WIZZ AIR HOLDINGS PLC

ANNUAL REPORT AND ACCOUNTS 2023

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 179 Airbus A320 and A321-family aircraft, and connecting 228 destinations across 56 countries. A team of dedicated aviation professionals delivers superior service and very low fares, making Wizz Air the preferred choice of over 51 million passengers. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ.

At Wizz Air, 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.

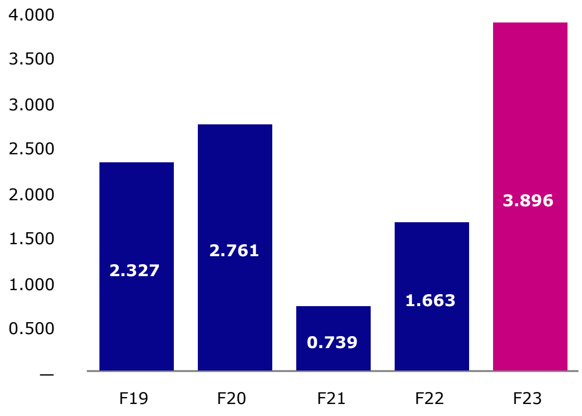
CONTENTS

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.

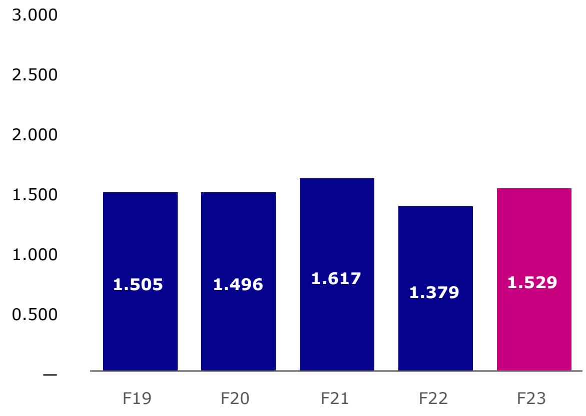
F23 in this document refers to the financial year ended 31 March 2023. Equivalent terms are used for prior/future financial years.

HIGHLIGHTS AND COMPANY OVERVIEW

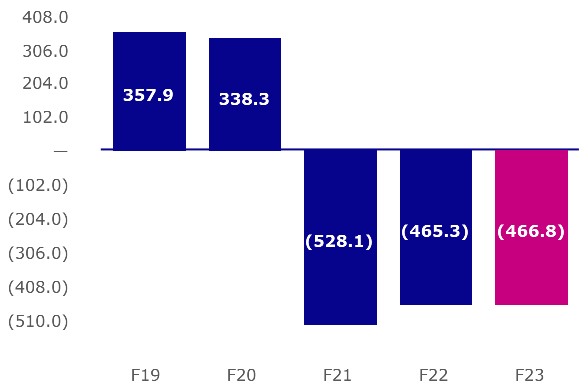
€3.9B REVENUE



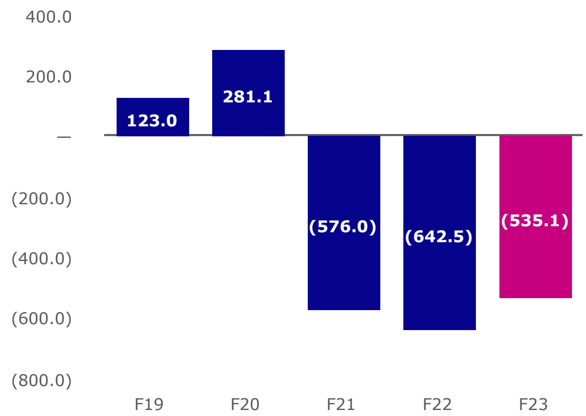
€1.5B TOTAL CASH*



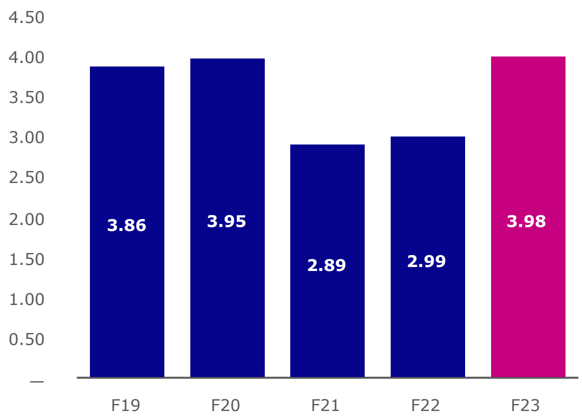
€466.8M OPERATING LOSS



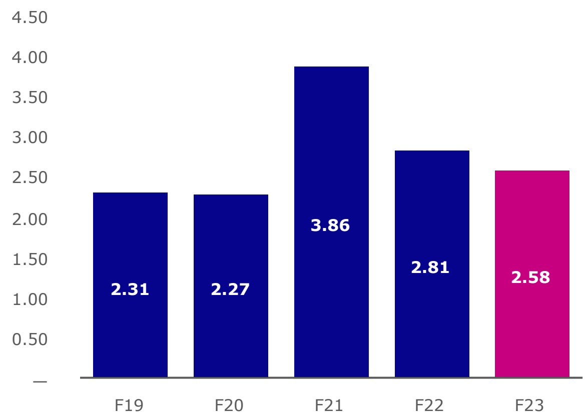
€535.1M NET LOSS



3.98 €CENTS RASK*



2.58 €CENTS EX-FUEL CASK*

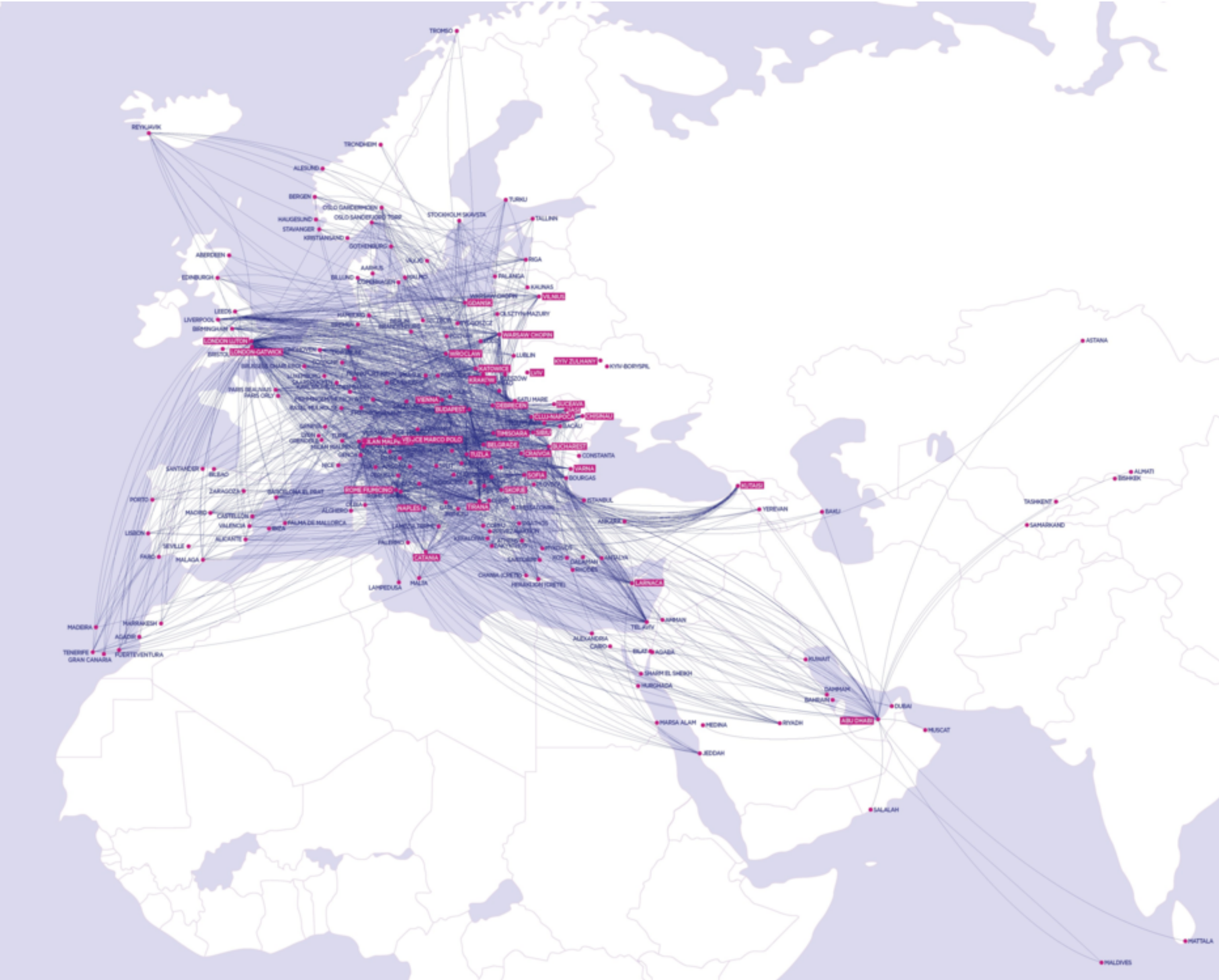


- For definition refer to the Glossary of technical terms on page 84. Total cash comprises cash and cash equivalents (€1,408.6 million), short-term cash deposits (€nil million), and current and non-current restricted cash (€120.4 million).

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 1,057 routes across Europe and the Middle East



Number of routes operated and on sale as at 31 March 2023 *:

From Central and Eastern Europe (CEE) countries	
Poland	197
Romania	195
Hungary	76
Bulgaria	62
Albania	44
Bosnia and Herzegovina	38
North Macedonia	36
Lithuania	29
Serbia	26
Moldova	19
Georgia	12
Kosovo	5
Latvia	4
Montenegro	3
Slovenia	2
Estonia	1
From other European countries	
Italy	158
United Kingdom	76
Austria	34
Cyprus	9
From Gulf Cooperation Council (GCC) and Middle East countries	
United Arab Emirates	25
Israel	6

* Showing routes that are based/originated from the respective countries

WHY INVEST IN WIZZ?

DESIGNED FOR PROFITABLE GROWTH

A key strength of Wizz Air is its focus on being airline with the lowest costs. It achieves this by a relentless focus on absolute cost reduction, maximising aircraft utilisation, high seat density, increasing load factors and optimising pricing strategies. We combine these factors with an attractively priced and timely order book of Airbus A321neo aircraft, featuring the highest single-aisle cabin configuration with 239 seats. With a backlog order of 365 aircraft, including 47 A321XLRs that offer additional flying time compared to A321neo, and the lowest cost base enabled by the lowest fuel burn and our disciplined ultra-low-cost model, we have a strong basis to deliver consistent profitable growth. We target 15–20 per cent growth in seat capacity every single year and aspire to deliver a net income margin between 13 and 15 per cent as we move towards our 2030 target of reaching a fleet of 500 aircraft. The Company reinstated its jet fuel hedging policy during fiscal year 2023 bringing more predictability to its fuel expenses in the coming years.

ULTRA-LOW COST BY DESIGN

The European short to medium-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 a straight forward business model - high aircraft utilisation and staff productivity rates result in lower costs than our legacy rivals. Wizz Air's ultra-low-cost model gives it a clear cost advantage versus most of its rivals, including 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 our customers. We have made additional investments to scale our key operational areas, including customer service, crew support and supply chain. Automation and digital assets are replacing repetitive and labour-intensive tasks, contributing to better and more cost-effective decisions.

We operate the newest fleet of aircraft with the lowest emissions intensity. We utilise our aircraft more than twelve hours per day, 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.

MEETING AND STIMULATING DEMAND

We make flying affordable for more people by offering the lowest fares. Historically, 75 per cent of our growth has come through market growth. Today, we are seeing gradual recovery in industry market seat capacity to pre-pandemic levels. In many locations our capacity growth fills the void left by many operators which are unable to meet passenger demand either due to resource constraints or supply chain issues. Our broader and more diversified network offers more choice to allocate capacity in a way that drives profitable growth. We continue to be the market leader in our core Central Eastern European market, while continuing to make investments in the Middle East, where a propensity to fly, calculated as a number of seats per head of population, is lower than in Central and Eastern Europe and significantly lower than 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 and will continue to grow as we deploy advanced data science to key product lines, driving further passenger demand.

BALANCE SHEET STRENGTH

We have €1,529.0 million of total cash (including short-term deposits and restricted cash balances) at the end of March 2023. The Company has hedged more than half of planned jet fuel volume consumption for F24 with industry competitive average prices. Estimated Emissions Trading Scheme obligations for F24 are covered at 99 per cent, while F23 year-end jet fuel related EUR/USD FX hedges are at 30 per cent for F24. Even as we add 41 new A321neo aircraft to our fleet in F24, our net debt (gross debt minus unrestricted cash) is expected to reduce, supported by lower lease liabilities and higher operational cash generation. 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. Wizz Air's investment grade rating by Fitch is maintained at BBB- with negative outlook, while during the third quarter of fiscal year 2023 Moody's issued a Ba1 rating with stable outlook.

THE MOST SUSTAINABLE CHOICE OF AIR TRAVEL

We launched Wizz Air with the strong belief that air travel should not be a privilege. And while we gave the freedom to travel to more people, we have also proven that growth and sustainability can be achieved hand in hand. At Wizz Air we strive to serve more and more passengers every day, in the most sustainable way possible. Our motto is: "When you don't need to fly, please don't. But when you do, fly the greenest."

In F23 Wizz Air decreased its average carbon emissions intensity by 11.3 per cent compared to the previous financial year. This is the lowest CO_2/RPK performance we have measured and reported in the history of the Company, and we will continue to improve, decreasing our CO_2 emissions intensity by 25 per cent by the fiscal 2030 vs fiscal 2020 period.

We are proud to have been awarded Global Environmental Sustainability Airline Group of the Year by CAPA (Centre for Aviation), naming Wizz Air as the most environmentally sustainable airline not just in Europe but globally. This is a further validation of our commitment towards becoming the most environmentally responsible choice for air travel.

Wizz Air is continuously adding new Airbus A321neo aircraft to its fleet and replacing older aircraft, with the share of new "neo" technology aircraft already surpassing 50 per cent. We have one of the youngest fleets globally (4.6 years), which allows exceptional fuel economy, contributing to lower emissions per passenger kilometre. We are continuously working on identifying new fuel efficiency initiatives and have made important steps this year to improve the related data analytics.

Alongside technology and operational improvements, alternative fuels are a crucial part of decarbonising aviation. Wizz Air's SAF strategy consists of a combination of project investments to secure its own source of supply and securing contractual offtake agreements with suppliers that can deliver sufficient supplies of SAF to meet future blending mandates. The Company is working with stakeholders to qualify a SAF supply chain in line with the ULCC principles whilst meeting all applicable criteria on feedstock.

We recognise that Wizz Air has an obligation to take further steps towards the decarbonisation of the airline industry by enabling innovative technologies. We believe that our business model and operational design (high seat density, high passenger load factors) as well as our commitment to the most efficient available aircraft and engine technology inherently drive the industry's sustainability agenda, well ahead of any of our competitors.

CHAIRMAN'S STATEMENT

Dear fellow shareholders, colleagues, customers and partners,

After several years of travel restrictions, this year returned to normality as passenger demand for air travel surged. With pandemic imposed travel limitations behind us and the suffering from the war in Ukraine geographically contained, the airline industry turned its attention to a new set of challenges – increased costs, supply chain disruptions and labour shortages.

While revenue supported by fleet and capacity growth increased, certain costs, notably jet fuel, remained elevated until right before the end of the fiscal year, which drove the Company to a 535m EUR net loss position for the year ended 31 March 2023 (F23).

The summer season exposed how fragile the supply chain had become as Wizz Air and the partners it relies on failed to meet operational metrics it had historically achieved. This was an unacceptable outcome, especially in an environment with high consumer demand and resulted in customer dissatisfaction, opportunity cost and brand impairment. Results did, however, emphasize the Company's need to return to pre-pandemic operational behaviour and its back to basics' ultra-low cost airline business model.

Wizz Air's industry-leading fleet order book provided certainty to its growth trajectory which meant that all focus was focused on cost reduction, both in absolute terms and unit cost, to regain its lead as the lowest cost producer of airline seats. This is the advantage that will drive Wizz Air's performance and is what Wizz Air executed against. The Company established specific key performance indicators that encompass the core principles of ULCC and, as achieved, will drive the cost results it has historically delivered.

Our success starts with our people. In addition to ensuring there is a balance in the productivity of our workforce, we enhanced our investments in our people, which relies on roughly 2,000 new hires annually. This meant starting the staff training cycle sooner, to allow for longer lead times in hiring, as well as comprehensive salary review processes. Inflation spiked in 2022 and the Company paid a one-off bonus to all staff below Head Level to assist in defraying day-to-day cost increases.

There was further network geographic diversification, building on this theme from last year. We increased our investment into Wizz Air Malta, to split the Central and Eastern European fleet across two airline operating certificates ("AOC"), each with accountable managers and dedicated resources, to better address disruption in their respective territories without diverting resources from unaffected areas of the core operations. Core operating principles for each AOC were developed so that each of the United Kingdom, Malta, Hungary and Abu Dhabi airlines can act and deliver on a standalone basis. We consolidated our corporate headquarters to ensure management and employees were under the same building, to foster collaboration, in-person community building and cost reduction.

The H2 numbers demonstrate the results of these efforts. Our unit costs ex-fuel have reduced to the levels we provided guidance to, while our unit revenue remained consistently ahead of pre-pandemic levels. The trajectory starts with a clear vision and a robust strategic plan.

Employees

We want to thank our employees for their commitment to Wizz Air. We are seeing stability in the workforce and Wizz Air's range of career opportunities shows it is an attractive employment home at a company with a winning formula. The combination of a path to profitability and sustained growth creates more opportunities at Wizz Air than in many other companies. Whether you are a cadet seeking a Captain position, cabin crew looking for management experience, or just pursuing the next challenge, the opportunities are plentiful. We remain focused on continuing to improve the diversity of our workforce and building a strong and diverse bench for the Wizz Air team

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. Our employees remain engaged and, through our Employee Survey, voted Wizz Air as their employer of choice

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.

Customers

Thank you for your continued trust in Wizz Air. Our business succeeds when we can offer low fares and reliable travel and we are grateful for your business. Our redirected focus on completion rate and on time performance will restore performance standards we can take pride in and we encourage you to explore our expanded footprint, with more options to fly than ever before.

Environment

Fleet renewal remains our core pillar in reducing CO_2 emissions, as demand for new aircraft technology encourages innovation and technological advances. Wizz Air has been leading this effort to address emissions reduction in the short term.

We have evaluated many sources of sustainable aviation fuel (SAF) and look to invest where we see potential, especially in technologies like the Firefly and CleanJoule projects we invested in, where the SAF feedstock meets legislative requirements.

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. Management regularly engages with key stakeholders such as regulators, governments, shareholders, customers and local communities to drive action on national and local issues.

Looking ahead

We have always prided ourselves on our ability to innovate and adapt and in this financial year 2023, we refocused on these values and pivoted from a prior year of challenges to a year of renewal. By prioritizing our investments into staff, supply chain and operational resilience, we are taking strategic steps to enhance our financial health, streamline our operations and consolidate our business. We have diversified our supplier base to increase reliability and flexibility, to enable us to better service our customers and better react to the disruptions the industry will send our way. A strong, adaptable company is better equipped to face the uncertainties of tomorrow and by combining that with our ultra low-cost business model we expect to deliver enhanced shareholder value over the long term and sustainable growth.

William A. Franke
Chairman of the Board of Directors
8 June 2023

CHIEF EXECUTIVE'S REVIEW

Demand for air travel was quick to return this fiscal year after a rapidly retreating pandemic, with the F23 summer season proving just how eager passengers were to return to the skies and visit loved ones, take that overdue holiday and shake a customer's hand. Fears about a fundamental change in consumer travel behaviour quickly subsided as the industry proved, as it has after every other 'shock', its ability to snap back. While airline industry seat capacity struggled to recover to pre-pandemic levels, held back by manufacturer delivery delays and the lead time in reactivating aircraft from long-term parking, Wizz Air launched forward growing its headcount by 2,949 employees and its fleet by 58 aircraft, from F20 to F23. We quickly proved that the decisions made during the COVID-19 period would enable Wizz Air to become Europe's fastest growing airline, while still growing unit revenue.

The choice we made during the COVID-19 period to increase our Airbus order book and place our fleet focus on the A321 aircraft variant, with an industry leading 239 -seat configuration, and equipped with the most fuel-efficient engines available, gave us seat capacity to deploy across a growing network that now spans markets from Iceland to the Maldives. Nobody else has a similar order book, at least not for three or four years, and this availability will allow us to lay a foundation to return to profit next year, barring any unforeseen events such as impacts from the war in Ukraine, the pandemic or otherwise.

We deliver this by reducing costs and intelligently deploying growth. We faced unimaginable challenges in the Summer of F23, as we scrambled to redeploy our staff and capacity from Ukraine elsewhere in the WIZZ network. Airspace over and around Ukraine was either closed or severely constrained, which meant there were limitations to flying we were forced to accommodate. Air traffic controllers, affected by pandemic -related decisions, were in short supply, further complicating the limited airspace over our core central and eastern Europe market. We faced dramatically high jet fuel costs and the range of currencies that we sell tickets in demonstrated high volatility compared to the US Dollar, in which many of our costs are denominated.

To ensure that we are prepared to address externally driven labour and supply chain disruptions, we developed a set of key performance indicators to measure our business. KPIs carefully derived from prior periods of Company profitability that, when achieved, are designed to replicate the operating environment to deliver the profit margins shareholders are to expect from Wizz Air. These KPIs deliver best-in-class metrics around minimal flight cancellations, high daily aircraft utilization and balanced labour productivity while simultaneously reduce ex-fuel unit costs.

From the beginning of F24, our fuel and fuel-related FX hedging strategies are in line with internal policy, which wasn't the case in F23 due to the time required when deploying forward hedging tools. We work with the leading financial institutions to manage risk systemically to avoid speculation and to assist in financial planning and confident decision making.

The building blocks for future success are a) a stabilized expanded geographic footprint into which we can use our capacity to build market share; b) KPIs designed to improve operational performance & customer satisfaction while reducing cost, and c) risk management policies that eliminate any peer advantage on fuel and fuel-related currency cost.

A focused ultra-low-cost business model

Our business model relies on effective control over costs, efficient operations and productive use of all of our assets. In the pandemic years of F20, F21 and F22, different strategies were required to navigate that operating environment. During F23, as the demand for passenger air travel started increasing, we placed all our focus on returning to our ultra-low cost principals, delivering higher asset utilization, passenger load factors and a relentless drive to lower unit costs (fuel and ex-fuel) year-over-year. Our workforce profile changed during these recent years, with many WIZZ veterans having left the business and new fresh team members learning the WIZZ way.

Additionally, as a larger business, we have been deploying our scale to strengthen the ultra-low-cost model. We have automated number of processes to deal with higher volume of transactions, including across number of support functions. Digital assets are now helping improve key performance metrics like on-time performance, crew and fleet utilization and schedule completion. Negotiations with our suppliers are delivering new volume discounts and we are focusing on key cost items, ranging from airport volume agreements to engine selection and aftermarket support.

The fleet we operate today is one of the youngest global fleets of 100+ aircraft with a 4.6 year average age with an average seat count of 219, up from 212 last year and now one of the highest average seat count on any narrow-body fleet. When this fleet is used optimally and in the normal operating conditions it delivers best economic and environmental value for all stakeholders. We believe the price we pay for our aircraft, on per seat basis, is one of the lowest globally, due to timing and the volume of respective orders.

We reinstated staff salaries to pre-COVID levels two years ago, before any major European airline did. Since then we have adjusted salaries to respond to rising inflationary environment. Our timely and targeted actions have prevented further cost escalation, and as we return to our high utilization model our crew compensation tops global market levels taking into account variable pay contributions.

We maintain our strong cash position, with average balances through the year the same as last year. We are prudent with borrowing and limit the amount of additional financial debt to a sole pre-delivery payment (PDP) facility that effectively accelerates the release of deposits that would otherwise be credited at the point of aircraft delivery. We expect operating cash to build, along with profit, which will reduce the Company's balance sheet leverage.

Our geographic footprint as sustainable competitive advantage

Most of our network focus in F23 has been on increasing frequencies and joining existing airports (with approximately 95 per cent of capacity growth in F23 vs F22 delivered in this fashion). When we look at our pre-COVID-19 network footprint, our growth came predominantly from the following markets: 8 per cent UAE, 38 per cent Italy and 54 per cent rest of the network. These developments highlight our deliberate strategy of rapidly growing and diversifying our footprint during the years impacted by COVID-19 travel restrictions (mainly 2020 and 2021), which open opportunities to deploy capacity faster once restrictions lifted and demand recovers while improving our structural cost from locking in a cost structure at a time when we could leverage our bargaining power due to depressed demand for airport capacity.

We fully restored our business in our core CEE region and further expanded during F23, with Wizz Air retaining its market leadership position. It grew its market share to 24 per cent (+5.0 per cent vs F22 and +6.5 per cent vs F20) and is the top airline in three of its core CEE markets (Romania, Hungary and Bulgaria). Recent announcements highlight our expansion in Poland, where we grew the country fleet to 30 aircraft (11 aircraft in Warsaw) and in Georgia, where we allocate one more aircraft for a total fleet of four that serve the thriving city of Kutaisi.

Our historic positions in select markets in the West, notably in the London, Italian and Austrian markets were strengthened during F23. We have consolidated our presence in London, by focusing on our continued leadership in Luton and opportunities in Gatwick. In Italy, we have closed smaller bases in Palermo and Bari and allocated the resources to Rome and Milan, where we see great traction for our product and where additional aircraft are being allocated in F24, growing our presence in the entire market from 18 to 25 aircraft. In Austria, we have differentiated our offer in the Vienna market, which has shown positive results, and we are allocating further aircraft there starting in summer 2023.

As part of our "Go East" strategy, Wizz Air Abu Dhabi has now been operating for more than two years. It is already the second largest airline in terms of seats at Abu Dhabi Airport. Its fleet is growing from of nine to 16 aircraft in the next twelve months and it will double the number of employees to 800, serving an expanding list of destinations and pushing the brand awareness to 50 per cent . We believe it can become a 50-aircraft operation serving a potential market of 5 billion people within a five-hour flying range from Abu Dhabi by the end of the decade.

As part of our initial phase of serving the Saudi Arabia market, we have commenced flying more routes to Jeddah, Riyadh and Dammam from our core CEE, Italy and Austria markets. There are also daily flights from Abu Dhabi to Dammam and to Medina. The initial phase of our Saudi Arabian operations includes a planned network of 24 inbound routes (21 have commenced flying at the time of press release).

Wizz Market Share in Select Regions

Market	Market share	Low-cost segment share	Low-cost market position
Albania	54.1%	77.7%	1
Austria	5.9%	20.7%	2
Bosnia and Herzegovina	42.7%	65.9%	1
Bulgaria	33.2%	50.1%	1
Cyprus	8.0%	13.5%	3
Georgia	17.2%	49.0%	1
Hungary	31.7%	45.1%	1
Italy	9.6%	14.6%	3
Lithuania	18.3%	28.1%	2
Moldova	19.6%	43.6%	2
North Macedonia	61.6%	89.1%	1
Poland	23.6%	36.6%	2
Romania	49.2%	66.8%	1
Serbia	19.7%	71.2%	1
United Arab Emirates	1.8%	5.9%	5
United Kingdom	4.6%	7.8%	4
CEE	24.0%	41.6%	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 more than 12:30 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 accommodate more passengers in a still very comfortable seating configuration. Our strong balance sheet enabled us to maintain our fleet delivery programme in F23. In fact, the combination of the Wizz Air credit rating and the A321 NEO aircraft consistently means our aircraft finance tenders are multiple times oversubscribed as investor seek stable long term returns. In total, 35 A321neos joined the fleet this year, taking the total number of aircraft to 179 at the end of March 2023. The fleet composition as at 31 March 2023 is as follows:

	March 2023 Actual	March 2024 Planned	March 2025 Planned
A320ceo without winglets (180 seats)	**13**	4	—
A320ceo with winglets (180 seats)	**28**	21	11
A320ceo with winglets (186 seats)	**9**	9	9
A320neo with winglets (186 seats)	**6**	6	6
A321ceo with winglets (230 seats)	**41**	41	37
A321neo with winglets (239 seats)	**82**	127	176
A321neo XLR with winglets (239 seats)	**—**	—	2
Fleet size	**179**	208	241
Proportion of seats on A321	**74%**	85%	91%
Average number of seats per aircraft	**219**	226	231

As at the date of approval of this document, the share of new "neo" technology aircraft within Wizz Air's fleet increased to 49 per cent by the end F23, and is planned to reach 64 per cent by the end of F24.

The new neo aircraft are powered by Pratt & Whitney GTF engines, which reduce fuel burn by 16 per cent and 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 emissions 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 emissions intensity was affected by COVID-19 travel restrictions given the impact on passenger load on our flights, but in F23 we have made a significant improvement, at one point reaching the lowest carbon emissions intensity ever recorded for the rolling twelve-month period in the month of December.

Creating the leading digital platform

A frictionless digital customer experience and efficient, data-driven operations are core to the business model of an ultra-low-cost carrier. It drives costs out of the system, it allows the airline to scale profitably, and it drives immediacy instead of dependency on lead times. Our digital strategy is centred around six key pillars:

1. An exceptional digital customer journey: our customers' journey remains in the centre of our strategy, with digital experience 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 fully digital today. Next year, the WIZZ digital platform (website and app) is expected to generate over 750 million visits, making it one of the world's most visited websites. Given Wizz Air's focus on continuous modernisation of the digital platform (web and app) it has launched a programme to introduce further improvements. The programme (Next Generation Platform – OneWizz) will improve Company's digital speed to market, add scale and increase levels of stability. Digital speed to market is especially critical as the airline expands its customer base and enters new markets across multiple continents. Further benefits will include improved website and app conversion rates and allow greater levels of experimentation and personalisation. Additionally, the programme will be built on modern architecture to create scalability and accelerate delivery. In F23 we introduced an additional payment method called Trustly in certain markets and further streamlined communication channels with customers. We keep digitalising our customer service processes and continuously enhancing use cases of our chatbot Amelia.

2. Digitally powered operations: Wizz Air is deploying new technology and data to drive efficiencies in its operations and augment decision making with actionable insights. Not only are we automating existing processes, but we are reimagining our operations with digital being the catalyst for improving key performance metrics like on-time performance, crew and fleet utilisation and schedule completion, and ultimately to drive a lower CASK. Wizz Air successfully completed the roll-out of Electronic Flight Book (EFB) and equipped every pilot with a connected device. Wizz Air also launched Electronic Technical Log Book (ETLB) to replace the paper-based communication and records managed by pilots and third parties with roll-outs to be completed in F24. Wizz Air has also invested in latest technologies addressing operational disruptions, including data analytics, intelligent algorithms, and AI/ML, all of which support better decision-making, increase the scale of our Operations Control Centre, and improve predictability. Wizz Air also successfully delivered several initiatives focused on fuel optimisation, which drive fuel cost down by providing real-time data and insights to improve decision making about fuel consumption.
3. Scale without boundaries: to support our growth, Wizz Air is working on standardising and automating the core process across support functions like Finance, Accounting and Human Resources, with the focus on end-to-end automation of transactions, reduction of lead times and higher pixelation of data to allow for more data-driven decision making. During F23 Wizz Air automated treasury workflows, implemented a Treasury and Risk Corporate Solution and improved reporting compliance across Finance, Legal and ESG. In F24 Wizz Air will launch a custom-built Fleet Management and Planning System to support a multi-AOC setup, a Direct Cost Management Solution to drive better control over fuel and navigation cost, and Corporate Finance and Reporting Management modernisation to better support data-driven decisions. In addition, Wizz Air will initiate the journey for its ERP modernisation and build a scalable, highly standardised solution to support the growth of the airline.
4. Digital employee experience and digital upskilling: Amongst a number of initiatives Wizz Air digital experience efforts were focused on our crews, increasing the levels of their self-service (e.g. by launching MyWizz Learning to test their own safety and compliance knowledge anytime, anywhere). In addition, Wizz Air established an Automation Centre of Excellence (ACE), to further increase adoption of automation across the enterprise and enable employees to focus on value added activities. In F24 we further plan to focus and deliver several digital initiatives to streamline and simplify workflows for our crew and office staff, and improve their connectivity and productivity.
5. Data analytics: Wizz Air invests in data platforms and solutions to ensure accurate data is available where needed and as quickly as needed. This applies to the synchronisation of data between systems to de-silo digital solutions as well as making data available to end users through decision support and real-time dashboard systems. The sharing of data between critical systems has moved from periodic synchronisation to near real-time data sharing through data streams, accelerating responsiveness and visibility of airline operations.
6. Information security: Wizz Air considers information security a key priority and the Company continuously invests in strengthening its abilities. Larger investment allows it to keep abreast of the constantly changing and evolving threat landscape by actively monitoring and managing its risk posture. In pursuit of becoming a leading digital airline, the information security function combines industry best practices with leading technology to become an enabler and a trusted adviser for all functions within the Company when it comes to digital investments and protecting Wizz Air's information assets. The function is subject to constant regulatory oversight, and most recently received the "Cyber Security Certificate of Compliance" from the UK Civil Aviation Authority.

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 F23 our employee engagement score was 6.4, broadly aligned with the industry average, with a participation rate of 55 per cent. Our employee engagement survey showed a small reduction in overall satisfaction rate, which is understandable after three challenging years marked by the COVID-19 pandemic, ongoing war in Ukraine and industry infrastructure limitations as travel restrictions receded, having a significant impact on our customers, colleagues and operations. 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. 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 93 different nationalities at all levels in the organisation. We are also focused on driving a better gender balance within the organisation. The current gender diversity balance is 48 per cent female to 52 per cent male. Our Board gender diversity remained at 30 per cent, just shy of our 33 per cent target, while our Management Team diversity slightly decreased from 34 per cent to 32 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.

We believe that Wizz Air offers the best career progression opportunity in the industry, irrespective of whether you are a pilot, cabin crew or office employee. Wizz Air opens up opportunities for diverse talents to learn, develop and succeed.

Outlook

We invested heavily in F23, starting with our people, to ensure that we have the right resources with the right incentives to meet the capacity growth we have added and the robust demand we are expecting in F24. We expect the changes we have made to our network, our scheduling, our flying patterns and our operations will better prepare us for continued post-COVID-19 pressure on the aviation industry's ecosystem, which is still recovering. We have taken time to reflect on the lessons learned in F23 and enter next year armed with a more experienced workforce that is now better equipped with tools to reduce the disruptions from this year while ready for new challenges.

In reinstating our commodity and financial risk management policies, we have neutralised any advantage our competitors have had on some of our largest cost drivers, which allows us to focus on those aspects of our cost base we can and will control. We have developed best-in-class operational key performance indicators which we are pairing with disciplined financial targets – both of which we have demonstrated we can deliver in the past.

By being the lowest cost airline operator, we will return to delivering low-cost fares and superior value to our stakeholders – shareholders, employees, and the passengers and communities we serve. In doing so, we drive emissions efficiency, which is at the top of Wizz Air's agenda, to migrate passengers to more environmentally efficient flights for a sustainable future.

József Váradi
Chief Executive Officer
8 June 2023

STRATEGIC REPORT

FLYING TOWARDS SUSTAINABILITY

OUR ANNUAL SUSTAINABILITY REPORT 2023

REPORT ON SUSTAINABILITY TABLE OF CONTENTS

I. REPORT OF THE CHAIR OF THE SUSTAINABILITY AND CULTURE COMMITTEE

"As the Group grows, the Committee's responsibilities grow as well. We are committed to ensuring the responsible growth of the Group."

Charlotte Andsager

Chair of the Sustainability and Culture Committee

Introduction

Dear Shareholder,

I am pleased to present my first report of the Wizz Air Sustainability and Culture Committee for the year ended 31 March 2023, having taken over the role of Chair from Charlotte Pedersen, who was named Chair of the newly created Safety, Security and Operational Compliance Committee.

Wizz Air was named Global Environmental Sustainability Airline Group of the Year by the CAPA Centre for Aviation, in addition to EMEA Environmental Sustainability Airline of the Year 2022. I am proud that Wizz Air is taking a leadership position in its ambition to become the greenest choice for flying.

Looking to 2023 and beyond, as the aviation industry continues to pay close attention to climate change mitigation actions and solutions for a sustainable transition, Wizz Air remains committed to its ambition to decrease rapidly its carbon emissions intensity, with the lowest reported CO_2 per passenger kilometre in Europe – 53.8 grammes of CO_2 per passenger kilometre for the financial year 2023.

The Committee played a vital role in helping the Board fulfil its oversight responsibilities with respect to sustainable and responsible growth. This fiscal year the Committee oversaw the Group's goals in relation to carbon reduction, diversity and people engagement and kept the Board informed of all goals set and actions undertaken. In the coming year the Committee will continue to focus on environmental and social responsibility. As the Group grows, the Committee's responsibilities grow as well. We are committed to ensuring the responsible growth of the Group.

The Group's core values continue to thrust Wizz Air towards more sustainable aviation, improving the lives of our colleagues and communities, and contributing to a thriving economy, whilst decreasing our environmental footprint per passenger. All the Group's successes, and its ability to overcome the recurring challenges the sector has faced, reflect the ambition and values of our people: positivity, integrity, dedication, inclusivity and sustainability.

Membership, meetings and attendance

a. Charlotte Andsager (Chair from 26 July 2022)
b. Charlotte Pedersen (Chair until 26 July 2022)
c. Dr Anthony Radev
d. Andrew S. Broderick

The Committee consists of three Non-Executive Directors, including the Employee Engagement Director, appointed by the Board according to experience, dedication and capacity. The Company Secretary acts as Secretary to the Committee and relevant members of the senior leadership team are invited to attend meetings.

https://wizzair.com/en-gb/information-and-services/investor-relations/governance/board-committees

Key activities

ESG strategy, projects and initiatives

The Committee was regularly updated on Wizz Air's ESG strategy and discussed target tracking and pathway status. In particular, it followed the Group's actions on fleet renewal, fuel efficiency initiatives and agreements for sustainable aviation fuel (SAF).

The Committee reviewed the Company's targets relating to its commitment to the Science Based Targets initiative (SBTi). The Committee followed progress on projects related to SAF equity investment, Airbus ZEROe hydrogen aircraft and the Company's participation in the European Commission led alliances, namely the Alliance for Zero Emission Aviation (AZEA) and the Renewable and Low-Carbon Fuels Value Chain Industrial Alliance (RLCF).

ESG ratings and reporting

The Committee was updated about scores, obtained from various ESG ratings agencies, in the January Committee meeting and considered follow-up actions to be taken.

The Committee was regularly updated about changes in climate policy, in particular the EU Fit for 55 and Taxonomy files, and it was briefed on emerging reporting frameworks in the EU and internationally.

Diversity and culture

The Committee discussed regularly the progress made with respect to diversity and target tracking, in particular with respect to gender diversity in senior management.

During the fiscal year, the Committee was briefed and reviewed several people initiatives, including a one-off payment as support for the cost-of-living crisis and crew bonuses for their exemplary performance and seniority. A fixed rostering scheme was implemented for the crew, having been shaped in accordance with the feedback provided through a Company engagement survey and other employee forums. The Committee endorsed the measures, which underpin the Group's commitment to its people and aligns with the Board's strategy on inclusive culture.

Charlotte Andsager
Chair of the Sustainability and Culture Committee
8 June 2023

II. EMBRACING SUSTAINABILITY

WIZZ AIR’S ULTRA-LOW-COST BUSINESS MODEL AND RESOURCE EFFICIENCY

Our ultra-low-cost operations have been the most important strategic priority in delivering on Wizz Air’s mission. A highly efficient operational framework enables Wizz Air to provide air travel to more people in the world in an affordable, safe, sustainable and reliable way.

- Affordable travel: We believe that flying should not be a privilege, so we are connecting airports in a way that is affordable for people at all income levels. The backbone of our passenger traffic are people travelling with us to reconnect with friends or family after having migrated mainly for employment reasons.
- Point-to-point network: Our flight services connect destinations where alternative forms of travel are often unavailable or impractical or have a higher environmental impact. We connect these points in a direct way (as opposed to connecting flights via airport hubs) which lowers overall emissions.
- Seat density and passenger carbon footprint: We do not offer business or first-class seats, which would take up more space in the cabin, thereby increasing passengers’ carbon intensity footprint for the flight.
- Young fleet, state-of-the-art technology: At Wizz Air, low cost and low fares do not mean low quality of service, quite the opposite. We operate the youngest and most carbon-efficient fleet in Europe, and one of the youngest fleets in the world – among airlines with more than 100 aircraft in their fleet.
- No competing with other modes: Through our commercial planning, we carefully evaluate and make sure that none of our routes have a direct train alternative under four hours of travel time.
- Value for money: We offer a pay-for-what-you-use approach – instead of unnecessary services and extra waste generated – and a welcoming service, brought to our passengers by a well-trained, highly motivated, engaged and positive-spirited workforce, and all of this is enabled by our highly digitised and scalable operations.

We are confident that our business model, resource efficiency and clear focus on technology and innovation will continue to make the most efficient operations achievable across the industry.

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 CO_2 emissions per passenger kilometre in the industry, beating not just legacy carriers, but also low-cost airlines operating in a similar way to 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.”

UN Sustainable Development Goals (SDGs)

By continuously integrating sustainability into its business and operations, Wizz Air contributes to the following UN SDGs that are within its scope of influence. Throughout this report, the applicable SDGs will be paired with the relevant business areas and material topics.

Sustainability, resilience in the face of climate risks and a culture built on inclusion, gender diversity and career prosperity are at the forefront of our development and business conduct. We acknowledge the challenges aviation is facing currently due to the aftermath of the pandemic, and the actions required to decarbonise the sector in the long run. Wizz Air aspires to be the leading airline on environmental sustainability, recognising our impact on the environment, and constantly assessing new opportunities to enable a green transition within aviation. By doing so, with our continued focus on resource efficiency, we believe we will do good for the planet and the communities we serve, lower our cost structure, win the hearts and minds of our customers and improve access to capital over the long run.

KEY MILESTONES IN F23

In calendar year 2022, Wizz Air observed average carbon emissions intensity decrease by 15.4 per cent compared to the previous calendar year. This is the starkest CO_2/RPK decrease we have measured and reported from one year to the next, and we will continue to improve, to reach our ambitious intensity target by 2030, with the help of our fleet renewal and fuel efficiency initiatives, and the use of sustainable aviation fuels (SAF). At the end of F23, Wizz Air surpassed its previous record, surpassing its calendar year 2022 CO2/RPK performance (55.2 grams), reaching 53.8 grams by the end of F23.

Working on the Company's SAF strategy and accelerating our actions to secure adequate supplies for the future has been a key strategic priority this year and will continue to remain so going forward. Wizz Air has so far signed four Memorandums of Understanding with SAF producers and in April 2023 announced a £5 million investment in a biofuel company, Firefly. This is Wizz Air's first equity investment in SAF research and development.

In an effort to help drive change in the industry, Wizz Air joined the European Commission's Alliance for Zero Emission Aviation and the Renewable and Low-Carbon Fuels Value Chain Industrial Alliance, and is engaging with key stakeholders in Wizz Air entities including in the UK and United Arab Emirates.

Throughout the year, Wizz Air has been recognised as the most sustainable low-cost airline by World Finance Magazine and was named Global Environmental Sustainability Airline Group of the Year by CAPA (Centre for Aviation), one of the world's most trusted sources of market intelligence for the aviation industry. The airline also received recognition as the EMEA Environmental Sustainability Airline of the Year.

OUR SUSTAINABILITY STRATEGY AND TARGETS

high materiality topic

Wizz Air's mission and purpose is to provide travel opportunities that can enhance lives and make the world around us better, bringing nationalities, cultures and businesses together. We are committed to making sure that everyone, everywhere can benefit from air travel at affordable prices, whilst setting high benchmarks for safety, service, customer experience, good corporate citizenship and reliability.

The most critical task today is establishing a sustainable business, mitigating the impact of climate change on our operations, and finding solutions to reduce our impact on the planet. We remain committed to continuous improvement across 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 and, as such, we have set 15 objectives to deliver on Wizz Air's sustainability ambition.

Environment

Our ultimate goal is to ensure that by choosing to fly with Wizz Air, our customers are making the most carbon-efficient choice of air travel available. We are continuously working on reducing our environmental footprint and carbon intensity.

People

Our people pillar focuses on our workforce 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.

Governance

Our sustainability agenda is governed by the Sustainability and Culture Committee. The Committee assists the Board in reviewing Company policies and practice on sustainability and culture, ensuring that climate and diversity strategies are implemented according to plan.

Economy

Our Company mission is to provide affordable travel for all, contributing to the GDP growth of WIZZ destinations by driving tourism, and creating new jobs and opportunities to do business.

The sustainability strategy tracker table below describes the key objectives and the current status of our targets, respectively (● = on target; ○ = action plan in place to reach target).
More details can be found on each commitment later in the Sustainability Report.

Sustainability pillar	Commitments	On target	Current status
Environment	To reduce CO_2/RPK (carbon emitted per passenger kilometre) from flight operations by 25% until 2030 (F20 base year).	○	See target glidepath and related information on page 34.
	Qualify a sustainable aviation fuel (SAF) supply chain from 2025.	●	On target. Partnerships with four SAF suppliers. Investment in a green fuels company. See page 38.
	Drive noise reduction by ensuring all our fleet is compliant with the applicable Chapter 14 noise emission standards by 2028.	●	On target. 77% of our aircraft are compliant. See page 41.
	Qualify future technology building blocks and industry partnerships to enable decarbonisation by 2050.	○	Ongoing by the Board of Directors and the Sustainability Council. See page 42.
People	Continue to put safety first, in everything we do.	●	On target. Cross-functional safety council meets four times per year. Dedicated Safety, Security and Operational Compliance Committee established in F23 for additional oversight. See page 50.
	Further improve gender diversity in the Board, management and flight deck to achieve: 1. 33% female gender diversity in the Board of Directors 2. 40% female gender diversity in the Management Team by F26 3. 7% female gender diversity in the flight deck by F30	●	On target to achieve goals by target year. 1. Board of Directors: 30% 2. Management Team: 32% 3. Flight deck: 4.68% See page 57.
	Develop and sustain employee engagement in the top 25% of the industry benchmark.	○	Action plans in progress. See relevant section on employee engagement. Page 60.
	Improve customer experience each year as measured by various customer satisfaction metrics.	○	Action plans in progress. See page 64 on customer experience.
Governance	Ensure effective Board oversight of all elements of the sustainability strategy.	●	On target. Details in the Sustainability Governance section, from page 24.
	Continue to improve our climate-related disclosures (alignment of our decarbonisation roadmap to the SBTi; reporting on all scopes of greenhouse gas (GHG) emissions as of F22).	●	Continuous work on climate-related disclosures and alignment with applicable reporting frameworks such as the Task Force for Climate Related Financial Disclosures; see page 29. SBTi: see page 48. GHG inventory Scope 1, 2 and 3 reporting from F22 (page 45).
	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.	●	Incentive scheme in place since 2021 (details in the F22 Annual Report).
	Our gender diversity target for management has been integrated into the incentive scheme for the CEO and Officers as of F22.	●	Incentive scheme in place since 2021 (details in the F22 Annual Report).
Economy	Grow our fleet to 500 aircraft by 2030.	●	On target to achieve goal by F30. Current fleet: 179 aircraft. See page 35.
	Increase the number of customers from 40 million in 2019 to 170 million by 2030.	●	On target to achieve goal by F30. Passengers in F23: 51.072 million.
	Employ over ~20,000 people directly and 125,000 people indirectly across the network.	●	On target to achieve goal by F30. New employees hired in F23: 2,522 (total employee number: 7,389).

