member of the Remuneration Committee. The Chairman of the Remuneration Committee is Mr Eccleston.

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 2022 financial year as well as regular contact with management and the Company's advisers.

Nomination and Governance Committee

The Nomination and Governance Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination and Governance 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 have no other connections with the Company or with any of the Directors.

The Nomination and Governance Committee gives full consideration and is formulating plans for 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 and Governance 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 and Governance Committee evaluates the balance of skills, knowledge, experience and diversity on the Board, and in light of this evaluation prepares 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 and Governance Committee should be independent Non-Executive Directors. The Company's Nomination and Governance Committee is comprised of three members, namely William A. Franke, Barry Eccleston and Charlotte Andsager. The Chairman of the Nomination and Governance Committee is Mr Franke. The Company therefore considers that it complies with the Corporate Governance Code's recommendations regarding the composition of the Nomination and Governance 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 and Governance 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 and by diversity targets in senior management incentive programmes that are directly linked to diversity targets.

The Nomination and Governance Committee is scheduled to meet formally at least twice a year and otherwise as required. There were six meetings of the Nomination and Governance Committee during the 2022 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. Candidates for the Non-Executive Directors were interviewed by the members of the Nomination Committee.

Sustainability and Culture Committee

The Sustainability and Culture Committee shall assist the Board in reviewing the Company's policies and practice on sustainability. It ensures that the Company promotes long-term value creation and thus takes environmental issues into account in defining the Company's strategy by submitting recommendations to the Board. In particular, the Committee shall: (a) review the Group's sustainability strategy and its implementation; (b) examine the extra-financial risks and specifically those relating to environmental, social and societal issues; and (c) co-ordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

The Sustainability and Culture Committee shall also assist the Board in reviewing the Company's policies and practice on culture. It ensures that the Company promotes diversity in all areas and enables an effective two-way communication between the management and employees thus taking social issues into account in defining the Company's strategy by submitting recommendations to the Board. In particular, the Committee shall: (a) review the Group's diversity strategy and targets and their implementation; and (b) review the Group's employee relations, in particular the effectiveness of the People Council. The Sustainability and Culture Committee is chaired by Charlotte Pedersen, with the other members being Andrew S. Broderick and Dr Anthony Radev. Outside its regular meetings, the members of the Sustainability and Culture Committee meet regularly with management to discuss emerging issues as well as ongoing engagement with the Company's employees.

Attendance at Board meetings

The following table sets out the attendance by Directors at the Board and Committee meetings held during the 2022 financial year. For completeness, the total for each Director represents the total number of meetings during the year.

	Board attended/total	Audit and Risk attended/total	Remuneration attended/total	Nomination and Governance attended/total	Sustainability and Culture attended/total
Executive Director					
József Váradi	11/11	8/8*	9/9*	6/6*	5/5*
Non-Executive Directors					
William A. Franke	11/11	—	—	6/6	—
Simon Duffy**	10/10	7/7	—	5/5	—
Stephen L. Johnson	10/11	—	—	—	—
Barry Eccleston	11/11	—	9/9	6/6	—
Maria Kyriacou***	1/1	1/1	1/1	—	—
Andrew S. Broderick	11/11	—	—	—	5/5
Charlotte Pedersen	11/11	8/8	—	—	5/5
Charlotte Andsager	11/11	—	8/9	1/1	—
Enrique Dupuy de Lome Chavarri	11/11	2/2	8/8	—	—
Dr Anthony Radev	10/11	—	—	—	4/5
Anna Gatti****	5/5	1/1	1/1	—	—

* 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 put himself forward for re-appointment upon expiry of term on 28 January 2022.

*** Did not stand for re-election at 2021 AGM.

**** Joined effective 4 November 2021, and appointed to Audit and Risk Committee and Remuneration Committee effective 28 January 2022.

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 2022 Annual General Meeting.

REPORT OF THE CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

F21 and F22 have been two consecutive years of unprecedented hardship for the industry. COVID-19 and the health-related travel restrictions have imposed a tremendous burden on the industry and on the Company, and the outbreak of the war in Ukraine is adding to this challenge as we embark on F23. The challenges presented for the industry and the Company underline the importance and value of the Company's approach to risk management and the importance of having financial discipline, resilience and agility. Also this year, we have continued to re-examine all aspects of the way we govern and operate to ensure the business continues to be run to the highest possible standards regardless of the external operating environment.

During F22, we have evolved the focus of the Audit and Risk Committee, and its composition with the appointment of new Board Directors.

1. The Audit and Sustainability Committee was renamed the Audit and Risk Committee. The sustainability responsibility and focus of the Committee was transferred to a dedicated Committee, the Sustainability and Culture Committee, chaired by my colleague Ms Charlotte Pedersen. Sustainability and culture are two critical strategies for the Company and we want to ensure they become undisputed competitive advantages for the Company. The sustainability responsibilities were transferred due to its growing relevance to a special dedicated Sustainability Committee. For further perspective on the focus areas of the Sustainability and Culture Committee please find on page 15 the report of the Chair of the Sustainability and Culture Committee.
2. The composition of the Audit and Risk Committee changed during the year as follows:

a) on 20 December 2021, Mr Simon Duffy, Senior Independent Director and Chair of the Audit and Risk Committee, elected not to put himself forward for re-appointment as Non-Executive Director beyond 28 January 2022. Following Mr Duffy's decision, I accepted the mandate as Chair of the Audit and Risk Committee effective 28 January 2022. I wanted to personally thank Simon for his service and personal leadership on the Audit and Risk Committee; and

b) effective 28 January 2022, we welcomed Ms Anna Gatti to the Audit and Risk Committee as independent Director.

The focus for the Audit and Risk Committee in the current volatile environment has been, and will be, to ensure that financial policies and practices, internal controls and risk management systems, and the finance, accounting and other organisations supporting these processes remain effective during this period of continued challenges and rapid change. At the same time the Committee is evolving the processes and systems of the Company to enable a continuous improvement in its performance and controls as the Company doubles and triples its fleet in the next five and ten years. Liquidity management, hedging strategy, financing, counterparty risk, overall enterprise risk management including how the Company manages cyber risk, oversight of the Internal Audit function, the finance organisation and systems and the Company's relationship with its external auditors are key recurring topics on the agenda of the bi-monthly Audit and Risk Committee.

Main activities of the Audit and Risk Committee during F22

Risk management

The Board has overall responsibility for the systems of risk management and internal control and for reviewing their effectiveness. The Committee carries out the review on behalf of the Board 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 in line with the established process and standards in place in previous years, for the year under review and up to the date of the approval of the annual report:

- 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, reviews the risk register and the principal risk report at least semi-annually and shares it with the Board;

- the Risk Council reports two times per year to the Committee on, among other things, proposed changes to the principal risk report, including updates and consequent mitigating actions; and
- the principal risk report, once approved by the Committee, is delivered to the Board as a whole for approval.

During F21 and F22, the Company's established risk management programme was tested in depth for addressing a prolonged period of low levels of operation and financial income. In this unique 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.

For the first time in F21 the Company aligned its disclosure with the recommendations of the Task Force on Climate-Related Financial Disclosures and during F22 we have further improved our disclosures. These improvements versus last year include amongst others:

- a direct integration of those scenarios in our mid-term plan, which serves as a basis for the Company's viability assessment and other analysis such as impairment testing of the fleet of the Company;
- the appointment of an independent third party (Cambridge Centre for Risk Studies) to validate strategic and principal risks in view of the increased volatility in our external environment and to better define scenarios and risks within those scenarios to help the Company to manage and be more resilient in this more volatile environment going forward; and
- the appointment of an independent third party (Avieco, now Accenture) to validate our Scope 2 and Scope 3 emissions which helped to inform and confirm our environmental sustainability strategy.

While the Company's emission intensity (emission per passenger kilometre) is among the lowest in the industry and on that critical metric the Company leads 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-saving initiatives and sustainable aviation fuels.

As previously mentioned, the Committee reviews the Company's risk register twice per year and assesses whether its risk management systems accord with the Financial Reporting Council's (FRC's) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Both at the half-year review and at the full-year review, 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 itself.

Internal Audit

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: 1) internal audits over operational processes; 2) fraud investigation; and 3) internal controls over financial reporting (ICFR). The plan is supervised 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 the completion of an internal audit or a fraud investigation, a report is compiled which sets out findings, makes recommendations for control improvements and presents the improvement actions already undertaken by management. These reports are submitted and presented to the Audit and Risk Committee for discussion, input and approval. The Chairman subsequently provides the Board with detail of the internal audit and fraud investigation reports completed.

Internal Audit tracks and verifies that any recommendations as a result of the Internal Audit Plan or the external audit work are being implemented, and reports back to the Audit and Risk 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 work, the Committee concluded that the Company's Internal Audit function is effective in the context of the Company's overall risk management system. During the review the Committee evaluated the completion of the annual Internal Audit Plan, the quality and the context of the submitted internal audit reports with a special focus on the findings and the risk mitigation suggestions, and the tracking and implementation of these risk mitigation suggestions. As part of the evaluation, besides the international professional standards, the feedback of the audited internal process owners was also taken into consideration.

Reporting procedures and 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. At least annually, the Board reviews the strategic plan for the Company and, following that strategic review, in a separate review will review the mid-term financial plan for the Company.

The controls over the integrity of financial reports include amongst others reconciliations of key balances, variance analysis to forecast and prior year results, and 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. Their submissions are thoroughly reviewed prior to inclusion and independently validated by the Corporate Finance team and reviewed by the respective Officers.

The Company has continued to work to improve its financial reporting operation with a focus on digitisation of manual transactions allowing higher pixelation of data and shorter lead times, leveraging the opportunities highlighted as part of the Company's ICFR work and leveraging some of the best technology available. For F23 Ernst & Young was retained to continue the ICFR work supporting management and the Audit and Risk Committee to maintain effective oversight on financial reporting, risk management and effective internal controls and to prepare for and adopt new FRC financial control requirements over the course of F23.

As reported earlier within the F21 Annual Report and Accounts the Company received and responded to enquiries from the FRC in respect of their review of the group's F20 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

As previously reported a number of enhancements were made in the F21 Annual Report and Accounts to address the matters raised by the FRC. I am pleased to report that the Company received a final letter from the FRC in July 2021 confirming their satisfaction with the responses provided and enhancements made to the F21 Annual Report and Accounts and closed their enquiries. The enhancements made have been continued in the preparation of the F22 Annual Report and Accounts where the matters considered continue to be material.

The Audit and Risk 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 Audit and Risk 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.

With regard to our reporting procedures and the financial controls over these procedures, the Committee concludes that the Company produces integer financial statements and other financial reporting and disclosure, leveraging adequate and effective reporting processes, systems and controls.

Relationship with external auditors

As a normal responsibility of the Audit and Risk Committee, we have regular correspondence and discussions with the engagement partner of the Group's external auditors, 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 F22 financial year and reviewed the reports of the auditors on the half-year review and annual results.

The audit of the F22 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 2022 audit, PricewaterhouseCoopers LLP have been the auditors of the Company for 15 years uninterrupted, covering the years ended 31 March 2007 to 31 March 2022. The Committee carefully considered the performance of the external auditors and the quality and effectiveness of the external audit process. 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. The Committee has had a number of interactions with PwC during the audit process and has obtained feedback from the group finance team on their performance. Based on this the Committee noted that PwC's focus was aligned to their audit plan, which the Committee had previously approved. The Committee is satisfied that PwC has appropriately challenged management, robustly but constructively, during the audit process and remained sceptical in their approach as well as reporting their findings transparently to the Committee. As a result the Committee has recommended their reappointment for the F23 audit. 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 Risk Committee was satisfied that non-audit services and fees did not compromise the objectivity and independence of the auditors: (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 F22 were materially less than the audit fees. Detail on non-audit fees paid to the auditors is set out on page 164.

Audit fees further increased in F22 compared to prior years. The increase reflects professional pay inflation rates in the UK and in Hungary and the growth of the Company in size and complexity. For the first time, TCFD compliance has been assessed by PwC. 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 re-appointed to perform the external audit services for five years (2018–2022). The Company confirms compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation Order 2014 relating to tendering. The Company tested the market early again in 2021 and concluded that PwC will be proposed to remain as auditors and the next tender process will be run during 2025, in line with the need to change PwC as auditors as of 1 April 2026. Mr Richard Porter, the audit partner in charge, will be replaced as of 1 April 2023 after having completed his maximum time with Wizz Air as audit partner. The identification of Mr Porter's successor is being worked in co-operation with PwC to ensure proper handover time during F23.

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:

- Continued 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. It resulted in a second year of historic financial losses as revenue declined, and it resulted in higher leverage compared to pre-COVID-19 levels as the Company issued a second EUR bond to secure liquidity whilst it continued to invest in the expansion of its fleet, all the while successfully maintaining an investment grade balance sheet.
- The continued uncertainty around future trading prospects behind the geopolitical situation including the impact on commodity markets required a review of the going concern assumptions 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.
- The review of the hedging policy for jet fuel for the Company. The Board approved a no-hedge policy following the outbreak of COVID-19 as a result of high trading uncertainty as a result of mobility restrictions and the cost of hedges to the Company. The hedging policy is reviewed twice per annum. In March 2022, the Board approved a revision of the no-hedge policy to cover up to 40 per cent of jet fuel exposure for a rolling twelve months' horizon under certain conditions, to allow to partially protect the Company from material disruptions in the global supply chain for jet fuel, and, at the same time, not needlessly expose the Company should there be new mobility restrictions in the future (e.g. because of geopolitical conflicts or health-related mobility restrictions).
- Sustainability: the Committee supported the alignment of the Company's disclosure with the TCFD recommendations to ensure transparency on the Company's environmental strategy and progress against its commitments. Also this year, we are disclosing the sustainability report integrated into the annual report. The Committee believes that its work on sustainability including the 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 including the new Airbus order announced in November 2021. The Committee and the Board of Directors reviewed in detail the working capital assessment led by KPMG and J.P. Morgan and the Shareholder circular and supported the proposed transaction concluding that the commitments were appropriate and necessary to allow the Company to achieve its 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 Committee reviewed treasury risk management policies and suggested enhancements around controls over counterparty credit limits.
- The Committee reviews the status of the Company's tax returns and tax audits in the key jurisdictions it operates in.
- The Committee constructively challenged management's initial assumptions and estimates for the working capital assessment in relation to the supplemental Airbus order placed in F23.
- The impact of the war in Ukraine: in February 2022, the airspace of Ukraine, Russia and Moldova was closed until further notice as a result of the war in Ukraine. Four of Wizz Air's aircrafts were stranded in Kyiv and Lviv and at the date of this report these aircraft remain grounded on Ukrainian territory with no immediate prospect of repatriation outside of Ukraine.

The Committee also considered whether the annual report, as written by the respective business or subject matter owners, 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 and monitored during the year

- The Committee noted the repayment of the £300 million commercial paper outstanding with the Bank of England as part of the CCFF programme. The commercial paper was repaid on time in February 2022.
- The Committee reviewed and supported a €500 million drawdown in January 2022 against its €3 billion medium-term note programme. The four-year bond was issued at a 1.00 per cent coupon maturing in January 2024.
- The Company retained its investment grade rating with Moody's (Baa3) and Fitch (BBB-).
- 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, even more so given a continued rise in cyber activity in the industry and in the Company's supply chain.

Enrique Dupuy de Lome Chavarri
Chairman of the Audit and Risk Committee

REPORT OF THE CHAIRMAN OF THE NOMINATION AND GOVERNANCE COMMITTEE

Wizz Air's Nomination and Governance Committee is comprised of three members. Until 28 January 2022, the Committee members were Simon Duffy, then our Senior Independent Non-Executive Director, Barry Eccleston and me. Following Simon Duffy's retirement from the Board after eight years' service, he was replaced on the Nomination Committee by Charlotte Andsager. Barry Eccleston was appointed our new Senior Independent Non-Executive Director.

The Nomination and Governance Committee assists the Board in discharging its responsibilities relating to the composition of the Board and senior management. The Nomination and Governance 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 and Governance Committee recognise the importance of diversity, including gender equality.

Main activities of the Nomination and Governance Committee during the 2022 financial year

During the year, the Nomination and Governance Committee receives regular updates from the Group CEO on the performance of senior management and, during executive sessions, reflects on the performance of the management team as a whole. If changes are to be made to the senior management team – whether, ideally, making appointments through internal promotion or conducting searches on the external market - then the Nomination and Governance Committee will consult on those changes with the Group CEO and review candidate lists to ensure that due weight is given to strategic objectives such as increasing and maintaining diversity within the management team. In the case of appointments of the most senior members of management, members of the Nomination and Governance Committee will conduct interviews with shortlisted candidates before employment offers are made.

Following the appointment of the Group's President and the Group's Executive Vice President, Operations who took up their posts during the 2022 financial year, the Nomination and Governance Committee worked on a number of key appointments for the Company.

On 13 April 2021, Dr Antony Radev was appointed to the Board of the Company as an independent Non-Executive Director and took over the role of Non-Executive Director responsible for overseeing engagement with employees. Mr Eccleston, who had previously filled that role, took over as the Chairman of the Remuneration Committee. Dr Radev was also appointed a member of the Company's Sustainability and Culture Committee.

On 4 November 2021, Ms Anna Gatti was appointed to the Board of the Company as an independent Non-Executive Director.

Following Mr Duffy's departure from the Company, Mr Dupuy de Lome Chavarri was appointed Chairman of the Audit and Risk Committee and Ms Gatti was appointed as an additional member of both the Remuneration Committee and the Audit and Risk Committee.

On 1 April 2022, Ms Avadanei was appointed Revenue Officer, based in Budapest.

The Nomination and Governance Committee's ongoing work

The Nomination and Governance 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. While increasing gender diversity remains a key part of the Company's sustainability strategy, as described elsewhere in the Annual Report, and is embedded in senior management's incentive programme, the Nomination and Governance Committee recognises the value of broader diversity including nationality. With 50 nationalities already working for the Company – and with 8 nationalities represented both on the Board and with 12 on the Company's strong Leadership Team – the Nomination and Governance Committee will continue to ensure that the Company remains a diverse organisation that represents the communities both within the Company and which we serve.

The Nomination and Governance 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 and Governance 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 and Governance Committee

DIRECTORS' REMUNERATION REPORT

On behalf of the Board, I am pleased to present Wizz Air's Directors' Remuneration Report for the financial year ended 31 March 2022. I would also like to thank Enrique Dupuy de Lome Chavarri for his outstanding contribution to the Remuneration Committee for the past year and welcome Anna Gatti to replace him, effective 28 January 2022.