HOW SUSTAINABILITY IS INTEGRATED INTO THE COMPANY'S STRATEGIC PRIORITIES

Opportunity, consistent resource 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

Wizz Air goals:

1. Deliver average 20 per cent annual growth in capacity
2. Deliver 13 to 15 per cent net income margin
3. Reduce our CO_2 emission intensity by 25 per cent 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. Enabling our business by creating the leading digital platform
5. Continuing to run a highly engaged, agile and entrepreneurial organisation

<u>ESG-related metrics are integrated into our key performance measures, year on year:</u>

1. Leading on cost	1/1 CASK performance 1/2 Ancillary PAX revenue 1/3 Cash	2. Increasing our geographical footprint	2/1 Market penetration 2/2 Market share
3. Leading sustainability	3/1 CO_2 emissions 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		

III. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stakeholder priorities on the environment, social and governance spectrum are constantly changing, and Wizz Air needs to continually evolve to meet emerging expectations. Conducting a thorough materiality assessment helps the Company to identify and prioritise the issues that matter most to our business as well as our stakeholders. It also enables us to sharpen our strategies.

Wizz Air identified its key stakeholder groups as follows: our customers, people, investors, partners and communities, as well as policymakers and regulators. To identify those priority issues that matter most to each individual stakeholder group, Wizz Air is using a materiality assessment method combining various solutions for engagement.

STAKEHOLDER ENGAGEMENT

We engage with our principal stakeholders on a continuous basis every year, to re-evaluate our activity and maintain a close understanding of their priorities. Identifying their expectations allows us to blend our vision and strategies with their views on Wizz Air and focus on setting targets that are credible and meaningful.

After a series of challenging periods like COVID-19 and the post-pandemic recovery, the invasion of Ukraine in 2022, and aviation supply chain disruption issues last summer, our principal stakeholders have sought even more guidance from the Company and their feedback has been valuable – they appreciated our proactive action in addressing those elements that are of the highest 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 and take all necessary steps to decrease the number and impact of operational disruptions, whilst keeping our cost structure and fares affordable and competitive.	Our customers value the relationship Wizz Air is building with them. They are looking for a reliable, safe, and environmentally responsible travel experience, low prices, great service, more choices, and a frictionless digital experience, including complaints management.
Our investors	The support of our investors and Shareholders is crucial to sustain our business model. They allow us to continuously improve the Company and our services via investment in the growth of our business, whilst delivering leading Shareholder returns.	Our investors value results delivered in a sustainable and responsible manner. They see Wizz Air as a disruptor in the sector not only in terms of our low-cost business model but due to our focus on resource efficiency, leading carbon intensity results and environmental leadership position.
Our people	Above all, Wizz Air is made of the many talented and loyal employees we have. They are the face of the Company towards our customers, and the professionals helping our business grow and improve. We focus on improving and leveraging the diversity of our employees, enabling a highly engaged workforce, which will lead to a more efficient and customer-centric service offered.	Our workforce expects a safe, inclusive, reliable work environment where they are nurtured and respected. They find reward in the interactions with our passengers and 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 across the industry and other sectors, to deliver a "lowest-cost-done-right" service. Wizz Air values the agility of our partners even in the most difficult times and rewards them with security and growth prospects.	Our partners expect a trusting relationship where both sides challenge each other to develop professionally, while adding and retaining value.
Our communities	Wizz Air brings prosperity and happiness to the communities it serves. It connects communities in economies and creates opportunities for them, which adds to the Company's positive impact on society.	Our communities expect Wizz Air to create local opportunities, enable progress, and contribute to the growth and prosperity of the economies we operate in, all this carried out in a sustainable, responsible manner.
Regulators and policymakers	Wizz Air supports commitments for more sustainable aviation, advocating for a fair and equitable approach across all geographies, while developing the necessary ecosystems, and incentivising a green transition that serves the best interests of our communities.	Regulators and policymakers want to ensure a just and socially fair sustainable transition, while strengthening the innovation and competitiveness of the impacted industries. They look to key industry players to lead the way and set and achieve ambitious targets towards a net zero economy.

The relevant communication channels are in place for stakeholder groups to communicate feedback or complaints if any. Direct feedback was collected from our customers and employees, via a digital materiality survey. To better understand our investors' priorities, the Company engages with investor representatives regularly, as part of which ESG and sustainability priorities are frequently discussed.

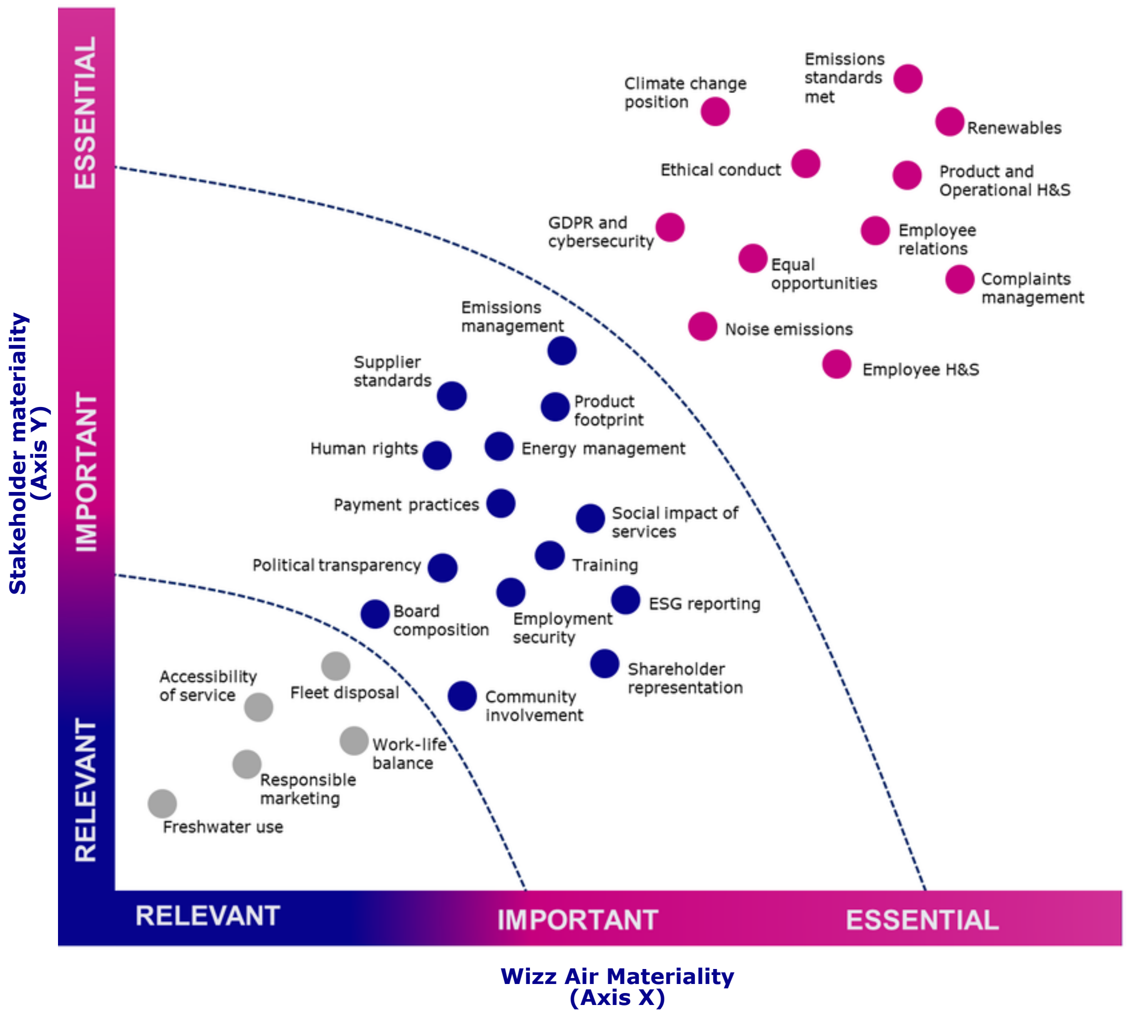
MATERIALITY ASSESSMENT

In line with the GRI framework, we have updated our materiality matrix to confirm the most material priorities for the Company. The Company had previously selected a wide range of environmental (E), social (S) and governance (G) topics based on the key issues most relevant for our industry, and the focus areas that other stakeholders in the sector report on.

Regarding the topics that matter most to our partners, communities and policymakers, we have been collecting information from the relevant in-house experts, while the Company also conducted a benchmarking analysis across a selection of airlines to have a comprehensive overview of the most material topics relevant in aviation and our sector. Findings and recommendations of the extra-financial ESG rating agencies were also considered in the assessment. To note, the Company is working towards a revised materiality assessment approach, collecting and analysing direct feedback from all stakeholder groups once a year.

In the list of high-materiality topics and the materiality matrix presented below you can find each of these issues representing the level of materiality for Wizz Air and our stakeholders. We will provide further perspective in this report with regard to our goals, strategies and results connected to these issues and opportunities. Note, the report covers all of the below listed high-priority topics, discussed under the relevant ESG pillar disclosures respectively, to ensure added transparency and detail on the topics most essential for our stakeholders.

The annual Sustainability Report was structured in a way to disclose in detail how we are managing all the issues most material to us. The relevant processes will be indicated and detailed in each relevant section.



The materiality matrix showcases sustainability topics by contrasting two dimensions. Axis Y indicates the importance of the issue to our stakeholders, while axis X shows the importance of the issues to Wizz Air regarding the influence these will have on the Company's business processes and success.

MATERIALITY MATRIX – HIGHEST PRIORITY TOPICS

The following list includes the sustainability topics most material to both the organisation and our key stakeholders. The following report will discuss how the Company is managing these issues. All related sections will be indicated with a "high-materiality topic" icon.

Environment	Social	Governance
Emissions standards page 34 Renewables page 38 Product and operational H&S page 50 Climate change position page 28 Noise emissions page 41	Employee relations pages 59 and 60 Equal opportunities pages 56 and 27 Complaint management page 64 Employee health and safety page 50	Ethical conduct page 27 GDPR and cyber security page 68

IV. OUR SUSTAINABILITY AND CLIMATE GOVERNANCE

BOARD OF DIRECTORS

Wizz Air's sustainability governance has two main pillars, the Board of Directors and its internal governance structure. The Group strategy has proper oversight through the Board structure via the Group Chief Executive Officer (CEO) and the Chairman of the Board, as well as the Sustainability and Culture Committee tasked with overseeing the execution of the sustainability strategy, and monitoring progress of the highest priority projects. The Board, based on the proposal of the CEO, examines and approves the key objectives and strategy of the business including those related to environmental, social and governance factors.

The Sustainability and Culture Committee assists 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.

The Sustainability and Culture Committee ("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) coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

The Committee also assists the Board in reviewing the Company's policies and practice on culture. It ensures that the Company promotes diversity throughout the entire workforce and enables an effective two-way communication between the management and employees. This entails the following responsibilities:

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

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

The Committee also appointed a Director responsible for employee engagement (including engagement with the Wizz Air People Council).

In F23, the Sustainability and Culture Committee reviewed the Company's sustainability and climate actions during six meetings. A detailed update on the main agenda items can be found in the Chair's letter.

The Audit and Risk Committee has a crucial role in overseeing the Company's risk assessment processes. This includes the approval of the processes around the Enterprise Risk Management framework (outlined on page 86) and the annual comprehensive climate opportunity and risk analysis integrated into that. In addition to the regular, bi-monthly Board updates, the Committee receives a detailed briefing on the principal risks as well as the risk appetite and it reviews the action plans proposed by management.

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. Going forward, as of F24, the Board and 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 Corporate and ESG Officer, who is the Chair of the internal Sustainability Council.

LEADERSHIP TEAM AND SUSTAINABILITY COUNCIL

The Sustainability Council, chaired by the Corporate and ESG Officer, meets for regular reviews to discuss the sustainability agenda, new developments and the status of ongoing projects and to discuss and analyse further plans regarding the Company's decarbonisation pathway. On the working level, the Sustainability Council is coordinated by the Group Sustainability Manager, and is comprised of key internal stakeholders such as the Corporate and ESG Officer, the Executive Vice President and Chief Corporate Affairs Officer, the Executive Vice President and Chief Financial Officer, the People Officer, the Customer and Marketing Officer, the Managing Directors of the airlines within the Group, and all Heads of Function along with senior managers responsible for the applicable business areas. 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.

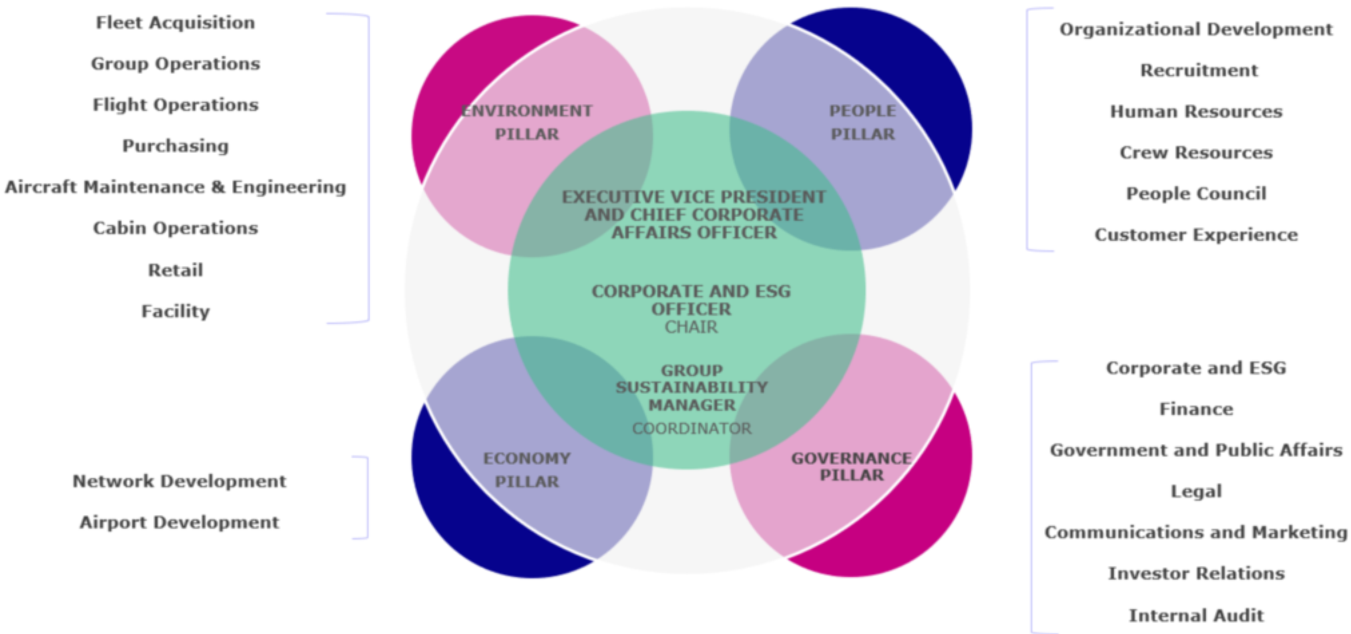
The Company-wide, fully cross-functional Sustainability Council will continue to meet regularly and will debrief the full Leadership Team including the CEO on the progress it is making versus its strategic priorities. Where needed, during these meetings amendments to goals and strategies will be aligned. Subsequently, progress and future strategies will be coordinated with the Sustainability and Culture Committee.

In January 2023, the members of the Sustainability and Culture Committee and the Leadership Team (along with the responsible Heads and Managers) participated in comprehensive and interactive Sustainability and ESG training by experts regarding applicable regulation and reporting frameworks, reporting obligations and compliance, global net zero actions, market expectations and sustainable aviation fuels. The Board is comfortable with its level of knowledge regarding climate change and the related industry transition and is aware of the importance of continuous education in this fast-changing environment. Ensuring the proper oversight and management of our sustainability ambitions is crucial to maintain momentum and achieve our objectives. We continue to focus on further developing our sustainability governance including additional training 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; and iii) be Europe's greenest choice for flying.

SUSTAINABILITY GOVERNANCE SUMMARY

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 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. fleet renewal, fuel efficiency initiatives, aircraft innovation partnerships, climate regulation advocacy, sustainable aviation fuels and non-fuel-related emissions and waste.
	Meets for regular updates on a Council as well as dedicated working group level, with quarterly CEO reviews.

SUSTAINABILITY COUNCIL STAKEHOLDERS



SUSTAINABILITY GOVERNANCE SUMMARY VIA THE ENTERPRISE RISK MANAGEMENT FRAMEWORK

Sustainable aviation-related risks have been identified as one of the principal risks for the Company. Along with all other risk types, environment and climate change-related risks are evaluated under Wizz Air's Enterprise Risk Management (ERM) framework, which is presented to and reviewed by the Board of Directors twice per year.

Risk identification is a process that involves finding, recognising and describing the risks that could affect the achievement of Wizz Air's objectives. Risk identification is essential for semi-annually updating the risk universe and with this the risk appetite of the Company. Alternative methods for risk identification include meetings, interviews, group discussions, historical data and market information. Risks identified are analysed and evaluated using the following aspects: impact and likelihood.

Apart from these processes, sustainability-related risks are continuously assessed by the Group's ESG function as well. It works together with experts to carry out the detailed climate scenario analysis every year, which is then channelled into the ERM as well. The risks are assessed through the ERM classification methods for the business planning relevant timeframes. More information about this process and the mitigation for climate risks can be found in the Task Force on Climate-related Financial Disclosures (TCFD) section of this report.

As the ERM includes a number of ESG-related risks, and within the climate-related risks, the primary and secondary risk owners are identified based on the functional expertise required, it is the risk owner's responsibility to assess the risks appropriately while giving information to Internal Audit during the annual update process.

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 main principal risks, as identified during our Enterprise Risk Management work, are mapped, and discussed as such for their one-year and five-year and ten-year impact. The same approach is used for climate 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.

Wizz Air is committed to continuously forecasting and mitigating the impacts of climate-related phenomena on the environment, our communities and our business. As such, climate considerations are integrated into our financial planning and controlling processes. Each year, when the Company is preparing the financial operating plan for the following year (and forecasts on medium term), the key risks are collected from the Heads of Function, indicating the potential financial impact of the risks. This information is therefore channelled into the financial planning continuously, ensuring that the organisation remains prepared and resilient, calculating the most important risks and their financial threat.

ENVIRONMENTAL REGULATION COMPLIANCE AND MITIGATION OF CLIMATE CHANGE-RELATED RISKS

A key risk connected to climate change and ESG will be environmental regulation compliance. This entails the applicable current and future mandatory reporting frameworks related to corporate sustainability, emissions reporting, ETS reporting, future environmental taxation compliance, or any other requirements that are not currently known but could potentially result in non-compliance-related penalties or reputational damages in the future. To counteract that, Wizz Air is laser focused on strengthening its internal and Board-level sustainability governance with frequent reviews and updates of reporting requirements, also enabled by training and by employing expert sustainability consultants. All reporting and environmental compliance matters have ownership assigned to the responsible function, which then reports on the applicable risks and mitigation actions to the Corporate and ESG Officer and the Sustainability Council.

The Company's risk mitigation actions and projects addressing climate-related risks are discussed in detail in this report's section V. Environment-related targets and priorities section, on pages 28–47.

RISK GOVERNANCE STRUCTURE

high materiality topic

Wizz Air's Board of Directors and entire workforce are expected to act with integrity and in accordance with all applicable laws and regulations at all times.

A key policy for ethical business conduct at Wizz Air is the Policy of Good Conduct, which has been reviewed and revised most recently in August 2022. It outlines in detail the expectations of all WIZZ employees when carrying out their duties in their business and professional relationships. The Company also recently released its new Equal Opportunities and Fair Treatment Policy, to signify our commitment to create a safe and respectful working environment for all stakeholders, based on mutual respect, fairness and equality, to advocate diversity and to preserve an atmosphere which is free from any forms of discrimination, victimisation, vilification, bullying or harassment.

WIZZ believes that in order to ensure the continued integrity of its business there shall be an effective reporting line for its employees. If the employees suspect any breach of Company policies, they can raise their concerns and report it to the relevant personnel anonymously via the whistleblowing programme, as detailed in the policy.

There are also additional policies ensuring the ethical conduct of the Board of Directors and those in leadership positions. 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.

Similarly, all of Wizz Air's partners and suppliers are expected to comply with the Company's Supplier Code of Conduct, which sets out our requirements for ethical business, social and labour standards, legal compliance and environmental and commercial sustainability. In accordance with the Sustainable Procurement Policy, the Supplier Code of Conduct is shared with all supplier candidates in the tendering phase for complete awareness of the Company's expectations.

Wizz Air's Anti-Corruption Policy prohibits any kind of corrupt or improper practices or bribery between Wizz Air personnel and third parties intended to induce any person to perform a relevant function improperly or to reward improper performance. Appropriate anti-corruption education and training is provided to Wizz Air personnel and third parties involved in conducting or supervising business operations.

As part of the employees' general onboarding processes, there are multiple mandatory e-learning training courses on business ethics, including conflict of interest training, the General Data Protection Regulation, competition law and information security management, to ensure that the workforce is aware of the key principles that govern the ethical and compliant conduct of Wizz Air. New and revised policies are always shared with employees via the Company's internal digital channels to ensure continued awareness and compliance.

It is the responsibility of the Internal Audit function, and the Audit and Risk Committee of the Board to review compliance with the above mentioned business ethics principles.

DATA GOVERNANCE AND REPORTING STANDARDS

Scope of reporting: Unless otherwise stated, the report includes all operating entities under the Company, namely Wizz Air Hungary Ltd., Wizz Air UK Ltd., Wizz Air Abu Dhabi LLC and Wizz Air Malta Ltd and all related subsidiaries.

This Sustainability Report has been prepared in reference to both the Task Force on Climate-related Financial Disclosures and the Global Reporting Initiative. The indices with the relevant page numbers and external disclosure references can be found at the end of this Sustainability Report.

Assurance: This report was reviewed and approved by Wizz Air's responsible executive officer, as well as the Sustainability and Culture Committee of the Board of Directors. The GHG emissions reporting in this disclosure received independent limited assurance from Deloitte Auditing and Consulting Ltd. Hungary - the certificate is separately available on Wizz Air's sustainability website.

Emissions data from intra-European flights (EU and UK Emissions Trading Schemes) and all other flights falling under the scope of the UN Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is reviewed and verified by Verifavia, an independent third party, for the complete calendar year.

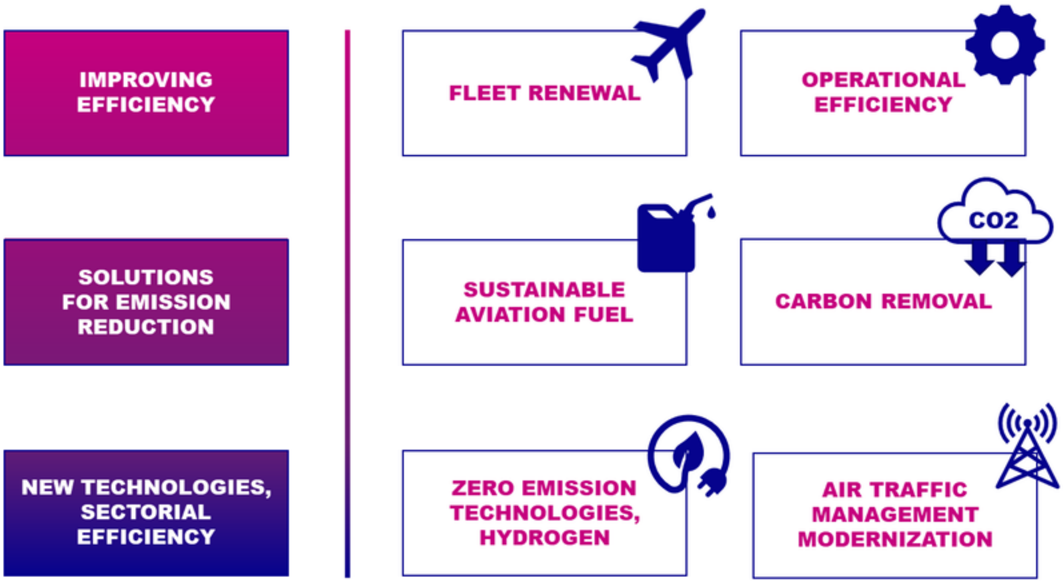
V. OUR ENVIRONMENT-RELATED TARGETS AND PRIORITIES

OUR POSITION ON CLIMATE CHANGE AND NET ZERO

high materiality topic

Wizz Air aspires to be the greenest and most efficient choice for flying, which is also our key competitive advantage, enabled by our young and highly fuel-efficient fleet and business model. At the same time, as the industry is laser focused on actions and solutions for a sustainable transition, we also have a responsibility to create a pathway towards being an even greener airline.

We remain committed to our 2030 goal of reducing emissions intensity by 25 per cent versus our F20 baseline. We have also dedicated significant resources this year to continuously assess our potential pathways for an interim and final target for 2035 and 2050 respectively. Our aspiration to support the global efforts for a long-term target for aviation is clear, and we have identified the crucial elements on the path to achieve this:



At the same time, there is still much uncertainty around external circumstances outside of our control (such as zero emissions aircraft and the related ecosystem, adequate supplies of sustainable aviation fuels, direct air carbon capture technologies, or air traffic modernisation), so we cannot at the present time issue an official net zero commitment.

We are focused on remaining responsible and realistic in terms of decarbonisation, and while we have ambitions to use sustainable SAF – and later on, if available, fly zero emissions aircraft – to ensure the sector is becoming climate neutral in the long term, we cannot yet credibly commit to a net zero pathway until we see the relevant infrastructure and supply chain building up and able to support aviation with adequate supplies. Like everything Wizz Air is doing, and any commitment and target we set, it must be meaningful and based on the facts available today. Consequently, the Company, together with the Board of Directors, will continue to work on evaluating and defining our long-term, end-to-end plan prior to any further market communication on 2050 targets.

In October 2021, Wizz Air's Commitment Letter to the Science Based Targets initiative (SBTi) was accepted, in which we committed to developing a science-based target aligned with the applicable criteria and submitting the target to the SBTi for validation within 24 months. The Company has been working on its ambitious decarbonisation roadmap throughout F23 and is currently in the process of completing its near-term target submission to the SBTi (intensity target aimed at decreasing well-to-wake Scope 1 and Scope 3 jet fuel GHG emissions by 2035).

TCFD-BASED CLIMATE RISK ANALYSIS

As an airline, we are aware of our impact on the environment, the expectations of the industry to decarbonise by 2050, 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. While we keep improving our understanding of how we can decrease our negative impact on the climate, we must also stay focused on continually assessing the impact of climate change on our operations. Climate change is identified as an emerging risk to Wizz Air as part of the Enterprise Risk Management (ERM) process (see page 86) as it will impact our business over the short, medium and longer term.

Wizz Air has been reporting in accordance with the TCFD guidance since F21. In terms of the Company's TCFD maturity, Wizz Air's management is comfortable with the consistency of our reporting regarding the core TCFD recommendations and recommended disclosures, and the TCFD all sector guidance, including the supplemental guidance for non-financial groups for our industry, and has a clear timetable to develop further in the future.

METHODOLOGY: QUALITATIVE RISK ANALYSIS

We have outlined the impact that climate change could have on our business via an assessment of the impact of four global warming scenarios, as described below. We have looked at the impact on our business, projecting our current fleet plan and the WIZZ500 ambitions. To continuously develop our climate risk assessment approach and its effectiveness in supporting the organisation's resilience, we have also been working with expert sustainability and climate consultants from Deloitte Ltd. Hungary who helped improve our existing climate risk analysis approach. The methodology considered four different climate change scenarios, in accordance with the Intergovernmental Panel on Climate Change (IPCC). These scenarios are 1.5°C, 2°C, 3°C, 4°C.

The four potential climate change scenarios had been previously chosen as they cover a broad spectrum of outcomes, enabling Wizz Air 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 have a crucial socioeconomic narrative with assumptions about policy change, energy outlooks and technology.

Emission pathway	Global temperature rise by 2100 (vs 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 & 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 & systemic energy & behaviour shifts & major technology innovation

The first step in the process was the thorough vulnerability assessment, reviewing all potentially impacted business functions, in order to identify those risks most likely to affect Wizz Air in the short, medium and long term. As part of this, every potential risk type (physical and transitional) was evaluated under the above mentioned climate scenarios by 2100. For context, transition risks include potential market-specific changes arising from the shift to a low-carbon economy while physical risks refer to changes in global climate and the related impacts. Our potential risk categories are aligned with the TCFD framework.

Through the detailed and thorough interview and internal survey exercise with our consultants, including all business areas, such as Wizz Air's services, operations and supply chain, all applicable climate risks were identified. Taking into account the latest scientific findings and relevant literature, in cooperation with Deloitte Ltd. Hungary, we evaluated the exposure of Wizz Air's vulnerability with regard to key operational areas, critical airport bases with our network, and the location of the tier one suppliers.

From a regulatory perspective, two main regions were assessed for transitional risks: 1) the EU, the UK and Switzerland, due to their comparable regulatory environment; and 2) all the other areas, such as non-EU and Middle East regions. On the other hand, focusing on a geographical assessment for the most likely physical risks, three main regions were differentiated: 1) Europe; 2) the Mediterranean and North Africa; and 3) the Middle East, given their distinguishing climatic conditions.

The selected climate scenarios are based on Shared Socio-economic Pathways (SSPs), and the Representative Concentration Pathways (RCPs). The IPCC is using the SSP-RCP framework for scientific forecasting in terms of the various climate change impacts, applied differently in accordance with each specific pathway. The qualitative scenario analysis of physical risks considered the IPCC's Atlas, a climate change map for further insight into key risks within the Wizz Air network.

The qualitative scenario analysis of transitional risks relied on the IEA's World Energy Outlook 2022 and various other primary sources such as EU policies and climate regulations. The IEA's report offers clear guidance on the crucial differences between the impact of the currently existing, the less ambitious and the more ambitious regulatory policy scenarios. Deploying the IEA's analysis gave clarity on how Wizz Air may be impacted under the various policy scenarios, as the 4°C and 3°C pathways are forecasting a less effective implementation of climate policies globally, while the 1.5°C and 2°C scenarios will increase the regulatory pressure with strict policy measures implemented across the industry.

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). Following this assessment, the risks were compiled in risks heatmaps, following the same logic and risk ranking framework that our in-house ERM is using.

CLIMATE-RELATED RISKS, THEIR SIGNIFICANCE AND MITIGATION MEASURES

Based on the previously described heat-mapping process, Wizz Air identified the main climate risks including those categorised as a high-impact risk in any time horizon, or those which have at least medium risk impact for each time horizon. The table below includes the description of the main physical and transitional climate risks identified and their impacts on Wizz Air, with the mitigation actions and strategies applied by the Company's responsible functions.

In the following risk assessment tables below, the risk impact categories and colour coding in the first column are in line with the Company's Enterprise Risk Management framework. Accordingly, green = low risk impact (accept risk); yellow = medium impact (action plan); and red = high impact (avoid, reduce or transfer risk). The risk impact visualisation for short, medium and long term indicates how the same risk type may have different risk severity over time, when changing from green to yellow or red.

Physical risks

As evident from the assessment below, no high-impact physical risks were identified within the time horizon evaluated during the analysis. The impacts of physical risks will have more relevance the further we look into the future (by 2050 and beyond) and we expect no critical change within the next ten years when compared to existing temperature or weather pattern changes. In case climate policy implementation is ineffective, physical risks will cause operational, market and supply chain disruption and asset damage and could impact feedstock availability for sustainable aviation fuels.

Risk type and estimated significance	Risk description	Financial impacts	Mitigation measures
Change in weather patterns (general) Short term Medium term Long term	Significant changes in weather phenomena (frequency, intensity) are likely in the long term (e.g. by 2050 and beyond); however, we expect no critical change within the next ten years.	Potential revenue loss and higher operating costs due to disruptions that cannot be prevented, avoided or planned for.	Maintaining operational preparedness through existing processes and policies for disruption management. Continuous TCFD-aligned climate scenario analysis of the related physical impacts will enable the Company to assess risks and set up mitigation actions in cooperation with the Operational and Network Development teams. Future development of forecasting technologies (more accurately tracking historical disruption root causes and locations) will support our operational planning due to changing weather patterns.
Acute flooding Short term Medium term Long term	Intense precipitation and resulting flash floods could increase at global warming levels above 1.5°C everywhere, except the Mediterranean. These could disrupt ground operations, or damage airport infrastructure, causing flight disruptions.	Lost revenue, increased operating costs.	
Intensive storms Short term Medium term Long term	Severe storms may lead to disruptions in the airspace or at airports, or cause infrastructure damage. They could also result in additional fuel consumption. Northern, North Western and Central Europe may experience an increase in severe storms. In the Mediterranean, the frequency of cyclones may decrease but could increase in intensity.	Lost revenue, increased operating and fuel costs.	

Risk type and estimated significance	Risk description	Financial impacts	Mitigation measures
Heatwaves Short term Medium term Long term	Extended heatwaves have negative effects on aircraft performance (necessitating the rescheduling of heavier aircraft or reducing their weight). Heatwaves may also reduce airport capacity as a result of less dense air impacting take-off, or runway/ taxiway damage. In the summer, warming is expected to be strongest in Southern Europe.	Disruption of regular revenue streams and increased operating costs.	Maintaining operational preparedness through existing processes and policies for disruption management. Continuous TCFD-aligned climate scenario analysis of the related physical impacts will enable the Company to assess risks and set up mitigation actions in cooperation with the Operational and Network Development teams. Future development of forecasting technologies (more accurately tracking historical disruption root causes and locations) will support our operational planning due to changing weather patterns.
Drought Short term Medium term Long term	Deficiency of precipitation over an extended period will result in significant crop failures, which has a high potential to negatively affect SAF production (where the main raw materials for these fuels are crop based). The Mediterranean, Central Western Europe and the Middle East and North Africa will be affected by drought.	Potential penalties due to our inability to fulfil SAF blending mandates (suppliers may pass on the penalties via increased fuel costs).	Diversification of the Company's alternative fuel supply chain to avoid overreliance on one particular type of SAF.
Demand redistribution Short term Medium term Long term	Extended and persistent high temperatures in previously popular leisure and seasonal destinations can negatively impact demand, which could lead to new geographical and seasonal preferences among passengers, impacting the Company's revenue streams.	Disruption of regular revenue streams in case no mitigation and changes actioned on the route network side.	The ongoing and continuous geographical diversification of Wizz Air's network, and our demonstrably agile operations allow sufficient flexibility to adjust to new consumer trends and offer alternative summer and winter holiday destinations.

Transitional risks

- Policy – Change in carbon tax policy and tax compliance
- Policy – ETS (carbon pricing)
- Policy – Emissions reduction regulations
- Policy – SAF regulation
- Policy – CORSIA and offsetting
- Technology – Disruptive aviation innovation
- Technology – Technological feasibility issues of SAF production
- Market – High price elasticity of demand
- Market – Reduced demand due to the increasing number of ESG-conscious customers
- Market – Investor sentiment
- Liability – Emissions and climate damage litigations
- Reputation – Brand reputation

With regard to the lower impact transitional risks (not included in the following risk table):

- The requirement of CORSIA will likely exceed current policy expectations, leading to higher costs but only in the 1.5°C and 2°C scenarios and only in the medium term.
- As for the adoption rate of low-carbon technologies, it will affect competitiveness, costs and asset values, but due to the maturity of the related developments and the projected timelines, this will be relevant outside of our time horizons. When it comes to liability, as aviation is a carbon-intensive industry, the Company may face scrutiny from regulators, potentially resulting in liability-related expenses.

<table>
<tr><th>Risk type and estimated significance</th><th>Risk description</th><th>Financial impacts</th><th>Mitigation measures</th></tr>
<tr><td>Change in carbon tax policy and tax compliance
Short term
Medium term
Long term</td><td>New fossil fuel and carbon taxation implemented by the EU and other national governments would increase the general level of taxation cost in the medium and long term. Incorrectly assessing changes in tax legislation could lead to penalties.</td><td>Increased operating and compliance costs all over the network (in EU and non-EU countries) without impact on emissions. The financial impact would be even higher in case the EU and its member states introduce carbon taxes parallel, leading to double taxation.</td><td>Advocacy measures to ensure a standardised approach globally, avoiding double taxing emissions via carbon pricing, kerosene and carbon taxes, putting additional burden on operators.</td></tr>
<tr><td>Emissions Trading Schemes (carbon pricing)
Short term
Medium term
Long term</td><td>Carbon prices are expected to increase in the medium term due to the phasing out of free carbon allowances by the EU, and forecasts also suggest EU ETS exceeding current policy requirements in the long term.</td><td>Additional compliance costs under UK and EU ETS. Operational costs will increase due to higher carbon prices per unit, and the elimination of free allowances.</td><td rowspan="2">Maintaining an effective carbon allowance/offset purchasing strategy to mitigate price volatility.

Forecasting carbon prices and cost increases continuously to increase resilience.

Continued work on assessing a net zero pathway for Wizz Air for the long term, to enable the reduction of absolute emissions.</td></tr>
<tr><td colspan="3">Opportunity: This risk presents an opportunity in the medium term, as there are multiple airline competitors that currently have much higher volumes of free allowance. As EU ETS free allowances were based on the 2010 Company size, and since the Company has been growing significantly since, it has much less free carbon allowances compared to its peers. This provides a competitive advantage as the continuous reduction and final phasing out of the free allowances (by 2026) will have a much less severe cost impact on Wizz Air than many other airlines.</td></tr>
<tr><td>Emissions reduction regulations
Short term
Medium term
Long term</td><td>In addition to the above-mentioned carbon pricing and new taxation policies, in a 1.5–2°C scenario, it is expected that strict policies will be implemented across Wizz Air's entire network, requiring emissions reduction compliance.

If national governments introduce different policy measures without a standardised approach, there may be a risk of non-compliance to some due to the regulatory complexity.</td><td>Increased operational costs and possible penalties in the medium term, in case of failure to comply with the complex set of requirements in our operating environment.</td><td>Continuing strong focus on assessing and ensuring tax and regulation compliance related to emissions regulation.

Engagement with governments and the EU, and other key stakeholders for a unified approach across geographies.</td></tr>
<tr><td>Sustainable aviation fuel mandates
Short term
Medium term
Long term</td><td>The regulations mandating SAFs in the aviation fuel mix already in effect in some countries will be introduced in the EU in 2025 and the same trend is expected in other regions as well. Forecasts may significantly exceed the current policy requirements.</td><td>Significantly increasing operational and fuel costs, already in the medium term.

Failure to use sufficient SAFs may also lead to penalties, and a slower transition to renewables.</td><td rowspan="2">In accordance with the Company's SAF strategy, procurement efforts will keep focusing on setting up the required SAF supply chain to ensure compliance.

Resources have been allocated to manage advocacy regarding the book and claim mechanism.</td></tr>
<tr><td colspan="3">Opportunity: This risk presents an opportunity in the medium and long term in case Wizz Air invests in the certification and future production of alternative fuels, which would guarantee access to higher SAF volumes provided by one producer, at a preferential price. This would ensure cost efficient SAF access, at a lower price than available on the market, mitigating the cost increase resulting from the SAF mandates.</td></tr>
<tr><td>Technological feasibility issues of SAF production
Short term
Medium term
Long term</td><td>In a 1.5–2°C world scenario, demand for alternative fuels will increase rapidly as operators will aim to comply with the legal obligations. However, a ten-year timeframe may not be enough to achieve the economies of scale and technological maturity to support global ambitions with adequate supplies. Suppliers are likely to encounter similar issues.</td><td>Due to potential SAF supply chain challenges, airlines may face penalties for non-compliance, and additional costs due to increasing ETS costs.</td><td>Continued execution of our SAF strategy; procurement efforts will keep focusing on setting up the required SAF supply chain to ensure compliance.

Diversification of the Company's SAF supply chain to avoid overreliance on one particular type of SAF.

The Company is looking at strategic options to support production and research where we see the potential for achieving structural advantage in terms of cost and supply.</td></tr>
</table>

Risk type and estimated significance	Risk description	Financial impacts	Mitigation measures
High price elasticity of demand Short term Medium term Long term	In a strict policy scenario, compliance with requirements would increase Wizz Air's unit cost due to the additional cost elements (carbon pricing, SAF, carbon taxes). In line with the business model, to keep ticket fares affordable, the Company cannot entirely pass on the additional costs to the customers.	Increased unit costs (impacting financial performance and the Company's low-cost profile) and/or price increase in ticket fares (impacting sales).	Continued investments into sustainable technologies and initiatives can help Wizz Air reduce the possibility of costs passed on to customers.
Reduced demand due to sustainability – conscious customers Short term Medium term Long term	Due to climate change awareness, consumer preferences are shifting, and demand for air travel may decrease significantly in the long term (especially in regions where greener alternatives are available).	The decline in customer demand could affect revenues negatively.	Our flight services connect destinations where alternative forms of travel are often unavailable, impractical or have a higher environmental impact. With the agility of network planning, the Company can also adjust later, if needed, and operate in regions where other alternatives are not feasible.
Opportunity: In the medium and long term, this risk also presents a competitive opportunity as Wizz Air currently has and will continue to strive towards maintaining the lowest reported emissions intensity per passenger kilometre, compared to other airlines. Additionally, while currently there are misconceptions about the ultra-low-cost, low-fare business model, climate change awareness could shift consumer sentiment to favour ULCC more than traditional airlines (due to their higher emissions per passenger kilometre), so this risk would impact competitors more significantly than Wizz Air.			Ambitious fleet renewal plan by 2030, continued developments in fuel efficiency projects and our SAF strategy will enable Wizz Air to differentiate its brand by showing leadership.
Investor sentiment Short term Medium term Long term	In a 1.5–2°C climate scenario, ESG-conscious investors may divest from carbon-intensive industries.	Increase in the Company's cost of capital.	A robust environmental strategy including fleet renewal with the best available technology today, and fuel efficiency initiatives. SAF strategy execution to ensure a steady supply of alternative fuels, helping achieve our targets. Partnership with Airbus on its zero emissions aircraft project.
Brand reputation Short term Medium term Long term	In a strict policy scenario, the Company may experience reputational damage as a result of aviation's negative image due to the use of fossil fuels. This may also deter potential investors.	Potential decrease in demand and revenues due to negative public perception. Increase in the Company's cost of capital.	Environmental projects and targets will continue to ensure Wizz Air's adoption of new and more sustainable technologies to meet the expectations of the public.

Out of all the risks assessed, the detailed risk table included those categorised as a high-impact risk in any time horizon, or that have at least medium risk impact for each time horizon. In terms of the global warming scenarios, for every risk type, the more severe potential impacts were considered, which were 1.5°C and 2°C in case of transitional risks. On the other hand, the higher the global temperature rise is, the less significant the transition risk impact will be as a result.

Based on the analysis, it can be concluded that transitional and physical risks are inversely proportional. In case climate policies turn out to be ineffective, it will enable the 3°C and 4°C scenarios, where physical risks will become more impactful; however, they will have only moderate risk within our defined time horizons and the severe physical impacts will occur in the longer term only (from 2050 and beyond). The better the regulation and policy implementation will be, the fewer physical risks should be faced, while a significant rise in transition risks is expected.

QUANTITATIVE RISK ANALYSIS

The qualitative climate risk assessment identified the most critical climate risks for Wizz Air's business planning. Out of the above presented long list of all climate risks, the following most critical material risks were selected for the quantitative analysis:

- carbon tax;
- ETS (carbon mechanism);
- SAF regulation;
- SAF feasibility;
- price elasticity; and
- weather pattern changes and their impact on operations.

The quantitative risk assessment was based on Wizz Air's business projections, current climate legislation and proposals, as well as up-to-date industry-specific reports and forecasts from EASA, ICAO and IATA sources. As risk calculation involves assumptions and estimates, and since the financial impact of risks is dynamically changing, it is crucial for the Company to have effective risk management processes to frequently review and adjust cost assessment to the changing circumstances or policy environment.

The results of the quantitative risk assessment have been shared with the relevant Wizz Air departments and Finance teams, to support the integration of the climate risk analysis into the Company's financial planning processes. The impact of the most critical risks was quantified by F28, as by focusing on this timeframe, we could gain a better understanding of the potential risks that the Company may face in the near future.

The detailed results of the quantitative risk assessment will be disclosed in the Company's upcoming Carbon Disclosure Project (CDP) submission - currently in progress, to be submitted in July 2023 to CDP - within its C2 Risks and opportunities module.

KEY TARGETS AND PRIORITY PROGRAMMES

Wizz Air has four main environmental targets with the ultimate objective to improve resource efficiency and continuously decrease our impact on the environment, by striving for lower emissions intensity and lower noise emissions, and establishing a sustainable aviation fuel (SAF) supply chain that can support our efforts to contribute to decarbonising aviation:

1. carbon intensity (CO_2/RPK) reduction – our core programme to gradually and radically reduce the emissions intensity generated by flight operations through:
   - 1/a: fleet renewal; and
   - 1/b: fuel efficiency;
2. sustainable aviation fuels (SAF) – qualify a SAF supply chain as of 2025, a key building block to our F30 emission intensity glidepath and to achieve net zero in accordance with global aspirations by 2050;
3. drive noise emission reduction through increased Chapter 14 emission standard compliance; and
4. qualify future technology building blocks and industry partnerships – to enable a net zero pathway.

1. CARBON INTENSITY (CO_2/RPK) REDUCTION

high materiality topic

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 their whole lifecycle. Carbon emissions intensity is the key environmental metric for Wizz Air as Scope 1 CO_2 emissions from flight operations are the most significant contributor to its carbon footprint. This intensity metric (e.g. CO_2 emitted as measured per passenger kilometre) measures emissions resulting from a given amount of activity, and 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 resource 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 CO_2 emitted, this measurement provides a means of comparison between the various options they can choose from.

Carbon efficiency reflects the energy efficiency of aviation operations as CO_2 emissions are directly calculated from the amount of fuel burnt during flights. One tonne of fuel burn emits 3.15 tonnes of CO_2 (as per international conversion standards).

In F23, Wizz Air had the lowest carbon emissions in the industry expressed in CO2 per revenue passenger kilometre (RPK) as it operates the youngest fleet at the highest seat load factors. Our average CO2/RPK for F23 was 53.8 grammes, which is unique in the sector.

During F23, our carbon intensity metric continued to be affected by the impact of the lower passenger load factors, still recovering after the pandemic. At the same time, 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 led to our lowest ever intensity performance. As we continue to renew our fleet, we are projecting further improvements year on year.