Resilience through COVID-19 and war in Ukraine

This year was the second year of material challenges linked to COVID-19; however, Wizz Air has continued to place relentless focus on pursuing its strategic aims. Wizz Air is one of the leading ultra-low-cost carriers in the world, and the strength of the business model and management team has positioned the Company well while protecting value for Shareholders. In light of dampened demand due to lingering restrictions, the Company declared a net loss for the financial year ended March 2022. Despite this, our investment-grade balance sheet and strong liquidity position have allowed us to invest ahead of demand and aggressively maintain cost and sustainability leadership throughout the pandemic.

During F22, the business focused its investments on network, fleet and people in order to lay the foundation for the exceptional opportunity F23 will represent, while continuing to execute against its ambition to deliver a 500 aircraft airline before the end of the decade. In November, we placed an order for up to 196 new Airbus neo family aircraft, and throughout the year received a total of 25 A321neo aircraft deliveries.

We continue to further strengthen our network. We have increased from 25 bases pre-COVID-19 to 42 bases today, and added over 400 new routes in total, significantly stepping up our positions in Italy, Albania and Wizz Air UK. This expansion, in combination with the investment in a superior fleet from a cost, efficiency and sustainability point of view, has further widened our competitive edge in a more diverse and scalable network.

In February 2022, due to the outbreak of the war in Ukraine, all the Ukrainian bases were suspended for an indefinite period, with the minimum closure being until the end of the calendar year. In addition to the closure of Ukrainian, Moldovan and Russian airspace, the Company suspended all flights to and from Ukraine and Russia while operating Moldova flights out of Iasi, Romania. The Company's Q1 F23 capacity for the wider network has been adjusted to grow 30 per cent from 2019 and Q2 F23 capacity is expected to grow 40 per cent from 2019, all measured in ASKs. Our commercial plan maintains a capacity mix of c.65 per cent in our core Central Europe region, c.30 per cent from Western bases and c.5 per cent from Abu Dhabi.

The Company prioritised the safety of employees during this time and invested significant effort to support employees and their family members who were affected. Immediate priorities included the opportunity for employees and their families to be evacuated via aircraft and then ground evacuation. In parallel a WIZZ "Employee and Family Assistant Package" was introduced, which provided immediate and long-term support. The People Council initiated a WIZZ Employee Solidarity Fund where colleagues could offer donations for the Ukrainian crew members and their families, which was also contributed to by the Company. The Company also announced 100,000 free seats available for Ukrainian refugees to book on all continental Europe flights departing from Ukraine's border countries (Poland, Slovakia, Hungary and Romania). The Company continues to monitor the ongoing situation and is committed to prioritising the safety of employees and their immediate family members while the situation continues.

In F21, 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. 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. Similar pay cuts were taken by the wider employee population. Whilst the salaries of cabin crew and office employees (heads of functions and below) were restored to pre-reduction levels in January 2021, and the pilot salary reduction was reversed to the original pre-COVID-19 levels in October 2021, the Chief Executive Officer and senior management voluntarily accepted a 7.5 per cent reduction in base salary and the Company's Non-Executive Directors accepted a reduction in fees of 7.5 per cent to recognise on-going cost pressures during F22.

F22 performance and remuneration outcomes

The strong leadership of the Board, the Chief Executive Officer and the management team during F22 underpinned the Company's ability to address the impact of the pandemic. While the Company recorded a net loss of €642.5 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 F22, the CEO's focus was on cash preservation, cost focus and employee engagement. The CEO spent 22 days in local meetings with employees to understand the challenges locally on the bases and in order to be able to address those in a timely manner.

In keeping with the approach taken for F21, to recognise the cash constraints of the pandemic, the F22 STIP opportunity for the CEO was capped at only 100 per cent of base salary (rather than the typical 200 per cent of base salary). Performance targets for the F22 STIP were based on short-term cash targets – being quarterly for Q1 and Q2 and half-yearly for the remainder of the year (H2) – which have been aggregated over the year. The cash targets were achieved in full for Q1 and Q2, but the threshold level of cash performance was not achieved for H2; therefore, the overall award to the CEO is 50 per cent of maximum. Full details of the performance targets and outcome are provided on page 105.

Under the Long-term Incentive Plan (LTIP), the award vesting at the end of F22 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 F22 AGM

At the Annual General Meeting (AGM) held on 27 July 2021 all resolutions were approved by Shareholders. While the Board was pleased that the majority of Shareholders approved all AGM proposals, the Company conducted a consultation exercise following the meeting to solicit further feedback from Shareholders on the Remuneration Policy and the VCP which were supported by 66.8 and 67.7 per cent of votes, respectively. The Company received feedback that some Shareholders considered the maximum potential payout of the VCP to be too high even as they recognised that the payout criteria were very stretched targets and would generate 7 billion USD additional value for Shareholders. Shareholders were supportive of the other elements of the Remuneration Policy.

The Board looks forward to maintaining an ongoing dialogue with Shareholders on remuneration and other governance topics and 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 whilst acting in the best interest of all stakeholders.

Remuneration Policy update

At the time of finalising the Directors' Remuneration Report for F21, the Company was still in the process of consulting with Shareholders on our Directors' Remuneration Policy for our Chief Executive Officer which was subsequently included as a voting resolution at the F22 AGM. A new five-year CEO contract (incorporating the new Directors' Remuneration Policy put forward to the F22 AGM) was approved at the F22 AGM. The Directors' Remuneration Policy for the CEO and, importantly, the new long-term incentive VCP became the cornerstones for a renewed five-year contract with the CEO, such that Mr Váradi will continue his commitment to the business and its future success. Alongside the VCP the Company introduced two further incentive schemes to align the total employee population of Wizz Air with the same challenging goals set over the next five years. This included the Senior Leadership Growth Plan (SLGP) (approved by Shareholders at the F22 AGM) and the All Employee Bonus Scheme.

For completeness, although the Remuneration Policy has already been approved by Shareholders, we have re-published a full Remuneration Policy in this report providing details as disclosed and approved in the F21 Remuneration Report and the F22 Notice of AGM.

Next steps

We hope you find this Remuneration Report clear in explaining the implementation of our Remuneration Policy during F22 and our intended implementation for F23. We also remain committed to a continued dialogue with Shareholders including the investor feedback received following the F22 AGM. We trust that we have provided the information you need to be able to support this Directors' Remuneration Report at the Company's F23 AGM.

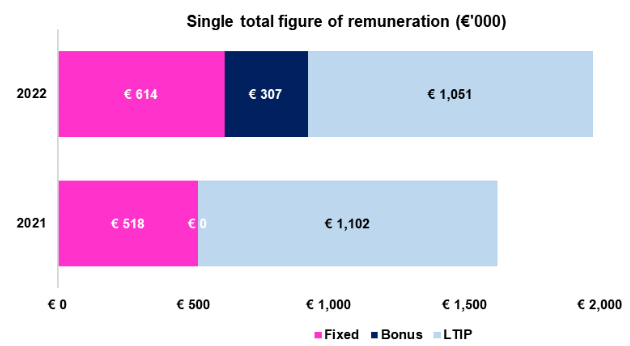
Our ongoing dialogue with Shareholders and other stakeholders is valued greatly and, as always, we welcome your feedback on this Directors' Remuneration Report.

Barry Eccleston
Chair of the Remuneration Committee
8 June 2022

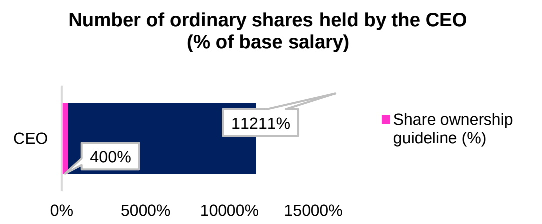
Remuneration at a glance

CEO remuneration		F22 earnings	F23 looking ahead
Base salary		€664,050 Due to COVID-19 impact, the CEO agreed to a 7.5% reduction from the above salary for F22	€664,050
Short-term Incentive Plan (STIP)	Maximum opportunity	100% of base salary Due to COVID-19 impact, the CEO agreed to cap bonus at half of normal amount for F22	200% of base salary
	Performance metrics (weightings)	Cash preservation and other measures as appropriate (100%) Targets set on a quarterly basis for H1 and a half-yearly basis for H2	Profit as primary (80%) and CASK (ex-fuel) as a secondary metric (20%) Targets set on yearly basis
Value Creation Plan (VCP)	Opportunity	One-off award granted in F22 – five-year performance period with 40% vesting in year five, and 20% vesting per year in years six, seven and eight Maximum payment of £100 million for delivery of 20% share price CAGR over five years	
	Performance metrics (weightings)	Increase in share price (90%) ESG (10%)	
Share ownership guidelines		Holding requirement: 400% of base salary	
Post-cessation share ownership guidelines		Holding requirement: 100% of share ownership guideline for one year after leaving and 50% of share ownership guideline for the second year	

What our CEO earned

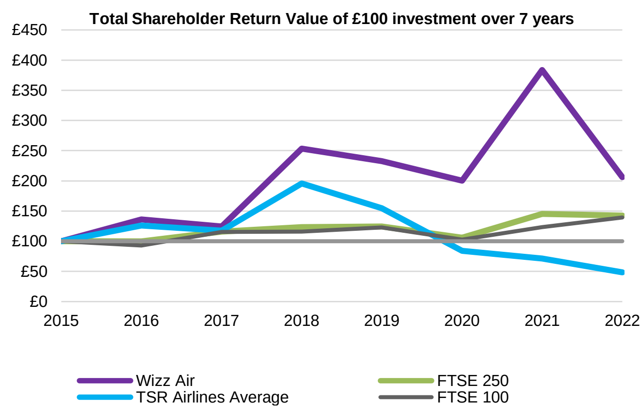


How our CEO is aligned with Shareholders



Actual shareholding calculated using number of Ordinary Shares and the spot price at 31 December 2021.

Performance remains strong for Wizz Air (TSR)



We are continuing to focus on our people

We are proud to employ aviation professionals of 75 different nationalities and deliver a superior service across our network.

Our latest employee feedback survey showed slightly lower overall satisfaction rate, which is considered to result from the long, drawn-out pandemic. We aim to bring stability to our operations; however, the coronavirus is still with us and strongly affecting our daily operations and decision making.

The engagement survey participation rate was 67 per cent with a general satisfaction within the WIZZ team at 70 per cent.

Remuneration Policy

Introduction

This Directors' Remuneration Policy was approved 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. At the time of finalising the Directors' Remuneration Report for F21, the Company was still in the process of consulting with Shareholders on our Directors' Remuneration Policy for our Chief Executive Officer which was then included in the Notice to the AGM and subsequently approved at the AGM in July 2021. For completeness this document includes a copy of the full Remuneration Policy as approved by Shareholders.

How our Remuneration Policy addresses the factors set out in UK Corporate Governance Code

Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	The Remuneration Committee has incorporated transparency into the design and delivery of our Remuneration Policy. We believe our remuneration structure is simple to understand both for participants and shareholders. We aim for disclosure of the Policy and how it is implemented to be in a clear and succinct format.
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Our remuneration arrangements for our Executive Director are simple and easy to understand, comprising fixed pay (base salary and benefits), a short-term incentive plan (STIP) and a one-off long-term arrangement in the form of a Value Creation Plan (VCP).
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	The Remuneration Policy includes a number of points to mitigate potential risks: There are defined limits on the maximum opportunity levels under incentive plans Performance targets are calibrated at appropriately stretching but sustainable levels The Remuneration Committee have the ability to use 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. Incentive plans, including the VCP, include provisions to allow malus and clawback to be applied, where appropriate Recent introduction of in-employment and post-employment shareholding requirements ensure that there is an alignment of interests between our Executive Director and shareholders and encourage sustainable performance.
Predictability	The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	We believe our disclosure is clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements. Our Remuneration Policy clearly sets out relevant limits and potential for discretion.
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	The majority of our Executive Director's potential reward is linked to performance through the VCP with a clear line of sight between business performance and the delivery of shareholder value. The Remuneration Committee may adjust formulaic outcomes of incentive arrangements to ensure that a fair and balanced outcome is achieved, taking into account the overall performance of the Company and the experience of Shareholders.
Alignment to culture	Incentive schemes should drive behaviours consistent with company purpose, values and strategy	The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy.

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 CEO and management have increased their engagement with employees through scheduled floor talks, local base visits and the regular scheduled meetings with the People Council, which represents all employees throughout the Company. In these meetings feedback on remuneration is tabled for discussion and as a result of this, management and employees have been aligning on remuneration principles in the Company. Management and employees have aligned on salary reduction principles throughout the year as a result of these meetings, and the decision to bring back salaries to office employees and cabin crew earlier than planned.

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	To provide the core reward for the role. To attract, retain and motivate high-calibre Executive management.	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.	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.	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: Executive Directors are covered by the Company's group personal accident and life assurance cover, which is in place for all employees (2x salary). Free return tickets usable on the route network of the Group, consistent with the number of free tickets made available for all employees. 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.	
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.

Short-term Incentive Plan (STIP)	To incentivise the successful execution of the Company's business strategy. To reward the achievement of annual financial and operational goals.	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 payout is 200% of base salary. A threshold level of performance is specified in 50% of base salary; if performance falls below this level, there will be no payout for that proportion of the award.	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. 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% of weighting. 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.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Long-term Incentive Plan (LTIP)	To align the Executive Director's long-term interests with those of Shareholders. To reward strong financial performance. Note that the CEO will not participate in the LTIP for the entirety of the Value Creation Plan (VCP) performance period – see below.	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% of base salary, with up to 300% in exceptional circumstances. Typically 25% of award value will vest for threshold performance with straight-line vesting to maximum performance.	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 including ESG measures as selected by the Committee in any given year. Financial measures would typically represent no less than 50% of weighting. 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.
Value Creation Plan (VCP)	To retain the Chief Executive Officer and deliver Shareholder value	One-off award of shares granted in 2021. Award vests after a five-year period (40% of the overall award at the end of year five and 20% per year after years six, seven and eight). Overall payout is capped at £100 million for delivery of 20% share price CAGR over the five-year period. Threshold is £20 million payout for 10% CAGR over the five-year period.	Based on a combined performance of share price CAGR (90%) and ESG criteria (10%), ESG criteria are only paid if share price threshold is met. ESG criteria: 5% based on CO_2 emissions reduction goals by 2026/5% based on gender diversity target of a minimum of 40% female representation within management at year end F26. To ensure that vesting outcomes are consistent with superior Shareholder experience, the Remuneration Committee has discretion to adjust the level of vesting downwards (including for the avoidance of doubt to nil) where it considers that the level of vesting resulting from applying a performance condition would not be a fair and accurate reflection of the performance of the Company, the Group, any Group member or the participant and/or such other factors as the Remuneration Committee may consider appropriate. If the participant ceases to be employed by reason of ill health, injury, disability, death, retirement with the agreement of the Remuneration Committee, or for any other reason at the discretion of the Remuneration Committee, 40 per cent of the award will vest as

			soon as practicable after the cessation date and 20 per cent in each of the next three years, to the extent that the performance conditions have been met. The award will lapse in all other circumstances. Malus and clawback may be applied at any time before an award vests or for three years after the fifth anniversary of the grant date in the following circumstances: material misstatement of the results of the Company, errors or inaccuracies or misleading information leading to incorrect grant or vesting of the award, gross misconduct, material failure of risk management by the Company, corporate failure (e.g. administration or liquidation) or any other circumstance which in the opinion of the Remuneration Committee could have a significantly adverse impact on the Company's reputation.

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 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 long-term strategy and Shareholder interests.

Difference in Remuneration Policy for Executive Director and employees

Remuneration for the Company's senior management team and wider employee base have all been aligned to the same five-year goals as the CEO under the Value Creation Plan.

The amounts of the components and vehicles granted vary for the individuals and the levels of the position but the intended performance is mirrored from the top to the bottom of the organisation.

To facilitate this, at the F22 AGM, Shareholders approved the changes to Wizz Air's Omnibus Plan including the introduction of a Senior Leadership Growth Plan for senior managers. We have also introduced, for the first time, an annual cash-based all employee bonus scheme.

In total this means that the goals of the Value Creation Plan awarded to the CEO are mirrored in those awards provided to senior leaders and all employees. An overview of the alignment of these schemes is provided below as approved by Shareholders at the F22 AGM.

Details of implementation for the CEO can be found in the Annual Report on Remuneration and Application of the Remuneration Policy in F23.

Plan	Value Creation Plan (VCP)	Long-term Incentive Plan (LTIP)	Senior Leadership Growth Plan (SLGP)	All Employee Bonus Plan
Eligibility	CEO	Head level and above (excluding CEO)	President and EVPs/Officers	All employees below head level
Frequency	One-off award of shares (made in 2021)	Annual shares award	One-off award of shares (made in 2021)	Annual award in cash
Performance criteria	Share price – 90% of award ESG criteria – 10% of award	Share price – 90% of award ESG criteria – 10% of award	Share price – 100% of award	Share price – 100% of award
Performance period	Five years	Three years	Five years	One year
Vesting	40% at end of year five, 20% per year at years six, seven and eight	100% at end of year three	40% at end of year five, 20% per year at years six, seven and eight	100% at end of year
Performance/payout curve	£100 million payout for 20% five-year CAGR £20 million threshold payout for 10% five-year CAGR ESG criteria is only paid if share price threshold is met ESG criteria. 5% based on CO_2 emissions reduction goals by 2026/5% based on gender diversity target of minimum of 40% female representation within management at year end F26	Max payout: 15% CAGR; 100% ESG achievement. Threshold (25% of max): 7.5% CAGR; 50% ESG achievement. Same ESG KPIs as the VCP but with targets set over each three-year period	100% payout: 20% CAGR. 0% payout: 15% CAGR straight- line vesting in between	100% payout for 15% CAGR. 25% payout for 7.5% CAGR
Base period	Base period for calculation is VWAP over 1H CY 2021 – tested against share price at end of period VWAP 1H CY 2026	Annual awards with three-year cycles, e.g. 1H CY 2021–1H CY 2024, 1H CY 2022–1H CY 2025, etc.	Base period for calculation is VWAP over 1H CY 2021 – tested against share price at end of period VWAP 1H CY 2026	Five annual awards with one-year cycles: 1H CY 2021–1H CY 2022, etc. Annually to 1H 2026
Cap on payout	Cap of £100 million for 20% CAGR	No cap on payout: award values capped 250% normal max at grant; 300% discretionary max at grant in exceptional circumstances	Cap at 20% CAGR: €6 million for President and EVPs, €4 million for Officers cap to be quoted in £GBP based on exchange rate at the time of the award	One month's salary
Shareholder ownership	New shareholding requirement of 400% of salary. Post-cessation requirement equal to 400% year one and 200% for the second year			

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 Chairs of the Audit and Risk Committee, the Sustainability and Culture Committee and the Remuneration Committee and the Senior Independent Director. Fees for Non-Executive Directors, other than the Chairman, are determined by the Chairman and the Executive members of the Board. Fees for the Chairman are determined by the Remuneration Committee without the Chairman being present. In both cases, there is flexibility to increase fee levels to 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.	Not applicable; there are no provisions for the recovery of sums paid or the withholding of any payment relating to fees.