Wizz Air has established a CO_2/RPK emissions target of 43 grammes vs its fiscal 2020 baseline of 57.2 grammes CO_2/RPK. We established this target in 2021 based on the WIZZ300 strategy, which has since been replaced by the WIZZ500 strategy, which moved from a 300 aircraft 2030 target to a more ambitious 500 aircraft 2030 fleet renewal target. This was to take advantage of an opportunity to secure attractive fleet order positions when other airlines were hesitant or even reluctant to make such a commitment. This commitment to increased quantities of new technology aircraft would have accelerated Wizz Air's carbon intensity reductions, except for the various external factors now affecting the industry and WIZZ, which instead puts pressure on Wizz Air's carbon glidepath, such as, most notably, unforeseen Airbus delivery delays, but also a slower market recovery after the pandemic, the impact of the war in Ukraine and aviation supply chain challenges.

Despite Wizz Air's leading order book position with Airbus and relatively minimal delivery delays, the blend of NEO to CEO aircraft has changed, putting pressure on the Company's ability to meet its F23 emissions targets. With increasing load factors, operational fuel efficiency measures, future SAF purchase commitments, and restoration of future delivery rates, WIZZ maintains its commitment to the overall glide path target of 42.6 grammes CO_2/RPK by F30 (a 25% reduction over the decade) compared to 57.2 grammes CO_2/RPK in F20. The progress versus the ultimate CO2/RPK decrease target remains part of the management incentive scheme for the Group CEO and all Officers.

	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
CO2 per RPK glidepath	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	53.8	—	—	—	—	—	—	—

The key actions to deliver on our CO_2/RPK glidepath are outlined below:

1) fleet renewal;
2) fuel savings initiatives; and
3) sustainable aviation fuels.

Offset programmes are not included in the above presented glidepath.

1/A: FLEET RENEWAL – THE MAIN PILLAR OF CARBON INTENSITY DECREASE

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 4.6 years. The Company is operating the largest Airbus A321neo fleet among airlines.

The airline operates a fleet consisting of 179 Airbus A320/1neo and ceo-family aircraft, with an average age well below the industry average (which is around ten years based on the above referenced benchmark). Wizz Air's average aircraft age will continue to improve and is planned to reduce to 3.1 years by 2027, underpinning the airline's continued commitment to sustainability.

Airline	Wizz Air	Ryanair	EasyJet	AF-KLM	IAG	LH	SAS
Average fleet age	4.6	8.0	9.3	12.2	11.9	13.1	8.0

Source: latest available public information.

The airline has been continuously adding new Airbus A321neo aircraft to its fleet and replacing older aircraft. The share of new "neo" technology aircraft within Wizz Air's fleet has reached 49.3 per cent by the end of the financial year. These aircraft can currently fly with up to 50 per cent SAF blend.

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 12 A321neo aircraft. Airbus has also granted Wizz Air 75 A321neo purchase rights for deliveries in 2028–29. Completion of the order remains subject to approval by Wizz Air Shareholders. 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.

The Airbus A321neo, which WIZZ introduced into the fleet 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 & 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 per cent compared to the A321ceo. The engines, together with Airbus' fuel-saving Sharklet™ wingtip devices, can enable per-seat fuel improvements of 20%.

In light of the global aspirations to achieve net zero by 2050, now more than ever, airlines depend on the technology and innovations available here and now. We are confident that by investing in the currently available most modern and fuel-efficient aircraft and engine technology we will be able to continuously reduce passengers' carbon footprint generated by flying and deliver the targeted CO_2 intensity decrease by 2030 and beyond.

Fleet plan	F20	F21	F22	F23	F24	F25	F26	F27	F28	F29	F30
Avg. fleet age	5.4	5.4	5.04	4.6	4.0	3.5	3.3	3.1	3.3	3.8	3.1
Avg. seat count	201	205	213	219	226	231	234	235	236	237	237
Share of neo AC (including XLR aircraft)	7%	20%	36%	49%	64%	76%	87%	94%	99%	100%	100%

Fleet disposal information

Wizz Air operates a very young fleet and is the first operator of all aircraft in the fleet (all aircraft are delivered to the Company brand new by Airbus). The Company is leasing its aircraft from reputable global lessors, and the aircraft are typically quite young (on average between eight and twelve years old) when the Company returns them to the aircraft lessors. Because of the young age and good performance (we are contractually committed to return the aircraft in a certain condition) of the aircraft at the end of their lease with Wizz Air, the lessors still have the option to lease out these aircraft potentially to other lessees before the aircraft would reach their end of life. Aircraft lessors may also re-sell the aircraft to other owners; consequently, the handling of the aircraft after the end of lease is out of Wizz Air's control.

1/B: FUEL SAVING AND EFFICIENCY INITIATIVES

Wizz Air's dedicated teams are continuously working on identifying new and improved solutions that can contribute to fuel efficiency, reducing our environmental impact per flight by consuming less fuel. With a new digital solution employing artificial intelligence for data analysis, up to 44 different fuel efficiency initiatives were found, categorised by different phases of flight (from fuel policy to flight planning, ground operations, departure, cruise and descent phase). Our cooperation with Storkjet enabled the identification of new fuel optimisation opportunities, where we thought there was no room for improvement.

In total, we have been deploying the following high-impact fuel efficiency initiatives that on an ongoing basis are reducing consumption by 0.85 per cent:

- Performance/idle factors: Wizz Air constantly measures and monitors fuel-related flight data, recorded by the aircraft itself. This data is used to create tail-specific performance models, which are then compared to the book-level performance. The resulting performance factor (difference between book level and actual fuel burn) is used to increase the accuracy of the operational flight plan. Idle factors are used by the on-board flight management system to estimate the top of descent (TOD) more accurately, reducing the need to apply engine thrust or the use of speed brakes during descent.
  - Efficiency gain: 0.1 per cent
  - Total fuel saving: 950 tonnes
  - Total carbon saving: 2,990 tonnes
- Zero fuel weight optimisation: Operational flight plans used to be calculated with an estimated zero fuel weight (ZFW) based on standard and fixed weight of passengers and their luggage. Some years ago, Wizz Air introduced a machine learning model to better estimate ZFW, which was trained with actual data over a period of two years. The resulting model takes into consideration different factors for estimating ZFW, such as: city pair, time of the day, period of the year, etc. The improved estimated weight was around one tonne lower than using the simpler method.
  - Efficiency gain: 0.1 per cent
  - Total fuel saving: 810 tonnes
  - Total carbon saving: 2,560 tonnes
- Reduced take-off flap configuration: We perform reduced take-off configurations. Three years ago, we harmonised in our operations manual (OM) 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 10–15kg of fuel per take-off due to the decrease in induced drag, meaning that a lower thrust setting is required. 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.

- Efficiency gain: 0.2 per cent
- Total fuel saving: 3,380 tonnes
- Total carbon saving: 10,670 tonnes

- Idle reverse thrust: Thrust reversers on jet aircraft provide a significant way of increasing the rate of deceleration during the initial stages. When it's operationally feasible (runway length, aircraft weight, runway contamination, etc.) the use of idle reverse thrust reduces fuel consumption on the ground.
  - Efficiency gain: <0.1 per cent
  - Total fuel saving: 2,000 tonnes
  - Total carbon saving: 6,310 tonnes
- Single engine taxi-in: During taxi-in at the airport, and after the required cooling period, the pilots can turn one engine off, reducing the fuel consumption and emissions on the ground (provided that the prerequisites regarding taxi time and taxiway slope/geometry are met).
  - Efficiency gain: 0.1 per cent
  - Total fuel saving: 810 tonnes
  - Total carbon saving: 2,570 tonnes
- Calculated reserve fuel: Wizz Air had previously been using fixed values (instead of fuel on estimated aircraft mass) when planning final reserve fuel, which were not representative of real operations. Around 100–200kg of extra fuel weight used to be carried on each flight as a result, on top of the necessary amount of fuel (including safety precautions). Note, final reserve fuel is the minimum fuel required to fly for 30 minutes at 1,500 feet above the alternate aerodrome or, if an alternate is not required, at the destination aerodrome at holding speed. Some Regulating Authorities require sufficient fuel to hold for longer. As safety is Wizz Air's first priority, the final reserve fuel is always calculated with the highest possible care and also in compliance with all safety requirements.
  - Efficiency gain: 0.2 per cent
  - Total fuel saving: 2,700 tonnes
  - Total carbon saving: 8,530 tonnes
- Lighter aircraft brakes: From 2020, all newly delivered A321neo aircraft have new break units that are 20kg lighter than the previous models. This helps to decrease our aircraft weight, leading to decreased emissions per flight.
  - Efficiency gain: <0.1 per cent
  - Total fuel saving: 110 tonnes
  - Total carbon saving: 340 tonnes
- CONF 3 landing: A reduced landing flap configuration (vs full flap) allows for around 10kg of fuel saving 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 pilot communications.
  - Efficiency gain: <0.1 per cent
  - Total fuel saving: 700 tonnes
  - Total carbon savings: 2,220 tonnes

Note, the savings are calculated against a fuel efficiency scenario where the Company is not performing the initiatives. On top of the measures listed above, which have the highest impact on fuel efficiency, there are various other initiatives and policies applied on an ongoing basis, to ensure the most efficient fuel consumption during operations.
There are other solutions that lead to enhanced fuel efficiency due to aircraft design specifics or Wizz Air operational processes:

- Sharklets: They can reduce fuel burn by around 2 per cent and reduce CO_2 emissions by 800 tonnes/year/plane. All newly built Airbus 320/321 aircraft come with Sharklets, which can reduce fuel burn on long routes. 100 per cent of the Wizz Air fleet will be equipped with Sharklets by 2024.
  - Efficiency gain: 2 per cent
  - Total fuel saving: 6,320 tonnes
  - Total carbon saving: 19,980 tonnes
- 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.
  - Efficiency gain: 0.2 per cent
  - Total fuel saving: 2,480 tonnes
  - Total carbon saving: 7,850 tonnes

There are also other key strategic projects that contribute to enhanced data analytics, and optimisation opportunities, which support the fuel management experts' and our pilots' work. Flight path optimisation options are being explored continuously and further improvements are expected as we continue to benefit from the analysis of our third party fuel efficiency platform in combination with our Mobile Electronic Flight Bag (EFB). We maintain our focus on the identification and qualification of other optimisation projects continuously:

- Electronic Flight Bag (EFB): The Mobile Electronic Flight Bag is a significant step-change for in-flight optimisation and helps our pilots make more accurate fuel planning decisions based on instantly updated data. The new system is helping reduce fuel consumption due to more precise flight planning and weight reduction. The main direct benefit of this solution is that operational flight plans are calculated closer to the scheduled time of departure and delivered remotely to the pilots' iPads. This enables the use of more up-to-date weather forecasts, more accurate aircraft weights, and more optimal alternate airports and routes. Given the connectivity nature of the new EFB solution, pilots can have at their disposal new in-flight optimisation tools based on updated weather forecasts and historical direct routing options.
- Fuel efficiency platform (FEP): A flagship project for supporting data analytics around better fuel efficiency focused on the integration and implementation of a new leading third-party fuel efficiency platform, Storkjet's Fuelpro. The fuel efficiency platform (FEP) provides the analysis capability and the tracking of cost-saving fuel initiatives in all flight-related stages: flight planning and policies, ground operations, APU and packs, departure, flight path optimisation, and arrival.

Artificial intelligence (AI) powered fuel efficiency at Wizz Air: In December 2022, Storkjet released a public case study about Wizz Air using its AI powered fuel efficiency software. Wizz Air had previously developed an in-house fuel efficiency platform, where flight data was processed and integrated with other data sources to measure compliance to a defined set of fuel saving initiatives. Due to the need for more sophisticated data analytics and new fuel efficiency initiatives, a more comprehensive system had to be implemented going forward. Through the partnership, Wizz Air's fuel management team identified ten fuel initiatives with the highest saving potential, including improvements at various phases of flight operation, such as climb speed or statistical taxi time.

2. SUSTAINABLE AVIATION FUELS

high materiality topic

Alongside technology and operational improvements, alternative fuels are an essential part of decarbonising the industry. Wizz Air has established its SAF strategy, which includes securing offtake agreements with suppliers for the future. To support Wizz Air's ambitious sustainability journey and ensure sufficient supplies of SAF to meet future blending mandates, 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.

- As part of this project, in 2022, Wizz Air signed a Memorandum of Understanding (MoU) with Mabanaft/P2X Europe for the supply of Power to Liquid synthetic SAF from 2026.
- Wizz Air also signed an MoU with OMV, the international integrated oil, gas and chemicals company headquartered in Vienna, for the supply of SAF between 2023 and 2030. The MoU gives Wizz Air the opportunity to purchase up to 185,000 metric tonnes of SAF (HEFA type) from OMV.
- Our MoU with Neste will give Wizz Air the opportunity to purchase SAF across the airline's route network in Europe and the UK, starting from 2025. The companies will also jointly work on enabling SAF adoption in other parts of the network. Neste's SAF is produced from 100 per cent sustainably sourced renewable waste and residue raw materials, including used cooking oil and animal fat waste. Its SAF delivers the performance of conventional jet fuel but with a significantly smaller carbon footprint on a lifecycle basis. Using Neste MY Sustainable Aviation Fuel™ reduces greenhouse gas emissions by up to 80 per cent over the fuel's lifecycle compared to using fossil jet fuel.
- The MoU signed at the end of F23 with Cepsa – a leading international company committed to sustainable mobility and energy – gives Wizz Air the opportunity to purchase SAF to supply the airline's route network across Spain, starting from 2025. Cepsa's SAF will be produced from organic waste, such as used cooking oils or agricultural waste, among others. The cooperation follows Cepsa's SAF test initiative in Seville in November 2022, when Wizz Air was among the airlines operating a total of 220 flights from the airport over one week using SAF produced by Cepsa at its La Rábida Energy Park in Huelva. This was the first time that the supply of SAF at this magnitude had been seen at an airport in Southern Europe.

The cooperation with these, and other future SAF suppliers, ensures that Wizz Air can progress in accordance with its plan to set up a SAF supply chain with adequate supplies to comply with all upcoming SAF blending mandates. In the short term, Wizz Air is primarily looking to secure SAF supplies to guarantee compliance, while in the longer term, the Company is looking at the potential for achieving structural advantage in terms of cost and supply.

The demand for SAF will be driven by pricing, availability and regulatory requirements. There are limitations with SAF in terms of accessibility (e.g. Eastern Europe) and pricing. SAF currently sells for much higher prices than conventional jet fuel because of the lack of scale and limits of the existing technological pathways. Production has only recently become viable with the support of governments and technological development; therefore, the sector needs significant investment to scale up.

In recognising those limitations Wizz Air is engaged in advocacy with governments and stakeholders to help create comprehensive policies and a market for producers. Wizz Air is closely following the negotiations between the European Parliament and the Council of the European Union on the Fit for 55 climate package. Wizz Air's position is that a SAF flexibility mechanism would help airlines to meet the SAF blending mandates when operating in regions with limited (or zero) possibilities to purchase SAF at a favourable price.

Connected to the fleet renewal and the Company's business plan, Wizz Air is working to lock in its SAF supply by 2025. In the mid term the SAF cost will be immaterial, given the EU 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 on by the Company.

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

Wizz Air investment in Firefly's SAF research and development

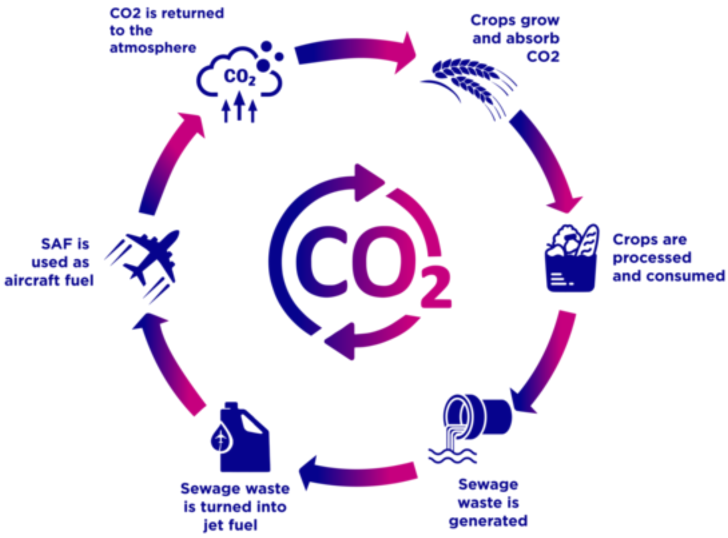
Due to the crucial role of SAF in decarbonising aviation, and because of the EU, UN, national and global net zero targets' significant and gradually increasing demand, there will be an increasing need for more sources and processes for these alternative fuels. In April 2023, the airline announced that it is investing £5,000,000 to support Firefly's SAF process development to achieve ASTM qualification.

This is Wizz Air's first equity investment in SAF research and development. The partnership with Firefly, a biofuel company, will allow Wizz Air to supply SAF to its UK operations from 2028, up to 525,000 tonnes over 15 years. This volume of SAF supply has the potential to save ~1.5 million tonnes of greenhouse gas lifecycle emissions, when compared to fossil jet fuel.

Firefly, a joint endeavour between GFR, Petrofac and Cranfield University, has established an integrated technology route to SAF using sewage sludge as feedstock, and has the potential to be more sustainable than some other types of SAF, with a more than 90 per cent reduction in greenhouse gas lifecycle emissions versus fossil jet fuel (based on independent calculations by Cranfield University). Firefly's SAF will be independently validated by gold-standard sustainability assessor RSB, and like other SAFs, it will be essentially identical to fossil jet fuel and safe to use. Firefly aims to have its first commercial plant operating within the next five years.

Michael Berlouis, Head of Strategic Projects (Wizz Air), James Hygate, CEO of Firefly Green Fuels, and Matteo Fregni, Head of Purchasing (Wizz Air)

In terms of the feedstock, the benefits of sewage sludge are significant, as it is globally available in large quantities and it is a low-value waste that can cause environmental problems. As such, the SAF converted from this feedstock promises to be more affordable than some other routes to SAF, allowing Wizz Air to continue to provide accessibly priced air travel. Firefly's technology originated in the laboratories of Green Fuels, which has a 20-years history in sustainable fuels (Green Fuels has a Royal Warrant for sustainable fuel supply to HM King Charles III).



Green demonstration flight

Wizz Air also completed its first green demonstration flight in 2022, which was partially operated using SAF, on a special route between Bucharest and Lyon on 28 June. The event took place as part of a collective effort of major airlines ahead of the European Union's "Connecting Europe Days 2022" sustainable mobility conference. Wizz Air's Airbus A321neo aircraft took 4.5 tonnes of a SAF blend consisting of 30 per cent pure SAF and 70 per cent A1 jet fuel (the total block of fuel was 9.5 tonnes). Taking everything into account for the return trip, the uplift of the SAF delivered additional CO_2 emissions reduction in addition to what the Company can already achieve through its highly efficient fleet and fuel saving initiatives.

MOL and Wizz Air commercially test sustainable aviation fuel supply at Budapest Airport

On 10 May 2023, Wizz Air took off from Budapest Airport for the first time with a 37 per cent blend of Neste MY Sustainable Aviation Fuel™ supplied by MOL. During the sustainable aviation fuel test, Wizz Air's five latest Airbus A321neo aircraft were fitted with a total of 23.5 tonnes of a blend containing 37 per cent pure SAF and 63 per cent Jet A1 fuel. The aircraft carried passengers from Budapest to Paris, Luqa (Malta), Madrid, Castellon and Eindhoven. MOL, as the fuel supplier to Budapest Airport and Wizz Air, has taken another step to reduce the environmental footprint of transportation fuels. The fuel is produced by the Finnish company Neste from used cooking oil and animal fat, meaning it uses waste from the production of kerosene to reduce lifecycle carbon dioxide emissions. The project supports broader efforts in the aviation industry to reduce lifecycle CO_2 emissions and aims to prepare the supply system at Budapest Airport ahead of the SAF blending mandate, which will be introduced in 2025.

Wizz Air and MOL commercially test sustainable aviation fuel supply at Budapest Airport in May 2023

3. NOISE EMISSIONS REDUCTION

high materiality topic

Due to the impact of noise pollution on society and its importance to our communities and policymakers, we are focused on the continuous noise reduction of our fleet.

Wizz Air's fleet renewal programme will keep delivering strong noise reduction benefits year on year. The A321neo delivers an almost 50 per cent reduction in noise footprint versus the previous A321 aircraft (A321ceo).

Fleet renewal is important to limit noise for the communities living in the vicinity of the airports. In December 2022, Wizz Air showcased one of its Airbus A321neo aircraft to the residents and representatives of the local authorities (Ministry of Infrastructure) and the Eindhoven Airport Consultation Body (Luchthaven Eindhoven Overleg) at the initiative of Eindhoven Airport. Those attending had the opportunity to better understand the difference in noise emissions and how the new generation engines of neo aircraft cause less noise for the airport's surroundings. Wizz Air is keen to support similar events in the future to raise awareness of local communities regarding the noise reduction and environmental benefits of fleet renewal.

The number of aircraft in our fleet meeting the ICAO Chapter 4 noise emissions standard is at 100 per cent and meeting the Chapter 14 emissions standard is at 77 per cent currently (only the 41 A321ceo aircraft do not meet the Chapter 14 noise emissions standard) with a projection to get to 100 per cent 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 effective perceived noise units in decibels (EPNdB) quieter than Chapter 4.

Fleet compliance	2022 March	2023 March	2024 March	2025 March	2026 March	2027 March	2028 March	2029 March	2030 March
Chapter 14	73%	77%	80%	85%	91%	95%	99%	100%	100%

Data based on latest confirmed fleet plan.

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 more passengers per trip.

EPNdB	Lateral	Flyover	Approach	Vs Chapter 4	Vs Chapter 14
A320neo	86.6	79.7	92.3	-20.0	-13.0
A321neo	87.8	83.1	94.5	-15.6	-8.6
Boeing 737-8	88.5	82.6	94.2	-14.9	-7.9

Wizz Air is committed to engaging with industry stakeholders in an effort to help drive sustainable change within aviation. We are cooperating with our suppliers, partners and other stakeholders on projects concerning technological and operational innovations.

Alliance for Zero Emission Aviation (AZEA)

Wizz Air joined AZEA in September 2022, a voluntary initiative launched by the European Commission to pave the way for next-generation sustainable aircraft. The objective of AZEA is to prepare the market for the entry into service of zero emissions aircraft. The Company is participating in two expert-level groups most relevant for our operations: one dealing with roll-out scenarios for electric and hydrogen-powered aircraft and related "figures of reference", while the other working group's focus is on incentives, analysing the barriers and opportunities operators may face when integrating such aircraft into their fleet.

Renewable and Low-Carbon Fuels Value Chain Industrial Alliance (RLCF)

The RLCF Alliance is working on tackling the lack of availability and affordability of renewable and low-carbon drop-in fuels for aviation (and waterborne transport), boosting production, increasing investor certainty, reducing investment risks and reducing price differential between conventional fossil fuels and alternative fuels. Wizz Air has been a member since September 2022, and we are eager to contribute to the work of the Alliance by providing information and presenting interests from the operators' perspective.

Airbus – ZEROe Hydrogen Project

Wizz Air and Airbus signed a ZEROe Memorandum of Understanding in January 2022, to explore the potential for hydrogen powered aircraft operations. During F23, the companies discussed the evolution of the ecosystem, sharing insights on operational and infrastructure opportunities and challenges to determine how a zero emissions aircraft could be operated within Wizz Air's network.

Sustainable taxiing pilot at Eindhoven

Aircraft taxiing operations are a significant source of energy consumption and emissions at airports, and additional testing and analysis is essential to encourage wider usage of this technique as part of standard airport and airline operations. Wizz Air has been participating in Eindhoven Airport's sustainable aviation and passenger journey initiatives, namely the project focusing on sustainable taxiing. The pilot initiative is aimed at decreasing the use of the Auxiliary Power Unit during the turnaround and increasing the use of single engine taxi procedures, which contributes to the reduction of fuel burn and emissions at the airport.

EASA Environmental Labelling Programme for Aviation

Wizz Air continues its voluntary cooperation with EASA on the operational testing of its 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.

Target True Zero coalition

Wizz Air joined the World Economic Forum's Target True Zero (TTZ) coalition. It was formed to assess how the development of new technologies in engine propulsion (like electric or hydrogen powered), can enable aviation's transition to a net zero economy. The coalition published a report on 18 July 2022, on "Unlocking Sustainable Battery and Hydrogen Powered Flight".

Green Motion

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

In-flight Waste Sorting Project at Budapest Base

We previously implemented an in-flight recycling trial programme in cooperation with Budapest Airport to understand how we can get better results in collecting on-board waste to support circularity, and how we can decrease and eliminate waste-to-landfill waste later on. The project involves the airline's cabin crew based in Budapest, the local Ground Handling teams, and the airport supporting the project via its waste sorting station working at the airport. The Company has been analysing the results of the trial with regard to passenger awareness, and is looking to expand the trial to other bases in the network, currently assessing the feasibility and relevant resources.

5. OTHER CARBON-RELATED PROGRAMMES

► Working towards a sustainable supply chain

Supply chain services are at the heart of Wizz Air's operations, due to the valuable components such as structures, systems and technologies provided by our partners and suppliers every day.

The Wizz Air Group supply chain covers approximately 2,500 suppliers across categories related to airline operations, including but not limited to:

- aircraft manufacturers (including companies providing spare parts and aircraft interior components);
- fuel suppliers;
- airports and ground handling providers;
- aircraft maintenance services;
- digital system and software companies supporting operations and other business processes (e.g. navigational systems, booking system, website, cyber security and procurement system);
- consultants and auditors; and
- other sub-contractors or service providers (e.g. financial services and contact centre services).

The Company implemented its Sustainable Procurement Policy in April 2022 to increase its oversight regarding indirect emissions, especially in the supply chain. The policy introduced 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.

A key target is to review, collect and update data on the percentage of Wizz Air's suppliers that regularly measure and disclose their own greenhouse gas (GHG) emissions (Scope 1 and 2 emissions in tCO_2e). During the tender selection process, Wizz Air is also committed to including the preference for new suppliers to have good environmental credentials. Information on the suppliers' environmental practices will be collected via a digital survey, based on a pre-defined set of questions (previously aligned with Wizz Air's consultant for environmental strategies and GHG data collection). Through the Company's Supply Chain Innovation and Automation Centre of Excellence team, this process was transformed, and a seamless and efficient process was established for surveying our vendors. With the new functionality, it is now possible to send out the surveys to multiple vendors at the same time, and collect their answers in a central database, which allows the efficient review of supplier feedback to our sustainability survey.

Based on the Company's research carried out, reviewing all our base and destination airports' climate commitments, currently 54 per cent of our airports have net zero-related decarbonisation targets, demonstrating their commitment to sustainable airport operations, emissions reduction, and working towards carbon neutrality.

In line with our previous commitment, in August 2022, our supply chain teams received comprehensive training, provided by expert procurement consultants, on the role of sustainability in procurement. The workshop was a key step in the implementation of the recently established policy, to ensure that procurement staff understand their role in decarbonising the supply chain and learn the related procurement strategies to reduce the carbon impact of our operations wherever possible.

► Compliance markets and voluntary offsetting

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 providing 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 it offers 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 can make a payment supporting a verified carbon offset and receive a certificate in return.

As part of the voluntary offsetting programme offered to customers, Wizz Air is supporting two verified carbon-reducing projects:

- The International Small Group and Tree Planting Programme (TIST) in Uganda, an award-winning and long-standing reforestation project.

  The TIST is an innovative combined reforestation and sustainable development project carried out by subsistence farmers to combat the devastating effects of deforestation, poverty and drought. The farmers plant trees on their land and retain ownership of the trees and their products, which is creating a potential long-term income stream, and developing sustainable environments and livelihoods.

- Landfill gas extraction and electricity generation (Türkiye)

  This project converts methane emissions from landfill waste into electricity in Türkiye. It involves developing and constructing two waste-to-energy facilities at both the Odayeri and Komurcuoda landfill sites, which capture the methane gas released from landfill waste and use it to generate electricity. The project objective is to build, operate and maintain these two landfill waste-to-energy systems consisting of landfill gas (LFG) collection systems, flaring stations and gas engines coupled with generators to produce electricity. The gas engines will combust the landfill gas to produce electricity, and any excess LFG will be flared.

These 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 per cent of emissions (ETS offsets excluding free credits and voluntary offsets). The average price of an EU ETS credit during F23 was 77.48 EUR (compared to 60.38 EUR in F22).

Offsetting data:	**F21**	**F22**	**F23**
Scope 1 CO_2 emissions with EU/UK ETS offsets (excluding free credits)	863,909	1,746,695	3,054,662
Scope 1 CO_2 emissions with CORSIA offsets (excluding baseline credits)	-	-	-
Scope 1 CO_2 emissions with voluntary offsets by customers (CHOOOSE)	105	1,064	988
Scope 1 CO_2 emissions without offset (free credits and baseline offsets)	474,358	788,777	700,976

Wizz Air has not included offsets in its F30 carbon intensity reduction glide path.

► Non-CO_2 emissions

In line with its target, Wizz Air is fully committed to reducing its carbon emissions intensity. We operate one of the youngest, most efficient fleets in Europe using the Airbus A321neo which reduces fuel consumption and CO_2 emissions by as much as 20 per cent – meaning Wizz Air currently has the lowest CO_2 emissions per passenger kilometre in Europe. The A321neo also reduces NOx emissions by 50 per cent per flight and we are further mitigating non-CO_2 emission impacts through route optimisation and jet fuel improvements. As sustainable fuels will be crucial for achieving our goals, we have signed multiple agreements with SAF providers to supply our fleet.

ENVIRONMENTAL AND GREENHOUSE GAS METRICS

Our climate strategy includes challenging objectives and ambitious targets to address climate risks across our operations. Since F22, CO_2 as measured in grammes per RPK (revenue passenger kilometre) has been included in the annual remuneration targets for all Officers at Wizz Air.

AREA	UNIT	NOTE	F23	F22*	F21	F20	2030 TARGET
CO_2/RPK	g/RPK	Priority/1	**53.8**	60.7	77.3	57.2	43
EMISSIONS							
CO_2e Scope 1 (a + b + c)	t	2	**4,811,337**	2,646,742	1,303,397	3,783,901	
CO_2e Scope 2 (market-based)	t	2	**1,463**	1,764	2,951	5,566	—
CO_2e Scope 3	t	3	**1,381,602**	787,825	—	—	—
CO_2 Scope 1 (a)	t	Priority/4	**4,763,307**	2,620,321	1,290,647	3,746,884	—
CH_4 Scope 1 (b)	t	5	**2,964**	1,631	459	1,332	—
N_2O Scope 1 (c)	t	6	**45,066**	24,792	12,292	35,685	—
N_2O Scope 1	CAEP/8	6	**50%**	34%	20%	7%	100%
SO_2 emissions	t	7	**1,497**	823	406	1,178	—
NMVOC emissions	t	8	**756**	416	205	595	—
CO emissions	t	9	**9,830**	5,407	2,663	7,732	—
Particulate matter emissions	t	10	**227**	124	61	178	—
NOISE	Chapt.14	Priority/11	**77%**	72%	70%	66%	100%
WASTE-TO-LANDFILL	%	12	**98**	99	98.3	—	50
NATURAL RESOURCE USE							
Freshwater use per sales	l/EUR	13	**0.00166**	0.00295	0.0058	—	—
Energy use per sales	GJ/EUR	14	**0.0179**	0.023	0.000034	0.000015	—
MANAGEMENT							
Booked load factor	%	15	**87.8**	78	64	93.5	95
Stage length	km	16	**1,674**	1,604	1,604	1,635	1,650
Sustainable aviation fuel	%	17	**0.005**	0.0002	0.0007	0.0002	—
Offsets	%	Priority/18	**64**	64	67	56	—
Aircraft age	Years	Priority/19	**4.6**	5.04	5.5	5.3	—

*Wizz Air chose F23 as base year for the greenhouse gas emission calculations for the future, as it is the first year with our GHG inventory reporting that received third-party assurance. As a result of that, the company has revised its F22 emission inventory and updated the Scope 1-2-3 figures accordingly, applying the base year's improved calculation methodology and benchmark.

(1) **CO_2/RPK**: See page 34, on carbon intensity reduction. Further, you can find emissions per FTE and per m^2 below.

GHG emissions	**Final year-end emissions (tCO_2e)**	
Total emissions	6,194,402	100%
Total average FTE (F23)	6,715	FTE
Total floor area	32,705	m^2
Emissions intensity per FTE	922	tCO_2e/FTE
Emissions intensity per m^2	189	tCO_2e/m^2

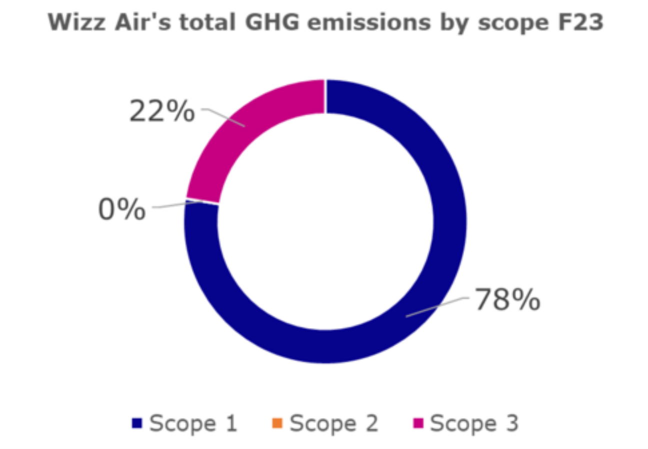
(2) **Scope 1 and Scope 2 CO_2e emissions** are emissions Wizz Air can control. Scope 1 emissions are linked to sources we own, lease or control, whereas Scope 2 emissions relate to purchased energy. In Scope 1, for Wizz Air, jet fuel is the only key emissions source accounted in this category (natural gas usage was estimated for relevant sites, while it is immaterial within Scope 1). Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the Company. Both market-based and location-based emissions from electricity are calculated as per the GHG Protocol Scope 2 guidance. In the main GHG table above, the market-based figure is listed.

(3) **Scope 3 CO_2e emissions** include all other indirect GHG emissions emitted from a company's value chain. Scope 3 emissions are a consequence of the activities of the Company, but they occur from sources not owned or controlled by Wizz Air. In scope are all emissions generated upstream of Wizz Air's operations from Tier 1 suppliers during the reporting year. This includes goods not for resale, such as professional services. Spend associated with fixed assets or plant, property and equipment has been categorised under capital goods (category 2). Excluded are emissions associated with cargo operations undertaken in A330 aircraft owned by the HU-government, which are outside of Wizz Air's operational control.

(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 World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBSCD) and 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). Compared to F22, as part of the Company's data improvement plan and due to the focused efforts to obtain more granular utility consumption data from airports and other facilities, the amount of actual electricity and energy-related data increased in F23. This enabled the creation of an internal benchmark more reflective of our organisation, and representing more sites. As such, for sites where no consumption data was available, instead of the conservative industry standard benchmark, the internal benchmark was applied, hence the lower Scope 2 emissions in F23.

Wizz Air's single most significant emission source is jet fuel, responsible for 93 per cent 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 per cent of total GHG emissions.



GHG emissions by scope (tCO_2e)

Scope 1: Jet fuel
4,811,337

Total Scope 2, market based (including purchased electricity and heat and steam) 1,463

Total Scope 2, location-based: 1,135

Scope 3: Upstream and downstream categories total: 1,381,602

Purchased goods and services: 343,622

Fuel and energy related activities (not in Scope 1-2): 996,176

Business travel: 20,550

Employee commuting: 10,747

All other Scope 3 categories: 10,221

Total GHG emissions
6,194,402

Wizz Air's remaining emissions (after excluding jet fuel) are concentrated in one key area: purchased goods and services. The other emissions, whilst minor from a share of total (7 per cent), are significant in absolute terms (business travel or employee commuting), 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 per cent of total carbon footprint, followed by purchased goods and services 6 per cent, business travel 0.3 per cent, employee commuting 0.2 per cent, and upstream transportation and distribution 0.1 per cent, with the remaining categories being immaterial and accounting for ~1 per cent of total. Note, 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 will 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 efficiency through fleet upgrade, fuel saving initiatives and the increased use of sustainable aviation fuel, and will generate further actions and solutions for a sustainable transition, to achieve net zero.

(4) **Scope 1 CO_2 emissions (carbon dioxide)** by our operations was 4,763,268 tonnes (based on our jet fuel consumption and natural gas used within Scope 1). This also includes the fuel consumption of any wet lease aircraft. Under our priority programmes outlined in the previous section we have detailed the key actions the Company has undertaken to continue to be industry leading on reducing carbon intensity per passenger. Emissions are calculated by multiplying the fuel and energy use by the applicable factors based on the UK Government's GHG conversion factors for company reporting. For F23, Wizz Air discloses methane (CH4) and nitrogen dioxide(N2O) emissions for Scope 1 non-CO2 greenhouse gases, in line with the above referenced GHG conversion factors.

(5) **Scope 1 CH_4 emissions (methane)** by our operation is negligible. Emissions are calculated by multiplying the fuel and energy use by the applicable factors based on the UK Government's GHG conversion factors for company reporting. For F23, Wizz Air discloses methane (CH4) and nitrogen dioxide(N2O) emissions for Scope 1 non-CO2 greenhouse gases, in line with the above referenced GHG conversion factors.

(6) **Scope 1 N_2O emissions (nitrous oxide):** Emissions are calculated by multiplying the fuel and energy use by the applicable factors based on the UK Government's GHG conversion factors for company reporting. For F23, Wizz Air discloses methane (CH4) and nitrogen dioxide(N2O) emissions for Scope 1 non-CO2 greenhouse gases, in line with the above referenced GHG conversion factors.

As we are industry leading, it will not be a surprise that we have 100 per cent of our fleet meeting the ICAO NOx CAEP/6 standards and 50 per cent of our fleet meeting the ICAO NOx CAEP/8 standards (all our neo-powered aircraft are meeting the ICAO CAEP/8 standard). Emissions 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).

% of fleet	Mar 20	Mar 21	Mar 22	Mar 23	Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29	Mar 30
CAEP-8	7%	20%	34%	50%	64%	76%	86%	94%	99%	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	49
Wizz Air A321neo	44.6	37.2
Wizz Air A320ceo	7.4	-10.6
Wizz Air A321ceo	1.3	-13.9
Boeing 737-8200	16	6

(7) **SO_2 (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 can form aerosols. The average annual emissions of SO_2 is a factor of 0.00099 times the tonnage of jet kerosene. Scientists are today unclear whether SO_2 has a net cooling or warming effect on the planet. Emissions 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) N**on-methane volatile organic compound (NMVOC),** 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 emissions of NMVOC is a factor of 0.0005 times the tonnage of jet kerosene. Emissions 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.

(9) **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. Emissions factor is verified in ICAO Aircraft Engine Emission Databank (EEDB) issue 28 with last update as of 23 December 2020.

(10) P**articulate 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 inflammatory reaction if the solid particles are inhaled in the direct vicinity of the engine. Emissions factor is verified in ICAO Aircraft Engine Emission Databank (EEDB) issue 28 with last update as of 23 December 2020.

(11) **Noise emissions:** See page 41, for more details on Wizz Air's noise emissions reduction plan.

(12) **Waste** is generated in the aircraft, the offices and other facilities the Company is using. 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 3,420 tonnes during F23. Office waste for Wizz Air was 155 tonnes.

(13) **Water use intensity:** Wizz Air consumes water in its offices, training centres and hangars (where engine wash events are also conducted), and for de-icing of aircraft where needed. In F23, the Company's main offices, hangars and training centre consumed a total amount of 6,471,050 litres of water.

(14) **Energy use intensity:** Wizz Air uses electricity through leased contracts in its offices, bases, maintenance operations and training centre. The Company's total energy use also includes the energy generated by the combustion of jet fuel.

(15) **Passenger load factor:** This is a key operational metric, as Wizz Air operates a load factor-active business model, trying to maximise load factor, which maximises value creation. Our mid to long-term target is to reach 95 per cent load factor on our aircraft.

(16) **Stage length** for Wizz Air is on average 1,680 km with flights below 1,000km accounting for less than 13 per cent of flights. Our stage length is significantly higher than our key competitors (see below the comparison for F20, pre-COVID-19, and the latest publicly available data).

Airlines	Wizz Air	Ryanair*	EasyJet**
Stage length F20 (km)	1,635	1,409	1,132
Stage length (latest available annual figures as of 5 June 2023)	1,680	1,258	1,193

**Cirium SRS Analyser™; ** easyjet 2022 Annual Report and Accounts*

(17) **Sustainable aviation fuels**: We are committed to be compliant with what we believe will be an increasing number of blending mandates over the region we operate in. This, in time, shall 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 its carbon reduction strategies, and at the same time reduce lifecycle carbon emissions by 80 per cent.

(18) **CO_2 emissions offset programme:** See page 44 for more details.

(19) **The average age of aircraft** is 4.6 years; see also page 35 for more details on Wizz Air's fleet. 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.

More detailed descriptions of the emission categories, operational boundaries, calculation methodology and the base year chosen for the greenhouse gas emission calculations are included in Wizz Air Greenhouse Gas Emissions Methodology and Additional Disclosures" document, available on the company's sustainability website. The GHG inventory and related additional disclosures have received limited assurance from Deloitte Auditing and Consulting Ltd. Hungary.

VI. CLIMATE POLICY POSITIONS AND ADVOCACY

FIT FOR 55 CLIMATE PACKAGE

The European Commission published a comprehensive climate package called Fit for 55 in July 2021. The proposals put forward either modify existing legislation or establish new initiatives with the aim of reaching at least 55 per cent greenhouse gas emissions reduction by 2030.

ReFuelEU Aviation

Wizz Air has been closely following the negotiations of and supporting the ReFuelEU Aviation proposal to promote and develop the use of SAF for all flights in a fair and equal way. The compromise was reached in April 2023. The new ReFuelEU Aviation legislation creates an obligation for fuel suppliers to provide gradually increasing amounts of SAF to airlines, so they can progressively increase their use of SAF and subsequently reduce the emissions of aviation.

Wizz Air is of the position that the inclusion of a SAF flexibility mechanism (i.e. book and claim system) would have contributed to reaching the EU's green goals and could be an important step towards ensuring a level playing field for access to alternative fuels as the market develops across the EU. Current geographic imbalances in SAF supply and price levels – especially in the Central Eastern Europe (CEE) region and parts of the European periphery – are of particular concern. The book and claim system could ensure that aircraft operators can purchase the requested amounts of SAF even if not available at the specific airport they are operating from. The airlines that "purchased" the SAF must be able to claim the proportional emissions reductions in the relevant EU-wide and international systems and report emissions accordingly. A SAF registry could ensure transparency and avoidance of double counting.

Wizz Air is currently working on ensuring access to adequate supplies to comply with the future mandates. In terms of specific SAF types, we are looking at a portfolio approach, as there are a number of technologies under development at the moment.

At the same time, it is clear that significant investment support will be required to ensure no part of Europe is disadvantaged and left behind on the road to decarbonisation. The Funds for Sustainable Aviation and the Green Deal Industrial Plan are amongst the initiatives we strongly support.

The Company also agreed with the proposal to set up a union labelling system for the environmental performance metrics of aviation. Such a system could, on the one hand, increase public awareness about aviation's environmental footprint and, on the other hand, provide consumers with better opportunities to make sustainable, well-informed choices about their travel plans, and in turn incentivise the industry to decarbonise; however, airlines' participation should be mandatory in order to ensure a transparent European system.

ETS Aviation

European-level negotiations have concluded on the revision of the EU Emissions Trading System (ETS) Aviation file in December 2022. During the discussions, Wizz Air has been advocating for the extension of the scope to all departing flights from the European Economic Area (EEA), as emissions do not stop at borders. We regret that the scope remained intra-EEA, excluding the most polluting flights. Extension of the scope would have contributed significantly to the joint European green goal.

We have been supporting the early phase-out of free ETS allowances to airlines and welcome that they will be fully auctioned from 2026. This is a step towards a level playing field in the European market.

We also agree with the introduction of the SAF allowances into ETS, to incentivise SAF uptake across Europe as we think this is the effective short to mid-term solution.

Energy Taxation Directive

The European Commission proposed to end kerosene tax exemption for intra-EU flights over a period of ten years. Wizz Air cannot support additional financial burden to be introduced for airlines. In case of the adoption of the proposal in its current form, the most polluting flights, namely intercontinental long-haul flights, will be excluded despite being the main source of European CO_2 emissions – based on the Eurocontrol Data Snapshot on CO_2 emissions and flight distance from February 2021.

Considering that the EU ETS already applies to intra-European flights, we believe that double taxation needs to be avoided. According to Eurocontrol's analysis (Eurocontrol Aviation Intelligence Unit, Think Paper #7 – October 2020), there is no proof that taxing aviation will result in lower greenhouse gas emissions. However, there is a risk that such taxation would divert traffic from EU to non-EU airports (carbon leakage), threatening Europe's connectivity and competitiveness.

SINGLE EUROPEAN SKY

The Single European Sky (SES) initiative aims to make the European air space more efficient, through a transformation of the air traffic control system via the reformation of the Air Traffic Management and the Air Navigation Systems. The latest revision of the SES has been underway for years, while the conditions of the European airspace remained ineffective and disjointed.

Wizz Air welcomes the proposal for modification and urges European decision makers to make progress on the file. Today, aircraft are flying longer than necessary routes, which result in delays and additional emissions that could be prevented. All these contribute to increased costs and higher ticket prices. If stakeholders want to reach the common European green goals and continue to increase European connectivity at the same time, a robust reform of the current rules is needed.

ADVOCACY IN THE UNITED KINGDOM

Wizz Air UK provides its business insight to the UK government, to support the mission of reaching net zero in the aviation sector by 2050. The Company is a member of the delivery groups of the UK government's main advisory body on sustainable aviation, the JetZero Council. In the Zero Emissions Flight delivery group, the focus is on accelerating the design, manufacturing, infrastructure and commercial operation of zero emissions aircraft. The SAF delivery group provides advice on how government and industry can work together to deliver the UK SAF commitments (to have at least 10 per cent sustainable aviation fuel (SAF) in the UK jet fuel mix by 2030).

ENGAGEMENT AND CLIMATE POLICIES IN THE UNITED ARAB EMIRATES

The Emirates was the first nation in the Middle East and North Africa to make a commitment to achieve net zero emissions by 2050. As a local airline, Wizz Air Abu Dhabi is involved and has been participating in the UAE Aviation Environment Working Group (which was established by the local General Civil Aviation Authority to support the UAE's Net Zero 2050 Strategy for aviation and the related state action plan). Therefore, Wizz Air Abu Dhabi is actively preparing for the upcoming 28th session of the Conference of the Parties (COP 28) to the UNFCCC, which will take place in the UAE during the Year of Sustainability.

POLITICAL DONATIONS AND ADVOCACY EXPENDITURES

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.

Since November 2021, Wizz Air has been collaborating with Penta (formerly Hume-Brophy) on advocacy issues in the European Union, with a special focus on climate or other regulation impacting aviation. Wizz Air is also listed in the EU Transparency Register.

VII. PEOPLE PILLAR – WIZZ AIR CARES FOR ITS EMPLOYEES AND CUSTOMERS

OUR VALUES

Wizz Air continues to stay committed to its people and to fostering an equal opportunity environment for all as a responsible business leader. All employees are provided with an environment and tools that support their professional goals and needs, enable them to reach their full potential and which are free from any forms of discrimination and harassment, so that everyone is given equal and fair opportunities to perform, develop and succeed.

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 Group Chief Executive Officer. This important topic is also regularly discussed and monitored via the Sustainability and Culture Committee of the Board as outlined on page 24.

The WIZZ 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.

These 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 SOCIAL STRATEGY AND PRIORITY PROGRAMMES

Wizz Air has a clear strategic plan for our communities, passengers, workforce 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, Wizz Air has the following key priority programmes:

1. Put safety first
2. Recruit and develop our employees
3. Improve and leverage diversity
4. Engage our employees and ensure effective communication through the People Council
5. Addressing challenges for the continuous improvement of customer experience
6. Community programmes and charitable support

1. PUT SAFETY FIRST

Safety is the first priority in our work and the key to a successful business. It is through the personal commitment of all our employees that we will provide our customers with the highest level of safety possible.

Wizz Air, including the Board of Directors, the Leadership Team and the entire employee community, is firmly committed to ensuring the safest operation possible, always keeping our people and our customers safe. Our philosophy is to create and maintain an organisation which is healthy, safe and successful and we are fully committed to supporting the continuous improvement of the organisation and management system. We are committed to complying with all applicable laws, regulations and standards taking into consideration industry best practice including IATA Standards And Recommended Practices (SARPs). In August 2022, the Safety, Security and Operational Compliance Committee of the Board of Directors was established; it shall assist the Board with its oversight of the Group's policies, practices, objectives and performance on safety, security and operational compliance.

Safety Policy Statement

We are committed to supporting the management of safety through the provision of sufficient resources that will deliver our operations safely. Our senior management is committed to creating and promoting an organisational culture that fosters safe working practices, encourages effective safety reporting, and proactively manages safety. Safety is everyone's responsibility and all levels of management and all employees are accountable for the delivery of the highest level of safety performance, starting with the Chairman of the Board of Directors and the Operations Officer.

Wizz Air has implemented a comprehensive Safety Management System to manage risks associated with our operations and activities. We have established safety objectives and performance standards that will help us to achieve a continuous improvement in our safety performance.

Our employees are key to delivering a safe operation and it is imperative that they report any real or potential safety issues or concerns. Every employee is encouraged to contribute to the Safety Management System by reporting safety issues and concerns to the Safety and Compliance department. We have launched an employee support programme to provide assistance to our employees to maintain their level of mental fitness.

We want to create an atmosphere of trust through our Just Culture in which people are encouraged to report essential safety-related information. Our Just Culture Policy ensures that errors and unsafe acts will not be punished if the error was unintentional; however, those who act recklessly or take deliberate and unjustifiable risks will still be subject to disciplinary action. This will be decided through a fair and consistent process including an independent review of the events that will consider any human factor, human behaviour and mitigating circumstances as described in the Organisation Management Manual.

Safety compliance

At Wizz Air, we are committed to complying with all applicable laws and regulations. This is supported by a Compliance Monitoring System that constantly monitors the performance of systems and processes employed by Wizz Air to ensure that our operation is safe, constantly works towards meeting the expectations of our internal and external customers, and is in compliance with the applicable national aviation regulations and Company specified standards and requirements including IATA ISARPs.

The objectives of the Compliance Monitoring System are as follows:

- ensuring safe operations and airworthy aeroplanes;
- continuous monitoring of Wizz Air operations for compliance with all applicable standards, requirements and procedures including feedback to the Accountable Manager;
- maintaining our Air Operator Certificates and Operating Licences by fulfilling requirements;
- achieving adequate and timely implementation of corrective and preventive actions against non-conformities discovered during audits and inspections; and
- meeting the planned values of Safety Performance Indicators defined by the Accountable Manager at the Management Evaluation.

We are committed to continuously perform our tasks meeting the requirements of Part-ORO, Part-ORA and Part-CAMO and continuously improve our processes and performance in order to achieve the objectives of the Compliance Monitoring System.

Wizz Air continues to be committed to following all relevant regulations issued by the responsible aviation safety agencies in all its operating environments, ensuring that our managers and operational personnel comply with all applicable laws, regulations and procedures in all locations where our operations are conducted.

Health and safety – COVID-19

Over the past three years, since the outbreak of COVID-19, we have established a number of new processes to safeguard the wellbeing of our employees, loved ones and passengers. To ensure the highest level of protection for our crews and passengers during the peak of the pandemic, Wizz Air's Health and Safety team launched various key protocols, including enhanced cleaning and disinfection procedures and mandatory face covering policies, and established a vaccination policy in 2021.

Throughout F23, the Company has been continuously monitoring the COVID-19 situation and its impact on our operations. As more and more countries were easing their travel and safety restrictions, Wizz Air also decided to ease mask wearing requirements on-board our aircraft.

Based on the updated procedures implemented as of 1 April 2022, our crew and our passengers should meet the following requirements:

- When someone is travelling from/to a country where in both countries mask wearing on public transportation/public indoor places is still mandated by local regulations, mask wearing on-board is still mandatory.
- When someone is travelling from/to a country, where mask wearing on public transportation/ public indoor places is still mandated by local law in one of the countries, mask wearing on-board is still mandatory for crew and passengers as well.

- When someone is travelling from/to a country, where in both countries mask wearing on public transportation/in indoor public places is not mandated by local regulations, masks are no longer mandatory on-board. Passengers and our crew may wear a face mask voluntarily.

The same measures are applicable to both crew and passengers, and if a passenger doesn't have a mask while boarding the aircraft, the crew must provide them with a mask to ensure compliance with the applicable local regulations.

As the situation continues to evolve, we remain vigilant and proactive in our approach to health and safety and will reassess the related policies and processes as needed.

Health and safety – supporting our employees from Ukraine

After three challenging years marked by the pandemic, a war broke out in Ukraine, causing significant impacts on our customers, colleagues and operations in Ukraine, Moldova and Russia. Despite the difficulties, our employees have risen to the occasion, showing remarkable proficiency in supporting our affected employees and trainees, and their family members. Wizz Air's teams have worked tirelessly to establish efficient communication strategies and procedures in collaboration with relevant departments, ensuring that our colleagues receive the necessary support during this crisis.

In cooperation with all the departments they actively participated in the rescue phase, maintained contact with our Ukrainian colleagues and their family members, and provided support in the organisation of accommodation. Through working with our Employee Assistance Programme (EAP) partner a dedicated a crisis phone number was established, accessible for the Ukrainian colleagues, regardless of their location. In these exceptional times, the Health and Safety team worked with our insurance company to ensure that all of our colleagues have the necessary insurance coverage.

Wizz Air also offered direct assistance via GoCrisis, an internationally recognised crisis management company, to provide expert support during emergencies, including the implementation of a stress management training programme. This involved maintaining constant communication with our colleagues and regularly consulting with them on the progress of the programme, while also offering individual, private sessions to our Ukrainian colleagues.

After the war began in Ukraine, Wizz Air started providing help to our Ukrainian employees with immediate effect.

Altogether, the support provided included the funds collected and distributed by the People Council (via the WIZZ Employees and Family Assistant Package), psychological support and relocation support to new bases, as well as new employment contracts in the new bases. Wizz Air also committed to continue paying the average salary for employees on Ukrainian employment contracts to provide financial security to our employees in this difficult situation. We also supported our crew trainees in Ukraine with accommodation and special allowance, while they were waiting for the relocation process to finish. After a total of three months of emergency support, the absolute majority of our Ukraine-based employees have been evacuated and transferred to other bases within the WIZZ network (excluding those who had been drafted, chose to stay, or did not accept the relocation offer). The Company is also continuously recruiting Ukrainian citizens.

The following process applies to our employees currently in Ukraine:

Employees that are formally drafted:

- In accordance with currently applicable local regulations, those employees who have been formally drafted into the Ukrainian military and are not allowed to leave the country will continue to get their average salary from Wizz Air.

Employees that are currently in Ukraine:

- In case at any moment the employee will decide to leave Ukraine, upon the notification to the responsible supervisors, the bas allocation and other necessary steps will be started.

2.RECRUIT AND DEVELOP OUR EMPLOYEES

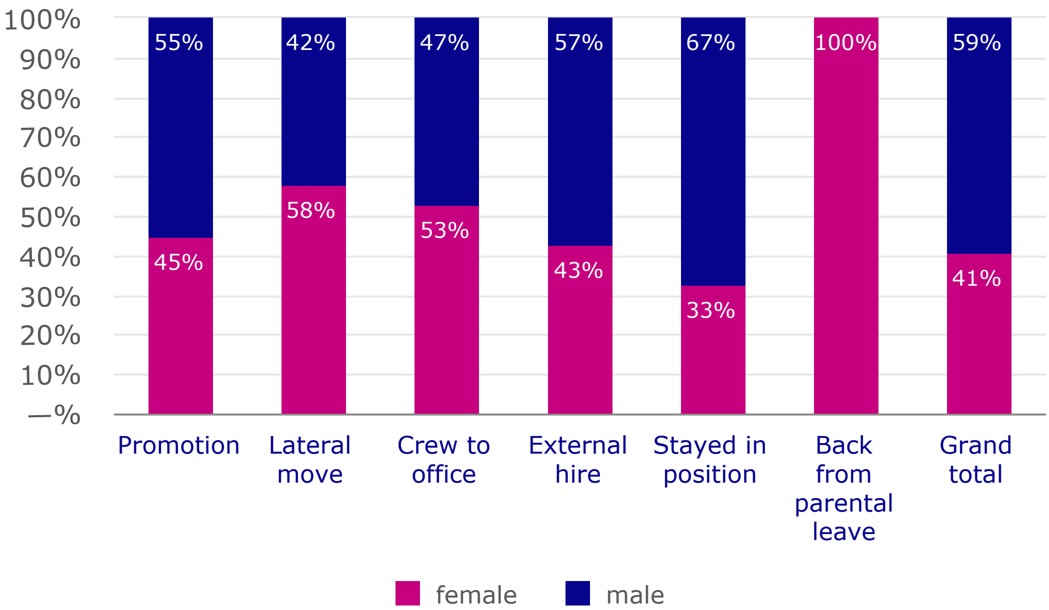
Wizz Air is continuously recruiting people who are passionate about aviation, while focusing on candidates' talent and attitude, rather than experience only. The Company ensures full and fair consideration of applications from all candidates, and offers continuous onboarding, training and career development for all employees, promoting diversity and inclusion in all areas and stages of recruitment and employment journeys.

Since 2010, the employee base of Wizz Air has grown from 1,184 to 7,389 by the end of March 2023. During F23, regardless of another turbulent and challenging operating year due to the effects of the ongoing war in Ukraine on our passengers, providers and employees and the aviation industry as a whole, Wizz Air still recruited 2,522 employees.

As part of our ongoing Crew to Office Programme, we transferred 15 employees who moved from crew to office positions in F23. Our goal is to give the opportunity to active flight and cabin crew employees to change the direction of their career and experience the office environment.

As before, the Company continues to provide new and alternative career opportunities for existing employees to help them further develop in their areas of expertise or to try themselves in a new sphere within various WIZZ departments. In F23, 46 per cent of open office positions were successfully filled internally: 64 employees were promoted to a higher position level, whereas 38 employees moved laterally to a different position in the same or another department.

Wizz Air office career development and gender breakdown



Training our flight and cabin crew

Flight and cabin crew training is organised by a dedicated in-house training team, which consists of 423 flight deck and 438 cabin crew trainers across Wizz Air's entire network. During F23 world class initial and recurrent training was provided for 6,500 cabin crew and 2,500 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, and a V9000 Commander Next-Generation Fire Trainer. Wizz Air's Crew Training has successfully implemented a fully integrated digital Training Management System, which enables us to manage and control the entire lifecycle of pilot and cabin crew learning and qualifications in one single digital platform. The system will further enhance our training efficiency, organisational flexibility and performance, while ensuring guaranteed compliance with regulations.

We are also organising dedicated "Foundations of People Management" leadership training upon request for cabin and flight operations management in order to increase the 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.

As our WIZZ family is rapidly expanding, it is important that we maintain good relationships within our network, especially with the newly joined colleagues that might need assistance getting acquainted with their crew life and responsibilities. The myWIZZmentor programme was developed by the Cabin Operations team with the purpose of improving our working environment by supporting our new colleagues in their WIZZ journey, with the help of our valued and experienced cabin crew. The mentoring programme is currently available in our Budapest, Vienna, Warsaw, Sofia, Rome Fiumicino and Otopeni bases as a trial, and is planned to be implemented network wide after the successful completion of the trial and the customisation of the programme.

Developing our office workforce

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, peer and management feedback, and a greater focus on each employee's potential to develop their career at Wizz Air. In the past twelve months, despite the implications of operational challenges, 24 per cent of our office population was rewarded with internal career moves and progression at both employee and Management Team levels. Wizz Air's key principle when it comes to talent management is that employees' commitment and the delivered results should gradually lead to career progression, in line with the Company's objective to provide employees with opportunities so they can develop themselves personally and professionally within a given field or switch to a new function within the Company so they can acquire new skills over time.

Wizz Air is hosting a comprehensive office onboarding programme for new employees, as part of which they can benefit from an intensive two-day long programme with presentations given by Officers, Heads of Function and other key internal stakeholders, so the new hires can familiarise themselves with Wizz Air's culture, policies, departments, practices and procedures. This onboarding process aims to improve new joiners' entry experience and engagement and increase their productivity from day one. Considering the rapid Company growth and participant feedback, the onboarding programme has been modified this year with the agenda further improved and enriched with guided networking activities and a training centre tour as well.

We also continued our internal training programme called WIZZ Academy – with four completed semesters as of the end of F23. The programme aims to give both office employees and flight and cabin crew the unique opportunity to gain knowledge about the Company's strategic approach and aspirations, as presented to them by Wizz Air's top executives. Besides giving the chance to learn from the CEO and Chief Officers, the Academy also provides a forum for more interaction between employees and the Leadership Team, builds a community of potential internal culture/brand ambassadors, and adds to the potential talent pool based on participants' career ambitions. Each WIZZ Academy semester a diverse group of 40 employees is selected (distributed between 10 office employees, 15 cabin crew, and 15 flight crew from different departments and locations) who have the opportunity to attend a series of eight bi-weekly, interactive lectures and training with networking sessions included.

Because of the success of the WIZZ Management Trainee programme in F22, it has been further expanded this year. The objective of the programme is 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 universities, and recruit and develop young talents with strong potential to become Managers and Senior Managers in the future at WIZZ. The programme was extended, with new recruitment waves, and brought the total number of selected new management trainees to 27 (compared to the initial eight in 2022), four of which were already offered full-time internal Wizz Air positions this fiscal year. Within the framework of the programme, the trainees join the office for "one plus one" year with the possibility to get full employment with Wizz Air upon completion and rotate every six months to a new department or function within Wizz Air.

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.

Leadership education

In F23, the main emphasis in the development initiatives was put on leadership development (Heads of Departments). Between October 2022 and March 2023 a dedicated programme was held in cooperation with the School for Executive Education and Development (SEED) programme for the 29 Heads of Department, to assist them in embracing the WIZZ500 goals within the scope of their work, and to boost their leadership and management skills necessary to realise their own and the Company's key aspirations. During the two three-day camps and individual coaching, mentoring and assessment sessions in between, WIZZ Heads of Function were equipped with additional tools and practices to help manage their teams, keep a high level of agility and support Wizz Air's growth ambitions while maintaining the ultra-low-cost carrier mindset.

Digital learning solutions

In addition to classroom training, we need to remain digitally savvy and committed to the use of digital tools, platforms and tailored learning solutions. In cooperation with Microsoft, a series of webinars were organised for the Leadership Team and internal office employees to utilise in-depth MS Teams functions and maintain a sufficient level of digital literacy.

The Company's cooperation with LinkedIn continues, offering our office and crew management employees access to the online educational platform, LinkedIn Learning, which helps them to develop professional or personal skills through expert led course videos. This digital learning tool provides flexible, individually tailored development tools for our employees with unlimited access to interactive, engaging courses. Employees can select from over 10,000 different courses relevant to their roles in Business, Technology and Marketing plus many more, as well as pursuing other areas of interest supporting their career growth or individual aspirations. General learning paths tailored to the Company needs were launched to guide the employees with highly recommended courses on soft skills and knowledge applicable to the work environment and culture of Wizz Air. The department specific learning paths were mapped out with the Heads of Departments to shape the environment of shared values and knowledge within the departments.

The overall Company-wide learning strategy is being revised to cultivate the culture of learning and to establish the right mix of learning opportunity types better fitting the demands of the Company and the employees at all levels and ways of working.

Regular performance and talent review

Wizz Air conducts an annual People Cycle process – the evaluation and talent review 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, and being rewarded for the right results. It consists of three stages – goal setting (definition of Specific, Measurable, Attainable, Relevant, and Timely (SMART) professional and development goals for upcoming fiscal year), performance appraisal (mid-year and end-of-year evaluations of employees' performance against the WIZZ competencies and the goals previously set by themselves, including their peers' and managers' feedback, and career plan discussions), and talent review (identifying employees' aspirations, as well as potential and required development areas for future promotion or lateral move). All internal Wizz Air office employees and also crew Country Managers, Base Managers and Standardisation Instructors are in scope of this process.

All stages of Wizz Air's People Cycle process are completed via a dedicated digital platform. As part of the goal setting, each employee together with their manager defines four strategic – business and role related – goals, cascaded from top down, and one personal development goal for the upcoming fiscal year. Each goal should follow SMART parameters and be weighted.

The performance appraisal process works as follows: a) employees rate themselves against WIZZ competencies and their goals set earlier; b) employees nominate a minimum of three colleagues to provide feedback on their performance based on the WIZZ Competency Model. Managers have to modify or approve the selected raters for their direct reports; and c) all managers provide preliminary performance ratings for each of their direct reports. Then calibration sessions take place with Heads and Officers to finalise ratings at function and Company level. Final performance ratings and the feedback collected are later shared with all the employees during face-to-face discussions with their direct managers.

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

3. IMPROVE AND LEVERAGE THE DIVERSITY OF OUR EMPLOYEES

As an airline, our approach to diversity and inclusion mirrors our mission to democratise air travel. In the past two decades since Wizz Air was founded, the Company has been committed to providing equal opportunities and an inclusive environment to all candidates, employees and partners regardless of their race, national and ethnic origin, social origin, gender, age, religion, political views, sexual/gender identity or expression, marital status, citizenship, disability or medical history, military status, employment status or any other legally protected factor.

Decisions in all aspects of the Company's business operations are to be based on the merit – skills, performance and abilities – of a candidate/employee, in line with the given position's requirements, irrespective of any other personal characteristics.

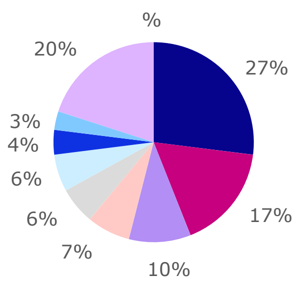
The Company expects its workforce to adhere to our diversity and inclusion principles, which are set out in The Wizz Way, our Policy for Good Conduct, and our Equal Opportunities and Fair Treatment Policy, along with the expected standards of behaviour for every member of the Wizz Air team.

Nationalities

Wizz Air is an ethnically diverse and inclusive professional organisation with over 93 nationalities within its employee base (71 in cabin crew, 59 in the flight crew and 49 in the office). At Board level, 10 current Directors are from 7 different countries, while the Company's 35 Heads of Function, and the 15 Officers and Executives represent 13 and 9 different nationalities respectively.

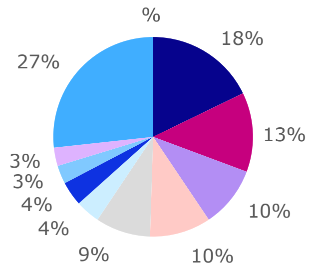
Nationality breakdown according to various employee categories:

Cabin crew



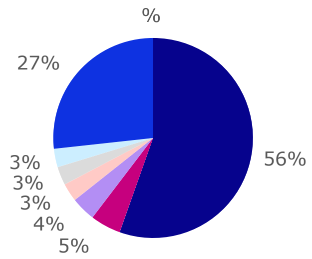
National diversity – cabin crew	
Romania	27%
Poland	17%
Italy	10%
Hungary	7%
Bulgaria	6%
Ukraine	6%
Albania	4%
Republic of North Macedonia	3%
Other nationalities, total	20%

Flight crew

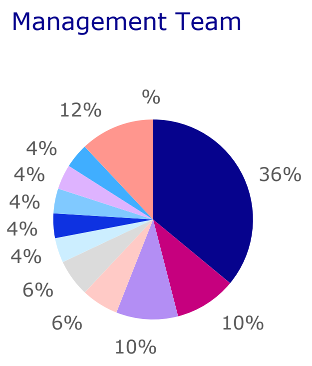


National diversity – flight crew	
Poland	18%
Hungary	13%
Italy	10%
Romania	10%
United Kingdom	9%
Bulgaria	4%
Spain	4%
France	3%
Ukraine	3%
Other nationalities, total	27%

Office



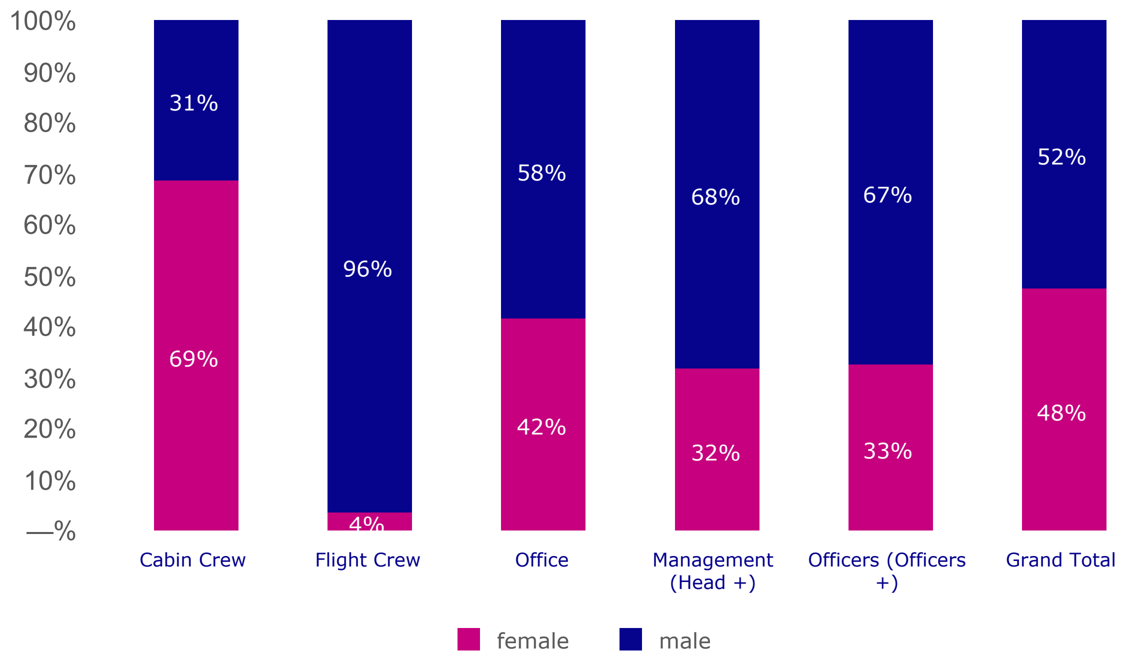
National diversity – office	
Hungary	56%
Poland	5%
Romania	4%
Spain	3%
Russia	3%
Ukraine	3%
Other	27%



National diversity – Management Team (Head, Officer and above)	
Hungary	36%
Poland	10%
Romania	10%
Spain	6%
United States	6%
Germany	4%
France	4%
United Kingdom	4%
Ireland	4%
Portugal	4%
Other nationalities, total	12%

Gender diversity

Within Wizz Air, the overall male to female ratio is balanced, with 48 per cent being female; however, we are conscious that improvements shall be achieved when it comes to gender diversity in certain employee groups and as part of Wizz Air's broader commitment, we have targets to increase female representation in the flight deck, leadership team and boardroom.



Wizz Air strongly believes that leadership diversity enables faster progress towards targeted growth and employee base diversity. The Company continues to adhere to its long-term set target to achieve 40 per cent gender diversity by FY26 among its Management Team (Heads, Officers, EVPs and CEO level), which is broken down into yearly plans and actions, and regularly reviewed at Board level and by the Nomination and Governance Committee.

The Hampton-Alexander Review previously set a target of 33 per cent 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 per cent 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 per cent women on boards target.

In this past financial year, Board gender diversity is a 30 per cent female ratio, while the Management Team's gender diversity changed to at 32 per cent female ratio. Office female gender diversity increased by 2 per cent, to a 42 per cent female to male distribution. Flight crew female gender diversity at F23 year end is at 4.68 per cent (in terms of the operating entities, Wizz Air UK has the highest flight deck female diversity, with 7.56 per cent), whereas the female cabin crew number decreased by 1 per cent to 69 per cent.

To improve gender diversity in the Company, we have the following targets in place:

- 33 per cent female gender diversity in the Board of Directors;
- 40 per cent female gender diversity in the Management Team by F26; and
- 7 per cent female gender diversity in the flight deck by F30.

We have put in place actions to achieve our ambitious 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 shortlist for positions and recruitment panels are recommended to have female interviewees.

We have identified the diversity of our flight crew as a major opportunity for Wizz Air and we want to be an industry leader. 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 few years. The Company recently released its new Equal Opportunities and Fair Treatment Policy, to signify our commitment to undertake initiatives to support equal access to the positions where certain protected groups (including, in particular, women) are underrepresented – taking always into account the particular personal circumstances of all applicants, respecting their fundamental and human rights and applying a diverse set of selection criteria for any position or entitlement. Several one-of-a-kind programmes have been launched to nurture talent and diversity within the organisation, and to ensure a strong pipeline of female flight crew professionals:

- The She Can Fly Programme is a sub-brand of our current Wizz Air Pilot Academy Programme (WAPA) Programme but dedicated to women only to provide a unique, simple and financially accessible path to becoming a commercial pilot at Wizz Air. The programme has envisioned to support female candidates as a requirement to increase women's flight deck crew diversity well above the current 5 per cent in the industry. Wizz Air is committed to bringing down gender stereotypes and supporting gender equality within this profession too. The primarily targeted countries are Wizz Air's CEE base countries to support that region with local pilots. The programme launch was on 8 March 2023 on International Women's Day.
- 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 at 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, cabin crew only, 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 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. 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 F24 for Wizz Air's growing UK, Italian and UAE bases. Schools will be dedicated WIZZ providers with the main focus to provide guaranteed 30/50 cadets per year/school to the specific requirements of the UK, Italy and the UAE (licensing, nationality, etc.).

4. ENGAGE OUR EMPLOYEES AND ENSURE EFFECTIVE COMMUNICATION THROUGH THE PEOPLE COUNCIL

high materiality

Our workforce has always been and will remain Wizz Air's most important asset – our people's engagement and wellbeing are crucial to constantly deliver on our mission. 94 per cent of our employees directly interact with our passengers and ensure safety and good customer service as passengers travel with Wizz Air to their next destination. There are several key pillars on how we engage with our employees, make sure their voices are heard and keep the WIZZ spirit alive. The backbone of employee engagement is the Wizz Air People Council, supported by the regular people engagement surveys (including the forthcoming actions set up as a result), and 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 and kind, and it thrives 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.

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 and 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 eleven 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. For future reference, Wizz Air is currently working on the plans to restructure the operational setup of the People Council related to the existing operating entities within the Group.

The Council's work is centred around three major areas, and is split into three committees accordingly, which are the Benefit, Wellbeing and Policy Committees. The respective 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 meets bi-weekly with the Senior Leadership Team and separately with the Company's CEO. These processes are key to enabling the People Council to fulfil its main purpose:

- facilitating an effective two-way communication between management and employees; and
- supporting the decision-making process on matters which affect all within the Company.

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 specific employee groups' perspectives.

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.

As part of the direct engagement with office employees the People Council organises regular meetings in the Company headquarters, where employees have the opportunity to meet the Secretary General of the Wizz Air People Council and the local office representative, and where several critical topics are raised and discussed, including but not limited to recruitment, knowledge management, office environment ideas, or employee retention.

Base visits, floor talks and management updates on Workplace

These events are unique as they provide a special forum for the local crews to meet with Company management in person and 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 "flyaround events", there are line operation base visits as well, as part of which the line management travels to each base once throughout the year. At least one People Council representative must be present at these base visits.

The People Council regularly participates in base visits when the Leadership Team spends time with employees in the market, both formally and informally. During F23, the People Council's President and Secretary General and the local Council representative took part in eleven personal base visits.

The recurring floor talks hosted by the Wizz Air CEO (available to attend in person or watch and comment live via Workplace, the internal social media channel available for all employees) provide quantitative and qualitative insights into work and life for our employees. There is a live leadership update provided to all employees of the Group every Monday via Workplace, and the CEO, the President, and other chief officers also issue written updates via Workplace when events of high importance impact Company operations or when key updates need to be delivered directly by the management.

Wizz Air is dedicated to directly engaging with its workforce on a regular basis, ensuring that all employees have direct access to the CEO and senior management through all the above-mentioned channels; based on their feedback the Company is continuously implementing the relevant actions as is also demonstrated in the next section discussing employee engagement results. The Company is compliant with all applicable laws and regulations in every country it operates in and is also participating in all mandatory consultations where applicable.

Employee engagement survey results and follow-up actions

Between 16 and 30 November 2022, the Company organised its sixth employee engagement survey. There were 3,800 responses received, which means that 55 per cent of the employees participated. On a Company level the overall satisfaction was at 6.5, while the engagement score was 6.4. The employee Net Promoter Score for overall engagement is -9. Employees in cabin crew had an engagement score of 6.9 (eNPS 5), in flight crew 5.6 (eNPS -34) and in office 6.5 (eNPS -17).

After sharing the compiled results of the engagement survey with Wizz Air's management, there were two separate sessions held with the Officers – one session focusing on office employees and one session on the cabin and flight crew – in order to analyse the results comprehensively and discuss the necessary action plans. The follow-up actions for all employee groups are gradually defined and sent for proposal, then approved and communicated by the Leadership Team.

All engagement survey results are annually reviewed by the Board of Directors, which enables the Company's highest decision-making body to also assess and monitor progress towards cultural objectives, identify priorities and set measurable goals for achieving the vision. Wizz Air also has a dedicated Board member, Dr Anthony Radev, who is responsible for overseeing engagement with employees.

The three focus areas to improve crew engagement and the work environment at the Company level are:

- crew roster planning, quality and consistency;
- Operations Control Centre availability, resource and support; and
- operational logistics availability, resource and support.

The following actions for flight and cabin crew already implemented are the following:

- The Company has been committed to offering its crew a solution that will improve roster predictability and the quality of their work-life balance. As of October 2022, a fixed rostering scheme was introduced for the crew. The new scheme has been shaped in accordance with the feedback provided through the crew survey and various other channels. With the new scheme, the crew has the chance to select between a fixed and flexible roster pattern, and in case they choose the flexible one, they will be entitled to extra compensation (similar to our practice pre-COVID-19).
- Referral Programme expanded: Starting 1 January 2023, rewards offered under the WIZZ Referral Programme are made available to all employees who refer qualified and suitable candidates for open positions within the organisation, including flight and cabin crew and office roles.
- The captain seniority bonus was reinstated to pre-COVID-19 level. All captains who have reached 6,000, 8,000, 10,000 or 12,000 flown hours with Wizz Air are entitled to a wage increase.
- The pilot loyalty bonus has also been reintroduced, making all pilots who have participated in type rating trainings sponsored by Wizz Air eligible for a loyalty bonus upon the expiry of their bond.
- The Senior Cabin Crew Bonus Policy has been effective since January 2023. Within the cabin crew team of more than 4,000 people, Wizz Air's senior cabin crew colleagues and trainers have the responsibility of ensuring that our high standards are maintained and continuously improved. Following the People Council's initiative to recognise the unique value and experience brought by senior cabin crew members, the senior cabin crew seniority bonus was established. Based on their time spent at the Company (5, 10, 15+ and more years) and the fulfilment of certain other required eligibility conditions, senior cabin crew members are eligible for additional annual compensation.
- The Company announced the introduction of a one-off bonus for its crew members for their extra performance during this summer season, meaning the period between 1 June 2022 and 30 September 2022. The bonus was paid to all affected crew members along with their October salaries in 2022.
- In April 2023, the Company introduced the new XXL sector payment for crew, for sectors that are equal to or longer than 301 minutes (a sector is a completed one-way flight, which is defined by the planned block duty time).

Engagement actions for office employees are currently under review by the Leadership Team and will be communicated in due course. The applicable main focus areas for the office workforce are: reward, recognition, culture, career progression, employee experience and leadership development.

Financial support

Our industry has faced unprecedented challenges over the past few years in the wake of COVID-19, which, alongside the ongoing war in Ukraine, has put economies under strain globally. As the cost of living continues to rise, to support employees during these economically uncertain times and to recognise their efforts and continued commitment to Wizz Air, a one-off payment of gross €1,000 (in two instalments in November 2022 and February 2023) was made to all staff under Head level.

Compensation and salary

In terms of compensation matters, Wizz Air designed its remuneration practices with a focus on base salaries and providing a non-financial benefit that can factor in customer experience and employee experience. The Company makes Wizz Air's services available to all personnel at accessible, favourable and discretionary price for leisure travel as a token of appreciation for the diligent performance of their duties and for their continued loyalty to Wizz Air so that they all have the opportunity to experience Wizz Air flights together with their family and friends.

Pay is only part of the proposition to join and stay at Wizz Air. Whilst the yearly salary reviews – also supported by recurring market benchmark processes – allow adjustments, the best way to increase compensation is through career progression, which stands as a core element in all of Wizz Air's HR processes (talent management, compensation, development and organisational development).

Other Company projects supporting employee engagement

As social interaction and building strong, dedicated and efficient teams is an important part of the WIZZ culture, we make sure to offer opportunities to reunite with colleagues and celebrate our achievements together. For this reason, we will continue to organise corporate events and programmes, such as the annual Christmas and summer parties, department away days and team building events, and programmes such as the WIZZ Academy, to strengthen Company culture. In December 2022, the People Council also organised a Santa Event in Wizz Air's Training Centre, for the children of WIZZ employees.

Employee engagement on sustainability

Wizz Air has been tirelessly working on strengthening its employees' understanding of climate change and the Company's role and responsibility in decarbonisation. We believe that education and knowledge of the latest sustainability developments are essential to create a more sustainability-focused Company culture, where every employee understands how they can play a part in the airline's decarbonisation journey and net zero ambitions.

The Company recognises that sustainability is a crucial aspect that requires active engagement and investment from all levels of the organisation. By providing its workforce with the necessary education and resources, we are continuously building a knowledgeable and motivated team, ready to take on the challenge of creating a more sustainable future for all. As part of these efforts, we have implemented several sustainability-related internal activations.

Sustainability pins were introduced to be worn by cabin crew, flight crew and office teams, as a symbol of commitment to sustainability. The initiative is part of a comprehensive educational campaign aimed at promoting employee engagement and fostering a culture of sustainability within the organisation. The objective of this campaign is to create awareness and encourage everyone to take an active role in making the world around us better. By wearing these pins, employees will serve as ambassadors of the Company's efforts to promote sustainable practices and inspire others to do the same.

As the world is facing a historic energy crisis that has reached a global scale our Company decided to raise our employees' attention about conscious energy consumption and launched our "Switch It Off" campaign in October. With this initiative, we aimed to educate and empower our employees to take control of their energy consumption and adopt more sustainable habits, both in their homes and in the workplace. To further encourage this change, we launched the "Step It Up" challenge, which invites our employees to embrace a more active lifestyle by choosing to take the stairs over the elevator and saving energy at the same time.

Our employees' keen interest in sustainability and eagerness to share their experiences has been revealed through several internal activities; thus in November 2022, we introduced a new internal campaign called "Sustainability Month" to encourage our workforce to adopt environmentally friendly practices and share their current efforts on minimising their impact on the environment. Throughout the campaign, we shared details about the Company's sustainability efforts and achievements in an engaging way and also included weekly activations ("The Greenest Ideas of WIZZ") dedicated to transportation and energy-saving topics.

Below we have outlined our most critical employee health metrics:

PEOPLE	UNIT	NOTE	F23	F22	F21	F20
Work-related accidents	#	Priority/1	**14**	0	0	5
Fatal accidents	#	Priority/2	**0**	0	0	0
Contractor accident rate	%	Priority/3	**0**	0	0	0
Contractor fatal accident rate	%	Priority/4	**0**	0	0	0
Number of employees	Total/March 31	5	**7,389**	5,772	3,960	4,440
Staff costs	m EUR		**373.9**	220.5	133	231
Revenue/employee	k EUR		**527**	288	187	622
Staff costs/revenue	%		**10**	13	18	8
Survey scores	eNPS	Priority/6	**-9**	9	46	—
Survey participation	%	Priority/7	**55**	67	79	—
Average attrition	%	8	**9.35**	11.2	24	13
Gender diversity	% female	Priority/9	**48**	48	49	52
Leadership diversity	% female	Priority/10	**32**	34	27	17
Flight crew gender diversity	% female	Priority/11	**4.68**	4	4	4
Cabin crew diversity	% female	12	**69**	70	75	76
Office diversity	% female	Priority/13	**42**	40	37	37
Ethnic diversity	# nationalities	14	**93**	75	53	54
Leadership ethnic diversity	# nationalities	15	**17**	16	15	15
Part time ratio	%	16	**0.49**	1	6	1
Training per employee	Hours	17	**30.71**	42	45	n.a.

Notes:

(1) **Accidents:** measures work-related accidents (excluding travel to/from work) involving occurrences where employee has taken at least one day off from work.

(2) **Fatal accident:** number of accidents, as defined in Note 1, that result in fatality.

(3) **Contractor accident rate:** measures work-related accidents involving occurrences where contracted employee has taken at least one day off from work.

(4) **Contractor fatal accident rate:** number of accidents, as defined in Note 3, that result in fatality.

(5) **Number of employees:** Total number of active employees as of 31 March 2023 (excluding employees on leave of absence e.g. parental leave).

(6 and 7) **Survey scores:** the way of measuring your employees' satisfaction levels, based on NPS methodology, which is used to measure customer loyalty. The eNPS score is a number, calculated by subtracting the percentage of "detractors" (who gave a score of 0–6 on a scale of 10) from the percentage of "promoters" (who gave a score of 8–10 on a scale of 10), and can range from -100 to 100. In F23 the eNPS of Wizz Air was -9 and the participation rate was 55 per cent of all employees.

(8) **Attrition (average):** the reduction in staff numbers across the organisation that occurs as employees resign, retire or are dismissed.

(9) **Gender diversity:** percentage of total roles, including direct and indirect employment, occupied by women.

(10) **Leadership diversity:** percentage of leadership roles, Heads of Function and above, occupied by women.

(11) **Flight crew gender diversity:** percentage of flight-deck staff, including direct and indirect employment, occupied by women. As the flight deck diversity target for F30 is 7%, this figures is reported with decimals to represent the improvement year on year.

(12) **Cabin crew gender diversity:** percentage of cabin crew staff, including direct and indirect employment, occupied by women.

(13) **Office gender diversity:** percentage of office staff, including direct and indirect employment, occupied by women.

(14) **Ethnic diversity:** number of different nationalities compiled based on declarations by employees at the time of hire.

(15) **Leadership ethnic diversity:** number of different nationalities compiled based on declarations by Heads of Function and above.

(16) **Part-time ratio:** percentage of total employees who have reduced working time arrangements (not full-time employees).

(17) **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. In terms of online training, the Company's cooperation with LinkedIn continues, offering office and crew management employees access to digital, flexible and individually tailored development opportunities with unlimited access via interactive, engaging courses. The flight deck and cabin crew also regularly receive digital training via e-learning solutions, on top of their offline training.

5. ADDRESSING CHALLENGES FOR THE CONTINUOUS IMPROVEMENT OF CUSTOMER EXPERIENCE

At Wizz Air, we strive to put the customers at the heart of everything we do. During the summer of 2022, however, Wizz Air faced unprecedented flight disruptions caused by external factors, particularly supply chain issues because of post-COVID-19 and air traffic control deficiencies across the Company's network. As a result, the Company received an unprecedented volume of customer claims that needed to be resolved, and despite almost doubling the contact centre agent capacity some customers experienced delays in the processing of their claims. Currently 95 per cent of all claims received in F23 have been already resolved and the customer support team is continuously working on resolving any remaining backlog with first priority.

To address the challenges faced last summer, Wizz Air has been investing in a number of customer-focused initiatives. Besides significant investments and improvements in the operational teams and processes to help avoid disruptions altogether, the Customer Experience team has contracted four new contact centres and doubled the customer support agent capacity compared to that of summer 2022. Automation solutions, in the processing of claims, have been deployed and digital solutions continue to remain in focus in F24, to enable a fast and scalable claim and complaint resolution framework. The Company has also enhanced its self-service capabilities to allow customers to manage changes to their booking, even in case of disruption, via our web and app services. Furthermore, we have improved Wizz Air's Virtual Assistant, Amelia, available on the website, in the WIZZ application and via the Facebook messenger channel. Amelia has become the primary point of contact for customer support in F23, quickly surpassing the phone call channel. The Company is also planning to launch a brand-new Help Centre in F24, the ultimate objective of which will be to support customers with easy-to-find information and guidance on available self-service options and services, and how to best utilise these features, ensuring a smooth and enjoyable customer journey from the conception of travelling to reaching the destination and back.

The Company recognises the importance of learning from its customers and uses these learnings to continuously improve the travel experience. To this end the WIZZ Youth Forum (made up of travel enthusiasts and passengers) was assembled to bring the customers' voice on-board the design phase of current and future WIZZ products and services. The Youth Forum's members interact directly with stakeholders from Wizz Air representing all customer journey stages. A key focus area discussed as part of the Youth Forum was disruption management. The Company is also developing a disruption specific customer survey, which will allow our passengers to provide detailed information about their experiences during disruptions, helping the Company learn how it can better assist them in the future.

The existing and planned initiatives are designed to provide our customers with efficient and effective services. These actions aim to ensure that WIZZ will continue to meet its commitment to providing a reliable service to its customers, particularly during flight disruptions. The Company's focus on the continuous improvement of its customer service offerings ensures that it will remain the airline of choice in F24 and beyond, for existing and future customers alike.

6. COMMUNITY PROGRAMMES AND CHARITABLE SUPPORT

Rescue flight – Türkiye

On 7 February 2023 Wizz Air flew a rescue team of 20 people from Budapest to Adana, a city in Türkiye, which was hit by a strong earthquake. The special rescue unit from the Hungarian Counter Terrorism Centre, consisting of doctors and well-prepared specialists in alpine technology, joined the rescue mission upon arrival, by providing help to those in need. Wizz Air's Airbus A321neo departed from Budapest and returned safely. The Company is very proud to have been able to mobilise a team within just a matter of hours when needed and support this humanitarian mission that contributed to saving many lives afterwards.

Free and rescue fare tickets for Ukrainian refugees

In early 2022 Wizz Air announced it would support Ukrainian refugees by offering free seats on Continental Europe flights departing from Ukraine’s border countries (Poland, Slovakia, Hungary and 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’s offering of free tickets was later extended and finished at the end of October 2022. As part of this programme, a total of 135,456 free tickets were used by the affected refugees.

WIZZ Aid

WIZZ Aid is designed to provide financial support to our colleagues who need urgent medical treatment or suffer from natural or man-made disasters outside of the coverage of Life and Travel and Accident Insurance. The WIZZ Aid policy sets out the criteria and process related to the funding granted to employees. This corporate initiative is open for any Wizz Air Group employee (both indefinite and fixed-term contract) facing such an emergency situation and temporary financial hardship, provided they have passed their probation period and are not pending a notice period. During F23, six applications were approved, in the amount of EUR 30,425 for life-saving medical assistance and surgery, and other related financial support.

WIZZ Foundation – Csodalámpa Foundation partnership

WIZZ Foundation has 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 provides flight tickets (and the applicable services) every year for children and their travelling guardians, to support the foundation's projects where the surprise involves travelling to another destination by plane. In F23, Wizz Air supported the Magic Lamp Wish-Granting Foundation, completing nine special wishes, with a total number of 26 flight tickets provided to the children and their families.

The WIZZ Foundation also supported another initiative, as part of which WIZZ volunteers transported leftover items (fresh but unsold) from bakeries to a children’s hospital, where pastries, confectioneries and sandwiches were distributed among the children, doctors and nurses for one month a year. The initiative was supported by volunteers from the Company’s Budapest (Hungary) headquarters and airport base.

Employees’ local charity and volunteer activity

As it has been duly demonstrated throughout the past years’ challenges during the pandemic and the crisis in Ukraine, the generosity of our employees is unique, and this is what brings the WIZZ spirit to all of our base countries. We are proud that in F23, our cabin and flight crews have volunteered and supported various local initiatives across our entire network from Wizz Air UK to Wizz Air Abu Dhabi, including but not limited to: blood donation, clothes and food donation, volunteer support at local hospitals, bee saving projects and charity walks.

WIZZ marathons

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, similar to the ultra-low-cost, low-fare business model. This year we sponsored several running events across Europe, including our flagship event, the Budapest Half Marathon, and races in Bucharest, Cluj-Napoca, Sofia, Skopje, Debrecen and Cardiff. In 2022 more than 53,000 runners joined the WIZZ running events, including more than 200 WIZZ employees from the Wizz Air network. We mobilised 32,000 runners and attracted a total of 105,000 visitors with all our events.

Charlotte Pedersen (Board of Directors), Yvonne Moynihan (Corporate and ESG Officer), and Anna Gatti (Board of Directors)
at the 2022 Budapest Half Marathon

VIII. ECONOMY – CONNECTIVITY AND RESPONSIBLE GDP GROWTH

Wizz Air is contributing to the GDP growth of our destinations by enabling affordable connectivity, which in turn will create new jobs and 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 over 100,000 citizens in our network. We launched Wizz Air to create a world of opportunity for all through affordable travel, and we are consistently delivering on that promise.

The majority 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.

Wizz Air continued its significant capacity growth in F23, creating a number of new, affordable travel options while also contributing to the growth of the local economy and recovery after COVID-19. After a large expansion during the previous fiscal years, we focused on offering more travel options in Central Eastern Europe by remaining the region's largest carrier as well as densifying and diversifying our network in our newer ventures.

In F23, we remained committed to bringing something new to our customers: an additional base has been opened in Suceava (SCV), Romania, which allowed us to double the number of destinations flown to and from the city, also providing important employment opportunities for the local community. With two aircraft allocated at the airport, six new routes were opened by Wizz Air, connecting Suceava to new countries all around Europe and beyond; in the first year of our new base there, more than 700,000 seats have been offered to our customers. Wizz Air's London Gatwick base has also been revitalised, increasing Wizz Air's presence to five aircraft during the summer season, showing our continuous trust in the UK.