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. 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	The employing company may terminate the Executive Director's employment with immediate effect by payment in lieu of notice. 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. 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.	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 LTIP and STIP, if an Executive Director leaves, the default position is that no payment will be made of any outstanding share awards and awards will lapse in full. In order to receive a payment under the STIP or any unvested LTIP awards the Board would need 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 STIP scheme, and, subject to performance conditions, a pro-rata amount of their LTIP shares. The pro-ration 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 STIP and LTIP 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) 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 consider Shareholder feedback received at the AGM each year at a meeting immediately following the AGM. This, and any additional feedback received from Shareholders from time to time, is then considered by the Remuneration Committee as part of the Company's annual review of remuneration arrangements.

Last year, the Remuneration Committee engaged with key Shareholders to understand the rationale behind voting (in particular in relation to the Directors' Remuneration Policy and the Wizz Air Value Creation Plan (VCP)). The Company received feedback from some Shareholders that they considered the maximum potential payout of the VCP to be excessive. Shareholders were broadly supportive of the other elements of the Remuneration Policy. Understanding that Shareholders and other representative bodies are fine-tuning their policies regarding the adoption of VCPs, particularly after the increase in their adoption during the 2021 AGM season, the Board looks forward to maintaining an ongoing dialogue with Shareholders on remuneration and related issues.

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.

Annual Report on Remuneration

The members of the Remuneration Committee during F22 were Barry Eccleston (Chairman), who joined the Committee in September 2020; Charlotte Andsager, who joined in November 2020; and Enrique Dupuy de Lome Chavarri, who joined in March 2021. Effective from 28 January 2022, Mr de Lome Chavarri's membership of the Company's Remuneration Committee was taken over by Anna Gatti.

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 92 to 93 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, Owain Jones, the Chief Supply Chain and Legal 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 was re-contracted as remuneration consultant following a competitive tender process in 2020. They attend Committee meetings as and when required. During F22, Willis Towers Watson received fees based on time and materials totalling £396,687 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 F22.

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 2021 AGM all resolutions proposed were approved by Shareholders. Two of those resolutions, the Directors' Remuneration Policy and the Wizz Air Value Creation Plan (VCP), were supported by 67 per cent and 68 per cent of Shareholders, respectively. Consequent to this vote, the Company engaged with Shareholders to solicit their feedback on voting at the AGM. In advance of the 2021 AGM, the Wizz Air Board engaged in an extensive consultation with a majority of Shareholders to discuss the proposed Remuneration Policy and VCP, and to set out the primary drivers of the proposals. Following multiple rounds of Shareholder engagement, the Board incorporated Shareholder feedback into the final proposals put to Shareholders at the AGM. While the Board was pleased that the majority of Shareholders approved all AGM proposals, the Company conducted a further consultation following the meeting to solicit further feedback from Shareholders on the Remuneration Policy and the VCP. As outlined, the structure of the VCP was updated to incorporate Shareholder feedback prior to the AGM. Despite recognising the stretch nature of targets and the role of the plans in retaining and incentivising the senior leadership team, some Shareholders reiterated during the post-AGM consultation that they considered the maximum potential payout to be excessive. Shareholders were broadly supportive of the other elements of the Remuneration Policy. The Board believes it has taken the right decisions in the interest of the business and its stakeholders as a whole, and implemented a series of plans which will incentivise superior performance, from an all-time high share price, over the next five years. The Board, through the Remuneration Committee, is committed to structuring incentive arrangements that serve to support the business in retaining key talent and delivering strong returns to Shareholders, while remaining conscious of the wider stakeholder experience and business performance.

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

	Annual Report on Remuneration (2021 AGM)		**Annual Report on Remuneration (2020 AGM)**	
Votes for	16,269,317	98.86%	34,412,174	48.37%
Votes against	187,688	1.14%	36,735,491	51.63%
Total votes	16,457,005		71,147,665	
Votes withheld	10		108,709	

	Wizz Air Value Creation Plan		**Directors' Remuneration Policy (2021 AGM)**	
Votes for	**11,118,557**	**67.56%**	**10,994,259**	**66.80%**
Votes against	**5,338,452**	**32.44%**	**5,462,746**	**33.20%**
Total votes	**16,457,009**		**16,457,005**	
Votes withheld	**6**		**10**	

Executive Directors' remuneration

Full details of the Chief Executive Officer's remuneration for F22 and F21 are set out below (in Euros):

Single total figure of remuneration table

	József Váradi							
	Fees and salary €	Benefits €	STIP €	LTIP €	Pension €	Total €	Total fixed remuneration €	Total variable remuneration €
2022	**614,246**	**—**	**307,123**	**1,088,027**	**—**	**2,009,396**	**614,246**	**1,395,150**
2021	517,980	—	—	1,102,429	—	1,620,409	517,980	1,102,429

The Chief Executive Officer has voluntarily accepted a 7.5 per cent reduction of base salary for F22, previously 22 per cent average reduction for F21, from his contracted base salary of €664,050 in response to the long, drawn-out COVID-19 pandemic resulting in a total of €614,246 salary. The LTIP for F22 reflects the award with performance period ending March 2022 and has been calculated on the 23,398 shares that are to vest in June 2022 using the Q4 average share price of €44.9, to be amended upon vesting in the summer of 2022, with the difference to be adjusted in the award value for the subsequent year.

The 2022 financial year was the second year of material challenges linked to COVID-19; however, the Company has continued to place relentless focus on pursuing its strategic aims. In light of dampened demand due to lingering restrictions, the Company declared a net loss for the financial year ended March 2022. Despite this, our investment-grade balance sheet and strong liquidity position have allowed us to invest ahead of demand and aggressively maintain cost and sustainability leadership throughout the pandemic. As a result, the STIP F22 did not consist of annual targets but was based on short-term, quarterly and half-yearly targets. These targets have aggregated over the fiscal year into a STIP payout of the two quarters and one half year combined according to the normal schedule for the financial year. Reflecting the persisting extraordinary circumstances, 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. Half-yearly target for H2 F22 to start phasing out the COVID-19 structure, including execution KPI to ensure business continuity without upside and only downside collar. The Chief Executive Officer has been measured for his STIP payout against one performance KPI: total Company cash. More information on the target and achievement result can be found in the table below. No payment is made for a below the target level of achievement.

	Q1	Q2	H2
Cash target (in € million)	1,485	1,639	1,700
Actual (in € million)	1,663	1,670	1,379
Achievement %	100%	100%	**0**%

The Company cash targets were fully achieved in the first two quarters while the second half year cash target failed. As for the second half year the cash target achievement was considered as a threshold; the final STIP payout was based only on the achievements of the first two quarters.

The evaluation of the Chief Executive Officer's personal performance during F22 has primarily been measured against his response and leadership throughout another challenging year during COVID-19. He has managed the crisis as it has continued to evolve over the course of the full financial year by swiftly adjusting capacity to match demand in the event of both upside and downside, while focusing on maintaining the Company's strong cash position.

At the same time the Company has leveraged its investment-grade balance sheet to continue investment into its fleet, network and people on its path to delivering a 500 aircraft airline by the end of the decade. Wizz Air significantly grew its presence in Italy, Albania and the UK, while closing the first successful year of operations at Wizz Air Abu Dhabi. In addition to launching a new airline and aggressively expanding into new markets, Wizz Air continued with its aircraft delivery schedule and placed an order for up to 196 new Airbus A321neo family aircraft, further cementing its position in cost, efficiency and sustainability leadership within the industry.

The Chief Executive Officer also dedicated focus and attention throughout the year to listen to the employee feedback. The last Company-wide engagement survey was launched in November 2021 with a participation rate of 67 per cent. The results of the survey showed the highest score in management support compared to other drivers – 70 per cent engagement score (9 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 3pp reaching 30 per cent. Management Team diversity improved 7pp to reach 34 per cent. Office female gender diversity improved by 3pp reaching 40 per cent. Flight crew female ratio stayed at 4 per cent and cabin crew decreased by 5pp to 70 per cent.

LTIP vested during F22

An 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 was 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; and
   - the TSR group consists of the following entities: Ryanair and easyJet (50 per cent weighting); and 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; and

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); and
   - under the Long-term Incentive Plan, the award vesting at the end of F21 paid out at 50 per cent of maximum. As the Company has not been profitable since the beginning of the COVID-19 pandemic, 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.

VCP granted in F22

The one-off VCP award was made during F22 and included an award of 837,943 shares. In relation to VCP awards, the award will be subject to the following performance conditions:

a) 20 per cent compound annual growth rate (CAGR) in the Company's share price over the next five-year period (90 per cent weighting):
   - the threshold growth level is 10 per cent CAGR for which 20 per cent of the maximum award vests with straight-line vesting in between these two points. Base period for calculation is volume weighted average share price (VWAP) over 1H CY 2021 – tested against share price at end of period VWAP 1H CY 2026; and

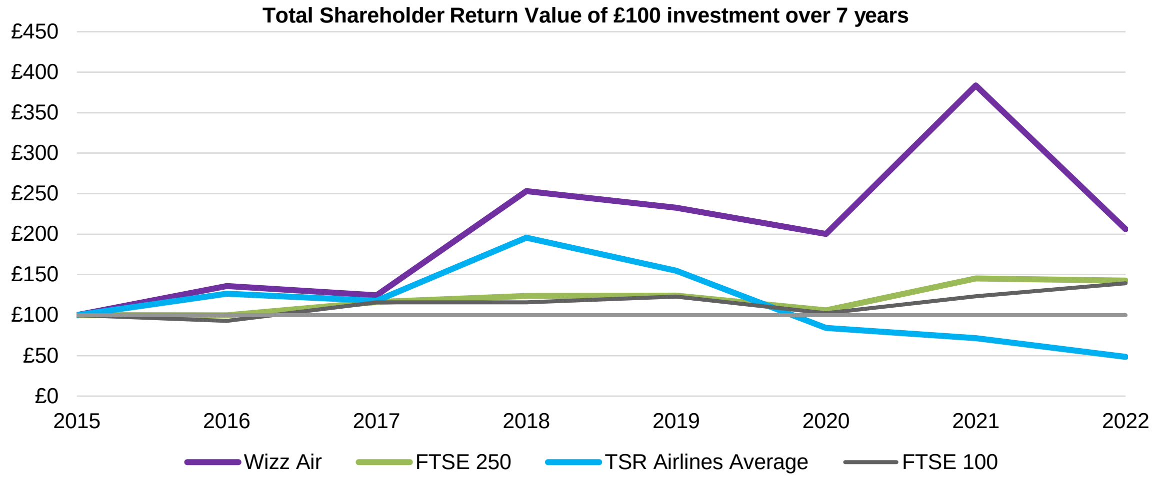
b) if the minimum threshold CAGR of 10 per cent CAGR is achieved then up to 10 per cent of an award may vest based on the achievement of ESG targets, the criteria for which will be people and environment, both weighted at 5 per cent. If the 10 per cent CAGR is not achieved, no ESG portion of the award will vest.

No further LTIP awards will be made to the CEO over the course of the VCP performance period.

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 F21 or F22.

Historical TSR performance[1] – value of hypothetical £100 holding

The following performance graph shows the Company's total shareholder return compared to the FTSE 250 index and the FTSE 100 index, as well as a selection of airlines for the financial years following IPO. TSR is defined as share price growth plus reinvested dividends.



1 Growth in the value of a hypothetical £100 holding over seven years, in comparison with the FTSE 250, the airline peer group used for measurement of relative TSR and the FTSE 100. 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, the FTSE 100 index and a selection of airline peers. 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 and 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[1]
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%[1]	50%
F22	2,009,396	50%	50%

1 There were no options vesting in F16–F18 under either the old (ESOP) or the new (LTIP) share option plan.
In F21, although targets were achieved in three out of the four quarters based on the cash targets, 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 was in line with the overall industry and Company performance for the twelve-month relevant period which was heavily impacted by the COVID-19 pandemic and the significant drop in air traffic.

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 in F22, between the year ended 31 March 2021 and the year ended 31 March 2022, as well as F21, between the year ended 31 March 2020 and the year ended 31 March 2021, for the Directors, compared to the average earnings of all other Wizz Air employees.

	F22			F21		
	Salary and fees	**Benefits[1]**	**Annual STIP**	Salary and fees	Benefits[1]	Annual STIP
József Váradi	**19%**	**0%**	**100%**	(22%)	0%	(100%)
William A. Franke	**19%**	**0%**	**0%**	(20%)	0%	0%
Stephen L. Johnson	**20%**	**0%**	**0%**	(21%)	0%	0%
Simon Duffy[9]	**9%**	**0%**	**0%**	(21%)	0%	0%
Andrew S. Broderick	**28%**	**0%**	**0%**	(14%)	0%	0%
Barry Eccleston	**32%**	**0%**	**0%**	(27%)	0%	0%
Peter Agnefjäll[10]	**(98%)**	**0%**	**0%**	(26%)	0%	0%
Maria Kyriacou[10]	**(78%)**	**0%**	**0%**	(26%)	0%	0%
Guido Demuynck[5]	**—**	**0%**	**0%**	(83%)	0%	0%
Susan Hooper[6]	**—**	**0%**	**0%**	(87%)	0%	0%
Charlotte Pedersen[3]	**60%**	**0%**	**0%**	—	0%	0%
Enrique Dupuy de Lome Chavarri[4]	**158%**	**0%**	**0%**	—	0%	0%
Charlotte Andsager[4]	**148%**	**0%**	**0%**	—	0%	0%
Dr Anthony Radev[7]	**—**	**0%**	**0%**	—	0%	0%
Anna Gatti[8]	**—**	**0%**	**0%**	—	0%	0%
Average pay based on all employees[2]	**30%**	**0%**	**100%**	(42%)	0%	(100%)

1 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.
2 The average employee figures are based on the average earnings of Group-level employees as Wizz Air Holdings Plc has no employees.
3 Joined as of 2 June 2020.
4 Joined as of 4 November 2020.
5 Resigned as of 28 July 2020.
6 Resigned as of 3 June 2020.
7 Joined as of 13 April 2021.
8 Joined as of 4 November 2021.
9 Resigned as of 28 January 2022.
10 Resigned as of 27 July 2021 (did not stand for re-election).

The overall increase of 19.0 per cent for the CEO, versus 22.0 per cent decrease in F21, in the Chief Executive Officer's base salary reflected the voluntary reductions he accepted as a continuous response to the long, drawn-out pandemic including 22.0 per cent decrease in F21 and 7.5 per cent decrease in F22. The STIP payment for F22 resulted in a 100 per cent increase 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, reduced all fees by 7.5 per cent between 1 April 2021 and 31 March 2022, versus 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 increase in their annual compensation. Similar pay cuts were taken by the wider employee population. The salaries of cabin crew and office employees (heads of functions and below) were restored to pre-reduction levels in January 2021, and the pilot salary reduction was reversed to the original pre-COVID-19 levels in October 2021.

There were no dividends or share buybacks in either F22 or F21, and therefore disclosure of "relative importance of spend on pay" has not been included. There were no scheme interests awarded in either F22 or F21.

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

	Salary and fees €		Benefits €		STIP €		LTIP €		Pension €		Total €	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
William A. Franke	**217,375**	183,104	**—**	—	**—**	—	**—**	—	**—**	—	**217,375**	183,104
Stephen L. Johnson	**74,000**	61,625	**—**	—	**—**	—	**—**	—	**—**	—	**74,000**	61,625
Simon Duffy[7]	**91,177**	84,026	**—**	—	**—**	—	**—**	—	**—**	—	**91,177**	84,026
Guido Demuynck[1]	**—**	14,521	**—**	—	**—**	—	**—**	—	**—**	—	**—**	14,521
Susan Hooper[2]	**—**	10,625	**—**	—	**—**	—	**—**	—	**—**	—	**—**	10,625
Andrew S. Broderick	**78,625**	61,625	**—**	—	**—**	—	**—**	—	**—**	—	**78,625**	61,625
Barry Eccleston	**91,831**	69,594	**—**	—	**—**	—	**—**	—	**—**	—	**91,831**	69,594
Peter Agnefjäll[8]	**1,002**	61,625	**—**	—	**—**	—	**—**	—	**—**	—	**1,002**	61,625
Maria Kyriacou[8]	**13,577**	61,625	**—**	—	**—**	—	**—**	—	**—**	—	**13,577**	61,625
Charlotte Pedersen[3]	**88,260**	55,250	**—**	—	**—**	—	**—**	—	**—**	—	**88,260**	55,250
Enrique Dupuy de Lome Chavarri[4]	**81,706**	31,663	**—**	—	**—**	—	**—**	—	**—**	—	**81,706**	31,663
Charlotte Andsager[4]	**78,625**	31,663	**—**	—	**—**	—	**—**	—	**—**	—	**78,625**	31,663
Dr Anthony Radev[5]	**77,888**	—	**—**	—	**—**	—	**—**	—	**—**	—	**77,888**	—
Anna Gatti[6]	**34,533**	—	**—**	—	**—**	—	**—**	—	**—**	—	**34,533**	—
Total	**928,599**	726,946	**—**	—	**—**	—	**—**	—	**—**	—	**928,599**	726,946

1 Resigned as of 28 July 2020.
2 Resigned as of 3 June 2020.
3 Joined as of 2 June 2020.
4 Joined as of 4 November 2020.
5 Joined as of 13 April 2021.
6 Joined as of 4 November 2021.
7 Resigned as of 28 January 2022.
8 Resigned as of 27 July 2021 (did not stand for re-election).

Total Directors' remuneration (Executive and Non-Executive)

Total remuneration of Directors for F22 was €2,937,995 (2021: €2,347,355). 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 increase versus F21 was driven by two factors: the continued, but lower voluntary COVID-19 reduction on the Chief Executive Officer's base salary (7.5 per cent reduction) and on the Non-Executive Directors' fees (7.5 per cent reduction), and the STIP payout as a result of the overall industry and business performance throughout the year.

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 Value Creation 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 of 31 March 2022 are set out below:

Directors and connected persons' interests in shares

Director[1]	Direct ownership Number of Ordinary Shares	Interests Number of Ordinary Shares	Interests Number of Ordinary Shares (if full principal of outstanding convertible notes is fully converted)	Total Ordinary Share interests
William A. Franke[2]	112,917	24,759,645	24,246,715	24,872,562
József Váradi[3, 4]	—	1,399,144	—	1,399,144
Stephen L. Johnson	52,750	—	—	52,750
Simon Duffy	7,097	—	—	7,097
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 2022.
2 Mr Franke is deemed to be interested in all of the Ordinary 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 20,141 LTIP shares vested but not exercised yet, in addition to his 1,399,144 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 2022 to the date of the notice of the 2022 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 F23

a) Chief Executive Officer's base salary

There is no planned increase to the Chief Executive Officer's base salary for F23. 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 voluntary salary reduction, in place to recognise cost pressures, will be removed and full salary will be reinstated.

b) Short-term Incentive Plan

The Chief Executive Officer is eligible to receive a cash bonus of up to 200 per cent of base salary for F23. The amount payable will depend on the achievement of profit targets (weighted 80 per cent of the overall award) and CASK (ex-fuel) as a secondary metric (weighted 20 per cent of the overall award). Achieving the minimum amount set as the net profit target will also count as the threshold for achieving the cascaded CASK.

Targets are set on yearly basis and were decided at the start of the performance period; however, they are not yet disclosed due to commercial sensitivity but will be disclosed retrospectively in next year's Remuneration Report alongside the outcome.

c) Long-term incentive awarded to Chief Executive Officer

As referenced in our Policy the Chief Executive Officer will not receive any other long-term incentive awards for the entirety of the Value Creation Plan performance period; as such, no LTIP will be made to the Chief Executive Officer in F23.

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 2023. Since these fees have remained unchanged since 2018, these fees will be reviewed in the course of F23.

Enrique Dupuy de Lome Chavarri, as Chairman of the Audit 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 and an additional fee of €10,000 per annum for the role of Senior Independent Director.

Charlotte Pedersen, as Chair of the Sustainability and Culture Committee, receives an additional fee of €12,500 per annum for taking on that role.

Dr Anthony Radev receives an additional fee of €2,500 per employee engagement event attended, as the independent Non-Executive Director overseeing engagement with employees.

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 has increased since last year, the Board has taken a decision to stop the 7.5 per cent reduction applied on the annual fees paid to the Non-Executive Directors in F22 and revert back to full year fees for F23.

Other disclosures

Chief Executive pay ratio

The table below sets out the Chief Executive Officer to worker pay ratios for the year ending March 2022. 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 121.

In calculating the figures, the following considerations were made:

- the single total figure of remuneration of our colleagues was calculated using a year's worth of remuneration up to and including March 2022 payroll;
- where employees joined part way through the reporting period, pay was pro-rated to determine the full year equivalent; and
- this data then identified those employees at the 25th (lower quartile), 50th (median) and 75th (upper quartile) percentile points.

		Pay ratio		
Financial year	Method used	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2022	**Option A**	**80:1**	**59:1**	**29:1**
2021	Option A	80:1	62:1	37:1

The table below summarises the identified employees in 2022:

	All employees					
	P25 (lower quartile)		P50 (median)		P75 (upper quartile)	
Financial year	Base pay	Total pay	Base pay	Total pay	Base pay	Total pay
2022	**€ 13,479**	**€24,981**	**€ 15,670**	**€34,022**	**€ 43,101**	**€70,413**
2021	€16,269	€24,569	€24,044	€31,587	€36,235	€53,903

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 F23, the calculations reflect both the impact of the reduced total pay levels for employees during the furlough period up to October 2021 and the corresponding voluntary salary decreases and significant total pay opportunity reductions for the Chief Executive Officer and are consistent with our Company's 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 the Swiss branch of Wizz Air Holdings Plc ("the Company") 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 for a period of up to 24 months from 1 January 2021 with a principal place of work being London, the United Kingdom, instead of Budapest, Hungary. During the secondment the employer continues to be the Company 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 the Company or any of its business partners in the EU as well as those non-EU countries where the Wizz Air Group 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 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. The term of each re-appointment was thereafter renewed on a rolling one-year basis, subject to re-election at the Company's Annual General Meeting. Mr Barry Eccleston and Mr Andrew Broderick were respectively appointed on 1 June 2018 (and thereafter renewed on a rolling one-year basis subject to re-election at the Company's Annual General Meeting) and 16 April 2019. On 1 June 2021, Mr Barry Eccleston's appointment was extended for a further one year. Ms Charlotte Pedersen was appointed on 20 May 2020. Ms Charlotte Pedersen's appointment was extended on 1 June 2021 (on a rolling one-year basis subject to re-election at the Company's Annual General Meeting) Mr Dupuy de Lome Chavarri and Ms Charlotte Andsager were appointed on 4 November 2020. Dr Anthony Radev was appointed on 13 April 2021. Ms Anna Gatti was appointed on 4 November 2021.

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 by the Nomination and Governance Committee.

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.

On behalf of the Board

Barry Eccleston
Chairman of the Remuneration Committee
8 June 2022

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 2022.

Results and dividend

The results for the year are shown on page 131.

The Directors do not recommend the payment of a dividend (2021: 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 (resigned with effect from 29 January 2022);
- Barry Eccleston;
- Peter Agnefjäll (resigned with effect from 13 April 2021);
- Maria Kyriacou (resigned with effect from 28 July 2021);
- Charlotte Pedersen;
- Andrew S. Broderick;
- Charlotte Andsager;
- Enrique Dupuy de Lome Chavarri;
- Dr Anthony Radev (appointed with effect from 13 April 2021); and
- Anna Gatti (appointed with effect from 4 November 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 62 to 77. Emerging and principal risks and uncertainties facing the Group are described on pages 70 to 77. 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 2022, the Group held cash and cash equivalents of €766.6 million (total cash of €1,378.8 million including €450.0 million of short term cash deposits and €162.2 million of restricted cash), while net current assets were €145.5 million. In legal terms, the external borrowings of the Group consist of: €500 million bonds maturing in January 2024, €500 million bonds maturing in January 2026 and convertible debt with a balance of €26.4 million. In accounting terms a further €2,926.9 million are presented as borrowings in relation to future commitments from lease contracts. These borrowings do not contain any financial covenants.

The Group operates using a three year planning cycle. The Directors have reviewed their latest financial forecasts for the next twelve months from the date of signing these financial statements, plans to finance committed future aircraft deliveries (see Note 33) due within this period that are currently unfinanced and available committed financing for aircraft. After making enquiries and testing the assumptions against different forecast scenarios including a severe but plausible downside scenario, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations as they fall due 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 develop over the next twelve months from the date of signing this report. Wizz Air expects to very quickly return to full utilization of its fleet with higher load factors and RASK levels improving compared to F20. Progressive pass-through of pricing combined with anticipated retirement of cost-prohibitive capacity in the industry would allow pricing to stabilize around a new-found equilibrium, compensating for continuing high fuel and other inflation costs. In addition, the Directors have also modelled a downside scenario that assumes an even higher price for jet fuel and a stronger USD, whilst at the same time modelling a weaker trading environment (simulated by a lower RASK for the entire planning period). In this scenario the Group is still forecasting significant liquidity throughout this period.

The Directors also considered the impact of climate change over the time period and concluded that it was unlikely that material physical or transition risks that are described in our Sustainability Report page 15 would arise over this period. In preparing its base and downside forecasts the Directors also took into account the impact of the war in Ukraine and the four aircraft stranded in Ukraine (see Note 14) and no material impact is forecast. The Directors have assumed that there will be no further significant disruption caused by the COVID-19 pandemic of the magnitude previously experienced.

Accordingly, the Directors concluded it was correct to retain the going concern basis of accounting in preparing the financial statements.

Subsequent events

Wizz Air announced on 17 May 2022 its intention to establish a new airline subsidiary in Malta. Wizz Air is constantly evaluating the structure of its business and exploring options to establish new AOCs and bases in Europe and beyond. The successful establishment of Wizz Air Malta later this year will help to reinforce our position and support our expansion plans in Europe.

On 3 June 2022, Wizz Air announced it will cancel all Wizz UK flying from its Doncaster Sheffield Airport base from 10 June 2022. Pilots and cabin crew have been offered the opportunity to fly out of another base in the UK.

Viability

In accordance with Provision 31 of the UK Corporate Governance Code (2018), the Directors have assessed the prospects and 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 financial planning process traditionally covers three years. Beyond the three-year horizon, the Directors engage at least once per year in a longer term Group strategy review.

Assessment of prospects

The Group's prospects are assessed by management and the Board primarily through the strategic and financial 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 top-down 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 F23. 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; 2) leveraging on the historic strength of a faster growing Central and Eastern Europe, where travel for work or to visit family and friends is becoming an increasingly essential feature of life, but at the same time complementing this with a more focused footprint in the West and expansion further East – diversification is key to buffer demand shocks in part of the network with the rest of the network; 3) a low-cost base offering a sustainable competitive advantage and allowing the Company to sustain low fares to stimulate demand; and 4) 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.

'The base plan includes the forecast impact of climate change over this period being principally the impact of new regulation (EU FitFor55 package) with kerosene jet fuel taxation introduced and blending mandates on sustainable aviation fuel. The base plan also includes the Company's plan to continue to introduce more fuel-efficient aircraft into the fleet in line with its order book.

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. The specific parameters that are stress tested are: the yield performance of the business (impacting RASK); the cost of commodities (jet fuel price and price of carbon credits); and the ability to fully utilize the fleet, which are all highlighted as part of the Company's principal risks. In each of these scenarios, the Directors additionally reviewed the impact of other emerging and principal risks that could prevent the Group from delivering on its strategy and financial targets, as summarised on pages 70 to 77 in the Strategic Report. In doing so, they paid particular attention to the potential impact of climate scenarios as outlined on pages 27 to 45, modelling these impacts in terms of impact on the Company's earnings and cash flow. The Directors assessed these potential impacts, and governmental policies and/ market attractiveness in key markets were considered the most plausible risks in terms of both likelihood and potential impact over the next three years.

The results of this stress testing showed that, due to the Group's strong competitive cost position and its existing cash reserves, it would be able to withstand the impact of these downside scenarios over the period of the financial forecasts, and it equally highlighted that the continued disciplined management of liquidity in the most stressed scenario is crucial to withstand prolonged periods of adversity, as already demonstrated during the pandemic.

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 2025. In making this assessment the Directors have assumed that the existing €500m bond expiring in January 2024 will be refinanced; that there is continued access to aircraft financing, typically from sale and leaseback deals; that implausible scenarios do not occur; that the war in Ukraine comes to an end this year; and that there is no further significant and prolonged disruption caused by the COVID-19 pandemic or equivalent.

For further information on emerging and principal risks and longer-term viability please refer to pages 70 to 77.

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 151 to 160.

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 17 to 45.

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 46 to 59.

Stakeholder engagement

Details of stakeholder engagement can be found on page 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 2023 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 they benefit all of the Company's current and past Directors and are 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 2022, the Company had 103,072,739 Ordinary Shares of £0.0001 each in issue, each with one vote. 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:

a) 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;
b) 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;
c) the right to receive dividends on a pari passu basis; and
d) 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 2022 financial year 60,520 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 2022 financial year was £20.86. The aggregate cash consideration received by the Company for the allotment of the Ordinary Shares was £477,375.

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.

Ordinary Shares represent 100.0 per cent of total shares (2021: 83.1 per cent) and the remaining nil per cent of total shares (2021: 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 78. 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
8 June 2022

Registered number: 103356

COMPANY INFORMATION

Registered number
103356

Registered office
44 The Esplanade
St Helier
Jersey
JE4 9WG

Secretary
Intertrust 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
13 Castle 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulation.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Under Companies (Jersey) Law 1991, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements with the Companies (Jersey) Law 1991 and the Directors' Remuneration Report comply with the Companies Act 2006 as if the company were a quoted company under the United Kingdom Companies Act 2006.

The directors are responsible for the maintenance and integrity of the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance Report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.
- In the case of each director in office at the date the directors' report is approved:
- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the Board

József Váradi
Director
8 June 2022

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022 € million**	2021 € million
Passenger ticket revenue	5,6	**732.1**	325.7
Ancillary revenue	5,6	**931.4**	413.3
Total revenue	5,6	**1,663.4**	739.0
Staff costs		**(220.5)**	(132.9)
Fuel costs (including exceptional expense/income)	11	**(649.0)**	(347.5)
Distribution and marketing		**(43.4)**	(19.6)
Maintenance materials and repairs		**(170.4)**	(165.7)
Airport, handling and en-route charges		**(545.9)**	(254.9)
Depreciation and amortisation		**(446.3)**	(345.3)
Net other expenses	7	**(53.2)**	(1.2)
Total operating expenses		**(2,128.7)**	(1,267.1)
Operating loss	7	**(465.3)**	(528.1)
Comprising:			
- *Operating loss excluding exceptional expense*		**(469.6)**	(434.5)
- *Exceptional income/(expense) (included in fuel costs)*	11	**4.3**	(93.6)
Financial income	10	**2.8**	11.6
Financial expenses	10	**(89.5)**	(78.4)
Net foreign exchange (loss)/gain	10	**(89.5)**	28.4
Net financing expense	10	**(176.2)**	(38.4)
Loss before income tax		**(641.5)**	(566.5)
Income tax expense	12	**(0.9)**	(9.5)
Net loss for the year		**(642.5)**	(576.0)
Net loss for the year attributable to:			
Non-controlling interest		**(10.7)**	(3.9)
Owners of Wizz Air Holdings Plc		**(631.8)**	(572.1)
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	**10.9**	39.2
Recycled to profit or loss	29	**(12.5)**	200.3
Currency translation differences		**(2.5)**	0.8
Other comprehensive (expense)/income for the year, net of tax		**(4.1)**	240.3
Total comprehensive expense for the year		**(646.6)**	(335.7)
Total comprehensive expense for the year attributable to:			
Non-controlling interest		**(11.4)**	(4.0)
Owners of Wizz Air Holdings Plc		**(635.2)**	(331.7)
Basic and diluted loss per share (€/share)	13	**(6.33)**	(6.73)

The Notes on pages 136 to 184 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	Note	**2022 € million**	2021 (restated*) € million
ASSETS			
Non-current assets			
Property, plant and equipment	14	**3,631.4**	2,878.2
Intangible assets	15	**62.4**	30.4
Restricted cash	22	**67.3**	134.1
Deferred tax assets	16	**1.7**	1.1
Trade and other receivables	20	**20.7**	21.6
Total non-current assets		**3,783.5**	3,065.4
Current assets			
Inventories	19	**70.9**	53.7
Trade and other receivables	20	**186.9**	113.7
Current tax assets		**2.5**	2.1
Derivative financial instruments	21	**0.7**	5.1
Restricted cash	22	**94.9**	35.0
Short term cash deposits		**450.0**	346.8
Cash and cash equivalents		**766.6**	1,100.7
Total current assets		**1,572.5**	1,657.2
Total assets		**5,356.1**	4,722.6
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	29	**—**	—
Share premium	29	**381.2**	381.2
Reorganisation reserve	29	**(193.0)**	(193.0)
Equity part of convertible debt	29	**8.3**	8.3
Cash flow hedging reserve	29	**(3.8)**	(2.2)
Cumulative translation adjustments		**(0.7)**	1.2
Retained earnings		**87.3**	712.3
Capital and reserves attributable to the owners of Wizz Air Holdings Plc		**279.3**	907.7
Non-controlling interests	18	**(15.4)**	(4.0)
Total equity		**263.9**	903.7
Non-current liabilities			
Borrowings	23	**3,525.3**	2,388.7
Convertible debt	24	**26.1**	26.2
Deferred income	26	**63.0**	43.5
Deferred tax liabilities	16	**3.4**	6.3
Trade and other payables	25	**56.8**	79.0
Provisions for other liabilities and charges	30	**43.9**	51.1
Total non-current liabilities		**3,718.4**	2,594.8
Current liabilities			
Trade and other payables	25	**558.6**	386.7
Current tax liabilities		**0.2**	0.2
Borrowings	23	**413.1**	722.1
Convertible debt	24	**0.3**	0.3
Derivative financial instruments	21	**4.6**	9.0
Deferred income	26	**333.8**	68.0
Provisions for other liabilities and charges	30	**63.2**	37.8
Total current liabilities		**1,373.7**	1,224.1
Total liabilities		**5,092.1**	3,818.9
Total equity and liabilities		**5,356.1**	4,722.6

* See Notes 3, 25 and 36 on correction of comparative amount classification between current and non-current.

The Notes on pages 136 to 184 are an integral part of these financial statements.

The financial statements on pages 131 to 184 were approved by the Board of Directors and authorised for issue on 8 June 2022 and were signed on behalf of the Board by.