The airline also did not stop expanding at our existing bases either. The largest growth has been introduced to our Rome Fiumicino base with six additional aircraft and more than 330 per cent capacity growth achieved this year, reaching a fleet of eight aircraft based there in total, with further expansion plans for F24. Our Rome growth is a great example of Wizz Air's investment in a market's recovery where the post-COVID-19 build-back was at a slower pace. Another symbol of how Wizz Air is embedded into the local economies is our support to the Romanian people by offering recovery flights and tickets after Blue Air suspended its operations, as well as maintaining direct connections on the routes most critical to Bucharest-based customers discontinued by Blue Air. To show our market commitment, Wizz Air also added six new aircraft to our Bucharest base in F23.

Our role in society – testimonials
Mr David Ciceo – CEO of Cluj International Airport (Romania) *"Since 2007, when Wizz Air started operating in Cluj-Napoca, the airline has significantly developed its operations and created a constructive ripple effect for the local economy and brought many other benefits for the entire region.* *"As the CEO of Cluj International Airport, I want to emphasise the critical importance of Wizz Air operations as it ensures a consistent and reliable traffic flow, which is essential for operational efficiency and profitability. By allocating the seventh aircraft for the Cluj-Napoca base, Wizz Air responded efficiently to the strong market demand of Cluj International Airport catchment area. Wizz Air has demonstrated that it is one of the strongest European airlines and together we manage to offer more than 40 destinations in Europe and the Middle East."* Mr Musa Kastrati – Senior Vice President of the Kastrati Group, Tirana International Airport (Albania) *"The opening of a Wizz Air base at Tirana International Airport, and the allocation of the tenth aircraft this summer is a testament to the positive impact Wizz Air has had on the Albanian market, our airport, and the tourism industry.*

The Company has also put an emphasis on being a pioneer and developing new markets and destinations, by adding four new countries and 23 new destinations to the WIZZ network in F23. Wizz Air established new routes to the Maldives, Kuwait and Uzbekistan, and announced the start of 24 new routes to Saudi Arabia, connecting Dammam, Jeddah, Riyadh and Medina to the Gulf and Europe, providing more than 1.3 million seats per annum.

Social metrics and targets – our communities

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

COMMUNITIES	UNIT	NOTE	F23	F22	F21	F20
Passengers	m	1	**51**	27.1	10.2	40
km run	km	2	**5,799**	168	17,730	7,830
Paid taxes	m EUR	3	**632**	304	107	340
Government debt	m EUR	4	**0**	0	326	0
Furlough support	m EUR	5	**0**	1.1	7.1	0

Notes:

(1) **Wizz Air reported 51.072 million booked passengers in F23**, showing strong recovery and growth after travel demand had been heavily impacted by the post-pandemic environment.

(2) This year we sponsored several running events across Europe, including our flagship event, the Budapest Half Marathon, and races in Bucharest, Cluj-Napoca, Sofia, Skopje, Debrecen and Cardiff. The internal WIZZ Run Club Challenge took place in May 2022 where the participating employees together ran a total of 5,600km.

(3) **Wizz Air contributes to the communities it operates in through the payment of taxes**. In F23, a total of **€631,799,359** 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 **16 per cent** of revenues. Wizz Air advocates for a level playing field on taxation as many jurisdictions favour national airlines and promote tax schemes that are not based on carbon emissions intensity; instead, taxes would be based on historical emissions levels regardless of how polluting the used aircraft technology is 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 previously repaid a £300 million outstanding commercial paper with the Bank of England (as part of the CCFF) in February 2022.

(5) Wizz Air is no longer receiving financial support via furlough schemes (in previous years, due to COVID-19, the Company benefited from the UK furlough support scheme).

IX. CYBER SECURITY AND GDPR

high materiality topic

Cyber security, data protection and security are highly critical elements of our operations, and one of the areas also closely and regularly monitored by our Board. Wizz Air's responsible Digital Officer reports on cyber security matters bi-monthly to the Audit and Risk Committee of the the Board of Directors. The Company previously established an internal Security Council, which is conducting thorough reviews every quarter.

The following actions are undertaken to ensure that Wizz Air complies at all times with the accountability principle of the General Data Protection Regulation (GDPR). The legal basis for processing personal data must be clear and unambiguous in all cases. A Data Protection Officer has been previously appointed with specific responsibility for data protection in the organisation. All staff involved in handling personal data understand their responsibilities for following good data protection practice, having been provided the relevant training. The Company provides options for data subjects wishing to exercise their rights regarding personal data and such enquiries are handled effectively. Regular reviews of procedures involving personal data are carried out by the responsible experts working at Wizz Air. Privacy, by design, is adopted for all new or changed systems and processes in the Company.

As cyber security is a constantly evolving challenge, we have continued to invest in and strengthen the relevant processes, systems and policies and have cooperated with the Data Protection function to further increase our security preparedness. Wizz Air follows a layered approach to ensure proper hygiene in cyber and data protection matters. It involves safety mechanisms for prevention, as the first line of defence, detection and response mechanisms as the second line of defence, and robust recovery procedures implemented.

Wizz Air's Cyber Programme is based on the NIST CSF, ISO 27001, PCI Data Security Standards and Open Web Application Security Project® (OWASP) standards. Wizz Air holds the Cyber Certificate of Compliance from the Civil Aviation Authority (CAA) UK after going through the Cyber Assessment Framework audit.

The Company's cyber security team is made up of skilled professionals with extensive experience in the field, focusing on the people, process and technology aspects of cyber by running multiple workstreams, e.g.:

- Governance, Risk and Compliance (GRC) Workstream

  A risk-based, effective and efficient management framework and oversight of Wizz Air's Cyber Programme to drive continuous improvement within the organisation, address compliance requirements and protect the Company against internal and external information security threats through the Cyber Workstreams and the Security Operations team.

- Cloud and Infrastructure Security Workstream

  Safeguards information systems by providing proactive expertise to define the standards for resilient and secure infrastructure both on-prem and in the Cloud. Enforces cyber security best practices and hardens the IT estate against risks by establishing secure configurations and monitors adherence to these in every environment that is under Wizz Air's management.

- Cyber Awareness Workstream

  Embedding cyber awareness into Wizz Air's culture and way of working by conducting continuous and targeted awareness campaigns and related activities to reduce the risks of cyber security breaches caused by human error.

- Identity and Access Management (IAM) Workstream

  Ensures that the right people have the right access to information resources for the right reason, balancing both productivity and security aspects.

- IT Service Continuity Management (ITSCM) Workstream

  Builds organisational capabilities to support the Company's business functions by prevention, detection, and response to disruption and recovery of IT services meeting predefined recovery requirements (e.g. time, data loss, performance, capacity, etc.).

- Product Security Workstream

  Ensures that security requirements are well defined, understood and met by products and/or applications throughout their whole lifecycle from planning to retirement, by standardising security best practices, procedures and supporting toolsets.

- Threat and Vulnerability Management (TVM) Workstream

  Monitors and reduces Wizz Air's attack surface by identifying, classifying, remediating and mitigating weaknesses in the IT environment and establishing detection and response capabilities to defend against internal and external threats targeting these weaknesses in Wizz Air's information resources.

A crucial factor related to cyber security is our colleagues' awareness of the risks and the possible ways in which our business could be attacked. As such, a comprehensive and compulsory e-learning training programme for all colleagues is maintained as a key educational and prevention measure, along with regular simulation exercises.

Wizz Air is also continuously running internal and external security tests (including penetration testing and "red teaming") to identify and resolve potential gaps, thereby improving the organisation's readiness in detecting and responding to cyber incidents.

X. INDICES

TCFD index

Responding to TCFD recommended disclosures	
Governance	**Disclose the organisation'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 Chairman of the Board, as well as the Sustainability and Culture Committee. See pages 24–26.
Recommended disclosure b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management defines strategies and drives progress through the Corporate and ESG Officer and the cross-functional Sustainability Council. See pages 24–26.
Our disclosure is consistent with the TCFD framework.	
Strategy	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.**
Recommended disclosure a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The ongoing development of our risk register including climate-related risks is integrated into the ERM process (see page 86), but independently researched and supported via our sustainability consultants at Deloitte Ltd. Hungary, as outlined further on pages 29–33.
Recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Addressed through our comprehensive climate strategy, see pages 26 and 34, where we have outlined how climate risk analysis and risk management are embedded in our financial planning for the short and medium-term risks and opportunities.
Recommended disclosure c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our climate strategy integrates climate risk assessments and is embedded in our 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 2023, Wizz Air improved its climate risk analysis on a qualitative and a quantitative level to assess the applicable risks under four different climate-related scenarios. Please refer to pages 29–34.
Our disclosure is consistent with the TCFD framework.	
Risk management	**Disclose how the organisation identifies, assesses, and manages climate-related risks.**
Recommended disclosure a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate-related risks are identified as part of our ERM process (page 86), based on cross-functional alignments and independently reviewed by third-party climate risk assessment experts (pages 29–33).
Recommended disclosure b) Describe the organisation'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 pages 28, and 34–47.
Recommended disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We manage climate-related and ESG risks through our corporate ERM framework. The Company's risk register identifies a wide array of ESG-related risks, a sub-group of which includes climate risks. See pages 26 and 86.
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 organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	See pages 19, and 45–47 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 pages 45–47.
Recommended disclosure c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	See page 124 of the Directors' Remuneration Report on the inclusion of a CO_2 emissions intensity target in the Leadership Team's award conditions and page 131 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 regarding location-based emissions reporting in the short and medium term.	

GRI Index

Statement of use	Wizz Air Holdings Plc has reported the information cited in this GRI content index for the period 1 April 2022 to 31 March 2023, with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Disclosure	Location
GRI 2: General Disclosures	
2-1 Organisational details	Wizz Air Holdings Plc Registered seat: 44 Esplanade, St Helier, Jersey JE4 9WG, registration number: 103356
2-2 Entities included in the organisation's sustainability reporting	The Sustainability Report includes all operating entities under the Company, namely Wizz Air Hungary Ltd., Wizz Air UK Ltd., Wizz Air Abu Dhabi LLC, and Wizz Air Malta Ltd.
2-3 Reporting period, frequency and contact point	Reporting period: Financial year 2023 (F23) (1 Apr 2022–31 Mar 2023) Frequency: Annual Date of publication: 8 June 2023 Contact: dissustainabilityteam@wizzair.com
2-4 Restatements of information	GHG reporting: Wizz Air chose F23 as base year for the the greenhouse gas emission calculations for the future, as it is the first year with our GHG inventory reporting that received third-party assurance. As a result of that, the company has revised its F22 emission inventory and updated the Scope 1-2-3 figures accordingly, applying the base year's improved calculation methodology and benchmark.
2-5 External assurance	Emissions data from intra-European flights (EU and UK Emission Trading Schemes) and all other flights falling under the scope of the UN Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) are reviewed and verified by Verifavia, an independent third party, for the calendar year. The company's F23 GHG reporting received independent limited assurance from Deloitte Auditing and Consulting Ltd. Hungary, which will be available on Wizz Air's sustainability website.
2-6 Activities, value chain and other business relationships	Aviation and airlines More details on the Company's supply chain are included in the "Working towards a sustainable supply chain" section of the ESG Report, on page 43.
2-7 Employees	Total number of employees in F23: 7,389. More information in the people metrics table, on page 63.
2-8 Workers who are not employees	Wizz Air currently does not track indirect/contractor employee data in its own systems. The Company will work on collecting the relevant information in the future.
2-9 Governance structure and composition	Wizz Air's sustainability governance is explained on page 24. Wizz Air's central governance structure and composition is covered in the Corporate chapter on pages 94–157.
2-10 Nomination and selection of the highest governance body	Detailed under the Corporate chapter, from page 122.
2-11 Chair of the highest governance body	William A. Franke – Chairman of the Board of Directors.

2-12 Role of the highest governance body in overseeing the management of impacts	Our Sustainability and climate governance section can be found on page 24. Corporate chapter, pages 94–157.
2-13 Delegation of responsibility for managing impacts	The Climate risk management section of the report starts on page 26.
2-14 Role of the highest governance body in sustainability reporting	The Board of Directors, including the Sustainability and Culture Committee, has ultimate oversight of the Company's sustainability strategy, its TCFD reporting, climate-related issues and target setting, reported to it by the responsible Corporate and ESG Officer. The Audit and Risk Committee of the Board receives bi-annual updates about the climate-related physical and transition risks via the Enterprise Risk Management framework and the Group's Leadership Team. The Sustainability Report was reviewed and approved by Wizz Air's responsible executive officer, as well as the Sustainability and Culture Committee and the Board of Directors.
2-15 Conflicts of interest	Ethical business conduct section, page 27. Policy of Good Conduct
2-16 Communication of critical concerns	Anti-Corruption Policy Policy of Good Conduct
2-17 Collective knowledge of the highest governance body	Corporate chapter, page 103.
2-18 Evaluation of the performance of the highest governance body	Corporate chapter, page 102.
2-19 Remuneration policies	Corporate chapter, pages 124–135.
2-20 Process to determine remuneration	Corporate chapter, pages 124–149.
2-21 Annual total compensation ratio	Corporate chapter, page 150.
2-22 Statement on sustainable development strategy	Position on climate change section, page 28. UN Sustainable Development Goals, page 18.
2-23 Policy commitments	Anti-Corruption Policy Policy of Good Conduct Equal Opportunities and Fair Treatment Policy Supplier Code of Conduct Anti-Slavery and Human Trafficking Policy
2-24 Embedding policy commitments	See 2-23.
2-25 Processes to remediate negative impacts	See 2-23.
2-26 Mechanisms for seeking advice and raising concerns	See 2-23.
2-27 Compliance with laws and regulations	Ethical business conduct section, page 27.
2-28 Membership associations	Member of the European Commission's Alliance for Zero Emission Aviation, and the Renewable and Low-Carbon Fuels Value Chain Industrial Alliance, page 42.
2-29 Approach to stakeholder engagement	Stakeholder management section, page 21.

2-30 Collective bargaining agreements	Wizz Air is not party to any third-party collective bargaining agreements. Wizz Air's approach to employee engagement is one of innovative direct dialogue, which is the most effective way to safeguard and promote: (i) the right to freedom of expression; (ii) the right to obtain or impart information necessary to make an informed choice on matters relevant to the workplace; and (iii) the right to protection against interference with privacy, family, home, correspondence or reputation. Our approach is based on cooperation by relying on face-to-face interaction and communication through innovative technologies. This approach offers a better alternative to more contentious and outdated practices used by third parties. We remain faithful to these convictions by relying on our People Council which provides a platform for discussions between management and employees. In addition, the Company has appointed a dedicated independent Board member responsible for overseeing engagement with employees. Feedback is periodically shared with the Board of Directors and transformed into actions relating to remuneration and work–life balance. Our executive management (including our CEO) conducts regular floor talks and base visits where all employees are invited to participate, raise any topic they may deem relevant and discuss it openly and transparently.
GRI 3: Material Topics	
3-1 Process to determine material topics	Materiality assessment section, page 22.
3-2 List of material topics	Materiality assessment section, page 23.
3-3 Management of material topics	Materiality assessment section: ► Emissions standards, page 34. ► Renewables, page 38. ► Product and operational H&S, page 50. ► Climate change position, page 28. ► Noise emissions, page 41. ► Employee relations, pages 59 and 60. ► Equal opportunities, pages 56 and 27. ► Complaint management, page 64. ► Employee health and safety, page 50. ► Ethical conduct, page 27. ► GDPR and cyber security, page 68.
GRI 302: Energy	
Disclosure 302-1 Energy consumption within the organisation	All environmental metrics section, page 45.
Disclosure 302-3 Energy intensity	All environmental metrics section, page 45.
GRI 305: Emissions	
305-1 Direct (Scope 1) GHG emissions	All environmental metrics section, page 45.
305-2 Energy indirect (Scope 2) GHG emissions	All environmental metrics section, page 45.
305-3 Other indirect (Scope 3) GHG emissions	All environmental metrics section, page 45.
305-4 GHG emissions intensity	All environmental metrics section, page 45.
305-5 Reduction of GHG emissions	Environmental targets and priority programmes section, page 28.
GRI 401: Employment	
Disclosure 401-1 New employee hires and employee turnover	People metrics section, page 63.
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People metrics section, page 63.

GRI 403: Occupational Health and Safety	
Disclosure 403-1 Occupational health and safety management system	Health and safety and operational safety section, page 50.
Disclosure 403-3 Occupational health services	Health and safety and operational safety section, page 50. Working Hours Policies and Compliance
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety Policy
Disclosure 403-5 Worker training on occupational health and safety	Employee Health and Safety Policy
Disclosure 403-9 Work-related injuries	People metrics section, page 63.
GRI 413: Local Communities	
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programmes	Noise emissions section, page 41.
416-1 Assessment of the health and safety impacts of product and service categories	Health and safety – COVID-19, page 51.
GRI 416: Customer Health and Safety	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Wizz Air had no substantiated/significant complaints concerning breaches of customer privacy or losses of customer data in the last financial year.

MODERN SLAVERY ACT DISCLOSURE STATEMENT 2023

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 2023. This statement is made by Wizz Air Holdings Plc, the parent of all three operating airlines, Wizz Air Hungary Ltd., Wizz Air UK Ltd. 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".

In accordance with section 54 of the Act, in this statement we refer to the following:

1. organisational structure and supply chain;
2. policies;
3. due diligence;
4. risk assessment;
5. key performance indicators; and
6. training.

1. Organisational structure and supply chain

a. WIZZ

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 51.1 million passengers in the financial year F23 ended 31 March 2023. Its fleet consists of 179 aircraft and its network spans more than 1,057 routes across 56 countries. Wizz Air employs over 8,000 people across a network of 33 bases. Our Company is incorporated in Jersey. Wizz Air Holdings Plc has four airline subsidiaries: Wizz Air Hungary Ltd., Wizz Air UK Limited, Wizz Air Malta Ltd. and Wizz Air Abu Dhabi LLC. For further details of Wizz Air's subsidiaries and corporate structure, please see page 200.

b. 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.

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.

2. Policies

We are committed to assessing any instance of non-compliance regarding modern slavery or human trafficking on a case-by-case basis. We have in place policies related to human rights principles, including our Anti-Slavery Policy. As well as this, our Code of Ethics, "The Wizz Way", applies to every Company employee regardless of seniority. These, along with our Supplier Code of Conduct, and Whistleblowing Procedure and Anti-Corruption Policy, help us to maintain an effective compliance environment across our supply chain. Actions in relation to these policies are reviewed by the Audit and Risk Committee.

3. Due diligence

Due diligence processes include management of compliance with our Supplier Code of Conduct and ensuring that the Company's Purchasing department incorporates dedicated contractual clauses into agreements, ensuring the prevention of slavery.

4. Risk assessment

Risk assessments are undertaken as part of our whistleblowing processes and Supplier Code of Conduct compliance.

5. 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.

6. 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 or any member of the Management Team or Human Resources. This is a key feature of our Anti-Slavery Policy.

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

József Váradi
Chief Executive Officer
8 June 2023

F23, despite loss-making, was a year of steadily improving trading where we saw strong demand recovery and passenger growth across all our markets. Along the way we faced several macroeconomic events, including the ongoing war in Ukraine, sharply rising energy costs and supply chain issues. We acknowledge these challenges as we emerged from COVID-19, and that led to high levels of passenger disruption, which we have been actively remedying. Still, Wizz Air operated record capacity and delivered an industry leading growth rate. Wizz Air's more diversified network and larger, more efficient fleet have been key in recovering capacity and returning unit costs towards pre-pandemic levels. Our focus has centred on controlling cost as we operated at a higher capacity versus pre-COVID-19, while adjusting our operations in the face of airport and airspace interruptions impacting European operators. Wizz Air carried 51.1 million passengers during F23, an increase of 88.3 per cent compared to the previous fiscal year. Revenues increased by 134 per cent to €3,895.7 million. Passenger and revenue figures reflect the increase in demand throughout the year, as more people returned to flying, encouraged by the first year without COVID-19 travel restrictions.

Throughout the year the underlying focus for the Company has been on controlling costs, but also on maximising revenues, particularly during the peak periods, as we faced rising energy costs, while trying to rebuild our commodities hedging policy.

As average fuel price went up by more than double, our fuel CASK increased by 71 per cent to 2.00 Euro cents in F23 from 1.17 Euro cents in F22. CASK excluding fuel expenses decreased by 8 per cent to 2.58 Euro cents in F23 from 2.81 Euro cents in F22. We operated 76 per cent more ASKs in F23, which, combined with a rigorous focus on cost cutting, contributed to ex-fuel CASK reducing substantially year over year. Our unit revenue, measured in terms of ASKs, increased by 33 per cent to 3.98 Euro cents, supported by a higher ticket price environment as well as another strong year of ancillary revenues.

Wizz Air reported a net loss of €535.1 million (compared to a €642.5 million net loss in F22) despite the significant revenue growth primarily due to adverse fuel prices and flight disruptions in the Summer season.

Management pursued several key actions to support relentless cost management while sustaining the growth of the business, in volatile macroeconomic conditions:

From a cost point of view:

- adjusting flight volumes, building buffers in daily schedules and redistributing resources to key areas in crew planning and logistics;
- reintroducing fixed crew roster patterns, redesigning complex flight duties and streamlining ground operations;
- decentralising Group support functions, giving more capacity to our local airlines, including operations and maintenance control;
- pooling volume with other Indigo Partner airlines in supplier selection negotiations, such as maintenance procurement, and driving additional savings from scale;
- repatriating one of our aircraft that was based in Ukraine and deploying different technical strategies on the other three aircraft to maximize the value when returned to service; and
- deploying new systems and hardware as part of its digitally powered operations, including departure control systems across its stations.

From a revenue point of view:

- maximising unit revenues across a broader and more diversified network, driving pricing and load factors during the peak demand periods;
- expanding advance data science techniques supporting dynamic pricing of key ancillary product lines, including baggage, priority boarding and seating;
- introducing a new type of checked-in bag with a weight allowance of 26kg, besides the available 10, 20 and 32kg options, offering more choice and driving further ancillary revenue; and
- allocating new and existing aircraft to markets with opportunity for scale and profitable growth.

From an investment and financing point of view:

- earlier in F23 Wizz Air has reinstated its commodities hedging policy with jet fuel zero-cost collars, accumulating a coverage of 60 per cent of its jet fuel needs for F24 at a price of 844/970 $/ mT. The jet fuel-related EUR/USD FX coverage now stands at 40 per cent for F24 at 1.0678/1.1108;
- purchasing a sufficient amount of emission units under the EU/UK Emissions Trading System (ETS) that provide 100 per cent of coverage needs for a rolling twelve months;

- exercising its purchase rights in relation to 75 A321neo aircraft to be delivered in years 2028–29, in line with Wizz Air's ambition to become a 500-aircraft airline by the end of the decade;
- signing Memorandums of Understanding (MoUs) with a number of producers for the supply of sustainable aviation fuel (SAF) for the coming decade and beyond;
- opening a new airline subsidiary in Malta and receiving a fourth Airline Operating Certificate (AOC) that supports a fleet of 54 aircraft at F23 end;
- automating and scaling the customer support process, with an addition of a new call centre, providing faster resolutions and improved customer service;
- selecting a lender for a three-year $280.6 million pre-delivery payment (PDP)-backed facility and drawing $274.3 million at attractive financing terms; and
- taking delivery of 35 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 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;
- signing more EUR currency aircraft and spare engine leases during the period covering 61 per cent of new contracts;
- including caps to rent formulas limiting the impact of rising interest rates; and
- advancing aircraft with pre-delivery payments (PDP) denominated in EUR currency for inclusion in next year's delivery stream.

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

	F23	F22	Change
Average jet fuel price ($/metric tonne, including into-plane premium and impact of effective hedges)	**1,218**	789	54.4 %
Average EUR/USD rate (including impact of effective hedges)	**1.04**	1.16	(10.2)%
Year-end EUR/USD rate	**1.08**	1.11	(2.4)%

Financial overview

Summary statement of comprehensive income

€ million	**F23**	F22	Change
Total revenue	**3,895.7**	1,663.4	134.2 %
Fuel costs (including exceptional income)	**(1,954.4)**	(649.0)	201.1 %
Operating expenses excluding fuel	**(2,408.1)**	(1,479.7)	62.7 %
Total operating expenses	**(4,362.5)**	(2,128.7)	104.9 %
Operating loss	**(466.8)**	(465.3)	0.3 %
Comprising:			
– Operating loss excluding exceptional income	**(466.8)**	(469.6)	(0.6) %
– Exceptional income	**—**	4.3	(100.0) %
Operating profit margin (excluding exceptional income)	**(12.0)%**	(28.2)%	16.2 ppt
Net financing expense	**(97.9)**	(176.2)	(44.5) %
Loss before income tax	**(564.6)**	(641.5)	(12.0) %
Income tax credit/(expense)	**29.5**	(0.9)	n.m.
Loss for the year	**(535.1)**	(642.5)	(16.7) %
Exceptional income net of income tax	**—**	4.3	(100.0) %
Underlying loss after tax	**(535.1)**	(646.7)	(17.3) %

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

Loss per share

Loss per share, EUR (Note 13)	**F23**	F22	Change
Basic and diluted loss per share, €	**(5.07)**	(6.33)	(19.9)%

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.

Two rating agencies, Fitch and Moody's, have issued updates during the third quarter with Fitch maintaining Wizz Air's BBB- investment grade profile with negative outlook, while Moody's issued a Ba1 rating with stable outlook.

	F23	F22	Change
ROCE*	**(13.5)%**	(16.8)%	3.3 ppt
Leverage ratio*	**29.0**	(117.7)	146.7 ppt
Liquidity*	**36.2%**	73.9%	(37.7) ppt

* See the definition of these non-statutory measures and their calculation under key statistics on page 85.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue streams for F23 and F22 and the percentage change in those items:

	F23		F22		
	Total (€ million)	**Percentage of total revenue**	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	**2,024.9**	**52.0%**	732.1	44.0%	176.6%
Ancillary revenue	**1,870.8**	**48.0%**	931.4	56.0%	100.9%
Total revenue	**3,895.7**	**100.0%**	1,663.4	100.0%	134.2%

The increase in passenger ticket revenue was driven by an 88.3 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 decreased to 48.0 per cent.

Average revenue per passenger increased by 24.2 per cent from €61.44 in F22 to €76.28 in F23. Average ticket revenue per passenger increased from €27.00 in F22 to €39.70 in F23 (by 46.6 per cent), while average ancillary revenue per passenger increased to €36.60 from €34.30 (by 6.7 per cent).

Operating expenses

Total operating expenses excluding exceptional income increased by 104.5 per cent to €4,362.5 million in F23 from €2,133.0 million in F22.

The following table sets out for F23 and F22 the expenses relevant for the CASK measure (thus excluding exceptional income), and the percentage changes in those expenses:

	F23			F22			
	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	**373.9**	**8.6%**	**0.38**	220.5	10.3%	0.39	69.6%
Fuel costs (excluding exceptional income)	**1,954.4**	**44.8%**	**2.00**	653.3	30.6%	1.17	199.2%
Distribution and marketing	**91.5**	**2.1%**	**0.09**	43.4	2.0%	0.08	110.8%
Maintenance materials and repairs	**237.0**	**5.4%**	**0.24**	170.4	8.0%	0.30	39.1%
Airport, handling, en-route charges	**963.2**	**22.1%**	**0.99**	545.9	25.6%	0.98	76.4%
Depreciation and amortisation	**601.1**	**13.8%**	**0.61**	446.3	20.9%	0.80	34.7%
Net other expenses	**141.3**	**3.2%**	**0.14**	53.2	2.5%	0.10	165.7%
Total operating expenses (excluding exceptional income)	**4,362.5**	**100.0%**	**4.46**	2,133.0	100.0%	3.82	104.5%
Net cost from financial income and expense	**114.5**		**0.12**	86.7		0.16	32.0%
Total	**4,476.9**		**4.58**	2,219.7		3.98	101.7%

Staff costs were €373.9 million in F23, up by 69.6 per cent from €220.5 million in F22. The cost increase is driven by higher office and crew numbers and higher wages as well. The number of average full time office employees increased by 14.2 per cent in F23, while crew headcount increased by 40.2 per cent in F23 compared to F22. Besides that the volume also went up as the total ASKs grew by 75.7 per cent during the financial year.

Fuel expenses (excluding exceptional income) increased by 199.2 per cent to €1,954.4 million in F23, up from €653.3 million in F22. The main driver for this increase was an ASK increase of 75.7 per cent as well as higher fuel prices. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in F23 was $1,218 per tonne, an increase of 54.5 per cent from the previous year's figure of $789 per tonne. The average Euro/US Dollar exchange rate, including the impact of hedging, was 1.04 in F23 compared to a rate of 1.16 in F22. The impact of effective fuel hedges was a €33.2 million loss in F23 (compared to a €13.7 million gain in F22).

The increase in distribution and marketing costs of 110.8 per cent to €91.5 million in F23 from €43.4 million in F22 is mainly driven by the credit card commission as the revenue increased by 134.2 per cent versus F22 and the fees were increased by the card provider companies.

Maintenance, materials and repair costs increased by 39.1 per cent to €237.0 million in F23 from €170.4 million in F22. Maintenance costs are largely driven by the size of the fleet, predetermined maintenance schedules and aircraft utilisation.

Airport, handling and en-route charges increased by 76.4 per cent to €963.2 million in F23 from €545.9 million in F22. This increase is primarily driven by the increase in both seat capacity and passenger numbers, which increased by 67.8 per cent and 88.6 per cent respectively.

Depreciation and amortisation charges increased by 34.7 per cent to €601.1 million in F23, up from €446.3 million in F22 due to the increased number of aircraft in the fleet being depreciated, besides the increased variable part of depreciation (for strict obligation assets) which increased due to the higher number of flight hours and -cycles 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 €141.3 million was primarily driven by: (i) significantly higher flight disruption costs (2023: €111.0 million; 2022: €29.5 million) because the number of flight cancellations and delays increased in F23 (mainly in the summer season): completion factor decreased by 2.1 per cent and on-time-performance (D15) also decreased by 21.4 per cent; (ii) increase in crew-related costs due to ramping up operations (2023: €69.6 million; 2022: €32.5 million); and (iii) increase in overhead costs due to higher level of operations compared to F22 (2023: €62.3 million; 2022: €40.1 million). For further details, please refer to Note 7.

Net financing income and expense

The Group's net financing expense was €97.9 million in F23 after an expense of €176.2 million in F22. This aggregate change was driven by foreign exchange impacts whilst the increase in net financial expense was mainly due to the increase of the leased fleet, as shown in the table below:

€ million	**F23**	F22	Change
Net financial expense	**(114.5)**	(86.7)	32.0%
Net foreign exchange gains	**16.6**	(89.5)	n.m.
Net financing expense	**(97.9)**	(176.2)	(44.5)%

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 credit of €29.5 million in F23 compared to the €0.9 million charge in F22 as the main subsidiary of the Company switched to Hungarian corporate tax from Swiss corporate tax with effect from 1 April 2023, which resulted in a deferred tax asset revaluation.

The effective rate for the Group in F23 was 5.2 per cent compared to (0.1) per cent in F22. The main components of the tax charge in F23 and F22 were local business tax and innovation tax paid in Hungary and the change in deferred tax balances.

Loss for the year

The Group incurred an underlying net loss of €535.1 million in F23, compared to the underlying net loss of €646.7 million in F22.

Other comprehensive income and expenses

In F23 the Group had other comprehensive expense of €88.8 million compared to an expense of €4.1 million in F22. This significant increase was due to the increased number of hedges in F23 as a result of the reinstatement of a systematic hedging policy.

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 F23 and F22:

€ million	**F23**	F22 (restated*)	Change
Net cash generated by operating activities	**421.9**	281.2	50%
Net cash generated by/(used in) investing activities	**532.9**	(317.8)	n.m.
Net cash used in financing activities	**(311.2)**	(325.5)	(4)%
Net increase/(decrease) in cash and cash equivalents	**643.7**	(362.1)	n.m.
Cash and cash equivalents at the beginning of the year	**766.6**	1,100.7	(30)%
Effect of exchange rate fluctuations on cash and cash equivalents	**(7.7)**	28.0	n.m.
Cash and cash equivalents at the end of the year	**1,402.6**	766.6	83%

* The prior year classification between operating and investing activities was restated – refer to Note 35 for more detail.

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

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.

Cash generated by operating activities increased from €281.2 million in F22 to €421.9 million in F23 primarily driven by the following factors:

- Operating cash flows before adjusting for changes in working capital improved by €102.1 million year on year driven by the market recovery and increase in demand.
- An increase in deferred income in the amount of €161.0 million which is mainly driven by the increase in unearned revenue (tickets paid by passengers for which the flight service is yet to be performed) due to higher demand and ticket bookings made further in advance.

Cash flows from investing activities

Investing activities resulted in €532.9 million net cash generated in F23, compared to €317.8 million net cash used in F22, due to the following:

- The net cash flows from advances paid and refunded in relation to aircraft deliveries decreased by €205.5 million from €217.6 million cash outflow in F22 to €12.1 million cash outflow in F23. This change was primarily driven by the Company's delivery schedule and associated PDP cash flows with Airbus.
- Cash inflows due to the decrease in short-term cash deposits was €450.0 million in F23 compared to the cash outflow in the amount of €99.2 million due to the increase in cash deposits in F22.
- Net cash flows from the purchase and sale of tangible and intangible assets including sale and leaseback transactions increased by €81.5 million from €3.90 million cash outflow in F22 to €77.6 million cash inflow in F23.

Cash flows from financing activities

Financing activities resulted in a net cash outflow of €311.2 million in F23 and a net cash outflow of €325.5 million in F22, including the following main components:

- Proceeds from new loans related to aircraft financing was €63.0 million in F23 and €16.4 million in F22. Repayment of such loans plus interest, in addition to lease payments amounted to €605.0 million in F23 and €470.7 million in F22.
- Proceeds from new debt was €245.5 million, mainly related to PDP financing, in F23 and €497.5 million, from the issuance of bonds, in F22. Repayment of debt plus interest amounted to €14.5 million, which includes interest payments only, in F23 compared to €368.6 million, which included the repayment of the commercial paper issuance under the CCFF, in F22.

Summary statement of financial position

The following table sets out summary statements of financial position of the Group for F23 and F22:

€ million	**F23**	F22	Change
ASSETS			
Property, plant and equipment	**4,666.0**	3,631.4	1,034.6
Restricted cash*	**120.4**	162.2	(41.8)
Derivative financial instruments*	**1.2**	0.7	0.5
Trade and other receivables*	**411.4**	207.6	203.8
Short-term cash deposits	**—**	450.0	(450.0)
Cash and cash equivalents	**1,408.6**	766.6	642.0
Other assets*	**426.8**	137.6	289.2
Total assets	**7,034.4**	5,356.1	1,678.4
EQUITY AND LIABILITIES			
EQUITY			
Equity	**(357.9)**	263.9	(621.8)
LIABILITIES			
Trade and other payables*	**945.4**	615.4	330.0
Borrowings (incl. convertible debt)*	**5,301.4**	3,964.9	1,336.6
Deferred income*	**873.6**	396.8	476.9
Derivative financial instruments*	**108.4**	4.6	103.8
Provisions*	**156.1**	107.0	49.1
Other liabilities*	**7.3**	3.5	3.8
Total liabilities	**7,392.3**	5,092.1	2,300.2
Total equity and liabilities	**7,034.4**	5,356.1	1,678.3

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

Property, plant and equipment increased by €1,034.6 million as at 31 March 2023 compared to 31 March 2022, 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 €41.8 million as at 31 March 2023 compared to the year before. The 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) increased by €0.5 million as at 31 March 2023 compared to 31 March 2022 (see also Notes 3 and 21 to the financial statements). These balances are related to fuel hedge instruments.

Trade and other receivables increased by €203.8 million as at 31 March 2023 compared to 31 March 2022. This was primarily driven by an increase in trade receivables as a result of increased sales and operation level.

Cash and cash equivalents amounted to €1,408.6 million at 31 March 2023 (2022: €766.6 million), and short-term cash deposits to €nil at 31 March 2023 (2022: €450.0 million).

Borrowings (including convertible debt) increased by €1,336.6 million as at 31 March 2023 compared to 31 March 2022. The increase was primarily driven by lease liabilities recognised during the fiscal year, and financing against aircraft pre-delivery payments (see Note 23 to the financial statements).

Deferred income increased by €476.9 million as at 31 March 2023 compared to 31 March 2022 (see Note 26 to the financial statements). This was primarily driven by the higher business activity compared to the previous year end.

Derivative financial liabilities (current and non-current) increased by €103.8 million as at 31 March 2023 compared to 31 March 2022 (see Notes 3 and 21 to the financial statements). These balances are related to fuel hedge instruments. The significant increase is due to the reinstatement of the jet fuel hedging policy, and also due to the volatility in jet fuel prices.

Provisions increased by €49.1 million as at 31 March 2023 compared to 31 March 2022, in line with the planned aircraft maintenance schedule (see Note 29 to the financial statements).

Hedging strategy

Wizz Air operates under a clear set of treasury policies approved by the Board and supervised by the Audit and Risk Committee. During the earlier phases of the COVID-19 pandemic, key players in the airline industry, including Wizz Air, were severely impacted with significant financial hedge losses. As a result, during that time and as agreed with its Board of Directors, Wizz Air moved to a no hedge policy to avoid hedge losses in the future.

In Europe, however, key competitors continued to hedge, albeit at lower coverage levels versus pre-pandemic.

Given the sustained and ongoing volatility in commodity prices Wizz Air has decided to reinstate the jet fuel hedging and align the policy with its peers from F24 onwards. The hedges under the hedge policy will be rolled forward quarterly, 18 months out, with coverage levels over time reaching indicatively between 65 per cent for the first quarter of the hedging horizon and 15 per cent for the last quarter of the hedging horizon. In line with the hedging policy, Wizz Air also intends to hedge its fuel consumption-related US Dollar exposure in a similar fashion. Hedge coverages as at 31 March 2023 are set out below:

Fuel hedge coverage

Period covered	F24 12 months	F25 6 months
Exposure in metric tonnes ('000)	1,919.0	2,306.0
Coverage in metric tonnes ('000)	1,081.0	177.5
Hedge coverage for the period	56%	8%
Blended capped rate	$ 994.0	$ 884.0
Blended floor rate	$ 864.0	$ 767.0

Foreign exchange hedge coverage

Period covered	F24 12 months	F25 6 months
Exposure (million)	$ 1,632.2	—
Coverage (million)	$ 312.0	—
Hedge coverage for the period	19%	—
Weighted average ceiling	$ 1.1154	—
Weighted average floor	$ 1.0724	—

Near term and full-year outlook:

The near term outlook is summarised as follows:

- Capacity: +30% ASKs year-on-year in F24 (H1 and H2 at similar levels)
- Load factors: above 90% for F24;
- Cost: ex-fuel CASK in F24 lower vs prior year
- Financial performance: Full year F24 net profit in the range of €350 - €450 million.

Ian Malin
Chief Financial Officer
8 June 2023

KEY STATISTICS

	F23	F22	Change*
CAPACITY			
Number of aircraft at end of period	**179**	153	17.0%
Equivalent aircraft	**163.8**	143.5	14.1%
Aircraft utilisation (hh:mm)***	**11:08**	7:44	48.9%
Total block hours	**666,476**	405,556	64.3%
Total flight hours	**580,863**	354,461	63.9%
Revenue departures***	**267,707**	167,313	60.0%
Average departures per day per aircraft	**4.48**	3.20	40.0%
Seat capacity***	**58,190,317**	34,682,368	67.8%
Average aircraft stage length (km)	**1,680**	1,605	4.7%
Total ASKs ('000 km)***	**97,779,087**	55,655,292	75.7%
OPERATING DATA			
RPKs (revenue passenger kilometres) ('000 km)	**86,807,338**	43,679,179	98.7%
Load factor (%)	**87.8 %**	78.1 %	12.4%
Number of passenger segments	**51,071,836**	27,128,160	88.3%
Fuel price (US$ per tonne, including hedging impact and into-plane premium)	**1,218**	789	54.4%
Foreign exchange rate (US$/€ including hedging	**1.04**	1.16	(10.3)%
FINANCIAL MEASURES			
Yield (revenue per RPK, € cents)	**4.49**	3.81	17.8%
Average revenue per seat (€)***	**66.95**	44.96	48.9%
Net Fare (Total net revenue/passenger segments (€))***	**76.28**	61.44	24.2%
RASK (€ cents)	**3.98**	2.98	33.7%
CASK (€ cents)**	**4.58**	3.98	15.0%
Ex-fuel CASK (€ cents)**	**2.58**	2.81	(8.2)%

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

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

*** F22 figure was changed as we have updated our utilisation calculation by weighing the monthly utilisation figure with the monthly aircraft count to arrive at the annual utilisation figure.

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.

Monthly aircraft utilisation: total block hours/number of days in the relevant period/equivalent aircraft number/24 hours.

Aircraft utilisation: weighted average of monthly aircraft utilisation (total block hours/number of days in the given month/equivalent aircraft number/24 hours) based on the month-end fleet counts.

Yield: the total revenue per RPK.

Passenger segments: the number of passengers who bought tickets (thus making revenue for the Company) for a flight within a given period.

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	**F23**	F22
Operating loss (excluding exceptional income)	**(466.8)**	(469.6)
Effective tax rate for the year	**5.2%**	(0.1)%
Operating loss after tax (excluding exceptional income)	**(442.5)**	(470.1)
Average Shareholders' equity	**(47.0)**	583.8
Average borrowings	**4,633.1**	3,551.1
Average cash and cash equivalents	**(1,087.6)**	(933.7)
Average short-term cash deposits	**(225.0)**	(398.4)
Average capital employed	**3,273.5**	2,802.8
ROCE (%)	**(13.5)%**	(16.8)%

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

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

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

€ million	**F23**	F22
Operating loss (excluding exceptional income)	**(466.8)**	(469.6)
Depreciation and amortisation	**601.1**	446.3
EBITDA (excluding exceptional income)	**134.3**	(23.3)
Borrowings	**5,301.4**	3,964.8
Cash and cash equivalents	**(1,408.6)**	(766.6)
Short-term cash deposits	**—**	(450.0)
Net debt	**3,892.8**	2,748.2
Leverage ratio	**29.0**	(117.9)

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

€ million	**F23**	F22
Cash and cash equivalents	**1,408.6**	766.6
Short-term cash deposits	**—**	450.0
Revenue	**3,895.7**	1,663.4
Liquidity	**36.2%**	73.1%

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 effectively managing risks. Compared to F22, the Company has placed more attention on environmental risks. Given the EU's ambition to become climate neutral by 2050, the regulations on corporate sustainability are tightening, with the inclusion of directives such as the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy. Both regulations require the assessment of climate risks (CSRD will require a scenario analysis-based assessment of both transitional and physical climate risks; meanwhile EU Taxonomy requires the assessment of physical risks for determining the sustainability of certain investments) and are putting increasing pressure on Wizz Air to take all required steps to reduce and eventually eliminate emissions from travel and, as the result, mitigating environmental risks. At the same time, we continue integrating the lessons learned from the past few years, such as ongoing war between Ukraine and Russia that is causing in the present and near future high geopolitical instability, high fuel prices and high 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 F23 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 prior year, in F23 we have also assessed environmental, social and 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 categorised as "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). Wizz Air's risk appetite for the category "geopolitical changes" changed to cautious from averse due to the fact that Wizz Air operates in volatile environments and countries.

As part of this process, 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 Group's Leadership Team fall into nine broad groupings which are largely consistent with the groupings of F22 and include a deeper assessment of external factors, ESG and global geopolitical risks. Additionally, climate risks have been separated from social and governance risks, facilitating enhanced risk and opportunity identification, as well as more effective action planning in each respective domain:

- 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 a significantly escalating threat landscape;
- external factors, ensuring the Company has capabilities and resilience to deal with risks such as geopolitical risks, Brexit, inflation, 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 slowing economic landscape, ownership & control, loss of traffic rights, and changing policies due to sustainability (taxation, etc.);
- operations, including safety events and terrorist incidents and employee and passenger security;
- 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;
- social and governance risks, making sure we operate in accordance with our core values and 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 F24

Out of the principal risks the following will need the most attention in F24:

- Information technology and cyber risk, due to increasing IT dependence and the complexity of the IT landscape, cyber security, data protection and security are highly critical elements of our operations, and one of the areas also closely and regularly monitored by our Board. As cyber security is a constantly evolving challenge, we have continued to invest in and strengthen the relevant processes, systems and policies, a comprehensive and compulsory e-learning training programme for all colleagues is maintained and the Company's cyber security team is made up of skilled professionals with extensive experience in the field, focusing on the people, process and technology aspects of cyber by running multiple workstreams.
- External factors, of which the most critical are the changes in oil prices affecting fuel costs, as well as adverse movements in the EUR/USD exchange rate or in other currency pairs. Both factors can have a significant negative impact on Wizz Air's net profit. Given the sustained and ongoing volatility in commodity prices Wizz Air maintains its hedging policy and ensures its policy is aligned to those of its peers. As a result, the Company will materially mirror hedge coverage levels of its main peers as of F24 – targeting to level the playing field on jet fuel prices. This revised policy was approved by the Board and the systemic hedge policy continues to be rolled forward quarterly, 18 months out.

  The ongoing war between Ukraine and Russia creates further challenges and a hostile business environment, especially for WIZZ whose flight operations must accommodate restricted airspace and other related air traffic effects. All Russian operations continue to be suspended indefinitely and all contracts and third-party providers are reviewed to ensure there are no Russian or otherwise sanctioned ties.

  Supply chain disruptions affected both the Company directly and its suppliers indirectly which put pressure on its ability to meet its operational key performance indicators. This ultimately resulted in customer disruption, increased costs, and lost revenue. We were particularly impacted by this in Summer 2023 and invested heavily in people, network design and resilience to help mitigate a continuation of these factors going forward.
- Human resources risks pose a large challenge that the Company had to face during the ramp-up period to reach 185+ aircraft by summer 2023, as well as to keep up with the continued growth of the airline, which requires a constant supply of the staff. An insufficient number of flight crew and the inability to find, develop and retain the appropriate office staff represents one of the most critical risks in this area.
- Environmental risks require significant focus from the Company, as airlines are increasingly expected to comply with sustainability requirements. During F23 we reassessed the risks together with independent sustainability experts and climate consultants from Deloitte Ltd. Hungary, to ensure a more objective analysis than is expected. Through a detailed assessment, which was supplemented by interviews and internal survey exercises covering all the business areas, such as Wizz Air's services, operations and supply chain, the main climate risks were identified including those categorised as high-impact risks in any time horizon, or those that have at least medium risk impacts for each time horizon. Taking into consideration the latest scientific findings and relevant literature, we also evaluated the exposure of Wizz Air's vulnerability with regard to key operational areas, critical airport bases within our network, and the location of our tier one suppliers.

Information technology and cyber risk

As in prior years, over 90 per cent of bookings were made directly on our website (at wizzair.com) and via our mobile app in F23 and refunds were mostly handled through digital channels. Wizz Air flight crew leverages a recently implemented Electronic Flight Bag solution to optimize flight performance. 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 in compliance with industry standards and GDPR requirements. We leverage technology to check in passengers, manage our traffic network, perform flight operations and engage in other critical business tasks. Our website and our mobile app are our shop window and therefore it is critical that they are functional, reliable and secure.

As cyber security is a constantly evolving challenge, we have continued to invest in and strengthen the relevant processes, systems and policies and have cooperated with the Data Protection Officer to further increase our security preparedness. Wizz Air follows a multi-layered approach to ensure stringent standards in both cybersecurity and data protection matters. It involves safety mechanisms for prevention as the first line of defence and detection and response mechanisms as its second line of defence, while implementing robust recovery procedures.