József Váradi
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulative translation adjustment € million	Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
Note	29	29	29	29	29	29	29		18	
Balance at 1 April 2021	**—**	**381.2**	**(193.0)**	**8.3**	**(2.2)**	**1.1**	**712.3**	**907.7**	**(4.0)**	**903.7**
Comprehensive income/(expense):										
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(631.8)**	**(631.8)**	**(10.7)**	**(642.5)**
Fair value gains in the year	**—**	**—**	**—**	**—**	**10.9**	**—**	**—**	**10.9**	**—**	**10.9**
Gains transferred to income statement	**—**	**—**	**—**	**—**	**(11.9)**	**—**	**—**	**(11.9)**	**—**	**(11.9)**
Hedge discontinuation gains transferred to income statement	**—**	**—**	**—**	**—**	**(0.6)**	**—**	**—**	**(0.6)**	**—**	**(0.6)**
Currency translation differences	**—**	**—**	**—**	**—**	**—**	**(1.8)**	**—**	**(1.8)**	**(0.7)**	**(2.5)**
Total other comprehensive income/(expense)	**—**	**—**	**—**	**—**	**(1.6)**	**(1.8)**	**—**	**(3.4)**	**(0.7)**	**(4.1)**
Total comprehensive income/(expense) for the year	**—**	**—**	**—**	**—**	**(1.6)**	**(1.8)**	**(631.8)**	**(635.2)**	**(11.4)**	**(646.6)**
Transactions with owners:										
Share-based payment charge (Note 29)	**—**	**—**	**—**	**—**	**—**	**—**	**6.8**	**6.8**	**—**	**6.8**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**—**	**6.8**	**6.8**	**—**	**6.8**
Balance at 31 March 2022	**—**	**381.2**	**(193.0)**	**8.3**	**(3.8)**	**(0.7)**	**87.3**	**279.3**	**(15.4)**	**263.9**

The Notes on pages 136 to 184 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulative translation adjustment € million	Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
Note	29	29	29	29	29	29	29		18	
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 136 to 184 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022** **€ million**	2021* € million
Cash flows from operating activities			
Loss before income tax		**(641.5)**	(566.5)
Adjustments for:			
Depreciation	14	**436.3**	336.1
Amortisation	15	**10.0**	8.8
Financial income		**(2.8)**	(11.6)
Financial expenses		**89.5**	78.4
Unrealised fair value gain on derivative financial instruments		**(3.4)**	(65.5)
Unrealised foreign currency gains		**81.6**	(69.1)
Realised non-operating foreign currency losses		**5.6**	55.1
Gain on sale of property, plant and equipment		**(49.7)**	(40.7)
Share-based payment charges	27	**6.7**	4.1
Other non-cash operating expense		**1.6**	—
		(66.1)	(270.8)
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(74.0)**	48.3
Decrease in restricted cash		**15.4**	4.6
(Increase)/decrease in inventory		**(17.2)**	16.9
Increase/(decrease) in provisions		**9.2**	(4.3)
Increase in trade and other payables		**138.7**	6.4
Increase/(decrease) in deferred income		**369.5**	(22.0)
Cash generated by/(used in) operating activities before tax		**375.5**	(221.0)
Income tax paid		**(4.9)**	(3.6)
Net cash generated by/(used in) operating activities		**370.6**	(224.6)
Cash flows from investing activities			
Purchase of aircraft maintenance assets		**(59.1)**	(80.6)
Purchase of tangible and intangible assets		**(77.7)**	(169.5)
Proceeds from the sale of tangible assets		**43.5**	58.7
Advances paid for aircraft	14	**(407.6)**	(165.1)
Refund of advances paid for aircraft	14	**190.0**	131.3
Interest received		**2.9**	13.2
Increase/(decrease) in short term cash deposits		**(99.2)**	65.6
Net cash used in investing activities		**(407.2)**	(146.4)
Cash flows from financing activities			
Proceeds from the issue of share capital		**—**	0.6
Proceeds from new loan**		**16.4**	195.6
Repayment of loans**	31	**(397.5)**	(336.5)
Interest paid – loans - IFRS 16 lease liability		**(71.3)**	(67.9)
Interest paid loans - JOLCO		**(1.9)**	(1.4)
Proceeds from unsecured debt		**497.5**	1,177.0
Repayment of unsecured debt		**(357.5)**	(338.2)
Interest paid – unsecured debt*		**(8.9)**	(1.9)
Interest paid – other*	31	**(2.2)**	(2.5)
Net cash (used in)/generated by financing activities		**(325.5)**	624.6
Net (decrease)/increase in cash and cash equivalents		**(362.1)**	253.6
Cash and cash equivalents at the beginning of the year***		**1,100.7**	878.0
Effect of exchange rate fluctuations on cash and cash equivalents		**28.0**	(30.9)
Cash and cash equivalents at the end of the year* **		**766.6**	1,100.7

* Interest paid - other of €4.4 million as disclosed in the F21 financial statements has been further analysed above to separately show the interest paid on unsecured debt of €1.9 million in F21 to aide comparison.

** Mostly JOLCO and IFRS16 leases.

*** Cash and cash equivalents at 31 March 2022 include €235.6 million (€461.8 million at 31 March 2021; €288.2 million at 31 March 2020) of cash at bank and €531.0 million (€638.9 million at 31 March 2021; €589.8 million at 31 March 2020) of cash deposits maturing within three months of inception.

The Notes on pages 136 to 184 are an integral part of these financial statements.

NOTES FORMING PART OF THE 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 audited 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 Ltd., Wizz Air Abu Dhabi Ltd., Wizz Air Abu Dhabi LLC, Wizz Air Innovation Ltd. 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 trivial.

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 judgements in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New standards, amendments and interpretations

a) Standards, amendments and interpretations effective and adopted by the Group

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

As a result of interest rate benchmark reform many benchmark interest rates will not be published until sometime after 31 December 2021. The Group has exposures to LIBORs, which are anticipated to be published until 30 June 2023, in connection with floating rate leases. Accordingly this had no impact on the F22 financial statements and the effect of this change will be evaluated once the existing rates are replaced and contracts are amended. Based on management's assessment to date there is no significant risk that the IBOR reform will have a material impact on the Group's consolidated results or financial position.

Amendments to IFRS 4 Insurance Contracts – Deferral of IFRS 9

Under IFRS 4 Insurance Contracts, the effective date to apply IFRS 9, for the temporary exemption from IFRS 9, was 1 January 2021. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group based on existing insurance arrangements.

IFRS IC decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The publication covers how to account for configuration and customisation costs in cloud computing arrangements and if they should be capitalised as an intangible asset or a prepayment in the statement of financial position, or if they are required to be expensed when incurred. The Company has "Software as a Service" (SaaS) contracts, but the IFRS IC decision had no material impact on the consolidated financial statements of the Group due to the limited use of such software.

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 as a direct consequence of the COVID-19 pandemic the same way it would account for the change applying this Standard if the change were not a lease modification. The Group decided not to apply the practical expedient described in the Amendment to IFRS 16 "Leases".

c) Standards, amendments and interpretations effective and not early adopted by the Group

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

The amendments clarify that the costs of fulfilling a contract include all directly attributable costs. They include the additional costs of fulfilling a contract such as direct costs of labour or materials and the inclusion of other costs that relate directly to fulfilling contracts. General and administrative expenses do not relate directly to the contract and so are not costs of fulfilling a contract, unless the contract specifically provides for them to be charged on to the customer. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. These amendments are expected to have no material impact on the consolidated financial statements of the Group, but may impact future periods should the Group have any onerous contracts.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. These amendments are expected to have no material impact on the consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

The changes update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are expected to have no material impact on the consolidated financial statements of the Group.

Annual Improvements to IFRS Standards 2018–2020 Cycle

The amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 are expected to have no material impact on the consolidated financial statements of the Group.

d) Standards early adopted by the Group

There are no standards early adopted by the Group.

e) Interpretations and standards that are not yet effective and have not been early adopted by the Group

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Definition of Accounting Estimates – Amendments to IAS 8
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

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 Group 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(including their branches) 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.

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 62 to 77. Emerging and principal risks and uncertainties facing the Group are described on pages 70 to 77. 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 2022, the Group held cash and cash equivalents of €766.6 million (total cash of €1,378.8 million including €450.0 million of short term cash deposits, which can be accessed within less than 12 months after the financial year end, and €162.2 million of restricted cash), while net current assets were €145.5 million. In legal terms, the external borrowings of the Group consist of: €500 million bonds maturing in January 2024, €500 million bonds maturing in January 2026 and convertible debt with a balance of €26.4 million. In accounting terms a further €2,926.9 million are presented as borrowings in relation to future commitments from lease contracts. These borrowings do not contain any financial covenants.

The Group operates using a three year planning cycle. The Directors have reviewed their latest financial forecasts for the next twelve months from the date of signing these financial statements, plans to finance committed future aircraft deliveries (see note 33) due within this period that are currently unfinanced and available committed financing for aircraft. After making enquiries and testing the assumptions against different forecast scenarios including a severe but plausible downside scenario, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations as they fall due 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 develop over the next twelve months from the date of signing this report . Wizz Air expects to very quickly return to full utilization of its fleet with higher load factors and RASK levels improving compared to F20. Progressive pass-through of pricing combined with anticipated retirement of cost-prohibitive capacity in the industry would allow pricing to stabilize around a new-found equilibrium, compensating for continuing high fuel and other inflation costs. In addition, the Directors have also modelled a downside scenario that assumes an even higher price for jet fuel and a stronger USD, whilst at the same time modelling a weaker trading environment (simulated by a lower RASK for the entire planning period). In this scenario the Group is still forecasting significant liquidity throughout this period.

The Directors also considered the impact of climate change over the time period and concluded that it was unlikely that material physical or transition risks that are described in our Sustainability Report page 17 would arise over this period. In preparing its base and downside forecasts the Directors also took into account the impact of the war in Ukraine and the four aircraft stranded in Ukraine (see note 14) and no material impact is forecast. The Directors have assumed that there will be no further significant disruption caused by the COVID-19 pandemic of the magnitude previously experienced.

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 Euro (EUR). The functional currency of all the Group entities with the exception of Dnieper Aviation LLC, Wizz Air Ukraine Airlines LLC, Wizz Air UK Ltd., Wizz Air Abu Dhabi Ltd., Wizz Air Abu Dhabi LLC and Wizz Air Innovation Ltd. is EUR. 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 EUR 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 EUR 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 EUR 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 Ltd. is the US Dollar (USD or $) and of Wizz Air Abu Dhabi LLC is the United Arab Emirates Dirham (AED), the functional currency of Wizz Air UK Ltd. is British Pound (GBP or £), while the functional currency of Wizz Air Innovation Ltd. is Hungarian Forint (HUF).

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
Short term cash deposits	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 debt	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 collars and outright forward contracts to hedge jet fuel and foreign exchange risks related to highly probable future cash flows that were discontinued due to COVID-19. In F22 the Group used zero-cost collars to hedge jet fuel 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 instruments.

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 an exceptional income or expense in the respective operating expense line.

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; and
- 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 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 operating income or expense.

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; and
- 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 judgement, 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 €450.0 million at 31 March 2022 (2021: €346.8 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.

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:

a) 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

b) 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

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition.

At each reporting date the Group measures the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if there is a significant increase in credit risk or the financial assets are not settled in accordance with the terms stipulated in the agreements, management considers these financial assets as underperforming or non-performing and to be impaired.

The historical loss rates are estimated based on the historical credit losses experienced over the expected life of the receivables and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counter parties to settle the receivables.

A loss allowance is recognised on financial assets carried at amortised cost or fair value through other comprehensive income for expected credit losses. When management considers that there is no reasonable expectation of recovery, the financial assets will be written off.

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.

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-family)	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; and
- 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 has short-term leases from F22 and related expenses are recognised in the Aircraft rentals line. 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 judgement 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 judgement 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.

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.

Some sale and leaseback contracts 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 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 aircraft assets and parts (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 USD to EUR and the USD to GBP, as most future payments under the aircraft lease contracts of the Group are defined in USD while the functional currency of Wizz Air Hungary Ltd. is EUR and of Wizz Air UK Ltd. is GBP.

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 ("RoU 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 conditions are depreciated either straight line or based on usage, depending on their nature.

Variable lease payments

In part of the extended lease agreements, the Group has introduced a new power by the hour lease payment scheme. The minimum payable amount in such agreements is included in the measurement of lease liabilities. The maximum amount in such agreements is not considered in-substance unavoidable and as such in-substance fixed lease payment based on management best estimates, and therefore treated as variable lease payments that are not included in the measurement of the lease liabilities.

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.

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 EUR, if PDPs are refunded, it might result in some realised foreign exchange gain or loss. The Group started converting PDP payments to EUR in order to reduce the exposure to EUR/USD foreign currency exchange rate significantly in the years ahead. There are no other gains or losses incurred in relation to PDPs. The amount is not depreciated.

The Group will usually 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 in USD. 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. This 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, that provide 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 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.

Landing and take-off rights are recognized at cost less any accumulated impairment losses. They are recorded as intangible assets with an indefinite useful life as based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the entity provided minimum utilisation requirements are observed. They are not amortised, however their value in use is tested for impairment (in accordance with IAS 36) at each reporting date together with the fleet of aircrafts as a single CGU, or where there is any indication of impairment.

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. A UK Emissions Trading Scheme (UK ETS) replaced the UK's participation in the EU ETS on 1 January 2021. The routes covered by the UK ETS include UK domestic flights, flights between the UK and Gibraltar, and flights departing the UK to European Economic Area states conducted by all included aircraft operators, regardless of nationality. 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 their market are recorded at the purchase price in inventory. The Group is given free allowances by 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 F22 the Group recognised net €nil (2021: €2.5 million gain) under financial income. 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.

The 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 or earlier if there is an impairment trigger 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 within staff costs 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 benefits 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 Group are disaggregated differently to 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. Refunds are measured at initial transaction price, excluding non-refundable services.

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 recognises revenue from contracts with other partners as agent if it is the other partners that:

- enters into contracts 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 existing revenue presentation is considered relevant for the users of the financial statements because: (i) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance; and (ii) it mirrors disclosures presented outside of the financial statements.

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 being 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 membership fees following the pattern of customers utilising 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 is no longer planned, 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-EUR amounts are translated on inception to EUR 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; and

- 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.

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 delivery 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 expense comprises interest payable, finance charges on finance and operating (under IFRS 16) 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 and outbreak of the war in Ukraine and its impact on jet fuel prices.

Underlying loss 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 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 point to point low-cost, low-fare passenger air transportation services using a fleet of single aisle aircraft. 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 jet fuel 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 Risk 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 USD 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.

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 losses and gains on these instruments were charged to the statement of comprehensive income as exceptional expense in F21 and F22.

In light of pertaining 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 USD and jet fuel hedging in order to reduce the risk of over-hedging.

Since June 2021 the Company has a 'no hedge' policy in place with respect to USD and jet fuel price risk after carefully evaluating the economic costs and benefits of the company's hedging programme, as a result the Company is no longer engaging in systematic cash-flow hedging of USD denominated expenses and jet fuel price risk. USD hedges expired before F22, while the last jet fuel hedges expired in September 2021.

The treasury department, under the supervision of the Audit and Risk Committee, continuously monitors the Company's risk environment, market and business opportunities to reduce or transfer its exposure to market risks.

Given the high and volatile commodity environment, the Company has, in agreement with its Board, capped part of its fuel cost exposure for the five months ended August 2022 with zero cost collars, as a temporary exception to the Company's "no hedge" policy approved by the Board of Directors.

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 its 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 USD while a significant portion of the Group's expenses are USD 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).

EUR/USD 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 2022	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	**68.9**	**68.2**	**4.5**	**141.6**
Derivative financial assets	**—**	**0.7**	**—**	**0.7**
Cash and cash equivalents	**597.5**	**97.4**	**71.7**	**766.6**
Short term cash deposits	**450.0**	**—**	**—**	**450.0**
Restricted cash	**0.6**	**161.2**	**0.4**	**162.2**
Total financial assets	**1,117.0**	**327.5**	**76.6**	**1,521.1**
Financial liabilities				
Unsecured debt*	**997.9**	**—**	**—**	**997.9**
IFRS 16 aircraft and engine lease liability	**328.5**	**2,008.8**	**—**	**2,337.3**
IFRS 16 other lease liability	**6.8**	**—**	**3.1**	**9.9**
JOLCO and FTL liability	**398.1**	**154.8**	**27.0**	**579.9**
Loans from non-controlling interests	**—**	**13.5**	**—**	**13.5**
Convertible debt	**26.4**	**—**	**—**	**26.4**
Trade and other payables	**381.4**	**99.5**	**48.2**	**529.1**
Derivative financial liabilities	**—**	**4.6**	**—**	**4.6**
Total financial liabilities	**2,139.1**	**2,281.2**	**78.3**	**4,498.6**
Net liabilities	**(1,022.1)**	**(1,953.7)**	**(1.7)**	**(2,977.5)**

* Unsecured debt represent the European Mid Term Note.

At 31 March 2021 (restated)	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables**	25.9	51.5	6.3	83.7
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	540.0	767.5	397.9	1,705.4
Financial liabilities				
Unsecured debt*	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**	245.4	156.8	21.3	423.5
Derivative financial liabilities	—	9.0	—	9.0
Total financial liabilities	1,404.0	1,764.3	401.6	3,569.9
Net liabilities	(864.0)	(996.8)	(3.7)	(1,864.5)

* Unsecured debt represents the European Mid Term Note and the Covid Corporate Financing Facility.

** During the year the composition of financial assets and liabilities (in the table above) and their maturities (in the table disclosed below in this note) was analysed in greater detail. As a result the comparative amounts as at 31 March 2021 in the table above have been changed to correct the classification of these assets and liabilities. This impacted the amounts shown for trade and other receivables and trade and other payables. Trade and other receivables now total €83.7m (previously €109.3 million) of which €25.9 million (previously €34.8 million) is denominated in EUR, €51.5 million (previously €64.3 million) denominated in USD and €6.3 million (previously €10.2 million) denominated in other currencies. Similarly trade and other payables in the table above now total €423.5 million (previously €231.7 million), of which €245.4 million (previously €172.9 million) is denominated in EUR, €156.8 million (previously €40.4 million) is denominated in USD, and €21.3 million (previously €18.4 million) is denominated in other currencies.

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 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 part of 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. See further details regarding jet fuel at market risks and hedge transactions within this note.

The Group is also exposed to price risk related to Carbon Emission Trading System schemes (ETS). In order to comply with regulations ETS allowances must be purchased and surrendered on a yearly basis. To reduce the exposure to price volatility and inflation the Group enters into spot and forward purchase transactions. As at 31 March 2022, all requirements for calendar year 2021 and 75% of total forecast requirements for calendar year 2022 were covered. This coverage includes forward purchase agreements in the value of €112.7 million. As at the approval of this document, the coverage for calendar year 2022 is at 92%, including additional forward purchase agreements in the value of €15.2 million. These forward purchase agreements qualify for own use exemption and therefore are not accounted for as a financial instrument under IFRS 9.

Interest rate risk

The Group's objective is 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:

	2022 € million	2021 € million
(Loss)/gain recognised within fuel costs		
Effective cash flow hedge	**(1.8)**	—
Discontinued cash flow hedge expiring in the financial year*	**—**	7.7
Fair value change of discontinued cash flow hedge expiring in the financial year*	**(0.4)**	(8.0)
Discontinued cash flow hedge expiring in following financial year(s)*	**—**	0.3
Fair value change of discontinued cash flow hedge expiring in following financial year(s)*	**—**	(0.6)
Total loss recognised within fuel costs	**(2.2)**	(0.6)

*–Fair value change and result of discontinued hedges were charged to exceptional expense.

Gain recognised within financial income		
Effective fair value hedge	**—**	0.4
Total gain recognised within financial income	**—**	0.4
Gain recognised within net foreign exchange gains		
Effective fair value hedges	**—**	5.1
	—	5.1

Fuel hedges:

	2022 € million	2021 € million
Gain/(loss) recognised within fuel costs		
Effective hedge	**13.7**	(68.4)
Discontinued cash flow hedge expiring in the financial year*	**0.6**	(125.2)
Fair value change of discontinued cash flow hedge expiring in the financial year*	**4.0**	33.5
Discontinued cash flow hedge expiring in following financial year(s)*	**—**	(14.7)
Fair value change of discontinued cash flow hedge expiring in following financial year(s)*	**—**	13.5
Total gain/(loss) recognised within fuel costs	**18.3**	(161.3)

*Fair value change and result of discontinued hedges were charged to exceptional expense.

Hedge year-end open positions

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 below in this note.

At the end of the year and the prior year the Group had the following open hedge positions:

a) Foreign exchange hedges with derivatives:

		Derivative financial instruments				
At 31 March 2021	Notional amount US$ million	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million
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 hedges	**129.7**	**—**	**0.2**	**—**	**(2.6)**	**(2.4)**

No such hedges as at 31 March 2022.

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:

EUR/USD foreign exchange hedge:

At 31 March 2021	F22 12 months	F23 6 months
Maturity profile of notional amount (million)	$129.7	—
Weighted average ceiling	$1.1621	—
Weighted average floor	$1.1164	—

No such hedges as at 31 March 2022.

b) Foreign exchange hedge with non-derivatives:

Non-derivatives, such as cash, are existing financial assets or liabilities that hedge highly probable foreign currency cash flows in the future and therefore act as a natural hedge.

Fuel hedge:

At 31 March 2022	'000 metric tonnes	Derivative financial instruments Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net liability € million
Effective cash flow hedge positions	**240.0**	—	**0.7**	—	**(4.6)**	**(3.9)**
Discontinued cash flow hedge positions	—	—	—	—	—	—
Total fuel hedge	**240.0**	**—**	**0.7**	**—**	**(4.6)**	**(3.9)**

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 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)

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 2022	**F23 12 months**	**F24 6 months**
Maturity profile ('000 metric tonnes)	**240.0**	—
Blended capped rate	**$1,130.0**	—
Blended floor rate	**$982.0**	—

At 31 March 2021	F22 12 months	F23 6 months
Maturity profile ('000 metric tonnes)	**370.0**	—
Blended capped rate	**$554.0**	—
Blended floor rate	**$503.0**	—

Hedge effectiveness

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 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 and outbreak of the war in Ukraine.

Building on these estimations of the future, management makes judgement 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.

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 and early F22 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 gain on these instruments of €4.2 million (2021: €93.6 million net loss) has been recognised in the income statement.

None of the hedge counterparties had a material change in their credit status that would have influenced the effectiveness of the hedging transactions.

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.

	2022 Difference in profit after tax € million	2021 Difference in profit after tax € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**-74.5**	-35.0
Fuel price $100 lower per metric tonne	**+74.5**	+35.0
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**+104.2**	+70.2
FX rate 0.05 lower	**-113.6**	-76.5
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	**-5.4**	-3.0
FX rate 0.03 lower	**+5.7**	+3.3
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	**+14.9**	+15.4
Interest rate is lower by 100 bps	**-14.8**	-15.4

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 market 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).

	2022 Difference € million	2021 Difference € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**+20.6**	+22.9
Fuel price $100 lower per metric tonne	**-20.6**	-22.9
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**-0.2**	+0.1
FX rate 0.05 lower	**+0.2**	-0.1
Fuel volume sensitivity (metric tonnes)		
100,000 metric tonnes reduction in forecast fuel purchases	**-6.7**	+1.1
100,000 metric tonnes increase in forecast fuel purchases	**+6.7**	-1.1

The sensitivity analyses for 2022 above were performed with reference to the following market rates, as the base case:

- For profits, annual average rates: jet fuel price $789.0 per metric tonne; EUR/USD FX rate 1.16; EUR/GBP FX rate 0.85; and
- For other comprehensive income, year-end spot rates: jet fuel price $512.0 per metric tonne; EUR/USD FX rate 1.16.

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. Nevertheless, the unprecedented impact of COVID-19 on the industry was affecting the liquidity of the Group in 2021 and 2022 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 December 2022;
- 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
- issuance of a four-year €500 million bond in January 2022 that pays an annual fixed coupon of 1.00 per cent.

As a result of these measures, Wizz Air is confident in its ability to survive, even in case of potential prolonged restrictions or further increases in commodity prices. 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 2022 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 2022	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	**110.0**	**11.0**	**20.6**	—	**141.6**
Derivative financial assets	**0.7**	—	—	—	**0.7**
Cash and cash equivalents	**766.6**	—	—	—	**766.6**
Short term cash deposits	—	**450.0**	—	—	**450.0**
Restricted cash	**36.7**	**58.2**	**66.7**	**0.6**	**162.2**
Total financial assets	**914.0**	**519.2**	**87.3**	**0.6**	**1,521.1**
Financial liabilities					
Unsecured debt	**6.8**	**11.8**	**1,021.8**	—	**1,040.4**
IFRS 16 aircraft and engine lease liability	**122.1**	**321.4**	**1,338.4**	**847.8**	**2,629.7**
IFRS 16 other lease liability	**0.5**	**1.6**	**6.7**	**5.2**	**14.0**
JOLCO and FTL lease liability	**10.6**	**32.9**	**174.0**	**410.8**	**628.3**
Loans from non-controlling interests	—	—	—	**13.5**	**13.5**
Convertible debt	—	—	**26.4**	—	**26.4**
Trade and other payables	**432.7**	**39.7**	**49.7**	**7.0**	**529.1**
Derivative financial liabilities	—	**4.6**	—	—	**4.6**
Financial guarantees	—	—	—	—	—
Total financial liabilities	**572.7**	**412.0**	**2,617.0**	**1,284.3**	**4,886.0**

At 31 March 2021 (restated)	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**	53.1	9.1	21.5	—	83.7
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	119.5	14.6	169.1
Total financial assets	1,178.0	371.8	141.0	14.6	1,705.4
Financial liabilities					
Unsecured debt	—	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
Trade and other payables**	283.2	61.3	71.9	7.1	423.5
Derivative financial liabilities	6.4	2.6	—	—	9.0
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	405.1	741.4	1,884.2	793.5	3,824.2

*As a consequence of the adjustments made to financial assets and liabilities noted above, the maturity analysis of trade and other receivables and trade and other payables in the table above have been changed. As a result trade and other receivables balances as at 31 March 2021 now total €83.7 million (previously €109.3 million) have been analysed as €53.1 million (previously €79.9 million) with maturity within three months, and €21.5 million (previously €20.3 million) with maturity between one and five years, amount with maturity between three months and one year did not change. Likewise trade and other payable balances as at 31 March 2021 now total €423.5 million (previously €231.7 million), including €283.2 million (previously €206.3 million) with maturity within three months, €61.3 million (previously €25.4 million) with maturity within three months and one year, €71.9 million (previously €nil) with maturity within one and five years, and €7.1 million (previously €nil) with maturity within more than five years. As a result of the change in maturity analysis, the statement of financial position classification between current and non-current was restated as shown in Note 36.

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 and therefore assets 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 2022	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	**757.1**	**1.9**	**7.1**	**0.5**	**766.6**
Short term cash deposits	**450.0**	—	—	—	**450.0**
Restricted cash	**161.9**	**0.1**	**0.2**	—	**162.2**
Trade and other receivables	—	—	—	**141.6**	**141.6**
Derivative financial assets	**0.7**	—	—	—	**0.7**
Total financial assets	**1,369.7**	**2.1**	**7.3**	**142.1**	**1521.1**

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
Trade and other receivables*	—	—	—	83.7	83.7
Derivative financial assets	2.1	0.1	2.9	—	5.1
Total financial assets	1,416.8	51.1	153.4	84.1	1705.4

* See note above for explanation of the change in trade and other receivables balances as at 31 March 2021. Trade and other receivables remain unrated.

From the unrated category within trade and other receivables the Group has €25.2 million (2021: €35.3 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, 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 2022, out of the €7.1 million in the category "other" €nil million (2021: €48.5 million) relates to cash deposits held with BBB+ rated banks. In 2021 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 2022:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	—	**0.7**	—	**0.7**
	—	**0.7**	—	**0.7**
Liabilities				
Derivative financial instruments	—	**4.6**	—	**4.6**
	—	**4.6**	—	**4.6**

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 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 as presented in the statement of financial position, 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 in January 2021 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 judgements 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 required 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 2022 year end would increase the balance of both aircraft maintenance assets and aircraft maintenance provisions by €8.9 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 46% decrease in the F23 forecast aircraft utilisation would result in the same average utilisation as in F22. This would cause €6.4 million decrease in the balance of aircraft maintenance assets.

The basis of these estimates are reviewed annually at least, 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 judgement 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.

Judgement: 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 judgement 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 2022 was 5.0 years (5.4 years at 31 March 2021). Given the policy adopted we currently do not consider that the impact of climate change has a material impact on maintenance provision.

b) 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 against revenue).

Judgement: 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 for some airports, requiring a level of judgement.

c) Accounting for aircraft and spare engine assets

Judgement: When the Group acquires new aircraft and spare engines, it applies the following critical judgements 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; and
- 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.

d) Accounting for leases

Judgement: 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 judgement 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 judgement is revised at a later date.

Judgement: 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.

e) Income taxes

Judgement: A significant judgement has been made by the Group in relation to the position that the Swiss tax authority would take with respect to the calculation of income and capital gains taxes for F18–F22 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.

f) 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.

Judgement: 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/ judgement. The Company's judgement 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 €45.7 million (2021: €13.6 million).

g) Aircraft in Ukraine

Judgement: Based on photographic and local employee information management believes that these aircraft are in good condition and have not been damaged in the conflict. Maintenance could also be performed to a limited extent for one aircraft ensuring that aircraft is better prepared for storage. The aircraft are assumed to be returned to the fleet by the end of the summer season.

Estimate: The incremental maintenance provision requirement for the four aircraft stranded in Ukraine is a judgement by management where the range of outcomes is estimated between a minimum of €0.8 million and maximum of €30.0 million less amounts already provided of €1.6 million. The maximum of the range represents a very remote, worst-case scenario which assumes that no access is granted to the aircraft for 6-12 months, no mitigation action can be taken in the meantime, and major overhaul is required on all components, including engines.

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 F22 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:

	2022 € million	2021 € million
Segment revenue	**1,663.4**	739.0
Segment operating expenses	**(2,128.7)**	(1,267.1)
Segment operating loss	**(465.3)**	(528.1)
Net financing expense	**(176.2)**	(38.4)
Income tax expense	**(0.9)**	(9.5)
Loss for the year	**(642.4)**	(576.0)

Entity-wide disclosures

Products and services

Revenue from external customers can be analysed by groups of similar services as follows:

	2022 € million	2021 € million
Airline passenger ticket revenue	**732.1**	325.7
Airline ancillary revenue	**931.4**	413.3
Total segment revenue	**1,663.4**	739.0

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:

	2022 € million	2021 € million
EU	1,192.9	526.4
UK	153.1	128.6
Other (non-EU)	317.4	84.0
Total revenue from external customers	1,663.4	739.0

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 Italy of €212.1 million (2021: €29.4 million) Romania of €207.4 million (2021: €106.6 million) and by Poland of €122.2 million (2021: €75.9 million).

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:

	2022 € million	2021 € million
Hungarian airline	**3,149.5**	2,595.6
UK airline	**424.5**	311.2
Abu Dhabi airline	**12.4**	12.4
Wizz Air Leasing Ltd.	**195.4**	144.3
Other	**1.9**	1.9
Total non-current assets	**3,783.5**	3,065.4

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 existing revenue 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:

	2022 € million	2021 € million
Revenue from contracts with passengers	**1,627.1**	704.1
Revenue from contracts with other partners	**36.4**	34.9
Total revenue from contracts with customers	**1,663.4**	739.0

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 F22 as part of trade and other receivables amounted to €2.3 million (2021: €0.4 million) and the contract liabilities (unearned revenues) reported as part of deferred income were €326.6 million (2021: €65.0 million). Of the €1,627.1 million revenue from contract with customers recognised in F22 (2021: €704.1 million), €65.0 million (2021: €172.3 million) was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 26).

7. Operating loss

Net other expenses

Net other expenses increased from €1.2 million in F21 to €53.2 million in F22, as there was a significant increase in other expenses after the industry's recovery from the COVID-19 pandemic.

The following charges are included in net other expenses:

	2022 € million	2021 € million
Gain on sale and leaseback transactions	**49.7**	40.6
Overhead related expenses*	**(40.1)**	(30.9)
Crew related expenses	**(32.5)**	(14.6)
Flight disruption related expenses	**(29.5)**	(6.7)
Expense relating to short-term leases	**(2.5)**	—
Auditors' remuneration (see Note below)	**(1.4)**	(1.0)
Impairment of receivables	**(1.0)**	—
Expense relating to variable lease payments	**(0.5)**	—
Net other income	**4.6**	11.4
Net other expenses	**(53.2)**	(1.2)

* Overhead related expenses include fees for legal support, professional services, consulting, and IT related services.

Auditors' remuneration

	2022 € million	2021 € million
Fees payable to Company's auditors for the audit of the consolidated financial statements	**1.0**	0.8
Audit of financial statements of subsidiaries pursuant to legislation	**0.2**	0.1
Audit-related assurance services	**0.1**	—
Other assurance services	**0.1**	0.1
Total remuneration of auditors	**1.4**	1.0

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.

Inventories

Inventories totalling €14.5 million were recognised as maintenance materials and repairs expenses in the year (2021: €6.7 million).

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	
	2022	2021
Non-Executive Directors	**10**	9
Crew and pilots	**4,372**	3,647
Administration and other staff	**327**	304
Total staff number	**4,709**	3,960

The aggregate compensation of these persons was as follows:

	2022 € million	2021 € million
Wages and salaries	**172.4**	106.5
Pension costs	**7.4**	4.3
Social security costs other than pension	**18.2**	11.7
Share-based payments	**6.7**	4.1
Subtotal	**204.7**	126.6
Subcontracted staff costs (rented pilots)	**15.8**	6.3
Total staff costs	**220.5**	132.9

9. Directors' emoluments

	2022 € million	2021 € million
Salaries and other short-term benefits	**1.6**	1.0
Social security costs	**0.3**	0.3
Share-based payments	**2.9**	1.0
Directors' services and related expenses	**2.5**	2.7
Total Directors' emoluments	**7.3**	5.0

	2022	2021
Directors receiving emoluments	**13**	14
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

	2022 € million	2021 € million
Interest income	**2.8**	9.0
ETS put option fair value gain	**—**	2.6
Financial income	**2.8**	11.6
Interest expenses:		
Convertible debt	**(2.0)**	(2.0)
IFRS 16 lease liability	**(71.3)**	(68.1)
JOLCO and FTL lease liability	**(4.7)**	(3.0)
Unsecured debt	**(10.5)**	(3.7)
Other	**(1.0)**	(1.6)
Financial expenses	**(89.5)**	(78.4)
Net foreign exchange (loss)/gain	**(89.5)**	28.4
Net financing expense	**(176.2)**	(38.4)

Interest income and expense include interest on financial instruments (earned on cash and cash equivalents and short term deposits).

Net foreign exchange loss in net amount of €96.0 million for F22 relates to remeasurement of lease liabilities denominated in USD (Note 3). During F22 the USD/EUR exchange rate decreased from 1.17 USD/EUR at 31 March 2021 to 1.11 USD/EUR at 31 March 2022 which resulted in an increase in lease liability and related recognition of foreign exchange loss.

11. Exceptional items and underlying loss

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 and outbreak of the war in Ukraine and its impact on jet fuel prices.

In F22 the Group had exceptional operating income of €4.3 million (total of €3.0 million gain on transactions resulting in gain and €1.3 million gain on transaction resulting in a loss during the financial year) relating to cash flow hedges regarding future fuel purchases that were classified as discontinued (refer to Note 3) as a consequence of the partial grounding of the Group's fleet under the COVID-19 virus situation. In F21 the Group had exceptional operating expenses of €93.6 million 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 virus situation. The change is due to the significant fuel price movements and also due to the lower level of hedging in F22. These items were used by management in the determination of the non-IFRS underlying profit measure for the Group – see below.

Underlying loss

	2022 € million	2021 € million
Net loss for the year	**(642.5)**	(576.0)
Adjustment for exceptional items	**(4.3)**	93.6
Underlying loss after tax	**(646.7)**	(482.4)

The tax effects of the adjustments made above are insignificant.

12. Income tax expense

Recognised in the statement of comprehensive income:

	2022 € million	2021 € million
Current tax on loss for the year	**0.3**	0.1
Adjustment for current tax of prior years	**(0.4)**	(0.1)
Other income-based taxes for the year	**5.7**	4.8
Adjustment for income-based taxes of prior years	**(1.0)**	(3.1)
Total current tax expense	**4.6**	1.7
Deferred tax – (decrease)/increase in deferred tax liabilities	**(3.0)**	6.3
Deferred tax – (increase)/decrease in deferred tax assets	**(0.6)**	1.5
Total deferred tax (benefit)/charge	**(3.6)**	7.8
Total tax charge	**0.9**	9.5

The Company, that is Wizz Air Holdings Plc, has a tax rate of 13.97 per cent (2021: 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 2022 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 (2021: 13.97 per cent). The difference is explained below.

	2022 € million	2021 € million
Loss before tax	**(641.5)**	(566.5)
Tax at the corporation tax rate of 13.97 per cent (2021: 13.97 per cent)	**(89.6)**	(79.1)
Adjustment for current tax of prior years	**(0.4)**	(0.1)
Adjustment for income-based taxes of prior years	**(1.0)**	(3.1)
Increase in deferred tax liabilities due to changes in Swiss effective tax rate	**–**	1.7
Effect of different tax rates of subsidiaries versus the parent company	**79.7**	76.6
Effect of current year losses not being eligible for utilisation against taxable profits in future years	**6.6**	8.8
Other income-based foreign tax	**5.7**	4.7
Total tax charge	**0.9**	9.5
Effective tax rate	**(0.1)%**	(1.7)%

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 €4.9 million tax in the year (2021: €3.6 million). Substantially all the losses and the profits of the Group in F22 and F21, 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.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. There is no material impact on the current and deferred taxation balances of Wizz Air UK Limited.

Other income-based foreign tax represents the local business tax and the "innovation contribution" payable in Hungary in F22 and F21 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

	2022 € million	2021 € million
Deferred tax related to movements in cash flow hedging reserve	**–**	(0.5)
Total tax charge	**–**	(0.5)

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 F22 was to release €0.8 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. Loss per share

Basic and diluted loss per share

Basic earnings or loss 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. There is no difference between the basic and diluted loss per share for F22 and F21 as potential ordinary shares are anti-dilutive due to incurred loss.

	2022	2021
Loss for the year, € million	**(631.8)**	(576.0)
Weighted average number of Ordinary Shares in issue	**99,812,331**	85,545,648
Basic and diluted loss per share, €	**(6.33)**	(6.73)

There were no Convertible Shares in issue at 31 March 2022 (17,377,203 at 31 March 2021) (see Note 29). These shares were non-participating, i.e. the loss attributable to them is nil. These shares were not included in the basic loss per share calculation above.