Besides employing an experienced internal IT and cyber security team, we continue to involve external cyber security experts and service providers. This option delivers a more stable cyber security capability, which is more important to deliver continued progress on strengthening cyber security to protect business-critical systems and data. Beyond Wizz Air, we focus on supplier processes and practices to ensure all possible gaps are adequately identified and addressed where needed.

During F23 as part of the continuous improvement efforts, several of the Company’s business continuity plans had been reviewed and updated to ensure they remain appropriate and sufficient for the Company’s continued growth. The up-to-date state and the operability of the business continuity plans are ensured through regular testing and maintenance. Business continuity and crisis management plans were activated and are used with success due to the ongoing war between Ukraine and Russia.

The recently established IT Service Continuity Management (ITSCM) Workstream act as an enabler to achieve the Company's business continuity objectives via seamless integration into the organization-wide Business Continuity Management (BCM) program.

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 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 in January 2023.

During F23, 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 F23 and will be ongoing in F24 as well. Our in-house IT Security department continues to review emerging threats and the Board oversees the actions being taken to safeguard our Company.

Aside from the pandemic, 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.

A growing business, both in headcount and geographic reach, combined with more distributed working patterns post COVID-19, places more pressure on Wizz Air’s IT infrastructure and its reliability is more important than before in ensuring business continuity. The Company strengthened its cyber team by adding additional resources and hiring a cyber leader with experience at several multi-national firms.

External factors

The International Air Transport Association (IATA) expects a return to profitability for the global airline industry in 2023 as airlines continue to cut losses stemming from the effects of the COVID-19 pandemic to their business in prior years. In 2023, airlines are expected to post a small net profit of $4.7 billion – a 0.6 per cent net profit margin. It is the first profit since 2019 when industry net profits were $26.4 billion (a 3.1 per cent net profit margin).

According to IATA's forecast released on 6 December, 2022, jet kerosene is expected to average $111.9/barrel (down from $138.8/barrel). Regardless, the actual jet kerosene price remained permanently below $100/barrel in the first quarter of 2023. This decrease reflects a relative stabilisation of fuel supply after the initial disruptions from the war in Ukraine.

We are exposed to global political, economic and epidemic events and trends. A worldwide economic downturn affects demand for air travel. Our business extends beyond the borders of the EU and into regions including the Caucasus, North Africa, Central Asia and the Middle East.

The ongoing war between Ukraine and Russia not only closes two emerging markets for Wizz Air but also borders other significant WIZZ base countries. Employee and passenger security is of utmost importance for Wizz Air and our Company adjusts its internal protocols and policies to protect its employees and passengers while flying with Wizz Air.

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 were 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.

Given the sustained and ongoing volatility in commodity prices, Wizz Air decided in F23 to reinstate hedging policies that were aligned to those of its peers. These revised policies were approved by the Board and are being rolled forward quarterly, 18 months out. As a result, the Company will:

1. mirror hedge coverage levels of the main peers as of F24; and
2. put additional jet fuel price caps in place, therefore limiting the exposure for the Company should further extreme volatility in jet fuel prices be observed in market.

We are an international business and, while we report in Euro, we transact in over 20 currencies. A large proportion of our payments are denominated in US Dollars. Appreciation of the US Dollar against the Euro may negatively impact results and margins. The Company's hedging policies call for similar hedging of transactional USD exposure with regard to jet fuel. In all cases, hedging transactions are subject to the approval of the Audit and Risk Committee.

During F23 fuel including ETS and into plane premium (IPP) accounted for 45 per cent of our total Group operating costs and a rise in fuel prices will significantly affect our operating costs.

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, by offering discounted fares or more attractive schedules. States are often large and/or 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.

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, Western Europe, the Middle East and their surrounding regions are large addressable markets which will continue to provide opportunities for profitable growth.

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.

Network development

During FY23, the main effort was on reallocating capacity from markets that became affected by the Ukrainian war. Seven aircraft that were supposed to be deployed in Ukraine following the open skies agreement were reallocated to other bases within the network. CEE and Western Europe received this additional capacity. In addition, one further aircraft worth of inbound capacity was reallocated to other markets. 32 new routes were launched as a result and 70+ routes increased.

Overall, Wizz Air focused on giving more density to the Network, building on the pillars established during COVID, allocating +75% of capacity growth vs F22 went to existing markets to build back the product after COVID where route expansion was prioritised. At the same time, Wizz Air kept investing in expanding towards new markets and Abu Dhabi in particular doubling the fleet from four to eight aircraft by the end of FY23. This expansion helps diversify markets and reduce the exposure to market weakness and less heavily competed markets.

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 4.61 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. As at 31 March 2023, Wizz Air's delivery backlog comprises a firm order for 13 x A320neo, 305 x A321neo and 47 x A321XLR aircraft, a total of 365 aircraft.

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 the majority of our A320-family aircraft through sale and leaseback arrangements with the balance through JOLCO financing. 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

Aviation remains a highly regulated industry. Wizz Air Group airlines rely on air operator certificates (AOCs) and Operating Licenses (OLs) issued by competent national authorities and regulated by national legislation in Hungary, Malta, the UK and the United Arab Emirates respectively. In Hungary the European Union Aviation Safety Agency (EASA) is responsible for issuing the AOC of Wizz Air Hungary. The Civil Aviation Authority of Hungary is responsible for granting the OL. In Malta, EASA is responsible for issuing the AOC of Wizz Air Malta. The Maltese Civil Aviation Directorate is responsible for granting the OL. In the UK, the UK Civil Aviation Authority is responsible for issuing the AOC and granting the OL of Wizz Air UK. In the United Arab Emirates, the General Civil Aviation Authority of the UAE is responsible for issuing the AOC and granting the OL for Wizz Air Abu Dhabi. In each case, the AOC's allow the airlines to operate air services in between countries, subject to the aero political rights agreed between the country which issued the AOC and the destination country. Each AOC requires the respective airline to meet ownership and control requirements. If an airline ceases to be majority owned and effectively controlled by Qualifying Nationals, then its AOC – and so its right to operate its business – could be at risk.

Operational risks

The Company's Crisis Management team and several business continuity plans remain on alert due to the war between Ukraine and Russia. As mentioned above, the ongoing war between Ukraine and Russia contributed to 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. In F22 and F23 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. In F23, we also 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 continues to be a key focus. To be able to implement standardised, central measures a new Group Health, Safety and Well-being 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 identified.

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.

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. An 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. Wizz Air is:

- Revising contractual agreements with our resource suppliers and boosting recruitment using external agencies, university recruitment, job fares, etc.
- Re-evaluating processes, making them more effective with 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 trust Wizz Air to operate a sustainable business model, not only 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 Corporate 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 Deloitte Ltd. Hungary.

The methodology and organisation for the ERM environmental risk assessment was based on the Shared Socio-economic Pathways (SSPs), and the Representative Concentration Pathways (RCPs). The IPCC uses the SSP-RCP framework for scientific forecasting in terms of the various climate change impacts, applied differently in accordance with each specific pathway. The qualitative scenario analysis of transition and physical risks considered the IPCC's Atlas and climate change map for additional insight into key risks within the Wizz Air network. The qualitative risk assessment was focused on the identification of climate risks under four different IPCC scenarios (1.5°C, 2°C, 3°C, 4°C) and consisted of two main phases to help the identification of key climate risks – vulnerability assessment and heat mapping.

The 1.5°C and 2°C scenarios are based on an ambitious decarbonisation pathway, with more stringent climate policies, leading to increased transition risks, while in the 3°C and 4°C scenarios, the world falls short of achieving climate targets, due to less efficient implementation of climate policies worldwide, causing more severe physical risks in the long run.

These identified 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 Air 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 Air’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 F24 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.

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 6 per cent in 2030 and 70 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.

The 1.5°C IPCC scenario (RCPs) estimates significant changes in weather patterns (relevant for geographies where Wizz Air operates) in the scientific time horizons of climate scenarios (e.g. 2050 and 2100), but no significant change is expected compared to the recent years in the time horizons considered by Wizz Air's business planning (maximum ten years). For this reason airport 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 emissions intensity to 43 grammes per RPK, whilst we work on an even bolder 2050 target.

For more information please see our detailed Sustainability section of the Annual Report. The group's going concern and viability statements are included in the Directors' report.

József Váradi
Chief Executive Officer
8 June 2023

GOVERNANCE

"Wizz Air is leading with a sustainable purpose and has integrated a long-term strategy which combines purpose and business growth."

William A. Franke
Chairman of the Board of Directors

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE REPORT

Introduction

I am pleased to present the Corporate Governance Report for the year ended 31 March 2023. The goal of this report is to demonstrate the corporate governance framework employed by Wizz Air. I would like to thank the Directors and management for ensuring rigorous corporate oversight during another challenging year fraught with inflation, operational disruption and the macro-economic impact of the war in Ukraine.

The Board is focused on sustainable growth and aligning its business strategy with its positive contribution to Wizz Air's people, the environment, the economy and society. We are proud to be named the most environmentally sustainable airline globally as awarded by CAPA. This achievement demonstrates our commitment to sustainability and to the transition to a more sustainable economy. This commitment is also evident from our fleet renewal strategy and the exercise of purchase rights for 75 Airbus A321neo aircraft, which was approved by the Board in September 2022 and is subject to Shareholder approval as a Class 1 transaction.

Wizz Air is leading the aviation industry with a sustainable purpose and has integrated a long-term strategy which combines purpose and business growth. Against that backdrop high standards of corporate governance underpin the Wizz Air strategy.

Activities F23

Strategy

During F23, the Company continued its strategic growth, with the introduction of a fourth Air Operator's Certificate (AOC). In September 2022 Wizz Air Malta was granted an AOC by the European Union Aviation Safety Agency and an operating licence by the Malta Civil Aviation Directorate.

The Company took a number of expansion initiatives in Cyprus, Romania, Italy, Austria, Albania and Abu Dhabi and new operations in Saudi Arabia following the signing of a Memorandum of Understanding with the Ministry of Investment in the Kingdom of Saudi Arabia.

Wizz Air fleet grew to 179 aircraft including 35 additional game-changing Airbus A321neo aircraft, taking the Company's total Airbus A321neo fleet to 82 aircraft at the end of March 2023.

Wizz Air benefited from having fixed interest rate structures financing 94 per cent of its existing fleet and it agreed the financing terms of 31 aircraft. The Company aircraft finance tender processes continued to be oversubscribed, with a 15 per cent increase in financing participants compared to last year. The Company successfully added EUR-denominated lease contracts with 61 per cent of new contracts now EUR financed.

The Company secured a $281 million PDP-backed financing facility adding an additional layer of liquidity for the Company.

Operational performance

Safety is the highest priority of the Company, and we are proud to have been named one of the safest airlines in the world by airlineratings.com. To enhance safety compliance oversight further, particularly in light of expansion, the Board approved the newly created Safety Security and Operational Compliance Committee.

The Board considered the impact of the summer disruption on its stakeholders, including customers, employees and regulators. Decisive action was taken to build resilience into the system and engage with customers and authorities. Significant issues were addressed and operational performance normalised in the latter part of the year.

People and culture

Wizz Air has a diverse and inclusive culture, and these values are embedded within the Company. The Company is on track to reach its targets of 40 per cent female representation in management and the Board by 2025. We are proud that two of our Board Committees are chaired by women. Going forward the Board will focus on the introduction of a Diversity, Equity and Inclusion Policy and implementation of actions in accordance with the Parker Review.

On engagement, a number of Non-Executive Directors embarked on engagement activities with employees across the Group, including from corporate, customer and operational functions, in addition to interactions with crew and the People Council. Directors received direct feedback from employees enabling a better understanding of the employee experience at Wizz Air.

The Board received regular updates from the Employee Engagement Director and People Officer, and incorporated employee feedback into Board decisions relating to remuneration outcomes for F23, including the revised remuneration policy as detailed in the Directors Remuneration Report. Regarding executive pay, the Board takes into account the experience of employees and key stakeholders. The Board is committed to supporting continued investment in the workforce to ensure the Company remains competitive and attractive from a market perspective. Ultimately, the Board takes a considered and responsible approach to decisions on remuneration.

Board composition

In accordance with the UK Corporate Governance Code 2018 ("the Code"), the Nomination and Governance Committee considered a number of changes, including the appointment of a Deputy Chair; the creation of the Safety, Security and Operational Compliance Committee; and changes to the composition of the Board Committees. Further information can be found at pages 114-126.

Board performance

As always Wizz Air is committed to good corporate governance. In line with the Code, the Company engaged Lintstock to facilitate an evaluation of the performance of the Board, its Committees, the Chair and individual Directors. Lintstock is an advisory firm that specialises in board reviews and provides no other services to the Company. Further detail is provided at page 102.

Stakeholders and investors

The Board continues to ensure a high standard of corporate governance and engagement with its stakeholders and investors. The Board considers the impact of its decisions on the workforce, customers, suppliers, society and its Shareholders.

The Board has direct engagement with investors and as Chair I have had several meetings and exchanges with Shareholders on matters concerning ESG, governance and strategy.

A statement on how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 can be found on page 97.

The subsequent pages of the Corporate Governance Report detail Board and management composition, governance framework and Board and Committee activities during the year.

I wish to take the opportunity to express gratitude on behalf of the Board for the dedication of the Wizz Air workforce, and our investors and other stakeholders who continue to place trust in the Board. I would also like to thank again my colleagues on the Board for their continued support to the Company and the high standards of corporate governance.

William A. Franke
Chairman of the Board
8 June 2023

GOVERNANCE FRAMEWORK

THE BOARD	
CHAIR – **WILLIAM A. FRANKE**	• Chairs the Board and sets direction. • Ensuring highest standard of corporate governance. • Responsibility for setting the agenda and strategic discussion. • Responsible for ensuring engagement with investors and stakeholders.
GROUP CHIEF EXECUTIVE OFFICER – JÓZSEF VÁRADI	• Accountable to the Board and the Chair. • Responsible for the Group's senior leadership team. • Responsible for strategic, financial and operation performance of the Group.
SENIOR INDEPENDENT DIRECTOR – BARRY ECCLESTON	• Acts as a sounding board for the Chair. • Acts as intermediary for the other Directors. • Available to Shareholders to address concerns.
NON-EXECUTIVE DIRECTORS – **ANNA GATTI** **ANDREW S. BRODERICK** **ANTHONY RADEV** **BARRY ECCLESTON** **CHARLOTTE ANDSAGER** **CHARLOTTE PEDERSEN** **ENRIQUE DUPUY DE LOME CHAVARRI** **STEPHEN L. JOHNSON** **WILLIAM A. FRANKE**	Responsible for key reserved matters: • overall strategy and management; • structure and capital; • financial reporting and controls; • internal control and risk management; • approval of significant or material contracts; • approval of Shareholder communication and communication relating to Board decisions; • Board membership and appointments; • determining the executive remuneration plan and incentive plans; • reviewing corporate governance matters; and • reviewing Group safety, security and operational compliance.
EMPLOYEE ENGAGEMENT DIRECTOR – ANTHONY RADEV	• Acts as link between the workforce, the People Council and the Board. • Provides regular updates to the Board on employee engagement, incorporated into decisions.
COMPANY SECRETARY – **YVONNE MOYNIHAN**	• Supports the Chair, the Group Chief Executive Officer and Chairs of Committees in agenda setting and minute taking. • Liaison between senior management and the Directors and responsible for timely delivery of materials. • Advises the Board on corporate governance and is responsible for compliance of Share Dealing Code. • Works with the Chair for Board training plan, Board reviews and corporate

BOARD COMMITTEES

Nomination & Governance; Audit & Risk; Remuneration; Sustainability & Culture, Safety, Security & Operational Compliance

SENIOR LEADERSHIP TEAM

Led by the Group Chief Executive Officer and responsible for leadership and day to day management of the business

Statement of Compliance with 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 Financial Reporting Council 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 during the financial year. The only exception to this is that William A. Franke, the Chair, 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 and his alignment with the interests of Shareholders. The Board is of the view that Mr. Franke’s role in no way compromises his independence of judgment and character.

Application of the principles of the UK Corporate Governance Code

Board leadership and company purpose	**Composition, succession and evaluation**
Chairman’s Statement, p.6	Board composition, p.103
Corporate culture, p.98	Appointment, re-election, resignation and removal of Directors, p.102
Investment in Workforce, p.98	Nomination and Governance Committee Chair Statement, p.122
Board activities, p.98	Board evaluation, p.102
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Section 172 Statement, p.98	**Audit, risk and internal controls**
Whistleblowing, p.75	Audit and Compliance Committee Report, p.114
Conflicts of interest, p.101	Risk management and internal control, p.115
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Division of responsibilities	Fair, balanced and understandable confirmation of principal risks, p.115
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Directors’ independence, p.108	**Remuneration**
Governance framework, p.96	Directors’ Remuneration Report, p.124
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Board and Committee meetings, p. 113	Alignment with provision, p.129

1. Board leadership and company purpose

The role of the Board is to uphold the highest standards of corporate governance and ensure effective leadership and oversight of the Group's strategy and performance. The Board is responsible for aligning the corporate purpose to the success of the business and its stakeholders, including Shareholders, customers, employees and society.

The Board promotes the values of the Group, namely integrity, dedication, inclusivity, positivity and sustainability.

The Company purpose is centred around no-frills travel available for everyone, everywhere at the lowest price possible, creating equal value for all passengers while remaining conscious of the environment. The Board reviews its strategic decisions in line with this mission.

Corporate culture

Culture is a core focus of the Board and the Sustainability and Culture Committee. The Board closely monitors employee engagement feedback, including the results of surveys and action plans.

Investment in workforce

The Board works to ensure fair terms and conditions for employees, in addition to relevant training and development. Through the Board Committees the Board ensures Wizz Air remains an attractive and competitive employer.

Stakeholders

The Board engages with both Shareholders and investors and the workforce. The Chairman and Chair of the Remuneration Committee have ongoing dialogue with investors. The Board receives regular updates from the Employee Engagement Director who is a link between the Board and the workforce and People Council. There was further engagement with other Directors and the workforce during the year.

Board activities

The Board met on eight occasions during the year. The agenda for each meeting is agreed with the Chairman, the Group Chief Executive Officer and the Company Secretary. Regular updates are provided by the President, Group Chief Financial Officer, Group Chief Operations Officer and Group Corporate Affairs Officer. The Board reviewed and approved a number of significant and material contracts, including the exercise of an option to purchase 75 A321neo aircraft.

The Board receives updates from the Committee Chairs throughout the year. Further, it deliberates on a number of matters of strategic importance to the Company. In addition, all meetings include an agenda item to cover a private executive session for Non-Executive Directors.

The Company Secretary maintains minutes of the Board and Committee meetings and reviews all minutes with the Chairman and Chairs of the Committees.

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.

Section 172 considerations included:

- Investor engagement concerning executive remuneration, ESG and quarterly and annual results, including a trading update.
- 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 Chairs of the Audit and Risk Committee and of the Remuneration Committee were available to answer questions from investors.

- At the Company AGM held on 13 September 2022, all resolutions proposed were approved by Shareholders.
- Regulator and government engagement on ESG positions, taxation and customer claim handling.
- Discussions with safety regulators and authorities regarding the war in Ukraine, fatigue management and operational ramp-up and disruption.
- Employee engagement and consideration of remuneration and incentive plans. External benchmarking was undertaken. Discussions through the People Council regarding roster stability and pay.
- Consideration of customer proposition, in particular with respect to customer care handling.

Our key Shareholders

As at 31 March 2023, the Company had been notified pursuant to DTR 5 of the Financial Conduct Authority's Disclosure Guidance 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	18.3 per cent	18,950,611
Capital International Investors	8.2 per cent	8,445,166
Baillie Gifford & Co.	7.6 per cent	7,844,911
Fidelity Management & Research Company LLC	6.2 per cent	6,423,962
Indigo Maple Hill LP	5.6 per cent	5,734,284
Fidelity International	5.2 per cent	5,378,769
Capital Research Global Investors	4.2 per cent	4,386,985
Orbis Investment Management Ltd.	3.7 per cent	3,856,260

Between 1 April and 15 May 2023 Capital International Investors sold 99,267 shares, Fidelity International bought 397,430 shares and Fidelity Management & Research Company LLC sold 31,600 shares, while Baillie Gifford & Co. bought 138,390 shares, Capital Research Global Investors sold 572,571 shares and Orbis Investment Management sold 347,525 shares.

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

Our relationship with Indigo

As at 31 March 2023, Indigo (Indigo Hungary LP and Indigo Maple Hill LP together) held 23.9 per cent of the Company's issued Ordinary Shares. Indigo 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 and Governance Committee shall consist of a majority of independent Directors, and the Remuneration and Audit and Risk Committees shall consist only of independent Directors.

The Board confirms that since the entry into the relationship agreement on 24 February 2015, the Company and Indigo have complied with the independence provisions provided in the relationship agreement.

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.

Annual General Meeting

The AGM was held in Geneva on 13 September 2022. All resolutions put to the Shareholders were passed. There were no resolutions that were opposed by more than 20 per cent of voting Shareholders. This illustrated the strong Shareholder support. The Company will continue to engage with Shareholders.

2. Division of responsibilities

Roles

The role of the Board is to uphold the highest standards of corporate governance and ensure effective leadership and oversight of the Group's strategy and performance.

The Board retains a Schedule of Reserved Matters which sets out the Board's responsibilities. The Board has delegated the day-to-day management of the Company to the Chief Executive and the senior leadership team.

Matters in the Schedule which the Board considers suitable for delegation to its Committees are contained in the terms of reference of its Committees.

The Board has four Committees comprised of Non-Executive Directors and, in the case of the Nomination and Governance Committee, the Chairman. At each Board meeting, Committee Chairs report to the Board in relation to the Committee meetings and decisions. The Committee activities are referred to in the individual Committee Chair reports.

The roles of the Chairman and Chief Executive Officer are clearly separated. The Chairman is responsible for maintaining the efficient performance of the Board. The Chief Executive Officer and the senior leadership team are responsible for the day-to-day management of the Group and the implementation of its strategy.

Board meetings and attendance

The total number of Board meetings held during the year was eight. 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. The Board also engaged in a number of dinners with the senior leadership team.

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.

At each Board meeting, the Board approves the minutes of the previous Board meeting. At the end of each Board meeting, there is a private session for Non-Executive Directors to meet with the Chairman to discuss any relevant matters.

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.

The Board and Committee attendance can be found on page 113.

External appointments

In accordance with the UK Corporate Governance Code Non-Executive Directors are required to seek approval for additional external appointments. The Directors' external appointments are outlined in the Board biographies.

During the year the following external appointment was approved:

- Charlotte Pedersen's appointments as Non-Executive Director of Alpha Trains Group SarL, Rolling Stock Leasing, LU, and Non-Executive Director of Air Greenland A/S.

3. Composition, succession and evaluation

The Nomination and Governance Committee has responsibility for all appointments to the Board. There were no new appointments to the Board during the financial year. There were a number of changes to the composition of the Board, which are outlined on p.108

Upon appointment new Non-Executive Directors follow an induction process to ensure an overview of the strategy and business environment, and to become familiar with the key areas of business. The induction process also includes meetings with relevant stakeholders across the business.

Re-election

All Directors will offer themselves for re-election at the Company's next AGM. This is in line with the Company's articles of association and is subject to satisfactory performance.

Training

All Directors are offered training in accordance with their needs. During the year training opportunities were provided through workshops and seminars where internal and external advisers participated. During the year there was a focus on ESG and safety training.

The Company has adopted a Share Dealing Policy. As a consequence, the Directors are continually reminded of their obligations in accordance with this policy.

Board performance

In line with the Code, the Company engaged Lintstock to facilitate an evaluation of the performance of the Board, its Committees, the Chair and individual Directors. Lintstock is an advisory firm that specialises in board reviews and provides no other services to the Company.

The evaluation comprises the preparation and completion of questionnaires and the collation of responses, followed by interviews if necessary. Once all stages of the review are completed the Board reviews the findings and implements any relevant actions.

Support materials were made available and provided by the Company Secretary, including minutes and supporting Board and Committee materials.

The Chairman discussed the main conclusions of the evaluation with the evaluation team and subsequently with the Board.

The overall conclusion of the evaluation was positive that the Board and the Committees satisfactorily fulfilled their duties and responsibilities and adequately addressed the strategic priorities of the Company. The key recommendations from the evaluation were: (i) that the Board continue to successfully implement the group's strategy after several years of travel restrictions and pandemic uncertainty; (ii) to continue to prioritise stakeholders such as people, customers and the environment; and (iii) to ensure meetings focused on forward looking issues.

Case study on decision making relating to purchase of 75 aircraft

The decision to purchase 75 A321neo aircraft was a strategic one for the Board, both in terms of the WIZZ500 strategy and also the Group sustainability strategy. The Board considered the fleet renewal plan and replacement of older generation aircraft with newer, more fuel efficient aircraft as crucial to the future success of the Company.

In making its decision to exercise the purchase, the Board considered the impact on its investors, the environment, the workforce, customers and the Company's suppliers. On investors, the Board recognised the cost savings, increased seat capacity, potential for increased revenues and fuel price savings that would positively impact the long-term success of the Group. In terms of the environment, the Board decided that as well as economic benefits, investment in the A321neo aircraft would bring enhanced environmental benefits, with a nearly 50 per cent reduction in noise footprint, a 20 per cent reduction in fuel consumption and 50 per cent reduction in nitrogen oxide emissions.

The Board believed that the investment proved to the workforce the commitment of the Company to both the environment and the crew to ensure safe, efficient and reliable aircraft and corresponding world class training. The Board also considered the commitment to consumers to furnish the best in class technology and guarantee a safe and efficient journey.

Finally, in its deliberations, the Board considered its long-standing relationship with Airbus, and with Pratt and Whitney, its engine supplier. The cost and maintenance implications were well deliberated in making the ultimate decision.

As the decision constitutes a Class 1 transaction under the Listing Rules, the Board will ensure the appropriate governance and regulatory oversight, as well as independent legal advice to ensure the highest standards of corporate governance.

BOARD COMPOSITION

Board of Directors membership

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.

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 2023 financial year and since year end are:

Name	Position	Committee membership (as at 31 March 2023)
Executive Director		
József Váradi	Chief Executive Officer	
Non-Executive Directors		
William A. Franke	Chairman	Nomination and Governance Committee
Stephen L. Johnson	Non-Executive Director and Deputy Chair	
Barry Eccleston	Non-Executive Director	Nomination and Governance Committee, Remuneration Committee, Safety, Security and Operational Compliance Committee. Senior Independent Director
Charlotte Pedersen	Non-Executive Director	Audit and Risk Committee Safety, Security and Operational Compliance Committee
Andrew S. Broderick	Non-Executive Director	Sustainability and Culture Committee, Safety, Security and Operational Compliance Committee
Dr Anthony Radev	Non-Executive Director	Sustainability and Culture Committee, Remuneration Committee. INED overseeing employee engagement
Charlotte Andsager	Non-Executive Director	Nomination and Governance Committee, Sustainability and Culture Committee
Enrique Dupuy de Lome Chavarri	Non-Executive Director	Audit and Risk Committee
Anna Gatti	Non-Executive Director	Remuneration Committee, Audit and Risk Committee

Board competency matrix

Skills/Experience	Directors
Airline/Aviation	●●●●●●●●●○
Finance	●●●●●●●●●○
Sales and/or Customer Experience	●●●●●●●●●○
ESG / Climate Change*	●●●●●●●●●●
Legal/Regulatory	●●●●●●●○○○
Digital	●●●●●○○○○○
Listed Governance / Board Experience	●●●●●●●●●●
Government Affairs / International Relations	●●●●●●●○○○
Safety/Security	●●●●●○○○○○

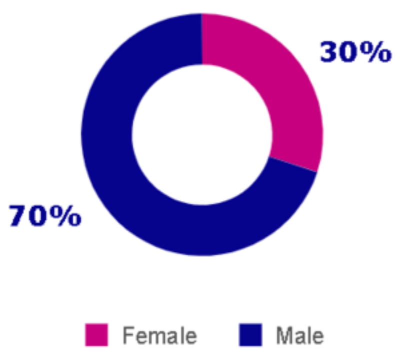
● Number of Directors deemed to have deep expertise and/or significant experience

Conditions for indicating competence in the table:
Qualifications, certification of training, and/or professional background and experience

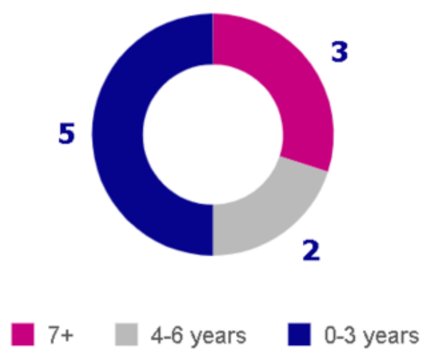
* *Strong knowledge base and understanding of the entire ESG spectrum, including aviation's climate impact, the physical and transition risks of the various climate pathways and how the Company will be affected.*

Board gender diversity and tenure

Diversity



Tenure



Board nationalities

USA	Denmark	UK	Italy	Spain	Hungary	Bulgaria
30%	20%	10%	10%	10%	10%	10%

William A. Franke
Chairman

Nationality: US
Appointed: 2015

Key skills:
Airlines, legal and regulatory

Current external appointments:
Chair, Frontier Airlines Airlines Holdings, Inc.; Chair, Lynx Air; Chair, JetSMART Airlines SpA; Chair, APiJET LLC.

Relevant experience:
Founder and Managing Partner of Indigo Partners LLC, a private equity fund focused on investments in air transportation, including Wizz Air.

Served as Chair and Chief Executive Officer of America West Airlines from 1993 to 2001, as Chair of Spirit Airlines Inc. from 2006 to 2013 and as Chair of Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009. He was a Director of Volaris (Concesionaria Vuela Compañía de Aviación S.A.B. de C.V.), a Mexican airline, from 2012 to 2023.

József Váradi
CEO

Nationality: Hungarian
Appointed: 2015

Key skills:
Airlines, sales and marketing, finance

Current external appointments:
Board Member, JetSMART Airlines; Trustee, Corvinus University of Budapest.

Relevant experience:
One of the founders of Wizz Air in 2003.

Worked at Procter & Gamble between 1991 and 2001 and became Sales Director for global customers where he was responsible for major clients throughout eleven EU countries.

Served as Chief Commercial Officer and Chief Executive Officer of Malev Airlines from 2001 to 2003. 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).

Stephen L. Johnson
Deputy Chair

Nationality: US
Appointed: 2011

Key skills:
Airlines, legal and regulatory

Current external appointments:
Vice Chair and Chief Strategy Officer, American Airlines Inc; Board Member, Executive Advisory Board, University of Berkeley Center for Law and Business.

Relevant experience:
Steve served as Executive Vice President of Corporate Affairs from 2009 to 2022. In that role, he was responsible for corporate governance and legal affairs, government and regulatory affairs, labour relations, and real estate and airport affairs. From 2003 to 2009, he was a partner at Indigo Partners LLC, a private equity firm specialising in investments in the airline industry.

Between 1995 and 2003, held positions at America West Airlines, including Executive Vice President of Corporate. Prior to that, Steve served as Senior Vice President and General Counsel at GPA Group PLC and practised law at the Seattle-based law firm Bogle & Gates.

Barry Eccleston
Senior Independent Director

Nationality: British/US
Appointed: 2018

Key skills:
Aviation, safety

Current external appointments:
None.

Relevant experience:
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 from 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.

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. He is past Chairman of the British-American Business Association in Washington DC, and past President of The Wings Club of New York, as well as being appointed an OBE in 2019 by Her Majesty the Queen.

Charlotte Pedersen
Non-Executive Director

Nationality: Danish / Luxembourgish

Appointed: 2020

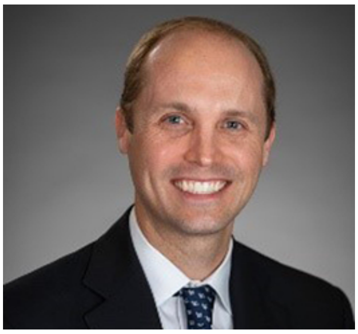
Key skills:
Aviation, safety, regulatory, ESG

Current external appointments:
CEO/Owner, Pegasus Consilium SarL; Board Member, Alpha Trains Group SarL; Board Member, Air Greenland A/S.

Relevant experience:
Ms Pedersen started her career as Air Force Officer and Helicopter Search & Rescue pilot, graduating in the US Navy on the Commodore's List with Distinction. After 17 years of military service she joined the Civil Aviation Authority in Luxembourg as Flight Operations Inspector. She supported the initial EASA regulatory working groups as a Helicopter Safety Team and Human Factors Expert.

She joined Luxaviation in 2012 and was appointed Chief Operating Officer of the Group in 2014 before becoming the President of Helicopter Services and Chief Executive Officer of Luxaviation Helicopters. Ms Pedersen holds an MBA with Honors and is a certified INSEAD International Director as well as ILA (Institut Luxembourgeois des Administrateurs) certified Director. She is an Elected Fellow of the Royal Aeronautical Society. Ms Pedersen is actively supporting "Women in Aviation, Maritime and Racing" initiatives.

Andrew S. Broderick
Non-Executive Director



Nationality: US
Appointed: 2019

Key skills:
Airlines, finance

Current external appointments:
Board Member, JetSMART Airlines SpA; Board Member, Frontier Holdings Inc.; Board Member, APiJET LLC.

Relevant experience:
Serves as Managing Director of Indigo Partners LLC, a private equity fund focused on air transportation, since 2008. 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.

Anthony Radev
Non-Executive Director

Nationality: Bulgarian
Appointed: 2021

Key skills:
Listed company, finance

Current external appointments:
President, Corvinus University of Budapest; Board Member, MOL Hungarian Oil and Gas PLC; Board Member, Hungary Football Federation; Board Member, DSK Bank PLC.

Relevant experience:
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.

Charlotte Andsager
Non-Executive Director

Nationality: Danish
Appointed: 2020

Key skills:
Airlines, aviation, regulatory

Current external appointments:
None.

Relevant experience:
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.

Enrique Dupuy de Lome Chavarri
Non-Executive Director

Nationality: Spanish
Appointed: 2020

Key skills:
Airlines, finance

Current external appointments:
Board Member, Nadisla investments SL; Senior Adviser, A.T. Kearney; Senior Adviser, Bluepeak Aviation.

Previous experience:
Served as Finance Director, and ultimately Chief Financial Officer, Iberia. 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.

Anna Gatti
Non-Executive Director

Nationality: Italian
Appointed: 2021

Key skills:
Digital, consumer, sales and marketing

Current external appointments:
Board Member, Intesa Sanpaolo S.p.a; Board Member, WiZink Bank S.L.

Previous experience:
Served as digital sales executive 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.

Changes to the Board during F23

The Board decided to create the new role of Deputy Chair. Stephen L. Johnson was appointed to the role due to his industry experience, as well as his long association with the Company.

In order to ensure proper Board oversight over the Company's key areas of focus, the Board established a Safety, Security and Operational Compliance Committee, chaired by Charlotte Pedersen, to assist the Board with oversight of of the Group's policies, practices, objectives and performance in relation to safety, security and operational compliance management.

In connection with the creation of the Safety, Security and Operational Compliance Committee, the Board made a number of changes to the membership of Committees:

a. Charlotte Pedersen stepped down from the Sustainability and Culture Committee as a result of becoming Chair of the Safety, Security and Operational Compliance Committee.
b. Charlotte Andsager stepped down from the Remuneration Committee to become Chair of the Sustainability and Culture Committee.
c. Both Andrew S. Broderick and Barry Eccleston were appointed to the Safety, Security and Operational Compliance Committee.

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.

In all cases, the Board is assured that the roles of the aforementioned Non-Executive Directors are in no way compromised of independence of judgment and character.

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 F23, Barry Eccleston, 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. On 28 January 2022, Barry Eccleston was appointed as the Company's 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.

On 13 April 2021, Dr Anthony Radev was appointed 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 F23, Dr Radev attended a number of engagement events with employees, as well as engaging through the Wizz Air People Council members.

Data on the diversity for board and executive management for the year ending 31 March 2023

Gender diversity

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	70%	3	10	67%
Women	3	30%	_	5	33%
Other categories	_	_	_	_	_
Not specified/prefer not to say	_	_	_	_	_

The data on gender and ethnic diversity of the Board and Executive Management was collected on a confidential and voluntary self-reporting basis. From July 2023 the percentage of women in executive management will increase to 37.5%.

Ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	100%	3	15	100%
Mixed/Multiple Ethnic Groups	_	_	_	_	_
Asian/Asian British	-	-	_	_	_
Black/African/ Caribbean/Black British	_	_	_	_	_
Other ethnic group, including Arab	_	_	_	_	_
Not specified/ prefer not to say	_	_	_	_	_

Wizz Air is fully committed to promoting equality and diversity to enhance decision making, which is crucial for the long-term success of Wizz Air's and its stakeholders.The Company's commitment to diversity is set out in the Sustainability and TCFD reports. The Board is mindful of the listing rule requirements in relation to gender and ethnic diversity of the Board and executive management. The targets set out in LRs 9.8.6R (9)(a)(i) (ii) and (iii) have not been met. While diversity criteria is taken into consideration during recruitment processes, decisions are subject to the principle of merit. Addressing diversity is a priority for the Nomination and Governance Committee in F24.

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 of 1 April, the Group's senior management team, in addition to the Group Chief Executive Officer, is:

Wizz Air Innovation Limited:

Name	Position
Robert Carey	President
Michael Delehant	EVP & Group Chief Operations Officer
Owain Jones	EVP & Group Chief Corporate Affairs Officer
Alexandra Avadanei	Revenue Officer
Joel Goldberg	Digital Officer
Yvonne Moynihan	Corporate and ESG Officer
Veronika Jung	People Officer
Zsuzsanna Poós	Customer and Marketing Officer

Wizz Air Hungary Limited:

Name	Position
Ian Malin	EVP & Group Chief Financial Officer
Heiko Holm	Officer Wizz Air Central Operations
Roland Tischner	Officer Wizz Air Hungary Operations

Wizz Air UK Limited:

Name	Position
Marion Geoffroy	Managing Director

Wizz Air Abu Dhabi Limited:

Name	Position
Johan Eidhagen	Managing Director

Wizz Air Malta Limited:

Name	Position
Diarmuid O'Conghaile	Managing Director

Robert Carey, President

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.

Ian Malin, Executive Vice President and Group Chief Financial Officer

Mr Malin joined Wizz Air in 2022 with over 24 years of finance experience. Most recently, he served as the Chief Strategy & Commercial Officer of Unical Aviation in Los Angeles, after ten years as Chief Financial Officer for the UK-based AJW Group, where he directed overall financial strategy and corporate development. He also served as CEO of AJW Leasing, the group's aircraft, engine and component leasing platform. Prior to AJW Group, Ian served as a Senior Vice President at Seabury Aviation & Aerospace Asia Limited, an investment bank based in Hong Kong where he opened and developed the firm's first office in Asia. Ian also spent eight years in asset finance with the Allco Finance Group of Australia, having joined them as a tax manager from KPMG. Ian attended New York Law School where he earned his Juris Doctorate and holds a bachelor's degree from Middlebury College in Vermont.

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.

Owain Jones, Executive Vice President and Group Chief Corporate Affairs Officer

Mr Jones joined Wizz Air as General Counsel in September 2010. He was promoted to Chief Corporate Officer in June 2014 before becoming the Managing Director of Wizz Air UK in September 2018 and Development Officer in September 2021. He was promoted to his current role as the Group's Executive Vice President and Chief Corporate Affairs Officer, with responsibility for legal, government affairs, ESG and people matters, together with fleet procurement and fleet finance, in February 2023. Mr Jones is a Solicitor of the Senior Courts of England and Wales. Having trained at Nicholson Graham and 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.

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.

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.

Yvonne Moynihan, Corporate and ESG Officer

Ms Moynihan joined Wizz Air in July 2022 as Corporate Officer, leading legal, regulatory and government affairs functions. She took over ESG in March 2023. Ms Moynihan is an Irish lawyer with law degrees from University College Cork and The Honourable Society of Kings Inns. She has practised as a litigator in the Irish Courts and held roles as a researcher for the Irish Superior Courts and the European Court of Justice. Ms Moynihan pivoted into aviation and has a track record in the low-cost industry, having held legal roles in Ryanair and Vueling where she held the position of General Counsel and Board Secretary.

Veronika Jung, People Officer

Ms Jung joined Wizz Air as the Head of Human Resources in March 2021. Between 2000 and 2011 Ms Jung held various human resources roles at Nicholson International and HBO. In 2012 she joined Telenor as the Human Resource Business Partner and was later promoted to the role of Human Resource Regional Manager and from September 2018 to Chief Human Resource Officer at Telenor Common Operation. Before joining Wizz Air Ms Jung worked as the Chief Human Resource Officer of Cetin Hungary, a telecom network infrastructures operator with CEE footprint. In her new role as Wizz Air Group's People Officer, Ms Jung will be responsible for the Group's human resources, recruitment and organisational development. Ms Jung holds an MSc degree in economics from Corvinus University of Budapest.

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.

Heiko Holm, Officer Wizz Air Central Operations

Mr Holm joined Wizz Air in 2015 as Head of Technical Services. Starting from 1 April 2023, Mr Holm was appointed Officer Wizz Air Central Operations. 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.

Roland Tischner, Officer Wizz Air Hungary Operations

Mr Tischner joined Wizz Air as Head of Human Resources in November 2011. Between 1998 and 2009 Mr Tischner held various human resource leadership roles at General Electric in Hungary and in the United States. In 2009 he joined NBC Universal in the United Kingdom as Vice President of Human Resources. At Wizz Air, following the human resource role, he was appointed to Head of Cabin Operations in 2016, and four years later to Head of Ground Operations. He was named Officer Wizz Air Hungary Operations in June 2022, responsible for flight, cabin and ground operations, crew training, continuing airworthiness management organisation and safety and compliance. Mr Tischner holds a Bachelor of Arts degree in business studies from Oxford Brookes University.

Marion Geoffroy, Managing Director, Wizz Air UK

Ms Geoffroy joined Wizz Air as Head of Legal and General Counsel in March 2015. 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. She was appointed Chief Corporate Officer of Wizz Air in September 2018 overseeing the Legal, Data Protection and Health and Safety departments. 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).

Johan Eidhagen, Managing Director, Wizz Air Abu Dhabi

Mr Eidhagen joined Wizz Air in January 2015 as Head of Brand and Marketing, became Chief Marketing Officer on 1 February 2016 and was named Chief People Officer on 1 November 2019 and ESG and People Officer on 1 June 2021. Starting from 1 April 2023, Mr Eidhagen took the position of Managing Director, Wizz Air Abu Dhabi. 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.

Diarmuid O’Conghaile, Managing Director, Wizz Air Malta

Mr O’Conghaile joined Wizz Air as Managing Director of Wizz Air Malta on 1 November 2022. Mr O’Conghaile has a long background in aviation, having served as Chief Executive of the Irish Aviation Regulator, 2021–2022, and with Ryanair from 2016–2021 as Chief Executive of Malta Air (Ryanair Group) and before that Director of Public Affairs. Mr O’Conghaile was General Manager of Strategy, Pricing & Economic Regulation with Dublin Airport Authority from 2011–2016. He holds BA Mod, MA and MLitt degrees from Trinity College Dublin in economics and a postgraduate diploma in EU competition law from King’s College London. Prior to entering the aviation sector, he worked in a number of industry and government positions, including with the European Commission and the Irish Department of Finance.

New Appointment: Silvia Mosquera, Executive Vice President and Chief Commercial Officer

Silvia Mosquera will join WIZZ on the 13th of July as EVP & Group Chief Commercial Officer from her current position as Chief Commercial & Revenue Officer at TAP Air Portugal. Silvia is a seasoned executive with over 20 years of experience in the airline industry and consulting to airlines with leadership roles across commercial functions including network, revenue management, sales, marketing, and customer experience. She started at Clickair and moved through various Commercial roles in the IAG Group (Clickair, Vueling, Iberia Express), culminating in CCO of Iberia Express. From there, she moved to Avianca, and them most recently to TAP Air Portugal where she is the Chief Commercial and Revenue Officer responsible for the commercial area, including Pricing and Revenue Management, Distribution, Sales, Branding & Marketing, Ancillaries, Customer Service and the Loyalty program. She holds a Chemical Engineering Degree from Santiago de Compostela University and postgraduate certifications from APICS (The Educational Society for Resource Management) and IESE Business School - University of Navarra.

Attendance at Board meetings

The following table sets out the attendance by Directors at the Board and Committee meetings held during the 2023 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	Safety, Security and Operational Compliance attended/total
Executive Director						
József Váradi	8/8	6/6*	8/8*	6/6*	6/6*	4/4*
Non-Executive Directors						
William A. Franke	8/8	—	—	6/6	—	—
Stephen L. Johnson	8/8	—	—	—	—	—
Barry Eccleston	7/8	—	8/8	6/6	—	3/4
Andrew S. Broderick	8/8	—	—	—	6/6	4/4
Charlotte Pedersen	8/8	6/6	—	—	2/2****	4/4
Charlotte Andsager	8/8	—	2/2**	6/6	4/4*****	—
Enrique Dupuy de Lome Chavarri	8/8	6/6	—	—	—	—
Dr Anthony Radev	8/8	—	6/6***	—	6/6	—
Anna Gatti	8/8	6/6	7/8	—	—	—

* 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.

** Ms Andsager was a member of the Remuneration Committee until September 2022.

*** Mr Radev joined the Remuneration Committee from September 2022.

**** Ms Pedersen stepped down as Chair of the Sustainability and Culture Committee and became Chair of the Safety, Security and Operational Compliance Committee from September 2022.

***** Ms Andsager became Chair of the Sustainability and Culture Committee from September 2022.

REPORT OF THE CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

"The Audit & Risk Committee evaluates and manages financial risks, ensures accurate financial reporting and maintains the integrity of the internal control environment."

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

Introduction

Dear Shareholder,

I am pleased to present the Audit and Risk Committee Report for the financial year ended 31 March 2023.

F23 saw a much welcomed departure from direct challenges relating to COVID-19 but also introduced indirect consequences to the three years of restrictions and consumer behaviour changes. High inflation and monetary policy intervention drove increases in all elements of our cost base, coupled with supply chain and hiring challenges both at Wizz Air and the vendors it relies on. For the first time in two decades, the Euro reached parity with the US Dollar, in which many of our costs are incurred. While the impact to travel of the war in Ukraine proved to be contained largely within the border of Ukraine, fuel prices remained elevated through the end of this fiscal year. The challenges presented to the industry and the Company underline the importance and value of a rigorous approach to risk management and the importance of having financial discipline, resilience and agility. Although the recent trends and economic prospects for the new financial year should benefit demand growth, revenues and costs, we continue to monitor 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.

Membership, meetings and attendance

The Committee consists of three Non-Executive Directors, appointed by the Board according to experience, commitment and capacity. The Company Secretary acts as Secretary to the Committee and relevant members of the senior leadership team are invited to attend meetings.

https://wizzair.com/en-gb/information-and-services/investor-relations/governance/board-committees

a. Enrique Dupuy de Lome Chavarri (Chair)
b. Charlotte Pedersen
c. Anna Gatti

The Corporate Governance Code recommends that the Audit and Risk Committee 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 2023, the membership of the Committee comprised three members. All the members 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 Company 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 Committee.

Main functions of the Audit and Risk Committee

The Audit and Risk Committee focuses on developing leading financial policies, practices, internal controls and risk management systems, with consistent evolution to improve performance and controls as the Company expands its fleet over the next decade. Key recurring topics focus on liquidity management, hedging strategies, financing, counterparty risk, cyber risk management, finance systems, oversight of Internal Audit, and our relationship with external auditors. These are discussed bi-monthly in the Audit and Risk Committee meetings and after each, I provide a Board update on the key issues discussed in our meetings. In addition to the members of the Audit and Risk Committee, our meetings are routinely attended by the Group Chief Financial Officer, the Head of Accounting, the Senior Audit Partner and other senior members of the External Audit team from our auditors, PwC. In addition, other senior executives are invited to attend meetings, as required to provide the Committee with a deeper level of insight on relevant matters.

During F23, the composition of the Audit and Risk Committee was not subject to any change.

Main activities of the Audit and Risk Committee during F23

Risk management

The Board is responsible for the Group's risk management and the Audit and Risk Committee supports the Board in the role of monitoring the adequacy and effectiveness of the Group's risk management systems to ensure they are effective and operate as intended. This 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. The day-to-day management of risk is delegated to the Executive Leadership Team, which is responsible for implementing risk management procedures, ensuring compliance with these procedures and reporting back to the Committee on risk exposures and mitigation activities.

The Group's comprehensive Enterprise Risk Management (ERM) process, which identifies and collects risks within our risk universe and groups them into risk categories, allows risks to be analysed for likelihood and impact. In particular:

- 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;
- key members of the Company's senior management team, reviews the risk register and the emerging and principal risks and uncertainties report at least semi-annually and shares it with the Board;
- two times per year, the Committee, among other things, approved changes to the emerging and principal risks and uncertainties 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.

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) Guidance on Risk Management, Internal Control and Related Financial 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 applicable guidance. No significant failings or weaknesses were identified in the review process.

Climate Risks

The Company's financial disclosures follow the recommendations established by the Task Force on Climate-related Financial Disclosures (TCFD), for use by companies in providing information to investors and other stakeholders about their climate-related financial risks and opportunities. Since F21 the Company has been aligning its disclosure with the recommendations of the TCFD and during F23 we have further improved our disclosures. These improvements versus last year include amongst others:

- the continuous development of our climate risk assessment approach and its effectiveness in supporting the organisation's resilience. As part of this, we have been working with expert sustainability and climate consultants from Deloitte Ltd. Hungary who helped improve our existing climate risk analysis and supported both the qualitative and quantitative risk assessment;
- the cooperation with third-party sustainability consultants Avieco (now Accenture) to assess Wizz Air's greenhouse gas inventory and calculate its emissions (Scope 1, 2 and 3); and
- the appointment of an independent third party, Deloitte Auditing and Consulting Ltd, for the limited assurance of the Company's greenhouse gas emissions reporting for F23.

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 (see page 38 to 40 of the sustainability report).

Internal Audit

The purpose of Wizz Air's Internal Audit function is to provide independent, objective assurance and internal consulting services designed to add value and improve operations of all the entities and functions within the Group. The Senior Internal Audit Manager is dedicatedly responsible for the proper operation of Wizz Air's Internal Audit function and, if necessary, involves outsourced service provider(s) to perform mainly assurance projects and to a limited extent consulting services.

The Senior Internal Audit Manager prepares a risk-based plan of internal audits for the upcoming year, which is approved by the Audit and Risk Committee.

This Internal Audit Plan also covers:

- internal audits over operational processes;
- fraud-specific audits to be performed by the designated Anti-fraud and Investigations Manager under the supervision of the Senior Internal Audit Manager; and
- periodic review of the Internal Controls over Financial Reporting (ICFR) project. The plan is supervised by the Senior Internal Audit Manager, who has direct responsibility to the Chairman of the Committee as well as an administrative reporting line to the Company's Chief Financial Officer.

Each audit and project is preceded by a detailed scoping and resource planning exercise which forms the basis of the procedures. Following the completion of an internal audit or a fraud-specific audit, 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. In accordance with Wizz Air's business process automation aspirations, Internal Audit introduced an improved internal database to monitor the implementation of Internal Audit's recommendations more effectively.

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.

Anti-Fraud

To assess Wizz Air's alignment to international anti-fraud requirements and good practices, EY Hungary was commissioned as an independent consulting service provider to review and analyse the Company's anti-fraud strategy and related internal policies. As the result of their analysis, recommendations related to the development of the anti-fraud framework have been presented and agreed.

The role of the Anti-Fraud and Investigations Manager was introduced in November to provide an independent, objective assurance of the design, development and implementation of Wizz Air's anti-fraud management program. The Anti-Fraud and Investigations Manager performs planned and ad-hoc fraud specific audits in line with the anti-fraud management program.

The Anti-Fraud and Investigations Manager functions as the second line of defence while monitoring and supporting other Wizz Air Personnel and Departments in ensuring business operations and performing operational tasks that align with the established program and policy. In F24, additional resources will be identified to support this function.

Reporting procedures and controls

Management is responsible for internal controls over financial reporting for the Group. Each week, the Board receives an 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 is 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 Accounting team and reviewed by the respective Officers.

The Company has continued to work to improve its financial reporting operation with a focus on digitalisation of manual transactions allowing higher pixelation of data and shorter lead times, leveraging the opportunities highlighted as part of the Company's ICFR project and leveraging some of the best technology available. During F24, EY Hungary will continue to provide consultancy services regarding an ongoing ICFR project 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 internal control, assurance and resilience requirements over the course of F24.

Audit Quality Review

Following the completion of PwC's F22 audit, the Committee was informed that the Audit Quality Review (AQR) team of the Financial Reporting Council had chosen the Group's audit for its review as part of its annual inspection of audit firms. The Audit and Risk Committee has recently received a copy of the findings of the AQR and was pleased to note that it did not identify any key findings and only a limited number of improvements were required with one good practice matter identified. The Audit and Risk Committee has discussed the findings of the AQR with PwC and PwC have confirmed that, in the F23 audit, it had addressed those areas that had been identified as requiring improvement.

Financial Information Flow

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 comprehensive financial statements and other financial reporting and disclosure, leveraging adequate and effective reporting processes, systems and controls.

Relationship with external auditors

With the completion of the F23 audit, PricewaterhouseCoopers LLP have been the auditors of the Company for 17 years uninterrupted, covering the years ended 31 March 2007 to 31 March 2023. 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.

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.

Mr Richard Porter, the audit partner in charge, will be replaced following the completion of the F23 audit after having completed his maximum time with Wizz Air as audit partner. The identification of Mr Porter's successor is being worked on in cooperation with PwC to ensure a proper handover.

The Committee approved the fees to be paid and the external audit plan for the F23 financial year and reviewed the reports of the auditors on the half-year review and annual audit.

The audit of the F23 financial statements and the review of the half-year financial statements were all completed on time and to a high standard and addressed the key issues arising from the Company's business that could have a material impact on the financial statements.

Following the completion of PwC's F22 audit, the Committee was informed that the Audit Quality Review (AQR) team of the Financial Reporting Council had chosen the Group's audit for its review as part of its annual inspection of audit firms. The Audit and Risk Committee has recently received a copy of the findings of the AQR and was pleased to note that it did not identify any key findings and only a limited number of improvements were required with one good practice matter identified. The Audit and Risk Committee has discussed the findings of the AQR with PwC and PwC have confirmed that, in the F23 audit, it had addressed those areas that had been identified as requiring limited improvement.

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 have 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 re-appointment for the F24 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 performed 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 assurance departments are not part of the audit team; and (ii) no such services were ordered by the Company that carried a 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 F23 were materially less than the audit fees. Detail on non-audit fees paid to the auditors is set out on page 193.

Audit fees further increased in F23 compared to prior years. The increase reflects professional pay inflation rates in the UK and in Hungary and the growth of the Company.

The last external audit services tender was conducted in the summer of 2017, when PricewaterhouseCoopers LLP were re-appointed to perform the external audit 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 for F24 and the next tender process will be run during 2026, in line with the need to change PwC as auditors for the year ending 31/3/28.

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 and industry experience, and constantly challenging management's judgment:

- 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 analysis 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 used and unused hedges to the Company. A hedging policy was reinstated early in F23 and is reviewed twice per annum. The hedge policy approved last year remains in effect and this Committee is briefed each time management propose adding additional hedges, the details of such hedges, the conformity of these hedges with policy and the achieved outcome of any prior approved hedge requests. The policy and its efficacy is reviewed at each Committee meeting.
- Capital commitments and financing: the Committee undertook a detailed review of the Company's capital commitments including the required repayment of the Company's bond in January 2024. The Committee and the Board of Directors reviewed in detail the working capital assessment led by the Company and noted that management had secured, or will generate sufficient trading cash flow, over the term covered by the going concern period, to meet its obligations.
- 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. Three of Wizz Air's aircraft were stranded in Kyiv and at the date of this report two of the engines affixed to these aircraft have been exported to Poland (with the third and fourth currently in transit) and the remaining two engines and three airframes remain grounded on Ukrainian territory

although management is actively pursuing all options to facilitate the return of these assets to support the Wizz Air fleet.

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, understandable and whether it provided the necessary information for Shareholders to assess the Company's financial 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 drawing of a $274.3 million pre-delivery payment (PDP) facility in February 2023.
- The Company retained its investment grade rating with Fitch (BBB-).
- Cyber security: the Committee continued to review regular 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
8 June 2023

REPORT OF THE CHAIR OF THE SSOC COMMITTEE

"The Committee carries out oversight of the effectiveness of the Group's safety systems and standards in respect of AOC structures, facilitating the Group's safe expansion."

Charlotte Pedersen

Chair of the Safety, Security and Operational Compliance Committee

Dear Shareholder,

I am pleased to present the first ever report of the Wizz Air Safety, Security and Operational Compliance Committee, which was incorporated on 26 July 2022 with a mandate to reinforce the Wizz Air Group's strong safety culture and enhance oversight of the Group's safety, security and compliance performance.

Safety is at the heart of Wizz Air's operations and is the highest priority in the Group. This fiscal year Wizz Air was named as one of the safest airlines in the world by AirlineRatings.com, which is a testament to the dedicated people who ensure safe operations on a daily basis. A major achievement for the people of Wizz Air was the safe expatriation of an aircraft from Ukraine which had been stranded as a result of the Russian invasion.

The Committee's role is to ensure that the Group's safety record continues to be impeccable by assisting the Board with oversight of the Group's policies, practices, objectives and performance in relation to safety, security and operational compliance management.

The Wizz Air Group is comprised of four airlines and Aircraft Operator Certificates (AOCs) with individual safety responsibilities, regulatory frameworks and reporting obligations. The Committee welcomed Wizz Air Malta to the Group, having received its AOC and performed its first flight in September 2022.

The respective AOCs are regulated by the European Union Aviation Safety Agency, the UK Civil Aviation Authority and the General Civil Aviation Authority of the United Arab Emirates (UAE). The Committee carries out oversight of the effectiveness of the Group's safety systems and standards in respect of AOC structures, facilitating the Group's safe expansion.

Since the establishment of the Committee, it receives frequent periodic reports from the Group Chief Operations Officer and as Chair I have had direct access to the safety teams, demonstrating the independent oversight function of the Committee.

In my role as Chair I provide regular updates to the Board and provide my fellow Directors with safety materials and information to allow comprehensive knowledge sharing of safety matters and the Group safety management system.

Membership, meetings and attendance

- Charlotte Pedersen (Chair)
- Barry Eccleston
- Andrew S. Broderick

The Committee consists of three Non-Executive Directors, appointed by the Board according to experience, dedication and capacity. The Company Secretary acts as Secretary to the Committee and relevant members of the senior leadership team and the different AOCs are invited to attend meetings.

https://wizzair.com/en-gb/information-and-services/investor-relations/governance/board-committees

The Committee first met in September 2022 and has had four meetings during the year. The Committee focused on the following activities:

- agreed the objectives and terms of reference of the Committee;
- reviewed the Group safety and security principles;
- reviewed risks relating to safety, security and compliance management and emergency response;
- received regular reports on safety performance, audit findings and incidents; and
- received updates from the AOC Managing Directors.

In addition, the Committee was invited to participate in a preparation session of the emergency response planning (ERP) committee.

Key activities

Operational readiness

The Committee was briefed on the challenges of the Group operations following on from a disruptive summer which resulted in mass cancellations due to capacity constraints at airports, air traffic control shortages and multiple weather events.
The Committee reviewed the Company's response which included identifying mitigating strategies which led to structural changes to the AOCs. Robust procedures were put in place to minimise potential future disruptions in a safe manner. This resulted in a significant improvement in the Group's operations.

Risk management

The Committee was updated about safety risks and incidents and how they were managed by the Group and the respective AOCs. The Committee reviewed the performance of the risk mitigation strategies and corrective actions in response to audit findings.

Due to the war in Ukraine, the Committee was updated about continuous monitoring and risk management related to physical security risks due to the proximity of the Group's network to the war. As a result of these safety assessments a decision was made to close the Group's base at Chisinau International Airport (KIV) in Moldova for an indefinite period due to instability in the region.

Future of the Committee

The Committee will continue to focus on the adoption of policies, standards and processes in accordance with best practices of the airline industry, particularly in light of the Group's ambitious growth plans to new regions with differing safety and regulatory frameworks.

REPORT OF THE CHAIRMAN OF THE NOMINATION AND GOVERNANCE COMMITTEE

"During the year the Committee facilitated the strengthening of the Board and senior management team through its oversight of talent development, succession planning and diversity."

William A. Franke

Chair of the Nomination and Governance Committee

Introduction

Dear Shareholder,

I am pleased to present the Nomination and Governance Committee Report for the financial year ended 31 March 2023. During the year the Committee facilitated the strengthening of the Board and senior management team through its oversight of talent development, succession planning and diversity.

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.

This year the Committee focused on talent development and diversity by strengthening its senior leadership team through several Officer appointments. The Committee supported management efforts to achieve its diversity target of 40 per cent of women in senior leadership roles by 2025. Significant progress was made this year in relation to diversity and the Company is on track to achieve its target.

Succession planning was also a key focus of the Committee to ensure the balance of skills, knowledge, experience, diversity and independence to implement the Company's strategic priorities. In order to ensure the orderly success of the Board, the Committee led the process to create the new role of Deputy Chair.

The Committee carried out an internal evaluation of the Board's effectiveness in accordance with corporate governance standards. Further details can be found at page 102.

Membership, meetings and attendance

- William A. Franke (Chair)
- Charlotte Andsager
- Barry Eccleston

The Committee consists of three Non-Executive Directors, appointed by the Board according to experience, dedication and capacity. Stephen L. Johnson attends the Committee as an observer. The Company Secretary acts as Secretary to the Committee and relevant members of the senior leadership team are invited to attend meetings.

https://wizzair.com/en-gb/information-and-services/investor-relations/governance/board-committees

The Committee had six meetings during the year and focused on the following activities:

- reviewed and approved changes to the Board Committees;
- considered Board succession planning and approved the creation of the role of Deputy Chair and appointment of Stephen L. Johnson;
- approved changes to the senior leadership team and recruitment of new Officer appointments;
- commenced annual Board review process; and
- considered talent, succession planning and diversity of the senior leadership team.

Key activities

Board composition

In accordance with the UK Corporate Governance Code, the Committee considered and proposed a number of changes, including the appointment of a Deputy Chair; the creation of the Safety, Security and Operational Compliance Committee; and changes to the composition of the Board.

The Board decided to create the new role of Deputy Chair. The Deputy Chair will deputise for the Chair if the Chair is not present at the Board. Stephen L. Johnson was appointed to the role due to his industry experience, as well as his long association with the Company.

In order to ensure proper Board oversight over the Company's key areas of focus, the Board established a Safety, Security and Operational Compliance Committee, chaired by Charlotte Pedersen, to assist the Board with oversight of the Group's policies, practices, objectives and performance in relation to safety, security and operational compliance management.

In connection with the creation of the Safety, Security and Operational Compliance Committee, the Board approved a number of changes to the membership of Board Committees:

- Charlotte Pedersen stepped down from the Sustainability and Culture Committee as a result of becoming Chair of the Safety, Security and Operational Compliance Committee;
- Charlotte Andsager stepped down from the Remuneration Committee and has become the Chair of the Sustainability and Culture Committee; and
- both Andrew S. Broderick and Barry Eccleston were appointed to the Safety, Security and Operational Compliance Committee.

Management changes

In ensuring the development of a solid talent pipeline, the Committee oversaw the strengthening of the senior leadership team. The Company welcomed Ian Malin to the Group as Executive Vice President and Group Chief Financial Officer, following the departure of Jourik Hooghe. The Committee considered the appointment of Yvonne Moynihan as Corporate and ESG Officer; Roland Tischner as Operations Officer, Wizz Air Hungary; Diarmuid O'Conghaile as Managing Director, Wizz Air Malta; and Veronika Jung as People Officer.

The Committee also considered changes to the senior leadership team including the change of Johan Eidhagen from People & ESG Officer to Managing Director of Wizz Air Abu Dhabi, and the change of Owain Jones from Development Officer to Executive Vice President and Group Chief Corporate Affairs Officer.

Re-election

In accordance with the UK Corporate Governance Code and the Company's articles, each Director is required to seek election or re-election annually at the Company's AGM. The Board, on the support of the Committee, recommends the re-election of all Non-Executive Directors at the upcoming AGM. The Committee and Board are satisfied that the Non-Executive Directors have discharged their duties effectively and demonstrate the requisite mix of skills and time commitment relevant.

Diversity and inclusion

Consistent with the Company's Diversity and Inclusion Policy, the Board and Committee are committed to improving diversity at the Board and support female representation on the Board and senior leadership team. Due consideration is afforded to all aspects of diversity, including gender social and ethnic backgrounds. The Committee is mindful of the recommendations of the Financial Conduct Authority, the UK FTSE Women Leaders Review, as well as the Parker Review. In line with the Company's policy on diversity, new appointments to the Board will give due consideration to the above best practice guidelines.

The Board has 30% female representation, two of which are Chairs of the Sustainability and Culture Committee and the Safety, Security and Operational Compliance Committee, respectively. The Board currently does not have any Directors from an ethnic minority background. Increasing Board diversity will be a priority for F24 and the Committee has started the recruitment process for further Board appointments who will be identified based on merit but due regard will be given to ethnicity and diversity criteria.

Diversity and inclusion is embedded in senior management's incentive programme, the Committee recognises the value of broader diversity including nationality. With over 90 nationalities already working for the Company – and with 7 nationalities represented both on the Board and with 8 on the Company's strong Leadership Team – the Committee will continue to ensure that the Company remains a diverse organisation that represents the communities both within the Company and which we serve.

It is a priority for the Board to review the board diversity and inclusion policy which complements the group's wider workforce policies and values. In compliance with DTR 7.2.8AR its intended to revise and formalise its diversity and inclusion policy of the Board and its Committees, namely the Remuneration Committee, Audit Committee and Nomination and Governance Committee.

William A. Franke
Chair of the Nomination and Governance Committee
8 June 2023

"The great people of Wizz Air are central to the recovery of the business. Consequently, attracting and retaining the workforce has been a key focus of the Committee during the year."

Barry Eccleston
Chair of the Remuneration Committee

Introduction

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2023. I would like to welcome Anthony Radev to the Remuneration Committee effective from July 2022. Anthony replaces Charlotte Andsager who was appointed as Chair of the Sustainability and Culture Committee.

Wizz Air, and the aviation industry as a whole, faced several headwinds throughout the financial year, including the Russian invasion of Ukraine, fuel price increases, inflation and operational disruption. However, despite these challenges, through the stewardship of the Board, the Chief Executive Officer and senior management, the Company delivered industry-leading growth and revenue. The Committee is grateful to the commitment of management and employees during this challenging period, and as such approached remuneration matters and outcomes within this context.

The Committee was tasked with balancing the needs of both management and the wider workforce to manage talent and retention. As a result, the Committee supported a number of actions taken by management in relation to pay to address the challenges impacting the workforce as a result of the cost-of-living crisis. The Committee also supported changes in executive remuneration in response to evolving market trends and to ensure competitiveness. In doing so the Committee was also mindful of its Shareholders' interests against the backdrop of economic uncertainty.

The outlook for F24 expects a return to pre-pandemic performance. The Committee is therefore confident that the improved remuneration structures, which are in line with the expectations of Shareholders, will enable the Company to grow and guarantee value creation.

Membership, meetings and attendance

- Barry Eccleston (Chair)
- Anthony Radev (Sept 2022)
- Anna Gatti

The Committee consists of three Non-Executive Directors, appointed by the Board according to experience, dedication and capacity. The Company Secretary acts as Secretary to the Committee and relevant members of the senior leadership team are invited to attend meetings.

https://wizzair.com/en-gb/information-and-services/investor-relations/governance/board-committees

The Committee had eight meetings during the year and focused on the following activities:

- considered and approved a number of actions related to pay to mitigate the cost-of-living crisis for the wider workforce;
- reviewed and approved the revision of the conditions of the STIP for F23;
- assessed the performance of in-flight LTIPs and recommended an amendment to the performance conditions of future LTIPs;
- reviewed and recommended pay increases for management and the CEO;
- considered and recommended changes to the structure and fees related to Non-Executive Directors (NEDs); and
- considered and approved remuneration packages for new Officer and Executive Vice President appointments

Key activities

F23 performance

After a difficult first quarter, Wizz Air delivered strong results in revenue and capacity growth during the rest of the fiscal year. Despite a period of unprecedented operational disruption, and continued macro effects from the war in Ukraine, including fuel price increases and high inflation, the Company delivered unit revenue growth and net profit in the later quarters of the year. However, due to the adverse geopolitical events, the Company declared a net loss for the financial year ended March 2023.

Highlights of F23 performance include:

- maintaining an investment grade balance sheet and strong liquidity position;
- capacity increase of 36 per cent versus F20;
- leading the aviation industry on sustainability with the lowest emissions per passenger in Europe;
- continued expansion in Cyprus, Italy, Austria, Poland, Albania, Georgia, Bulgaria, Romania, Serbia and Abu Dhabi, and new operations in Saudi Arabia; and
- addition of Wizz Air Malta AOC to the Group.

Workforce engagement

The great people of Wizz Air are central to the recovery of the business. Consequently, attracting and retaining the workforce has been a key focus of the Committee during the year.

The Committee received regular updates from the People Officer and the Employee Engagement Director in relation to remuneration approaches to best support the workforce. Interventions were implemented as a result of direct employee feedback through an employee engagement survey.

Remuneration outcomes

The Committee paid careful attention to the inflationary impact on employees. Accordingly, the Committee supported the introduction of several actions, including:

- **Crew**

Performance bonuses for crew; the reinstatement of captain seniority bonus; the reinstatement of pilot loyalty bonus and implementation of loyalty bonus for the cabin crew crew.

- **Wider workforce**

A one-off payment to the wider workforce in response to the cost-of-living crisis.

- **CEO and senior management STIP and All Employee Bonus Plan**

During F21 and F22 the CEO's maximum STIP opportunity was reduced to 100 per cent (from 200 per cent) to acknowledge the impact of COVID-19. For F23 the maximum opportunity was reinstated to 200 per cent.

The Committee recognised the business circumstances and restructured the STIP award for the CEO and the Senior Management, whereby 75% of the award was subject to Individual performance rating and 25% was subject to quarterly financial metrics. The Committee also used its discretion to allow 50% payment under the All Employee Bonus Plan despite of missing the performance targets in order to recognise the work of all employees. Note this plan only applies to employees below Head level, neither the CEO nor the Senior Management nor Head level participate in the All Employee Bonus Plan.

- **CEO base salary**

Reinstated the base salary at the start of F23 following a 7.5 per cent reduction for F22 and a 15 per cent reduction for F21 to acknowledge the impact of COVID-19. During F23 7 per cent increase was implemented in October 2022.

- **NED Fees and structure**

Reinstated fees following 7.5 per cent reduction on policy fees for F22 and 15 per cent reduction on policy fees in F21. NED fee structure was changed from a payment of attendance fee to an all-inclusive fee. A guideline was also issued to encourage NED share ownership equivalent to one-year basic fee to be built up over three years. Further, the Company facilitated a scheme for payment in shares in order to meet the guideline.

The Committee was pleased to approve the various remuneration interventions. This reflected the significant contribution of management and the wider workforce in responding to the external challenges and delivering strong results despite the headwinds.

Shareholder engagement

As Chair of the Committee I am committed to engagement with Shareholders and held numerous meetings and calls throughout the year on the Company Remuneration Policy. After considering the experience of the workforce, Shareholders and the Company's strategy, the Committee undertook a comprehensive review of the Directors' Remuneration Policy, and concluded that the current Remuneration Policy had broken down and no longer motivated the management or supported the Company strategy. Consequently, the Committee recommended changes to the policy with respect to the VCP, SLGP, LTIP and STIP going forward.

After extensive Shareholder engagement, a two-year extension to the CEO's current five-year contract is being proposed at the FY24 AGM to ensure that Mr Váradi will continue his commitment to the business and its future success. Under this contract extension the vesting date of the VCP will also be moved to 2028 (previously 2026).) Additionally, the share price performance conditions will be met in full if the maximum average share price goal is hit during any two consecutive quarters before the end of the performance period in F28. This ensures that the executives are not only incentivised to deliver shareholder value but to maximise performance and shareholder value throughout the full performance period and maintain it beyond the performance period as shares vest in years, 7, 8, 9, and 10 from the original award date of the VCP. The ESG measures will remain tested on their original timeline F26. However, it is proposed that the stock-price threshold underpin for any payment under the ESG

measures will be removed to ensure management continue to have an incentive to deliver these important metrics by F26. With respect to the carbon emissions metric, the measure for F26 will be amended to 48.9 grams RPK from 45.1 grams / RPK, whilst maintaining the longer term F30 target of 42.6 grams / RPK. This is being proposed in light of the COVID-19 related supply chain issues causing the delayed delivery of the new generation technology airplanes, as a result Wizz Air is operating a larger than planned proportion of old generation airplanes to meet the strong customer demand and growth opportunities. This modification will retain the same carbon emissions target for F30 and reinforce Wizz Air's position as the leading company in the airline industry for carbon emissions.
Alongside the extension of the CEO's contract and VCP the Company has also extended the performance period of the SLGP and the All Employee Bonus Scheme.

Regarding the STIP and LTIP going forward, the Committee will propose structural changes. The STIP will be restructured to weight towards financial metrics and individual performance ratings for all participants (CEO, EVPs, Officers and Heads). EVPs, Officers and Heads will also be subject to CASK Ex-fuel measures. In addition, Department based metrics will be in place for Officers and Heads. Head's F24 STIP will also include functional measures.The LTIP going forward proposes to introduce restricted stock as half of the award.

The Committee and the Board maintain the view that the revised Remuneration Policy and interventions will reinforce the commitment of management to deliver long-term Shareholder value and returns.

The Directors' Remuneration Report for the financial year ended 31 March 2022 was approved by Shareholders in September 2022. Although some Shareholders voted against the report, the Committee considers feedback and acknowledges concerns.

Next steps

We hope you find this Remuneration Report clear in explaining the implementation of our Remuneration Policy during F23 and our intended implementation for F24. We also remain committed to a continued dialogue with Shareholders including the investor feedback received following the F23 AGM. We trust that we have provided the information you need to be able to support this Directors' Remuneration Report at the Company's F24 AGM.

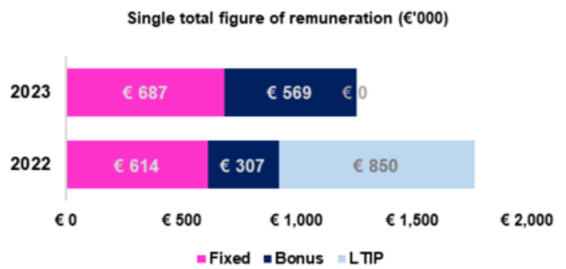
Our ongoing dialogue with Shareholders and other stakeholders is valued greatly and, as always, we welcome your feedback on this Directors' Remuneration Report.

Barry Eccleston
Chair of the Remuneration Committee
8 June 2023

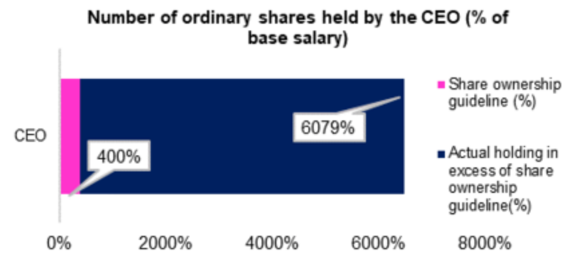
Remuneration at a glance

CEO remuneration		F23 earnings	F24 looking ahead
Base salary		€687,292 Reinstated base salary following 7.5% reduction for F22 to acknowledge COVID-19 impact. Followed by 7% increase implemented October 2022	€710,534
Short-term Incentive Plan (STIP)	Maximum opportunity	200% of base salary Maximum opportunity was reduced to 100% of base salary in F21 and F22 to acknowledge the impact of COVID-19. During F23 this was reinstated to 200% of base salary.	200% of base salary
	Performance metrics (weightings)	Individual performance (75%) Financial measures (25%) Net profit after tax and CASK (ex-fuel) Targets set on quarterly basis Threshold payout requires a performance rating of "A"	Underlying profit after tax (85%) Individual performance rating (15%) Targets set on yearly basis. Threshold pay out requires a performance rating "A".
Value Creation Plan (VCP)	Opportunity	One-off award granted in F22 – seven-year performance period with 40% vesting in year seven, and 20% vesting per year in years eight, nine and ten Maximum payment of £100 million for delivery of end share price of £119.24	
	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

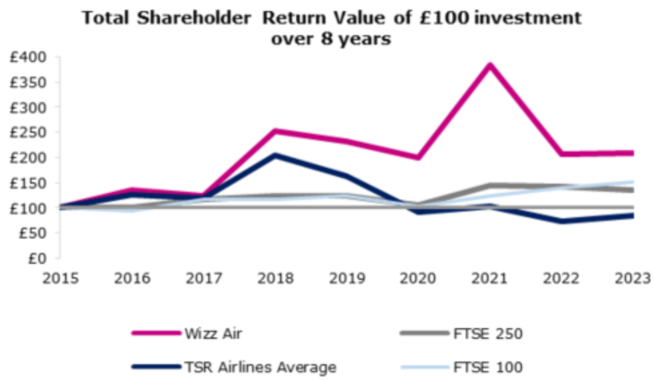


How our CEO is aligned with Shareholders



Actual shareholding calculated using number of Ordinary Shares and the spot price at 31 December 2022.

Performance remains strong for Wizz Air (TSR)



We are continuing to focus on our people

We are proud to employ aviation professionals of 93 different nationalities and deliver a superior service across our network.

Our latest employee feedback survey showed a 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 consequences of coronavirus is still with us and strongly affecting our daily operations and decision making.

The engagement survey participation rate was 55 per cent; the overall satisfaction was at 6.5, while the engagement score was 6.4.

Remuneration Policy

Introduction

This Directors' Remuneration Policy will be put forward for approval for Shareholders at the Company's AGM in August 2023 and is intended to be in place for a period of three years from the AGM.

How our Remuneration Policy addresses the factors set out in the 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 has 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 ensures 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 discretion 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 the cost-of-living crisis.

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

Changes to Remuneration Policy

We have a unique and world class leader in our CEO, József Váradi, who has led the business through a period of strong growth since IPO and, despite the recent external environment, has continued to create the strongest and one of the most profitable airlines in the world. The Committee believes his leadership is central to delivering Wizz Air's recovery in the coming years and has therefore decided to review the Remuneration Policy for the CEO.

After extensive Shareholder engagement, a two-year extension to the CEO's current five-year contract is being proposed at the FY24 AGM to ensure that Mr Váradi will continue his commitment to the business and its future success. Under this contract extension the vesting date of the VCP will also be moved to 2028 (previously 2026). The only changes to the proposed policy relate to the VCP and will be put to Shareholders at the AGM.

The one-off VCP award was made during F22 and included an award of 837,943 shares. No further LTIP awards have been or will be made to the CEO over the course of the VCP performance period.

Given the extension of the CEO's contract changes to the performance conditions of the VCP award:

- The end share price of £119.34 for a £100 million payout has been maintained. To align with the contract extension the performance period has been extended to seven years from five years (90 per cent weighting):
  - The threshold end share price £77.24 has also been maintained.
  - There will continue to be straight-line vesting in between threshold and maximum performance.
  - Base period for calculation is volume weighted average share price over first half of calendar year 2021 (VWAP 1H CY 2021) – tested against share price at end of period VWAP 1H CY 2028.
  - Amendments have also been made to allow full payout if 100 per cent target share price is hit during two consecutive quarters before end date, otherwise defaulting to measured achievement based on 1H CY 2028 VWAP. In any period equivalent to H1 (i.e. two consecutive quarters or one-half year), if the share price VWAP target is achieved, the full number of shares of the VCP will be deemed to have vested in full. In practice, the shares will not vest until the end of the seven year performance period and will follow the phased vesting schedule outlined – there will be no acceleration in vesting. As the award is denominated in a number of shares, the value received will a) continue to fluctuate as the share price fluctuates and b) continue to be subject to the £100m defined cap; and.
- 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.
  - The diversity objective will remain unchanged based on achieving a minimum of 40% female representation within management by end of F26.
  - It is proposed that the carbon target glidepath be updated. Management's commitment to reducing CO_2 emissions by 25% to 42.6 grams / RPK by 2030 will remain as the strategic commitment. However, the glidepath to achieving that goal will be amended to recognise the company's upsized fleet ambitions (target fleet count of 500 aircraft by 2030, up from 300) and the wider disruption of supply chain and aircraft manufacturing that has impacted all airlines. The revised glidepath will now include a target for the VCP in FY26 of 48.9 grams / RPK instead of 45.1 grams / RPK with a steeper emissions reduction to achieve the 2030 goal

- The ESG proportion of the award will now be payable regardless of the achievement against the threshold share price. We believe the decoupling of the ESG measures will motivate the CEO to perform against the ESG on the original timeline. We consider these ESG criteria, gender and climate to be important to the business, its culture and external brand and should not be extended along with the timeline for the delivery of Shareholder value. Clearly, the value for the ESG measures is still delivered in shares in Wizz Air and there remains even for this part an incentive to increase the share price.

A full summary of the proposed VCP is summarised in the future policy table below. The amendments made to align the wider workforce's incentive schemes with these changes are set out in the table below the future policy table.

Future policy table

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.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
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: The Executive Director is 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.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Short-term Incentive Plan (STIP)	To incentivise the successful execution of the Company's business strategy. To reward the achievement of annual financial and operational goals.	Payments under the STIP 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 per cent of base salary. A threshold level of performance is specified in 50 per cent of at target bonus; 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 per cent 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.
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 per cent of base salary, with up to 300 per cent in exceptional circumstances. Typically 25 per cent 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 per cent 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.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
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 seven-year period (40 per cent of the overall award at the end of year seven and 20 per cent per year after years eight, nine and ten). The award is based on the following performance conditions: 90% share price growth; and 10% ESG (5% based on CO_2 emissions reduction goals; and 5% based on gender diversity target). Maximum payout is capped at £100mn. Threshold payment is £20mn for delivery of share price £77.24. ESG criteria are independent of share price growth criteria. Straight line vesting in between The award will payout at 100% if the maximum share price is achieved during two consecutive quarters before end-date.	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.

Scenario chart

Annualised value of VCP is demonstrated in the chart below.

The VCP is presented in the scenario chart at nil value where the performance conditions are not met, at a threshold value of £20 million, annualised over the seven-year performance period and the maximum value of £100 million annualised over the seven-year period should the maximum share price and ESG performance conditions be met. The VCP is based on a number of Shares and the Pound Sterling value has been translated into Euro at 1.14 for the purposes of this chart, which represents a three-month average as of the time of drafting. The illustration does not provide a bar for additional share price growth as the value is capped at the maximum £100 million regardless of any future share price growth.

The chart above shows the annual illustration of the application of the Executive Directors' Remuneration Policy for F24 at minimum, threshold and maximum levels, on the basis of the adoption of the extension to the VCP in our proposed revised Executive Directors' Remuneration Policy. The chart presents the annualised value over a seven-year period as only one VCP award was made in 2021 with the time horizon now extended to run over seven years.

At the maximum level of remuneration, the share price will have reached £119.34 and the ESG portion of the award will have to be achieved in full. If the share price increases beyond the target of £119.34, the value of the award will not exceed the maximum, as the value of the VCP is capped. If the value of Wizz Air’s share price does not reach the threshold share price of £77.24 no value will be delivered under this portion of the award. Similarly, if the threshold ESG criteria is not met then no value will be delivered under this portion of the award.

Future policy: wider workforce

How the organisation considered wider workforce pay when developing new Policy for Executive Directors

Wizz Air’s intention is to treat the wider-workforce and Executive Directors in the same way and implement an aligned philosophy from top to bottom. Remuneration for the Company’s senior management team and wider employee base have all been aligned to the same seven-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. In relation to remuneration of the Executive Directors, employees have had the opportunity to provide feedback through the people council. An overview of these schemes is provided below:

Plan	Value Creation Plan (VCP)	Long-term Incentive Plan (LTIP) - FY24	Senior Leadership Growth Plan (SLGP)	Short-term Incentive Plan (STIP) - F24	All Employee Bonus Plan
Eligibility	CEO	Head level and above (excluding CEO)	President and EVPs/Officers	Head level and above	All employees below Head level
Frequency	One-off award of shares (made in F22)	Annual shares award	One-off award of shares (made in 2021)	Annual award in cash	Annual award in cash

Plan	Value Creation Plan (VCP)	Long-term Incentive Plan (LTIP) - FY24	Senior Leadership Growth Plan (SLGP)	Short-term Incentive Plan (STIP) - F24	All Employee Bonus Plan
Performance criteria	Share price – 90 per cent of award ESG criteria – 10 per cent of award	50 per cent of the award is delivered in restricted stock 50 per cent of the award is delivered in performance shares	Share price – 100 per cent of award	CEO: Financial measure - Underlying Profit After Tax (85 per cent) and Individual performance rating (15 per cent). EVPs: Financial measure - Underlying Profit After Tax (70 per cent), Individual performance rating (15 per cent) and Operational measure - CASK ex-Fuel (15 per cent). Officers: Financial measure - Underlying Profit After Tax (55 per cent), Individual performance rating (15 per cent), Operational measure - CASK ex-Fuel (15 per cent) and Department measure (15 per cent). Heads: Financial measure - Underlying Profit After Tax (40 per cent), Individual performance rating (15 per cent), Operational measure – CASK ex-Fuel (15 per cent), Department measure (15 per cent) and Functional measure (15 per cent).	Share price – 100 per cent of award
Performance period	Seven years	Three years	Seven years	One year	One year

Plan	Value Creation Plan (VCP)	Long-term Incentive Plan (LTIP) - FY24	Senior Leadership Growth Plan (SLGP)	Short-term Incentive Plan (STIP) - F24	All Employee Bonus Plan
Vesting	40 per cent at end of year seven, 20 per cent per year at years eight, nine and ten	100 per cent at end of year three	40 per cent at end of year seven, 20 per cent per year at years eight, nine and ten	100 per cent at end of year	100 per cent at end of year
Performance/ payout curve	One-off award of shares granted in 2021. Award vests after a seven-year period (40% of the overall award at the end of year seven and 20% per year after years eight, nine and ten). The award is based on the following performance conditions: 90% share price growth; and 10% ESG (5% based on CO2 emissions reduction goals; and 5% based on gender diversity target). Maximum payout is capped at £100mn. Threshold payment is £20mn for delivery of share price £77.24. ESG criteria are independent of share price growth criteria. Straight line vesting in between The award will payout at 100% if the maximum share price is achieved during two consecutive quarters before end-date.	100 per cent payout: 14 per cent net profit margin on average over three years 25 per cent payout: 9 per cent net profit margin on average over three years	100 per cent payout: share price £119.24 0 per cent payout: share price of £77.24 Straight-line vesting in between	Threshold is equal to 50 per cent of at target bonus. Maximum is equal to 200 per cent of at target bonus. There will be a straight line of payment between threshold to target and target to overperformance. Payout will be calculated based on the performance against the above measures for each position, requiring at least "A" Individual Performance rating or higher for payment to be made under the plan. 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.	100 per cent payout: 15 per cent CAGR 25 per cent payout: 7.5 per cent CAGR

Plan	Value Creation Plan (VCP)	Long-term Incentive Plan (LTIP) - FY24	Senior Leadership Growth Plan (SLGP)	Short-term Incentive Plan (STIP) - F24	All Employee Bonus Plan
Base period	Base period for calculation is VWAP over 1H CY 2021 – tested against share price at end of period VWAP 1H CY 2028	Annual awards with three-year cycles, e.g. 1H CY 2023–1H CY 2026, 1H CY 2024–1H CY 2027, etc.	Base period for calculation is VWAP over 1H CY 2021 – tested against share price at end of period VWAP 1H CY 2028		Seven annual awards with one-year cycles: 1H CY 2021–1H CY 2022, etc. Annually to 1H 2028
Cap on payout	Cap of £100 million for share price of £119.34	No cap on payout: award values capped 250 per cent normal max. at grant; 300 per cent discretionary max. at grant in exceptional circumstances	Cap at 20 per cent 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	Total bonus payments are capped at 200 per cent of at target bonus for all participants.	One month's salary
Shareholder ownership	Shareholding requirement of 400 per cent of salary. Post-cessation requirement equal to 400 per cent year one and 200 per cent 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.	Each Non-Executive Director receives an annual fee which is inclusive of one Committee fee. Additional fees are paid for chairing Committees; to the Senior Independent Director; to the Vice Chair; and to the Director responsible for employee engagement. 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. The Non-Executive Directors will also be reimbursed for all proper and reasonable expenses incurred in performing their duties. 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.

Future Policy: other items

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. Subject to the Shareholder approval, the CEO will have a fixed term seven-year contract, in all other cases there 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. 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 pro-rated bonus payment as determined under the STIP scheme. The pro-rata bonus shall be calculated on the basis of the proportion of the actual period of active employment in the relevant financial year. Achievement of targets shall be reviewed and assessed by, and at the discretion of, the Remuneration Committee. If good leaver status is not granted to an Executive Director, all outstanding awards made to them under the 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

The Committee may approve remuneration payments and payments for loss of office on terms that differ to the terms in the Policy where the terms of the payment were agreed before the Policy came into effect or were agreed at a time when the relevant individual was not a Director of the Company. This includes the exercise of any discretion available to the Committee in connection with such payments.

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.

During the first half of **2023**, the Remuneration Committee engaged with key Shareholders to understand their sentiment towards the proposed Policy change (i.e. the extension of the Value Creation Plan for the CEO). Conversations were well received and shareholders were understanding of the change given the circumstances and the Company's rationale. The Company received feedback from some Shareholders that they would be interested in transparency in disclosure on how the changes would be cascaded below the CEO (the sole Executive Director governed by the Company's Remuneration Policy). The Company has included this information in this Directors' Remuneration Report and would re-emphasise that the proposed changes to the Policy and broader remuneration fulfil three core objectives:

- They are consistently applied to our entire workforce and across all of our various incentive plans – aligned with Wizz Air's philosophy of equal treatment for all employees.
- They maintain Wizz Air's focus on a pay-for-performance model.
- They pragmatically align expectations with our business reality by extending time horizons for achievement but not reducing targets and expected delivery for shareholders.

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 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 94 to 95 of the Corporate Governance Report.

Barry Eccleston (Chairman), who joined the Committee in September 2020 in the Chairman position, remains in post. Charlotte Andsager stepped down on 26 July 2022; her membership of the Company's Remuneration Committee was taken over by Anthony Radev, effective 01 September 2022. Anna Gatti joined the Committee on 28 January 2022.

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, Chief Executive Officer; Vera Jung, People Officer; Owain Jones, Executive Vice President and Group Chief Corporate Affairs Officer; Stephen L. Johnson, Non-Executive Director; and Yvonne Moynihan, Company Secretary, 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 WTW, as appointed by the Remuneration Committee. WTW was re-contracted as remuneration consultant following a competitive tender process in 2020. It attends Committee meetings as and when required. During F23, WTW received fees based on time and materials totalling £248,363 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 WTW to the Company in F23.

WTW 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 WTW 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 FY22 AGM the Directors' Remuneration Policy was supported by 66.80 per cent of Shareholders. In **2022**, the most recent Directors' Remuneration Report was supported by 81.48 per cent of Shareholders.

FY23 AGM - Directors Remuneration Report voting results:

	Directors' Remuneration Report	
Votes for	13,384,492	81.48%
Votes against	3,041,329	18.52%
Total votes	16,425,821	
Votes withheld	16	

F22 AGM - Director's Remuneration Report and Policy voting results

	Directors' Remuneration Policy		**Directors' Remuneration Report**	
Votes for	10,994,259	66.80%	16,269,317	98.86%
Votes against	5,462,746	33.20%	187,688	1.14%
Total votes	16,457,005		16,457,005	
Votes withheld	10		10	

Executive Director's remuneration

Full details of the Chief Executive Officer's remuneration for F23 and F22 are set out below (in Euros):

Single total figure of remuneration table (audited)

	József Váradi							
	Fees and salary €	Benefits €	STIP €	LTIP €	Pension €	Total €	Total fixed remuneration €	Total variable remuneration €
2023	**687,292**	**—**	**568,759**	**—**	**—**	**1,256,051**	**687,292**	**568,759**
2022	614,246	—	307,123	850,283	—	1,771,652	614,246	1,157,406

Base salary

The Chief Executive Officer had voluntarily taken a 7.5 per cent reduction to his base salary for F22 and previously took a 15 per cent reduction during F21, from his contracted base salary of €664,050 in response to the long, drawn-out COVID-19 pandemic. The Chief Executive Officer's salary was increased by 7.5 per cent at the beginning of F23 back to the level of his contracted salary. During F23 the Remuneration Committee reviewed and approved an 7 per cent increase to a salary of €710,534 annually with an effective date of 1 October 2022. Prior to this the last salary increase that was not derived from restoring pre-COVID-19 status was in April 2018.