Underlying loss per share

The underlying earnings per share is a fully diluted non-IFRS measure defined by the Company, calculated as follows:

	2022	2021
Underlying loss for the year (see Note 11), € million	**(636.1)**	(482.4)
Weighted average number of Ordinary Shares for underlying earnings per share	**99,812,331**	85,545,648
Underlying loss per share, €	**(6.37)**	(5.64)

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 maintenance assets € million	Aircraft assets and parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenance assets € million	RoU assets aircraft and spares € million	RoU assets other € million	Total € million
Cost									
At 1 April 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
Additions	7.6	36.1	163.8	2.7	407.6	40.5	738.9	0.6	1,397.8
Disposals	—	(126.1)	(19.5)	—	(200.2)	(0.3)	(137.2)	—	(483.3)
Transfers	—	33.0	—	—	—	(33.0)	—	—	—
FX translation effect	—	0.7	—	—	—	0.1	2.8	—	3.6
At 31 March 2022	**25.8**	**374.0**	**690.3**	**11.3**	**734.4**	**224.6**	**3,414.1**	**16.1**	**5,490.6**
Accumulated depreciation									
At 1 April 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
Depreciation charge for the year	1.2	89.0	33.1	1.2	—	—	310.1	2.2	436.8
Disposals	—	(124.6)	(10.8)	—	—	—	(137.1)	—	(272.5)
FX translation effect	—	0.1	—	—	—	—	0.6	—	0.7
At 31 March 2022	**4.5**	**263.4**	**83.8**	**7.6**	**—**	**—**	**1,492.7**	**7.2**	**1,859.2**
Net book amount									
At 31 March 2022	**21.3**	**110.6**	**606.5**	**3.7**	**734.4**	**224.6**	**1,921.4**	**8.9**	**3,631.4**
At 31 March 2021	14.9	131.4	484.4	2.2	527.1	217.3	1,490.5	10.4	2,878.2

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 and treated as aircraft assets and parts (as if there were no sale at all) (Note 2).

Other Right-of-Use (RoU) assets include leased buildings and simulator equipment. Please refer to Note 23 for details on lease liabilities.

Additions to aircraft maintenance assets (€36.1 million in F22 and €27.9 million in F21) 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 F22 in the statement of cash flows the cash inflow was

€190.0 million "refund of advances paid for aircraft" and the cash outflow was €407.6 million "advances paid for aircraft".

The Group has reviewed the expected useful economic lives attributed to its leased aircraft fleet and notes that the duration of its leases is significantly less than the current expected life of the aircraft and accordingly no change as a result of climate change has been made.

Impairment assessment

An impairment assessment was performed for the Group's aircraft fleet which comprises a single cash generating unit (CGU) that includes virtually all property, plant, equipment, and also the intangible assets of the Group. The recoverable amount of that CGU was estimated by value in use calculations based on cash flow projections in the plan approved by the Board for the following three financial years up to and including March 2025.

Management's assessment of future trends includes trading and other assumptions - such as fleet size, passenger numbers, load factors, commodity prices, foreign exchange rates - based on external and internal inputs, as well as climate change risks and opportunities outlined in the TCFD disclosure. Key assumptions for the jet fuel price and USD exchange rate were the following:

	2023	2024	2025
Jet fuel price (EUR per metric tonne)	1,050.0	950.0	950.0
USD/EUR exchange rate	1.1	1.1	1.1

An average growth rate of 2.1% (2021: 1.7%) was used to extrapolate cash flow projections beyond March 2025 for a period of 12 years in total to cover all lease terms in the existing aircraft fleet. A pre-tax discount rate of 9.7% (2021: 8.0%) was derived from the weighted average cost of capital of the Group. The risk of significant adverse changes in cash flows were taken into account by calculating and weighting management's base case approved plan with a downside scenario that is consistent with that used in the Group's going concern assessment. Sensitivity analysis was performed by management to assess the impact of changes in its trading assumptions and the key assumptions detailed above. Management did not identify any reasonable possible changes in assumptions that would cause an impairment.

Four aircraft in Ukraine

The above impairment assessment included the four aircraft on the ground in Ukraine, with a total net book value of €25.7 million. Based on photographic and local employee information management believes that these aircraft are in good condition and have not been damaged in the conflict. Whilst not a separate CGU cash flow projections were estimated for these aircraft based on the average cash contribution generated per aircraft in the Group's fleet adjusted for a downward scenario according to the plans and calculations described above, and the cost of planned maintenance of the particular aircraft. Management's working assumption is that these aircraft will be returned to the fleet by the end of the summer season, however, delays to the date until the aircraft remain on the ground can cause material changes to their estimated recoverable amount. If the aircraft do not return into service for a prolonged period of time, then additional consideration will be needed in the upcoming reporting cycles.

15. Intangible assets

	Software € million	Licences € million	CIP intangible assets € million	Total € million
Cost				
At 1 April 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
Additions	—	26.7	15.4	42.0
Transfers	15.2	—	(15.2)	—
Disposals	(10.2)	—	—	(10.2)
At 31 March 2022	**59.8**	**31.4**	**4.8**	**95.9**
Accumulated amortisation				
At 1 April 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
Amortisation charge for the year	10.0	—	—	10.0
Disposals	(10.2)	—	—	(10.2)
At 31 March 2022	**33.2**	**0.3**	**—**	**33.5**
Net book amount				
At 31 March 2022	**26.6**	**31.1**	**4.8**	**62.4**
At 31 March 2021	21.5	4.4	4.6	30.4

Out of the licences, €4.4 million relates to landing slots at London Luton Airport, purchased from Monarch Airlines. In 2022 the Company purchased further landing slots at Gatwick Airport from Air Norway AS and Norwegian Air Shuttle ASA ("Norwegian") in the amount of €23.7 million. Connected to the W22 landing and take-off rights purchase at Gatwick Airport from Norwegian, there is a €5.9 million commitment due in July 2022. 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 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)
Charged/(credited) to:							
Profit or loss	3.2	—	0.2	—	—	0.1	3.5
Other comprehensive income/(expense)	—	—	—	—	—	—	—
At 31 March 2022	**3.4**	**(2.8)**	**(1.1)**	**(2.2)**	**1.1**	**(0.1)**	**(1.7)**
Less than one year	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Greater than one year	**3.4**	**(2.8)**	**(1.1)**	**(2.2)**	**1.1**	**(0.1)**	**(1.7)**

Assets: + / Liabilities: -

The €3.4 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 period the Group IFRS financial statements cumulatively include more expense and a lower profit than the tax returns.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

There was no deferred tax asset recognised in relation to the losses incurred by the Group in F22 mainly because the losses incurred by the main airline subsidiary of the Group are not eligible for utilisation against taxable profits in the future.

17. Subsidiaries

The Group has the following principal subsidiaries as at 31 March 2022:

	Country of incorporation	Registered address	Principal activity	Class of shares held	Percentage held	Financial year end
Subsidiary undertakings						
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 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 Ltd.	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 Ltd.	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
Wizz Air Innovation Ltd.	Hungary	1	Service provider	Ordinary	100	31 December

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, municipiul CHIŞINĂU, 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 12 May 2021 Wizz Air Innovation Ltd. was 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 Ltd. and Wizz Air Abu Dhabi LLC that has material NCI, before any intra-group eliminations.

	2022 € million Abu Dhabi LLC	2021 € million Abu Dhabi LLC	2022 € million Abu Dhabi Limited	2021 € million Abu Dhabi Limited
Non-current				
Non-current assets	167.7	174.7	45.1	42.6
Current assets	24	31.4	—	—
Non-current liabilities	200.7	201.6	45.1	42.6
Current liabilities	39.9	15.6	—	—
Net assets	(48.9)	(11.1)	—	—
Net assets attributable to NCI	(15.4)	(3.9)	—	—
Revenue	20.2	—	—	—
Loss	(35.6)	(13.2)	—	—
OCI	(2.2)	(0.2)	—	—
Total comprehensive income	(37.8)	(13.4)	—	—
Loss allocated to NCI	(10.7)	(3.9)	—	—
OCI allocated to NCI	(0.7)	(0.1)	—	—
Cash flows from operating activities	5.4	(3.9)	(2.5)	(42.6)
Cash flows from investment activities	(1.9)	(0.2)	—	—
Cash flows from financing activities (dividends to NCI: €nil)	(13.4)	34.9	2.5	42.6
Net increase/(decrease) in cash and cash equivalents	(9.9)	30.8	—	—

19. Inventories

	2022 € million	2021 € million
Aircraft consumables	**27.1**	20.2
Emissions trading scheme (EU ETS) purchased allowances	**43.8**	33.5
Total inventories	**70.9**	53.7

During the year remnant stock with a book value of €0.2 million was written off to maintenance expenses (2021: €0.1 million). There was no write back in either year of any write down of inventory made previously.

20. Trade and other receivables

	2022 € million	2021 € million
Non-current		
Receivables from lessors	**9.4**	12.6
Other receivables	**11.3**	9.0
Non-current trade and other receivables	**20.7**	21.6
Current		
Trade receivables	**96.3**	63.1
Receivables from lessors	**19.7**	30.2
Other receivables	**4.2**	1.0
Total current other receivables	**23.9**	31.2
Prepayments, deferred expenses and accrued income	**66.7**	19.4
Current trade and other receivables	**186.9**	113.7
Total trade and other receivables	**207.6**	135.3

Trade and other receivables in F22 included financial instruments in the amount of €141.6 million (2021: €83.7 million, which has been restated from €109.3 million disclosed in the F21 financial statements as explained in Note 3).

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 €52.3 million receivables from contracts with customers (2021: €24.0 million). The lower balances in F21 were driven by the significant decline in sales revenues due to the COVID-19 outbreak.

Impairment of trade and other receivables

	2022 € million	2021 € million
Impaired receivables		
– trade receivables	**3.7**	2.6
Allowances on impaired receivables		
– other receivables	**0.6**	—

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

	2022 € million	2021 € million
Assets		
Current derivatives		
Cash flow hedges	**0.7**	3.8
Discontinued hedges	**—**	1.3
Total derivative financial assets	**0.7**	5.1
Liabilities		
Current derivatives		
Cash flow hedges	**(4.6)**	(6.1)
Discontinued hedges	**—**	(2.9)
Total derivative financial liabilities	**(4.6)**	(9.0)

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.

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.

22. Restricted cash

	2022 € million	2021 € million
Non-current financial assets	**67.3**	134.1
Current financial assets	**94.9**	35.0
Total restricted cash	**162.2**	169.1

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

	2022 € million	2021 € million
Lease liability under IFRS 16	**374.3**	341.7
Unsecured debt	**—**	350.3
Liability related to JOLCO and FTL contracts	**38.8**	30.1
Total current borrowings	**413.1**	722.1
Lease liability under IFRS 16	**1,972.9**	1,452.2
Unsecured debt	**997.9**	499.2
Loans from non-controlling interests	**13.5**	12.8
Liability related to JOLCO and FTL contracts	**541.0**	424.5
Total non-current borrowings	**3,525.3**	2,388.7
Total borrowings	**3,938.4**	3,110.8

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. The CCFF was repaid in February 2022. 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. Further to that, on 19 January 2022, Wizz Air Finance Company B.V., a 100 per cent owned subsidiary of Wizz Air Holdings Plc., issued €500.0 million 1.00 per cent Eurobond, fully and irrevocably guaranteed by the Company, under the €3,000.0 million EMTN programme with a maturity in January 2026.

The maturity profile of borrowings as at 31 March 2022 is as follows:

	IFRS 16 aircraft and engine lease liability € million	**IFRS 16 other lease liability € million**	**JOLCO and FTL lease liability € million**	**Unsecured debt € million**	**Loans from non-controlling interests € million**	**Total € million**
Payments due:						
Within one months	**41.7**	**0.2**	**—**	**—**	**—**	**41.8**
Between one and three months	**61.5**	**0.3**	**9.7**	**—**	**—**	**71.5**
Within three months and one year	**269.2**	**1.4**	**29.2**	**—**	**—**	**299.9**
Between one and five years	**1,176.2**	**5.7**	**161.6**	**997.9**	**—**	**2,341.3**
More than five years	**788.7**	**2.2**	**379.4**	**—**	**13.5**	**1,183.8**
Total borrowings	**2,337.3**	**9.8**	**579.9**	**997.9**	**13.5**	**3,938.4**

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 debt € 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

The total cash outflow for leases, including JOLCO and FTL, during F22 was €470.7 million (2021: €405.9 million). See Note 7 for details on expenses relating to short-term and variable lease payments, and Note 14 for details on right-of-use assets.

24. Convertible debt

	2022 € million	2021 € million
Non-current financial liabilities	**26.1**	26.2
Current financial liabilities	**0.3**	0.3
Total convertible debt	**26.4**	26.5

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 as an option to Indigo. 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

	2022 € million	2021 € million
Non-current liabilities		
Accrued expenses	**55.3**	79.0
Other payables	**1.5**	—
Non-current trade and other payables	**56.8**	**79.0**
Current liabilities		
Trade payables	**123.4**	89.8
Payables to passengers	**110.9**	116.4
Other payables	**16.6**	32.5
Accrued expenses*	**307.7**	148.0
Current trade and other payables	**558.6**	386.7
Total trade and other payables	**615.4**	465.7

*Non-current accrued expenses as at 31 March 2021 now total €79.0 million (previously €nil) following a correction in the maturity analysis of these amounts, with current accrued expenses now totalling €148.0 million (previously €227.0 million) This also resulted in the classification of these amounts as shown on the statement of financial position being restated as shown in Note 36.

Payables to passengers include 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 that are subject of sale and repurchase agreements, representing the obligation of the Group to repurchase the allowances.

Accrued expenses mainly include accruals for operating expenses such as airport and ground handling, fuel, ETS allowances, en-route and navigation, crew and maintenance related expenses.

26. Deferred income

	2022 € million	2021 € million
Non-current financial liabilities		
Deferred income	**63.0**	43.5
Current financial liabilities		
Unearned revenue	**326.6**	65.0
Other	**7.2**	3.0
	333.8	68.0
Total deferred income	**396.8**	111.5

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 lower deferred income in F21 was due to the significant drop in ticket sales due to the COVID-19.

The contract liabilities (unearned revenue) of €326.6 million existing at 31 March 2022 (€65.0 million at 31 March 2021) will become revenue during F23 (subject to further cancellations that might happen after the year end). The lower basis of contract liabilities in F21 was driven by the lower business activity and shorter booking windows during and towards the end of the financial year, both due to the COVID-19.

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 2018–2021 under the Long-term Incentive Plan (LTIP), Senior Leadership Growth Plan (SLGP) and Value Creation Plan (VCP) of the Group. The expenses (other than social security) recognised in relation to these instruments were €6.7 million (2021: €4.1 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The Group announced on 6 August 2021, that it signed a new long-term service agreement with József Váradi, the Group's founding Chief Executive Officer. The contract term is for five years and the terms of his service agreement are materially the same as his previous agreement with the exception of a new long-term incentive arrangement, the Value Creation Plan (VCP), which targets a 20% CAGR in the Group's share price over the next five years. The VCP, together with a revised LTIP and new Senior Leadership Growth Plan (SLGP) were approved by shareholders at the Group's recent AGM.

The fair value of the awards has been calculated using a Monte Carlo simulation model, with adjustment to the volatility assumption used for the impact of COVID-19 on the Wizz Air share price. In accordance with IFRS 2, the resulting cost is charged to staff costs in the statement of comprehensive income and a corresponding increase in equity over the vesting period of the awards. The total amount is determined by reference to the fair value of the awards granted including any market performance conditions, which are those that are based on the Wizz Air share price, and the individual remaining an employee over a specified time period. The Group plans to settle the awards on vesting in equity. The Group assumes management rotation of 19% for LTIP and 22% for SLGP to calculate number of shares to be forfeited during the vesting period.

Value Creation Plan (VCP)

Share options issued during the financial year

Terms and conditions:

	All Options	Performance Options
Number of options	837,943	837,943
Exercise price	nil	nil
Vesting period		5 years
Termination		10 years

*Share price at grant date: £47,96

Senior Leadership Growth Plan (SLGP)

Share options issued during the financial year

Terms and conditions:

	All Options	Performance Options
Number of options	356,386	356,386
Exercise price	nil	nil
Vesting period		5 years
Termination		10 years

*Share price at grant date: £47,96

Long-term Incentive Plan (LTIP)

Share options issued during the financial year

Terms and conditions:

	All Options	Restricted Options	Performance Options
Number of options	181,675	20,213	161,462
Exercise price	nil	nil	nil
Vesting period		3 years	3 years
Termination		10 years	10 years

*Share price at grant date: £47,96

Share options in issue

The number of VCP, SLGP and LTIP share options in issue at year end is as follows:

	All Options	Restricted Options	Performance Options
Outstanding at the beginning of the year	880,344	78,442	801,902
Granted during the year	1,376,004	20,213	1,355,791
Exercised during the year	(58,754)	(7,599)	(51,155)
Forfeited during the year	(401,551)	(28,764)	(372,787)
Outstanding at the end of the year	**1,796,043**	**62,292**	**1,733,751**
Exercisable at the end of the year	**128,059**	**17,500**	**110,559**

The weighted average remaining contractual life for the LTIP share award at 31 March 2022 was seven years and five months (seven years and five months at 31 March 2021).

Employee Share Option Plan (ESOP)

Share options issued during the financial years

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:

	2022 Weighted average exercise price €	**2022 Number of options**	2021 Weighted average exercise price €	2021 Number of options
Outstanding at the beginning of the year	**—**	**—**	13.69	47,500
Granted during the year	—	—	—	—
Exercised during the year	—	—	13.69	(47,500)
Forfeited during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Exercisable at the end of the year	—	—	—	—

At the end of the 2021 and 2022 financial year, there were no outstanding options any more.

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 Ltd. 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 €1.2 million (2021: €7.1 million).

29. Capital and reserves

Share capital

Number of shares	**2022**	2021
In issue at the beginning of the year	**103,012,219**	102,803,633
Issued during the year for cash	**60,520**	208,586
In issue at the end of the year – fully paid	**103,072,739**	103,012,219
Ordinary Shares	**103,072,739**	85,635,016
Convertible Shares	—	17,377,203

Value of shares	**2022 £**	**2022 €**	2021 £	2021 €
Authorised				
Equity: 170,000,000 (2021: 170,000,000) Ordinary Shares of £0.0001 each and 80,000,000 (2021: 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: 103,072,739 (2021: 103,012,219) shares of £0.0001 each	**10,307**	**13,780**	10,301	12,092
Ordinary Shares	**10,307**	**13,780**	8,564	10,053
Convertible Shares	—	—	1,737	2,039

During both F22 and F21 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 nil Convertible Shares in issue at 31 March 2022 (2021: 17,377,203 shares). 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.

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 2022) 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. During F22 €nil million (2021: €0.6 million) was recorded in the share premium, all related to the 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 (2021: €8.3 million) is net of attributable transaction costs of €8.3 million.

Share-based payment charge

The share-based payment balance of €25.2 million credit (2021: €18.4 million) corresponds to the recognised cumulative charges 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 €1.5 million loss (2021: €2.2 million loss), while the deferred tax effect was €nil (2021: €nil).

Retained earnings

There were no dividends paid or declared in F22 or F21. 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 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
Capitalised within property, plant and equipment	21.0	—	21.0
Charged to comprehensive income	0.8	19.0	19.8
Used during the year	(11.1)	(11.5)	(22.6)
At 31 March 2022	**88.8**	**18.3**	**107.1**
Non-current provisions	43.0	0.9	43.9
Current provisions	45.8	17.4	63.2

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due typically between one and five years 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 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.

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 2022 € million	**Fair value 2022 € million**	Carrying amount (restated) 2021 € million	Fair value (restated) 2021 € million
Trade and other receivables due after more than one year*	**20.6**	**20.6**	21.5	21.5
Restricted cash	**162.2**	**162.2**	169.1	169.1
Derivative financial assets	**0.7**	**0.7**	5.1	5.1
Trade and other receivables due within one year*	**120.9**	**120.9**	62.1	62.1
Cash and cash equivalents	**766.6**	**766.6**	1,100.7	1,100.7
Short term cash deposits	**450.0**	**450.0**	346.8	346.8
Trade and other payables due after more than one year	**(56.8)**	**(56.8)**	(79.0)	(79.0)
Trade and other payables due within one year*	**(472.4)**	**(472.4)**	(344.5)	(344.5)
Derivative financial liabilities	**(4.6)**	**(4.6)**	(9.0)	(9.0)
Convertible debt	**(26.4)**	**(26.4)**	(26.5)	(26.5)
Borrowings	**(2,940.4)**	**(2,821.5)**	(2,261.3)	(2,318.5)
Unsecured debt	**(997.9)**	**(953.6)**	(849.5)	(858.0)
Net balance of financial instruments (liability)	**(2,977.5)**	**(2,814.3)**	(1,864.4)	(1,930.2)

*Trade and other receivables due within one year at 31 March 2021 have been restated from a carrying amount of €113.7 million to €62.1 million as explained in Note 3. Likewise trade and other payables due within one year at 31 March 2021 have been restated from a carrying amount of €465.7 million to €344.5 million. The book value of both these amounts approximated their fair value.

The fair value of the Eurobonds is estimated using quoted prices (Level 1), derivatives (Note 3) and lease liabilities are valued using Level 2 methodology and the fair value of all other financial assets and financial liabilities is estimated using Level 3 in the fair value hierarchy.

Financial assets measured at fair value through profit or loss:

	Carrying amount 2022 € million	Carrying amount 2021 € million
Derivative financial assets	**0.7**	5.1
Total	**0.7**	5.1

Financial liabilities measured at fair value through profit or loss:

	Carrying amount 2022 € million	Carrying amount 2021 € million
Derivative financial liabilities	**4.6**	9.0
Total	**4.6**	9.0

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' USD swap rate prevailing on the last day of the financial year. The carrying value of the level 3 instruments within trade and other receivables is 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 contractual cash flows with the discount rate (incremental borrowing rate) prevailing at the year end.

Gains and losses

The following net realised FX gains or losses were recognised in the statement of comprehensive income in relation to derecognition financial assets measured at amortised cost:

- during the year €37.4 million gain (2021: €30.1 million gain) on cash and cash equivalents;
- during the year €0.5 million loss (2021: €15.2 million loss) on short term cash deposits
- no material realised FX on restricted cash and trade and other receivables

See Note 10 for details of interest income recognised in F22 and F21.

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.

	2022						2021					
	Effective interest rate	**Total € million**	**Within one year € million**	**One to two years € million**	**Two to five years € million**	**Above five years € million**	Effective interest rate	Total € million	Within one year € million	One to two years € million	Two to five years € million	Above five years € million
Convertible Notes	**7.4%**	**26.4**	**0.3**	**26.1**	**—**	**—**	7.4%	26.5	0.3	26.2	—	—
Unsecured debt	**1.35%**	**997.9**	**—**	**—**	**997.9**	**—**	1.53%	849.5	350.3	—	499.2	—
IFRS 16 aircraft and engine lease liability	**3.4%**	**2,337.3**	**372.5**	**348.2**	**828.0**	**788.7**	4.3%	1,782.8	339.8	284.2	729.7	429.1
IFRS 16 other lease liability	**3.55%**	**9.8**	**1.8**	**1.7**	**4.1**	**2.2**	2.78%	11.1	1.9	1.6	4.1	3.5
JOLCO and FTL lease liability	**0.97%**	**579.9**	**38.9**	**40.4**	**121.2**	**379.4**	0.92%	454.6	30.1	30.3	92.2	302.0

Interest earning financial assets

The Group invested excess cash primarily in EUR and USD denominated short-term time deposits at market rates 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.

	2022 € million	2021 € million
Net borrowings at the beginning of the year	**3,139.9**	2,039.4
Proceeds from new loans	**16.4**	195.6
Repayment of loans	**(397.5)**	(336.5)
Proceeds from unsecured debt	**497.5**	1,177.0
Repayment of unsecured debt	**(357.5)**	(338.2)
Paid interest	**(84.3)**	(72.7)
Change in net borrowings from cash flows	**(325.5)**	625.2
New non-cash borrowings	**946.8**	482.2
Accrued interest	**88.5**	76.7
Exchange differences*	**116.5**	(82.6)
Other non-cash items	**(1.5)**	(1.0)
Net borrowings at the end of the year	**3,964.8**	3,139.9

32. Financial guarantees

The Company has provided 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 Ltd. in the context of the UK operating licence application process of Wizz Air UK Ltd.

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 in January 2021 and the issue of €500.0 million 1.00 per cent Eurobond in January 2022 by Wizz Air Finance Company B.V. is fully and irrevocably guaranteed by the Company.

33. Capital commitments

At 31 March 2022 the Group had the following contracted capital commitments:

- A commitment to purchase 325 Airbus aircraft of the A320-family in the period 2022–2027. Of the 325 aircraft 278 relate to the "neo" version of the A320-family (59 from the purchase orders placed in June 2015, 144 from the purchase order placed in November 2017 and 75 from the purchase order placed in November 2021), while the remaining 47 relate to the "neo XLR" version (20 from the purchase order placed in June 2019 and 27 the purchase order placed in November 2021). The total commitment is valued at US$45.8 billion (€41.1 billion) based on list prices last published in 2018 and escalated annually until the reporting date based on contract terms (2021: US$34.1 billion (€29.1 billion);
- As at the date of approval of this document out of the 325 aircraft 40 are to be delivered in F23 and for 29 financing is already contracted. The Group uses 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; and
- A commitment to purchase 32 IAE "neo" (GTF) spare engines in the period 2022–2026. 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. In September 2019 the Group restated and amended this engine selection agreement with certain other commitments including a purchase of 25 additional spare engines. In October 2021 the Group committed to purchase further 2 spare engines. The total commitment is valued at US$534.7 million (€480.4 million) at list prices in 2022 US$ terms (2021: US$557.4 million (€474.5 million), valued at 2021 list prices). As at the date of approval of this document out of the 32 engines 5 are to be delivered in F23 and none of them is financed yet.

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: Timişoara, Cluj-Napoca, Târgu Mureş, 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 Timişoara 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 Timişoara 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 Timişoara 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 2022); and
- key management personnel (Directors and Officers).

Indigo, Directors and Officers altogether held 25.6 per cent of the voting shares of the Company at 31 March 2022 (2021: 11.4 per cent).

Transactions with related parties

Transactions with Indigo

At 31 March 2022 Indigo held 24,684,895 Ordinary Shares (equal to 23.9 per cent of the Company's issued share capital) and nil Convertible Shares of the Company (2021: 7,307,692 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 €26.4 million at 31 March 2022 (2021: €26.7 million).

During the year ended 31 March 2022 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 (2021: €2.0 million);
- fees of €0.3 million (2021: €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; and
- conversion of Convertible Shares to Ordinary Shares (Note 29).

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:

	2022 € million	2021 € million
Salaries and other short-term employee benefits	**5.4**	3.5
Social security costs	**1.1**	0.8
Share-based payments	**5.6**	3.1
Amounts paid to third parties in respect of Directors' service	**2.5**	2.7
Total key management compensation expense	**14.6**	10.2

There were no termination benefits paid to any key management personnel in the year or the prior year.

There were no post-employment benefits and other long-term benefits provided to any key management personnel in the year or the prior year.

There were no material transactions with related parties during the financial year except as indicated below.

In addition the Group has contracted with a related party of the CEO to provide IT services with regards to Machine Learning. The amount paid for this service in F22 was €1.2 million (F21: €0.2 million), which in the judgement of the Board was not material.

36. Prior period restatements

The consolidated statement of financial position for the year ended 31 March 2021 has been restated as follows:

	2021 As previously stated **€ million**	Impact of maintenance related accrual short term - long term reclassification	2021 As restated € million
LIABILITIES			
Non-current liabilities			
Trade and other payables	**–**	79.0	79.0
Current liabilities			
Trade and other payables	**465.7**	(79.0)	386.7

See Note 3 and 25 for more details on this change in classification between current and non-current. For 2020 out of €469.6 million of current trade and other payables previously reported, €70.8 million should have been classified as non-current.

37. Subsequent events

Wizz Air announced on 17 May 2022 its intention to establish a new airline subsidiary in Malta. Wizz Air is constantly evaluating the structure of its business and exploring options to establish new AOCs and bases in Europe and beyond. The successful establishment of Wizz Air Malta later this year will help to reinforce our position and support our expansion plans in Europe.

On 3 June 2022, Wizz Air announced it will cancel all Wizz UK flying from its Doncaster Sheffield Airport base from 10 June 2022. Pilots and cabin crew have been offered the opportunity to fly out of another base in the UK.

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 13 May 2022 approximately 55.0 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. To protect the EU airline operating licence of Wizz Air Hungary Ltd (a subsidiary of the Company), the Board has resolved to continue to apply a disenfranchisement of Ordinary shares held by non-EEA shareholders in the capital of the Company. This will continue to be done on the basis of a ‘Permitted Maximum’ of 45 per cent pursuant to the Company's articles of association (the "Permitted Maximum"). The decision by the Board is considered appropriate to ensure Wizz Air Hungary Ltd's continued compliance with applicable ownership and control requirements. We will provide further details on or before 1 July 2022, simultaneously with the notice of annual general meeting that is scheduled to take place on 26 July 2022.

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 2022 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 2022 (the ''Annual Report''), which comprise: the Consolidated statement of financial position as at 31 March 2022; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows and the Consolidated statement of changes in equity 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 Risk 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

Context

The aviation sector has been severely impacted by the COVID-19 pandemic. As the impact of this has started to abate with the roll-out of vaccination programmes and the lifting of travel restrictions, further uncertainty has been caused by the war in Ukraine and underlying rising inflation that the war has accelerated further together with restricting access to some of the markets in which the group previously operated. This, coupled with staffing challenges has a large impact on the sector. We have considered this background in our risk assessment and during the course of our audit work on the group's F22 financial statements.

There is also significant interest from stakeholders including members about how climate change will affect the group's business and its future financial performance. We have considered the disclosures made by the group in the Emerging sustainability as a force for growth section of the Strategic Report and note that a number of financial risks could arise from both the transitional and physical risks associated with climate change. These have been reflected by management in the preparation of the financial statements to the extent that they can be forecast at present or in their conclusions as to why no material impact is expected. The future financial impacts of climate change are clearly uncertain given the timeframe involved and how Governments, global markets, corporations and society respond. Overall management has concluded there is currently no material impact that it can forecast that impacts the results for F22 or financial position at 31 March 2022. The key areas of the financial statements that are also key audit matters where the potential impact of climate change was considered are as follows:

- The impact on maintenance provisioning (see note 30); and
- The group's going concern assessment covering the period to June 2023 (see note 2).

The impact of climate change was also considered by management in respect of the headroom in the group's impairment assessment for the fleet (see note 14) which was not materially impacted and the appropriateness of the estimated useful economic lives of the group's fleet (see note 14), where no changes were considered necessary given the useful economic life of the aircraft is expected to be much longer than the typical lease period entered into.

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, Wizz Air Abu Dhabi LLC, Wizz Air Finance Company B.V and Wizz Air Leasing Ltd. plus a number of insignificant intermediate holding and small trading companies, and companies that are dormant.
- 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
- Ability of the group to continue as a going concern

Materiality

- Overall materiality: €17,500,000 (2021: €17,500,000) based on 5% of four-year average (2021: 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 (2021: €13,125,000).

The scope of our audit

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.

Hedge and derivative accounting, consideration of the impact of COVID-19 and impairment of non-financial assets, which were key audit matters last year, are no longer included because of their reduced impact on the financial statements 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 recognised right-of-use (RoU) assets of €1,930.3 million and associated lease liabilities of €2,347.2 million as at 31 March 2022. The right-of-use assets and lease liabilities largely relate to aircraft leases and are calculated based on discounted future lease payments. These calculations involve assumptions including, but not limited to, the determination of the lease payments, the 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 aircraft lease. *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 2022 and Notes 14 and 23 which disclose the right of use assets and lease liability balances and movements, respectively.*	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 that its IT general controls are operating. We tested the accuracy of the underlying data used in management's system calculation for new leases in the year to supporting lease 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 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. We assessed the appropriateness of lease extension options being used to calculate the value of the lease liabilities. 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. Using a digital audit solution we also reperformed the calculation of the asset, liability, depreciation and interest entries relating to accounting for leases under IFRS 16 and compared the results to the values generated by management's system and found the difference to be within acceptable thresholds.

	We did not identify any material uncorrected misstatements from our work in respect of the right-of-use assets and lease liabilities.
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 €88.8 million for aircraft maintenance costs in respect of leased aircraft are recorded in the financial statements at 31 March 2022 (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, including an assessment of whether climate change may impact the maintenance cycle. This includes a judgement on whether to perform future maintenance based on expected flying hours or whether to avoid this and 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, including the input data, assumptions and significant judgements and estimates used. We tested the integrity of the maintenance provision system used by management by testing the IT general controls and testing specific automated calculations therein. We also assessed the process by which the variable factors used 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 and considered whether the planned maintenance could be materially impacted by risks associated with climate change. - Assessing whether the calculations took into account the impact, if any, of aircraft that have been parked including the four aircraft in Ukraine. - 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 assessed the adequacy of disclosures in note 4 in respect of the significant judgements and estimates involved in maintenance provisioning. We did not identify any material uncorrected misstatements from our work on maintenance provisions.

Ability of the group to continue as a going concern	
The COVID-19 pandemic has had a significant impact on the airline industry, and has had a significant impact on the group's operations, results and the cash outflows that it experienced in the year ended 31 March 2022. There is on-going uncertainty over the shape and speed of potential recovery and the impact of new variants of the COVID-19 virus as well as the impact of the war in Ukraine which has restricted access to some markets for the group and added to the inflationary pressures being faced by the global economy. 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 2023. Both scenarios include considerations about future capacity levels, the availability of aircraft financing, and assumptions on fuel costs. The forecasts assume that the four aircraft stranded in Ukraine will be returned to the fleet by the final quarter of this year. Management has concluded that the impact of physical or transition risks due to climate change is unlikely to have a material impact in this relatively short forecast period. The group's debt facilities do not contain financial covenants and accordingly the focus of the going concern assessment is on liquidity levels. The Directors have concluded that there is sufficient liquidity available for at least the period of its going concern assessment to June 2023. We focused on management's going concern assessment due to the uncertainty of the industry's recovery from the COVID-19 pandemic, the impact of the war in Ukraine 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 judgments and estimates in relation to their going concern assessment.*	Our procedures and conclusions in respect of going concern are set out below in the 'Conclusions relating to going concern' section below.

How we tailored the audit scope

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, the main ones being Wizz Air Hungary Ltd., Wizz Air UK Limited, and Wizz Air Abu Dhabi LLC, Wizz Air Finance Company B.V and Wizz Air Leasing Ltd together with branch operations in base countries. Whilst the consolidated results consist of a number of legal entities, due to the internal reporting process and maintenance of centralised entity and consolidated general ledgers for the group, our audit approach is to audit the consolidated results as one component. The accounting for these entities and the group consolidation is centralised in Budapest, 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. The UK team has directly audited the consolidation and certain other areas and directed and supervised the work of the local team Hungary.

In addition to the audit work performed by the engagement team based in Hungary, the UK team members visited the team in Hungary five times during the audit cycle. These visits involved discussing the audit approach, key audit matters and issues arising from the work. The UK team members also attended the local clearance meeting in Hungary and all Audit Committee meetings in Switzerland, either in person or via telephone call. This gave us the evidence we required to form our opinion on the 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 (2021: €17,500,000).
How we determined it	5% of four-year average (2021: 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 profit / loss before tax adjusted for exceptional items is a key measure used by shareholders in assessing the performance of the Group. For the year ended 31 March 2022 the group continued to incur losses for the second year due to the COVID-19 pandemic, which resulted in restrictions on flying and impacted measures of performance. To mitigate this we have used a four 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 compared to pre-pandemic levels, we decided to cap materiality at the F20 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% (2021: 75%) of overall materiality, amounting to €13,125,000 (2021: €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 Risk Committee that we would report to them misstatements identified during our audit above €875,000 (2021: €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 2023.
- Management's base case forecasts are taken from its normal budget and forecasting process for the next three years. We understood and assessed this process including the assumptions used for F23 and F24 and assessed whether there was adequate support for these assumptions. We also considered the 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 flows experienced in F22 and by comparison of assumed flying levels relative to those experienced in F21 and F22.
- We read and understood the key terms of its committed debt facilities to understand any terms, covenants or undertakings that may impact the availability of the facility. We also considered the group's contracts with its card acquirers, the restrictions they may impose and the ability of the group to switch providers.
- 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 sensitivities 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 123 to 124 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 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;
- 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 Risk 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 Listing Rules of the UK Financial Conduct Authority, 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 and relevant corporation tax compliance regulations, 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 such as aircraft maintenance provisions. Audit procedures performed by the engagement team included:

- Discussions throughout the year with management, Internal Audit and the Group's internal counsel, 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, lease accounting, and income taxes, and the disclosure of these items;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Reading the minutes of Board meetings to identify any inconsistencies with other information provided by management.

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 obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee (now the Audit and Risk 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 ended 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 15 years covering the years ended 31 March 2008 to 31 March 2022 and for the Company is 13 years, covering the years ended 31 March 2010 to 31 March 2022.

VOLUNTARY REPORTING

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.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Richard Porter
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London, United Kingdom
8 June 2022