Short-term Incentive Plan F23 - audited

During F21 and F22 the maximum bonus opportunity was reduced to 100 per cent of base salary to acknowledge the impact of COVID-19. For F23 the maximum opportunity was reinstated to 200 per cent of base salary. As travel restrictions relented in early 2022, the aviation industry showed signs of recovering from the effects of the COVID-19 pandemic and the industry was expected to return to normality after two years of disruption. However, this expectation was outweighed by supply chain issues struggling to return to pre-COVID-19 levels, which caused large scale disruptions to operations. Alongside operational issues, the cost-of-living crisis and overall inflation context moved compensation levels upwards steeply. In addition, the lack of available talent across the industry meant there was increased competition in finding and retaining experienced managerial talent. These factors cumulated in the Company revising F23 STIP targets and structure within the rules of the policy in Q3 2022, to keep the CEO and management team motivated and focused on managing the business during the pressure of external circumstances. The Committee determined that due to the unstable external environment, the performance conditions should be tested on a quarterly basis keeping the practice of years during uncertain COVID-19 years. The Committee determined that 75 per cent of the STIP would be paid at the end of the performance period subject to individual performance rating and 25 per cent to financial metrics as per the approved target levels that were built on positive market outlook. Within financial measures, net profit after tax was weighted at 60%, with CASK ex-fuel with a weighting of 40%. The entire bonus (both financial and individual portions) is subject to a minimum achievement of an "A" individual rating. The bandwidth (min to max) for the profit target was +/-15 per cent of target whereas for CASK ex-fuel was +/-0.02 EUR cent of target. More information on the target and achievement result can be found in the table below. At target, the STIP pays out the annual base salary of the CEO (i.e. 100% of salary). Threshold payout is 50% of target and maximum payout is 200% of target. As per the policy, payout for performance between threshold and target and between target and maximum has been calculated by using linear interpolation (straight-line percentage performance). For individual performance threshold payout is provided for performance rating "A", target payout at performance rating "AA" and maximum payout at performance rating "AAA" or "1".

Weighting	Performance indicators	Q1	Q2	Q3	Q4	Total
25%	**FINANCIAL targets achievement**	**0%**	**0%**	**120%**	**0%**	**7.5%**
	Net profit after tax (€ million) – actual	-452.5	68.2	33.5	-184.3	
	CASK ex-fuel (€ C/ASK) – actual	2.62	2.61	2.49	2.61	
	Net profit after tax (€ million) – target	-71	343	-89	-149	
	CASK ex-fuel (€ C/ASK) – target	2.34	2.16	2.26	2.25	
75%	**Individual performance**	**100%**	**100%**	**100%**	**100%**	**75%**
		The CEO's performance is assessed by the Chairman (between 0%–200%) and payout approved by the Remuneration Committee.				

Wizz Air delivered growth and maintained a solid cash position, complemented by establishing a credit line to protect against unforeseen events associated with COVID-19, the war in Ukraine or otherwise. However, the dramatically higher fuel price and volatile currency environment during the period proved more challenging than expected and the Company's financial performance failed to meet expectations.

By the third quarter of F23, Wizz Air had exceeded net profit projections, while performing above the growth seen by industry leaders. This was achieved through operating 49 per cent more ASKs versus the same period last year (and +38 per cent vs 2019). In addition, operational adjustments contributed to a significantly lower flight disruption cost in Q3 and costs remained stable throughout the financial year despite the industry-leading growth.

The evaluation of the Chief Executive Officer's personal performance during F23 has primarily been measured against his response and leadership throughout another challenging year. He has managed to drive growth and 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. Operationally, during the period Wizz Air announced base expansions across Cyprus, Italy, Austria, Poland, Albania, Georgia, Bulgaria and Serbia, while opening a new base in Romania and strengthening our leadership in this core Wizz Air CEE market. In addition to launching a new airline and aggressively expanding into new markets, Wizz Air continued with its aircraft delivery schedule. Wizz Air has caught up with peers in terms of systematic jet fuel hedging impact through F24.

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 2022 with a participation rate of 55 per cent. Despite the low participation rate the survey shows as the top three key strengths of the organisation management support, autonomy and freedom of opinion. The engagement survey results are useful for the Company as they allow it to work with employees, the management team and the People Council to identify areas of improvement.

As part of our sustainability commitment, we want to comply as a minimum with the Hampton-Alexander Review guidelines calling out the need for one-third female Board members and 40 per cent-60 per cent gender split by the end of F26 at management level (Head level and above). As per the current status, we have 30 per cent female representation among the Board of Directors and 31 per cent female representation at management level. The number of employed nationalities further grew by 12 per cent, reaching 93 nationalities at Company level, of which Wizz Air is rightly proud.

Based on the individual performance demonstrated above, the Chief Executive Officer received a performance rating of "AA" and therefore achieved 100 per cent of target against the individual performance measure, which has a weighting of 75 per cent under the short-term incentive scheme. This combined with the financial performance set out above resulted in an 83 per cent salary payout.

LTIP vested during F23 (audited)

An award under the LTIP (of 250 per cent of base salary) was made to the Chief Executive Officer during F20 (in May 2019). This award included 46,796 performance options, valued at £31.02 per option share at the date of grant. Vesting was on 30 May 2022. 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), Air France-KLM, Deutsche Lufthansa, Finnair, IAG and SAS; 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 12 per cent, 19.5 per cent and 27 per cent, respectively; and
- 25 per cent of the portion of the award subject to EPS will vest for threshold performance, 50 per cent of the portion of the award subject to EPS will vest for target performance and 100 per cent of the portion of the award subject to EPS will vest for maximum performance (with straight-line vesting in between these points).

Under the Long-term Incentive Plan, the award vesting in F23 paid out at 50 per cent of maximum. The value of LTIP F22 has been updated since the disclosure of the Annual Report last year based on the actual vesting share price of €36.34 of 30 May 2022, deriving from share price at vesting 30,94 GBP and GBP/EUR 0.8515.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. Wizz Air's TSR translated to -8.0 per cent, resulting in an award payment of 50 per cent of maximum. The median of the peer group was -30.7 per cent and the upper quartile was -22.6 per cent.
The LTIP granted in FY21, vesting in F24 reflects the forecasted vesting of the award with performance criteria not meeting the minimum requirement as per the estimations for the period ending March 2023.

Payments to past Directors (audited)

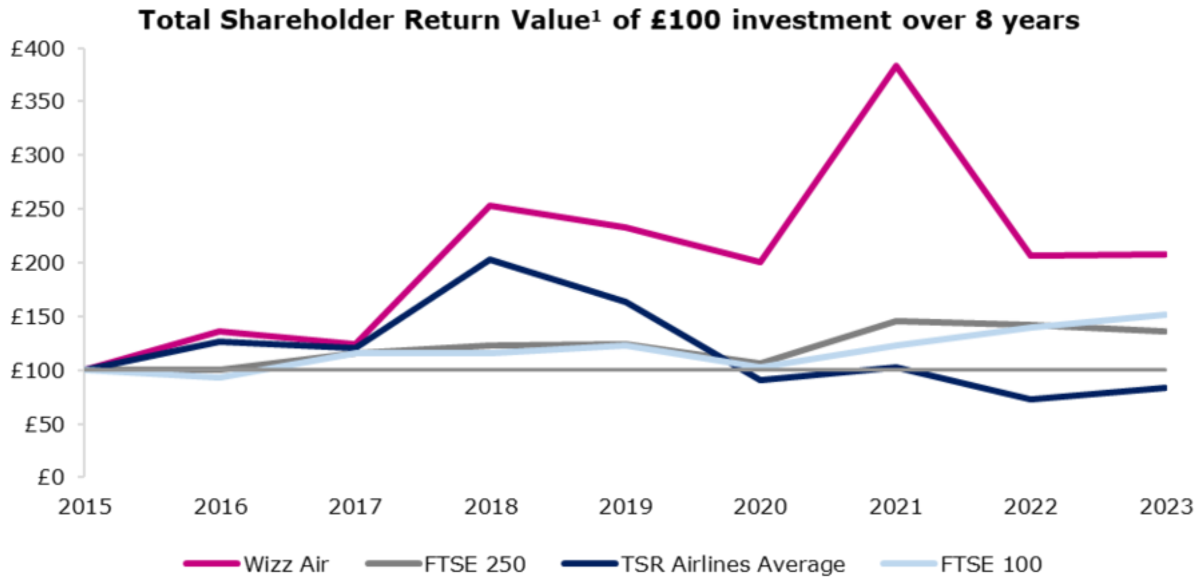
No payments were made to past Directors.

Payments for loss of office (audited)

No payments were made for loss of office.

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 eight 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, Air France-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]
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	1,771,652	50%	50%
F23	1,256,051	83%	0%

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 Executive Directors 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 F23, between the year ended 31 March 2022 and the year ended 31 March 2023, as well as F22, between the year ended 31 March 2021 and the year ended 31 March 2022, for the Directors, compared to the average earnings of all other Wizz Air employees.

	F23			F22			F21		
	Salary and fees	**Benefits[1]**	**Annual STIP**	Salary and fees	Benefits[1]	Annual STIP	Salary and fees	Benefits[1]	Annual STIP
József Váradi	**16%**	**0%**	**85%**	19%	0%	100%	(22)%	0%	(100)%
William A. Franke	**38%**	**0%**	**0%**	19%	0%	0%	(20)%	0%	0%
Stephen L. Johnson	**25%**	**0%**	**0%**	20%	0%	0%	(21)%	0%	0%
Simon Duffy[5]	**(100)%**	**0%**	**0%**	9%	0%	0%	(21)%	0%	0%
Andrew S. Broderick	**12%**	**0%**	**0%**	28%	0%	0%	(14)%	0%	0%
Barry Eccleston	**35%**	**0%**	**0%**	32%	0%	0%	(27)%	0%	0%
Peter Agnefjäll[6]	**(100)%**	**0%**	**0%**	(98)%	0%	0%	(26)%	0%	0%
Maria Kyriacou[6]	**(100)%**	**0%**	**0%**	(78)%	0%	0%	(26)%	0%	0%
Guido Demuynck[7]	**0%**	**0%**	**0%**	0%	0%	0%	(83)%	0%	0%
Susan Hooper[8]	**0%**	**0%**	**0%**	0%	0%	0%	(87)%	0%	0%
Charlotte Pedersen	**14%**	**0%**	**0%**	60%	0%	0%	0%	0%	0%
Enrique Dupuy de Lome Chavarri	**26%**	**0%**	**0%**	158%	0%	0%	0%	0%	0%
Charlotte Andsager	**21%**	**0%**	**0%**	148%	0%	0%	0%	0%	0%
Dr Anthony Radev[3]	**16%**	**0%**	**0%**	0%	0%	0%	0%	0%	0%
Anna Gatti[4]	**155%**	**0%**	**0%**	0%	0%	0%	0%	0%	0%
Average pay based	**22%**	**0%**	**84%**	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 13 April 2021.
4. Joined as of 4 November 2021.
5. Resigned as of 28 January 2022.
6. Resigned as of 27 July 2021 (did not stand for re-election).
7. Resigned as of 28 July 2020.
8. Resigned as of 3 June 2020.

The overall increase of 16 per cent for the CEO reflects a two-step salary increase, in the first step to restore pre-COVID-19 level salary as of 1 April 2022 and in the second step to increase salaries as per the market. The last real salary increase was in 2018. The 19.0 per cent increase in the Chief Executive Officer's base salary in F22 demonstrates the voluntary reductions the CEO accepted as a continuous response to the long, drawn-out pandemic including 15.0 per cent decrease in F21 and 7.5 per cent decrease in F22 compared to F20. The STIP payment for F23 resulted in an 85 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 optical increase in their annual compensation in F22. 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. In order to tackle the difficult business environment represented by high inflation and by shortage of talents the management recommended and got an approval for a modest adjustment to base salaries of 5.4 per cent on average across EVPs, Officers and Heads and implemented a salary increase for office staff to the extent of 13 per cent on average in F23.

Relative importance of spend on pay

There were no dividends or share buybacks in either F23 or F22, and therefore disclosure of "relative importance of spend on pay" has not been included.

Scheme interests (audited)

There were no scheme interests awarded in either F23 or F22.

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 €	
	2023	2022
William A. Franke	**298,917**	217,375
Stephen L. Johnson	**92,500**	74,000
Simon Duffy[3]	–	91,177
Andrew S. Broderick	**88,125**	78,625
Barry Eccleston	**123,750**	91,831
Peter Agnefjäll[4]	–	1,002
Maria Kyriacou[4]	–	13,577
Charlotte Pedersen	**100,627**	88,260
Enrique Dupuy de Lome Chavarri	**103,232**	81,706
Charlotte Andsager	**95,419**	78,625
Dr Anthony Radev[1]	**90,625**	77,888
Anna Gatti[2]	**88,125**	34,533
Total	**1,081,320**	928,599

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

In F21, in line with a commitment to cost restriction and alignment with stakeholder experience, 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. During F22, Non-Executive Directors also accepted a reduction in fees of 7.5 per cent to recognise ongoing cost pressures. At the start of F23, the Committee decided it was no longer necessary for the fees reduction to be in place and the fees for the Chair and Non-Executive Directors were reinstated to the contracted amount. The Remuneration Committee reviewed and approved a change in fee structure during F23 for the Non-Executive Directors, with an effective date of 1 September 2022. Prior to reductions made in relation to COVID-19 the last time the Non-Executive Director fees were changed was in F19.

The Committee agreed that the basic Non-Executive Director fee would be €100,000 and that all Committee Chairs would receive an additional €25,000. For secondary Committee membership an additional fee of €12,500 would be paid. The Senior Independent Director and Vice Chair would receive an additional €20,000 and the Director responsible for employee engagement would receive €2,500 per physical employee event attended. The Committee also agreed that fees would be paid quarterly.

The Committee also reviewed the Chairman fee and agreed that going forward as Chairman, William A. Franke will receive a fee of €336,000 (all inclusive) per annum for taking on that role.

Total Directors' remuneration (Executive and Non-Executive)

Total remuneration of Directors for F23 was €2,337,371 (2022: €2,937,995). This is the sum of the total Chief Executive Officer's compensation and the total fees and salaries paid out to the Non-Executive Directors. The decrease against F22 was driven by the under-performance of the LTIP 2020 award that is fully based on TSR, which was significantly impacted by generating loss in F23 while growing significantly and by late hedging of jet fuel, which will have a positive impact mostly in F24.

Our conflict of interest policy prohibits any other employment (for all employees) on top of the employment at Wizz Air. Therefore, in the 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.

Statement of Directors' shareholdings and share interest (audited)

For Executive Directors the shareholding requirement is equivalent to 400 per cent of base salary. 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. Wizz Air considers the shareholding requirement to have been met.

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 2023 are set out below:

Directors' and connected persons' interests in shares[5] (audited)

	Direct ownership	Options (performance measures based)		Interests	
Director[1]	Number of Ordinary Shares	Vested, not exercised yet	Unvested[3]	Number of Ordinary Shares	Number of Ordinary Shares (if full principal of outstanding convertible notes is fully converted)
William A. Franke[2]	212,917	-	-	24,759,645	24,246,715
József Váradi[3, 4, 5]	—	43,359	880,505	1,450,933	-
Stephen L. Johnson	52,750	-	-	-	-
Anthony Radev	5,000	-	-	-	-
Charlotte Andsager	4,000	-	-	-	-
Charlotte Pedersen	185	-	-	-	-
Andrew S. Broderick	485	-	-	-	-
Barry Eccleston	5,000	-	-	-	-

1. Directors not included in the table did not have any direct ownership or interest in shares as at 31 March 2023.
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 880,505 unvested share options, 42,562 options under LTIP F21 and 837,943 options under VCP.
4. Mr Váradi exercised 151,789 share options on 5 July 2022 with a share price of GBP 18.57 and EUR/GBP exchange rate 0.8587.
5. There was no movements in shares between 31 March 2023 and 08 May 2023.

During F23 the Board began recommending that Non-Executive Directors should invest in the Company and show support through holding shares in the Company to encourage alignment with Shareholder values. The recommendation is such that Non-Executive Directors should build up their share ownership in Wizz Air over a three-year period which is equal in value to one year's basic fee. 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 F24

a) Chief Executive Officer's base salary

There is no planned increase to the Chief Executive Officer's base salary for F24. 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.

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 F24. The amount payable will depend on the achievement the Balanced Scorecard:

- Underlying Profit After Tax will represent 85 per cent weighting of the award.
- Individual performance rating will represent the remaining 15 per cent of the award.

There will be a straight line of payment between threshold to target and target to overperformance. Payout will be calculated based on the performance against the above measures, requiring at least "A" Individual Performance rating or higher for payment to be made under the plan. Targets are set on a 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 F24.

d) VCP awarded to Chief Executive Officer

The one-off VCP award was made during F22 and included an award of 837,943 shares. No further LTIP awards have been or will be made to the CEO over the course of the VCP performance period.

Given the extension of the CEO's contract changes to the performance conditions of the VCP award:

- the end share price of £119.34 for a £100 million payout has been maintained. To align with the contract extension the performance period has been extended to seven years from five years (90 per cent weighting);
- the threshold end share price of £77.24, for a GBP 20m payout has also been maintained;
- there will continue to be straight-line vesting in between threshold and maximum performance;
- 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 2028;
- amendment to allow full payout if 100 per cent target share price is hit during two consecutive quarters before end date, otherwise defaulting to measured achievement based on 1H CY 2028 VWAP;
- 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;
- The diversity objective will remain unchanged based on achieving a minimum of 40% female representation within management by end of F26.
- It is proposed that the carbon target glidepath be updated. Management's commitment to reducing CO_2 emissions by 25% to 42.6 grams / RPK by 2030 will remain as the strategic commitment. However, the glidepath to achieving that goal will be amended to recognise the company's upsized fleet ambitions (target fleet count of 500 aircraft by 2030, up from 300) and the wider disruption of supply chain and aircraft manufacturing that has impacted all airlines. The revised glidepath will now include a target for the VCP in FY26 of 48.9 grams / RPK instead of 45.1 grams / RPK with a steeper emissions reduction to achieve the 2030 goal.
- the ESG proportion of the award will now be payable regardless of the achievement against the threshold share price.

e) Chairman and Non-Executive Directors' fees

During F23 the Board made changes to the structure of the Non-Executive Directors' fees, which were last updated in F19 against external benchmarks. During F24, the Non-Executive Director fee will be consistent with F23 and are summarised below.

The Committee agreed that the basic Non-Executive Director fee would be €100,000 and that all Committee Chairs would receive an additional €25,000. For secondary Committee membership an additional fee of €12,500 will be paid. The Senior Independent Director and Vice Chair will receive an additional €20,000 and the Director responsible for employee engagement receives €2,500 per physical employee event attended. The Committee also agreed that fees will be paid quarterly.

In addition, William A. Franke, as Chair, will receive a fee of €336,000 (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.

Other disclosures

Chief Executive pay ratio

The table below sets out the Chief Executive Officer to worker pay ratios for the year ended March 2023. 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 143.

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 2023 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)
2023	**Option A**	**43:1**	**36:1**	**22:1**
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 2023:

	P25 (lower quartile)		P50 (median)		P75 (upper quartile)	
Financial year	Base pay	Total pay	Base pay	Total pay	Base pay	Total pay
2023	**€21,121**	**€28,878**	**€23,987**	**€35,231**	**€31,705**	**€56,272**
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 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 the impact of the reinstated base salary for the Chief Executive Officer, the subsequent base salary increase and the bonus payment made to the Chief Executive Officer. Against F22, the pay ratio figures have reduced significantly as the Chief Executive Officer's LTIP FY2020 than F23. The impact of the remuneration interventions on the total pay for the Chief Executive Officer aligns with the pay and reward decisions made during F23, and has resulted in reduced pay ratio figures against F22.

Directors' service agreements and letters of appointment

Executive Director

Since 1 September 2022 Mr Váradi has had a contract with Wizz Air UK Limited. The Company has the right to terminate Mr Váradi's employment with immediate effect by payment in lieu of notice. The service agreement contains 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 S. 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. All Directors had their appointments extended until 31 March 2024, subject to shareholder approval.

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 2023

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 2023.
Results and dividend

The results for the year are shown on page 160.
The Directors do not recommend the payment of a dividend (2022: 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;
- Barry Eccleston;
- Charlotte Pedersen;
- Andrew S. Broderick;
- Charlotte Andsager;
- Enrique Dupuy de Lome Chavarri;
- Dr Anthony Radev; and
- Anna Gatti.

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 77 to 93. Emerging and principal risks and uncertainties facing the Group are described on pages 86 to 93. 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 2023, the Group held cash and cash equivalents of €1,408.6 million (total cash of €1,529.0 million including €120.4 million of restricted cash), while net current liabilities were €957.2 million and net liabilities were €357.9 million. The Group's contractual undiscounted external borrowings comprise: €500.0 million of bonds maturing in January 2024, €500.0 million of bonds maturing in January 2026, €257.7 million of PDP financing from Carlyle Aviation Partners group (see Notes 3 and 32) that is repayable over 12 months but may be re-borrowed and convertible debt with a balance of €26.0 million. In addition, borrowings include an amount of €4,192.8 million that represents future undiscounted commitments from lease contracts accounted for under IFRS 16 and liabilities related to JOLCO and FTL contracts (see Note 3). None of these borrowings contain any financial covenants.

The Group operates using a three-year planning cycle. The Directors have reviewed their latest financial forecasts for a period of eighteen months from the date of signing these financial statements including plans to finance committed future aircraft deliveries (see Note 32) due within this period that are currently unfinanced and taking into account available committed financing for aircraft. After making enquiries and testing the assumptions against different forecast scenarios including a severe but plausible (downside) scenario (see below), 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 the testing performed in reaching this conclusion included the review of a base case model of how the operations of the business would develop against a backdrop of higher inflation and continued supply chain challenges. Wizz Air expects to achieve full utilisation of its fleet with higher load factors and RASK levels improving in F24, reflecting its ability to pass-through higher fuel costs in a competitive arena in which Wizz Air will no longer have a competitive disadvantage, having restored its financial risk management strategies (i.e. fuel and EUR/USD hedging). This base case was then flexed to produce a downside forecast that reflects the potential impact of trading scenarios such as a lower RASK, higher fuel costs and stronger USD as well as to reflect the financing required for expected currently unfinanced aircraft deliveries (see Note 32). Both the base and downside forecasts reflect the repayment of €500m of bonds in January 2024.

The Directors also considered the impact of climate change over the time period and concluded that it is unlikely that material physical or transition risks that are described in our Sustainability Report page 28-47 will arise over this period. As part of our base and downside forecasts, we included somewhat higher pricing for ETS levied in Europe and the UK and included the expected costs from the CORSIA implementation as from January 2024. Combined with an expected lower amount of 'free' ETS credits, this reflects in general our expected cost increases of carbon emissions. The use of Sustainable

Aviation Fuel (SAF) with traditional fuel will likely impact the average cost of jet fuel and was modelled as part of the downside forecast by way of increased fuel pricing.

In preparing the base and downside forecasts the Directors also considered the requirements of security levels in its card acquirer contracts and took into account the impact of the war in Ukraine and the three aircraft stranded in Ukraine (see Note 14) and concluded that no material adverse impact on future cash flows is likely to result from these items. The Directors have assumed that there will be no further significant disruption of the magnitude experienced in recent financial years.

In this downside scenario the Group is still forecasting significant liquidity (or access to liquidity) throughout this period. Accordingly, the Directors concluded it is appropriate to retain the going concern basis of accounting in preparing the financial statements.

Subsequent events

Tax residency change of Wizz Air Hungary Ltd.

Wizz Air Hungary Ltd. moved its place of effective management from Switzerland to Hungary with an effective date of 1 April 2023. As a result, its tax residency is Hungarian from F24 onwards.

Commercial operations of Wizz Air Malta

During F23, crew and aircraft were transferred to Wizz Air Malta and the entity provided wet-lease capacity to Wizz Air Hungary Ltd. From 1 April 2023, Wizz Air Malta commenced commercial operations and started to sell tickets for its own flights in addition to its wet-lease operations.

Viability

In accordance with Provision 31 of the UK Corporate Governance Code (2018), the Directors have assessed the prospects and the viability of the Group over a three-year period to March 2026. The Directors have determined that a three-year period is appropriate because the Group's strategic planning process traditionally covers three years.

Assessment of prospects

The Group's prospects are assessed by management and the Board primarily through the strategic planning process. This three-year plan takes into account the current position of the Group, includes a detailed 'bottom-up' annual operating plan for the financial year starting in April of that year and then, based on that plan, builds a sufficiently detailed 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 macroeconomic environment 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 considers the existing aircraft order book of the Group and the aircraft deliveries falling due over the three year plan period together with their financing. This order book underpins the Group's planned growth for several years ahead. 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 Group's customers being drawn from the younger demographic segments; 2) leveraging on the historical 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 to the Middle East, with this diversification 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.

Although the strategic plan reflects management's and the Directors' best estimate of the future prospects of the business, they have also tested the resilience of the business to unfavourable deviations of certain key variables from the base case scenario. In defining these scenarios, the Directors considered the emerging and principal risks that could prevent the Group from delivering on its strategy and financial targets, as summarised on pages 86 to 93 in the Strategic Report.

The Directors have assumed as part of its stress testing that it will be able to continue to finance its aircraft deliveries as they fall due, have access to its three-year PDP financing facility, continued access to the Eurobond program, which was extended in early 2023, as well as other financial products available to the Group. The Directors have also assumed that there are no other events that may cause a material adverse shock to the business. The results of this stress testing show that the Group will be able to withstand the impact of the assumptions used in the stress testing.

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 2026.

For further information on emerging and principal risks and longer-term viability please refer to pages 86 to 93.

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 180 to 189.

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 24 to 49.

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 50 to 65.

Stakeholder engagement

Details of stakeholder engagement can be found on pages 21 to 23.

Disclosure of information to auditors

The Directors at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution for the appointment of the auditors of the Company for the financial year ending 31 March 2024 is to be proposed by the Directors at the forthcoming Annual General Meeting.

Indemnities

The Company maintains Directors' and Officers' liability insurance. This insurance provides coverage for the Directors and Officers protecting them from claims that may be brought against them arising from their decisions taken when exercising their duties.

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) or to speak at the general meeting of the Company or to 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 2023, the Company had 103,282,854 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 2023 financial year 210,115 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 2023 financial year was £20.86. The aggregate cash consideration received by the Company for the allotment of the Ordinary Shares was £477,375.

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 94. 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 2023

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
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.

The 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 the Companies (Jersey) Law 1991, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 judgments 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 comply with the Companies (Jersey) Law 1991 and the Directors' Remuneration Report complies with the Companies Act 2006 as if the Company were a quoted company under the United Kingdom Companies Act 2006.

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 financial position and performance, business model and strategy.

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

- the Group consolidated 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 2023

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023 € million**	2022 € million
Passenger ticket revenue	5,6	**2,024.9**	732.1
Ancillary revenue	5,6	**1,870.8**	931.4
Total revenue	5,6	**3,895.7**	1,663.4
Staff costs		**(373.9)**	(220.5)
Fuel costs (including exceptional income)	11	**(1,954.4)**	(649.0)
Distribution and marketing		**(91.5)**	(43.4)
Maintenance materials and repairs		**(237.0)**	(170.4)
Airport, handling and en-route charges		**(963.2)**	(545.9)
Depreciation and amortisation		**(601.1)**	(446.3)
Net other expenses	7	**(141.3)**	(53.2)
Total operating expenses		**(4,362.5)**	(2,128.7)
Operating loss	7	**(466.8)**	(465.3)
Comprising:			
Operating loss excluding exceptional income		**(466.8)**	(469.6)
Exceptional income (included in fuel costs)	11	**—**	4.3
Financial income	10	**20.8**	2.8
Financial expenses	10	**(135.3)**	(89.5)
Net foreign exchange gains/(losses)	10	**16.6**	(89.5)
Net financing expense	10	**(97.9)**	(176.2)
Loss before income tax		**(564.6)**	(641.5)
Income tax expense	12	**29.5**	(0.9)
Net loss for the year		**(535.1)**	(642.5)
Net loss for the year attributable to:			
Non-controlling interest		**(12.1)**	(10.7)
Owners of Wizz Air Holdings Plc		**(523.0)**	(631.8)
Other comprehensive expense – items that may be subsequently reclassified to profit or loss:			
Change in fair value of cash flow hedging reserve, net of tax	28	**(102.7)**	10.9
Cash flow hedging reserve recycled to profit or loss	28	**33.2**	(12.5)
Cost of hedging	28	**(30.0)**	—
Cost of hedging recycled to profit or loss	28	**6.0**	—
Currency translation differences	28	**4.7**	(2.5)
Other comprehensive expense for the year, net of tax		**(88.8)**	(4.1)
Total comprehensive expense for the year		**(623.9)**	(646.6)
Total comprehensive expense for the year attributable to:			
Non-controlling interests	18	**(11.5)**	(11.4)
Owners of Wizz Air Holdings Plc		**(612.4)**	(635.2)
Basic and diluted loss per share (€/share)	13	**(5.07)**	(6.33)

The Notes on pages 165 to 215 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	Note	**2023 € million**	2022 € million
ASSETS			
Non-current assets			
Property, plant and equipment	14	**4,666.0**	3,631.4
Intangible assets	15	**76.7**	62.4
Restricted cash	22	**56.7**	67.3
Deferred tax assets	16	**50.6**	1.7
Derivative financial instruments	21	**0.2**	—
Trade and other receivables	20	**21.4**	20.7
Total non-current assets		**4,871.7**	3,783.5
Current assets			
Inventories	19	**295.6**	70.9
Trade and other receivables	20	**390.1**	186.9
Current tax assets		**3.8**	2.5
Derivative financial instruments	21	**1.0**	0.7
Restricted cash	22	**63.7**	94.9
Short-term cash deposits		**—**	450.0
Cash and cash equivalents		**1,408.6**	766.6
Total current assets		**2,162.8**	1,572.5
Total assets		**7,034.4**	5,356.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	28	**—**	—
Share premium	28	**381.2**	381.2
Reorganisation reserve	28	**(193.0)**	(193.0)
Equity part of convertible debt	28	**8.3**	8.3
Cash flow hedging reserve	28	**(73.2)**	(3.8)
Cost of hedging reserve	28	**(24.0)**	—
Cumulative translation adjustments	28	**3.3**	(0.7)
Retained (losses)/earnings		**(433.6)**	87.3
Capital and reserves attributable to the owners of Wizz Air Holdings Plc		**(331.0)**	279.3
Non-controlling interests	18	**(26.9)**	(15.4)
Total equity		**(357.9)**	263.9
Non-current liabilities			
Borrowings	23	**4,000.5**	3,525.3
Convertible debt	24	**25.7**	26.1
Deferred income	26	**103.3**	63.0
Deferred tax liabilities	16	**3.2**	3.4
Derivative financial instruments	21	**4.2**	—
Trade and other payables	25	**59.1**	56.8
Provisions for other liabilities and charges	29	**76.3**	43.9
Total non-current liabilities		**4,272.3**	3,718.4
Current liabilities			
Trade and other payables	25	**886.3**	558.6
Current tax liabilities		**4.1**	0.2
Borrowings	23	**1,275.0**	413.1
Convertible debt	24	**0.3**	0.3
Derivative financial instruments	21	**104.2**	4.6
Deferred income	26	**770.3**	333.8
Provisions for other liabilities and charges	29	**79.8**	63.2
Total current liabilities		**3,120.0**	1,373.7
Total liabilities		**7,392.3**	5,092.1
Total equity and liabilities		**7,034.4**	5,356.1

The Notes on pages 165 to 215 are an integral part of these financial statements.

The financial statements on pages 160 to 215 were approved by the Board of Directors and authorised for issue on 8 June 2023 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 2023

	Share capital million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt million	Cash flow hedging reserve € million	Cost of hedging reserve € million	Cumulative translation adjustments € million	Retained earnings € million	Total € million	Non-controlling interest € million	Total equity € million
Note	28	28	28	28	28	28	28	28		18	
Balance at 1 April 2022	—	381.2	(193.0)	8.3	(3.8)	—	(0.7)	87.3	279.3	(15.4)	263.9
Comprehensive income/ (expense):											
Loss for the year	—	—	—	—	—	—	—	(523.0)	(523.0)	(12.1)	(535.1)
Other comprehensive income/ (expense)	—	—	—	—	(69.5)	(24.0)	4.1	—	(89.4)	0.6	(88.8)
Total comprehensive income/ (expense) for the year	—	—	—	—	(69.5)	(24.0)	4.1	(523.0)	(612.4)	(11.5)	(623.9)
Transactions with owners:											
Share-based payment charge (Note 27)	—	—	—	—	—	—	—	2.2	2.2	—	2.2
Total transactions with owners	—	—	—	—	—	—	—	2.2	2.2	—	2.2
Balance at 31 March 2023	**—**	**381.2**	**(193.0)**	**8.3**	**(73.2)**	**(24.0)**	**3.3**	**(433.6)**	**(331.0)**	**(26.9)**	**(357.9)**

The Notes on pages 165 to 215 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium	Reorganisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interest	Total equity
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Note	28	28	28	28	28	28	28		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 expense:										
Loss for the year	—	—	—	—	—	—	(631.8)	(631.8)	(10.7)	(642.5)
Other comprehensive expense*	—	—	—	—	(1.6)	(1.8)	—	(3.4)	(0.7)	(4.1)
Total comprehensive expense for the year	—	—	—	—	(1.6)	(1.8)	(631.8)	(635.2)	(11.4)	(646.6)
Transactions with owners:										
Share-based payment charge (Note 27)	—	—	—	—	—	—	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

* In FY22 items within other comprehensive income were presented separately in the consolidated changes in equity . See the details in the consolidated statement of comprehensive income and in Note 28.

The Notes on pages 165 to 215 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023** **€ million**	2022 (restated*) € million
Cash flows from operating activities			
Loss before income tax		**(564.6)**	(641.5)
Adjustments for:			
Depreciation	14	**587.6**	436.3
Amortisation	15	**13.5**	10.0
Financial income		**(20.8)**	(2.8)
Financial expenses		**135.3**	89.5
Unrealised fair value loss/(gain) on derivative financial instruments		**8.2**	(3.4)
Unrealised foreign currency gains		**(9.1)**	81.6
Realised non-operating foreign currency (gains)/losses		**(13.2)**	5.6
Gain on sale of property, plant and equipment		**(99.7)**	(49.7)
Share-based payment charges	27	**2.2**	6.7
Other non-cash operating (income)/expense		**(3.4)**	1.6
		36.0	(66.1)
Changes in working capital			
Increase in trade and other receivables		**(186.1)**	(74.0)
Decrease in restricted cash		**48.3**	15.4
Increase in inventory		**(226.4)**	(17.2)
(Decrease)/increase in provisions		**8.0**	9.2
Increase in trade and other payables*		**316.7**	147.4
Increase in deferred income*	26	**432.4**	271.4
Cash generated by operating activities before tax		**428.9**	286.1
Income tax paid		**(7.0)**	(4.9)
Net cash generated by operating activities		**421.9**	281.2
Cash flows from investing activities			
Purchase of aircraft maintenance assets		**(69.7)**	(59.1)
Purchase of tangible and intangible assets		**(94.7)**	(77.7)
Proceeds from the sale of tangible assets*		**242.0**	132.9
Advances paid for aircraft	14	**(475.5)**	(407.6)
Refund of advances paid for aircraft	14	**463.4**	190.0
Interest received		**17.4**	2.9
Decrease/(increase) in short-term cash deposits		**450.0**	(99.2)
Net cash generated by/(used in) investing activities		**532.9**	(317.8)
Cash flows from financing activities			
Proceeds from new loans**	30	**63.0**	16.4
Repayment of loans**	30	**(492.5)**	(397.5)
Interest paid – loans – IFRS 16 lease liability	30	**(97.7)**	(71.3)
Interest paid – loans – JOLCO	30	**(14.8)**	(1.9)
Proceeds from unsecured debt	30	**—**	497.5
Proceeds from secured debt	30	**245.5**	—
Repayment of unsecured debt	30	**—**	(357.5)
Interest paid – unsecured debt	30	**(11.8)**	(8.9)
Interest paid – secured debt	30	**(0.2)**	—
Interest paid – other	30	**(2.7)**	(2.2)
Net cash used in financing activities		**(311.2)**	(325.5)
Net increase/(decrease) in cash and cash equivalents		**643.7**	(362.1)
Cash and cash equivalents at the beginning of the year***		**766.6**	1,100.7
Effect of exchange rate fluctuations on cash and cash equivalents		**(7.7)**	28.0
Cash and cash equivalents at the end of the year* **		**1,402.6**	766.6

* The prior year was restated – refer to Note 35 for more detail.

** Mostly JOLCO and IFRS 16 leases.

*** Cash and cash equivalents at 31 March 2023 include €197.3 million (€235.6 million at 31 March 2022; €461.9 million at 31 March 2021) of cash at bank and €1,211.3 million (€531.0 million at 31 March 2022; €638.8 million at 31 March 2021) of cash deposits maturing within three months of inception, and overdrafts (repayable on demand) of € 6.0 million (nil at 31 March 2022 and 31 March 2021), which are an integral part of cash management activities.

The Notes on pages 165 to 215 are an integral part of these financial statements.

1. General information

Wizz Air Holdings Plc ("the Company") is a public limited company incorporated in Jersey, registered under the address 44 The Esplanade, St Helier, Jersey JE4 9WG. Until 31 March 2023, the Company was managed from Switzerland, under the address Route François-Peyrot 12, 1218 Le Grand-Saconnex, Geneve. With effective date of 1 April 2023 the place of effective management was moved from Switzerland to Hungary. 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. The Company's Ordinary Shares are listed in the premium segment of the Official List of the Financial Conduct Authority and admitted to the Main Market of the London Stock Exchange.

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 combine the financial information 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 Euro (EUR or €).

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 adopted IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgments in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates involving significant uncertainty that have a risk of causing material adjustment to the carrying value of assets and liabilities in the coming year are disclosed in Note 4.

New standards, amendments and interpretations

a) Standards, amendments and interpretations effective and 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.

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 early adopted by the Group

There are no standards early adopted by the Group.

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

New standards effective for periods beginning 1 January 2023:

- 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)

  New standards effective for periods beginning 1 January 2024:

- Effective date of amendments to IAS 1

  On 31 October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

- Effective date of amendments to IFRS 16

  On 22 September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

The above new accounting standards and interpretations that have been published 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.

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 77 to 93. Emerging and principal risks and uncertainties facing the Group are described on pages 86 to 93. 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 2023, the Group held cash and cash equivalents of €1,408.6 million (total cash of €1,529.0 million including €120.4 million of restricted cash), while net current liabilities were €957.2 million and net liabilities were €357.9 million. The Group's contractual undiscounted external borrowings comprise: €500.0 million of bonds maturing in January 2024, €500.0 million of bonds maturing in January 2026, €257.7 million of PDP financing from Carlyle Aviation Partners group (see Notes 3 and 32) that is repayable over 12 months but may be re-borrowed and convertible debt with a balance of €26.0 million. In addition, borrowings include an amount of €4,192.8 million that represents future undiscounted commitments from lease contracts accounted for under IFRS 16 and liabilities related to JOLCO and FTL contracts (see Note 3). None of these borrowings contain any financial covenants.

The Group operates using a three-year planning cycle. The Directors have reviewed their latest financial forecasts for a period of eighteen months from the date of signing these financial statements including plans to finance committed future aircraft deliveries (see Note 32) due within this period that are currently unfinanced and taking into account available committed financing for aircraft. After making enquiries and testing the assumptions against different forecast scenarios including a severe but plausible (downside) scenario (see below), 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 the testing performed in reaching this conclusion included the review of a base case model of how the operations of the business would develop against a backdrop of higher inflation and continued supply chain challenges. Wizz Air expects to achieve full utilisation of its fleet with higher load factors and RASK levels improving in F24, reflecting its ability to pass-through higher fuel costs in a competitive arena in which Wizz Air will no longer have a competitive disadvantage, having restored its financial risk management strategies (i.e. fuel and EUR/USD hedging). This base case was then flexed to produce a downside forecast that reflects the potential impact of trading scenarios such as a lower RASK, higher fuel costs and stronger USD as well as to reflect the financing required for expected currently unfinanced aircraft deliveries (see Note 32). Both the base and downside forecasts reflect the repayment of €500m of bonds in January 2024.

The Directors also considered the impact of climate change over the time period and concluded that it is unlikely that material physical or transition risks that are described in our Sustainability Report page 29-40 will arise over this period. As part of our base and downside forecasts, we included somewhat higher pricing for ETS levied in Europe and the UK and included the expected costs from the CORSIA implementation as from January 2024. Combined with an expected lower amount of 'free' ETS credits, this reflects in general our expected cost increases of carbon emissions. The use of Sustainable Aviation Fuel (SAF) with traditional fuel will likely impact the average cost of jet fuel and was modelled as part of the downside forecast by way of increased fuel pricing.

In preparing the base and downside forecasts the Directors also considered the requirements of security levels in its card acquirer contracts and took into account the impact of the war in Ukraine and the three aircraft stranded in Ukraine (see Note 14) and concluded that no material adverse impact on future cash flows is likely to result from these items. The Directors have assumed that there will be no further significant disruption of the magnitude experienced in recent financial years.

In this downside scenario the Group is still forecasting significant liquidity (or access to liquidity) throughout this period. Accordingly, the Directors concluded it is appropriate 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 Wizz Air Hungary Ltd. generating the vast majority of the Group's revenues is EUR. The other airline companies' functional currency is different by entity. The functional currency 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 £) and the functional currency of Wizz Air Malta 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 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 excluding prepayments, 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 which are also measured at amortised cost.

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

The Group uses zero-cost collars to hedge jet fuel price and foreign exchange risks related to highly probable future cash flows. In F23, the Group used call options to a limited extent to hedge jet fuel price risk during the period from December to January.

The Group designates only the intrinsic value of the options as hedging instrument. Changes in time value are accumulated in the cost of hedging reserve, within other comprehensive income, and are recycled into profit and loss, within fuel cost, in the months when the hedged transactions take place.

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 amortisation in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.
- Other receivables include amounts receivable from aircraft and spare engine lessors (in the form of security deposits and maintenance reserves paid) and also prepayments, deferred expenses and accrued income (see Note 20). The accrued income within other receivables also comprises insurance claims related to events that are covered by insurance contracts. The Group recognises the income in the financial statements only from those insurance claims which, based on management's judgment, are virtually certain to be received by the Group.

Impairment policy of trade and other receivables

Management reviewed the Group's different customer payment channels and the receivables from these channels. The most significant component is ticket sales and the various forms of payment for tickets. The vast majority of tickets are paid either by bank cards or by bank transfer, in any case prior to flight. Based on their nature, in practice there is no impairment required for these. The other, less significant components involving credit risk are commissions receivable from non-ticket revenue partners and marketing support receivable from airports and other parties.

In accordance with IFRS 9 requirements on expected credit loss recognition, management reviewed historical payment and impairment statistics for transactions in these channels. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customers' ability to settle receivables. Based on this analysis, management concluded that the impairment of receivables in these channels does not have a material impact on the Group's financial statements, in compliance with IFRS 9.

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 €nil at 31 March 2023 (2022: €450.0 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 under-performing 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 counterparties 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 and A321neo 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	3–5 years
Right-of-use assets (from leases)	The lease term over one year (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 and A321neo aircraft where the 14-year life corresponds to 50 per cent of the residual value of the asset component excluding the maintenance condition of the aircraft. This aircraft type is otherwise, and having considered the impact of climate change, 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 items are classified as non-cash items in the statement of cash flows. The Group recognises these assets as deferred income and amortises them over their useful lives, except for assets received as compensation for already incurred costs or financial losses. In those cases, the fair value of the assets is recognised immediately as other income in the financial statements.

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 lease rentals from F23 and related expenses are recognised in the aircraft rentals line. The Group does not apply IFRS 16 to other leases of intangible assets. Some lease contracts contain variable payment terms that are linked to floating market interest rates.

The Group chose to treat compensation 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 IFRS 16. These payments are therefore not included in the measurement of the lease liability. Contractual maintenance obligations which are not dependent on the use of the aircraft or spare engine are recognised in full on commencement of the lease.

Lease extension options

Some of the Group's lease contracts contain lease extension options. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgment is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgment is revised at a later date.

Sale and leaseback transactions after transition

The existing aircraft and spare engine lease contracts were all entered into by the Group through sale and leaseback transactions.

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 regard 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 Limited 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 flight 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, which 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 recognised 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 aircraft 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.

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

The Group's revenue disaggregation differs from the requirements under IFRS 15, 'Revenue from Contracts with Customers'. The revenue is disaggregated into two main categories: passenger ticket revenues (representing the invoiced value of flight seats) and ancillary revenues. Any compensation payable to passengers for delays and cancellations is deducted from the revenue up to the level of the original revenue, in accordance with IFRS 15. Any excess compensation beyond the original revenue is accounted for as an expense. This treatment is consistent with the principle under IFRS 15 that revenue should only be recognised to the extent that it is probable that a significant reversal of revenue recognised will not occur when uncertainties are resolved.

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 aircraft 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. For details of main ancillary revenue categories see Note 5. 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:

- enter into contracts with the passengers/customers and bear the liability towards customers for delivering the products and services;
- define the majority of the product portfolio, manage the inventory, are responsible for product availability/outage, have title to the inventory and, the effect of the profit share notwithstanding, bear the risk of loss; and
- have 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 a 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 issue 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 applicable 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 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

Wizz Air operates under a clear set of treasury policies approved by the Board and supervised by the Audit and Risk Committee. During the COVID-19 crisis, key players in the airline industry, including Wizz Air, were severely impacted with significant financial hedge losses. As a result, during that time and as agreed with its Board of Directors, Wizz Air moved to a no hedge policy to avoid hedge losses in the future.

In Europe, however, key competitors continued to hedge, albeit at lower coverage levels versus pre-pandemic.

During the final quarter of F22, the Board approved a temporary exception to the Group's "no hedge" policy due to the high and volatile commodity environment. As part of this exception, a portion of the fuel cost exposure for the five-month period ending in August 2022 was capped using zero-cost collars. This decision was made to manage the risks associated with the volatile commodity market during this period.

In F23, given the sustained and ongoing volatility in commodity prices Wizz Air has decided to reinstate the jet fuel hedging and align the policy with its peers from F24 onwards. The hedges under the hedge policy will be rolled forward quarterly, 18 months out, with coverage levels over time reaching indicatively between 65 per cent for the first quarter of the hedging horizon and 15 per cent for the last quarter of the hedging horizon. In line with the hedging policy, Wizz Air also intends to hedge its fuel consumption related US Dollar exposure in a similar fashion.

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 and aircraft leases; 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) and the Romanian Leu (RON).

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 2023	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	**193.4**	**65.4**	**11.6**	**270.4**
Derivative financial assets	**—**	**1.2**	**—**	**1.2**
Cash and cash equivalents	**964.4**	**373.0**	**71.2**	**1,408.6**
Restricted cash	**0.7**	**119.3**	**0.4**	**120.4**
Total financial assets	**1,158.5**	**558.9**	**83.2**	**1,800.6**
Financial liabilities				
Unsecured debt*	**1,005.5**	**—**	**—**	**1,005.5**
Secured debt	**—**	**250.0**	**—**	**250.0**
IFRS 16 aircraft and engine lease liability	**405.1**	**2,371.4**	**—**	**2,776.5**
IFRS 16 other lease liability	**5.7**	**—**	**12.8**	**18.5**
JOLCO and FTL lease liability	**850.8**	**288.4**	**72.0**	**1,211.2**
Loans from non-controlling interests	**—**	**13.8**	**—**	**13.8**
Convertible debt	**26.0**	**—**	**—**	**26.0**
Trade and other payables	**558.1**	**68.7**	**78.8**	**705.6**
Derivative financial liabilities	**—**	**108.4**	**—**	**108.4**
Deferred income	**4.8**	**—**	**—**	**4.8**
Total financial liabilities	**2,856.0**	**3,100.7**	**163.6**	**6,120.2**
Net liabilities	**(1,697.5)**	**(2,541.8)**	**(80.4)**	**(4,319.6)**

* Unsecured debt represents the European Mid Term Note and reclassification of negative cash balance from cash.

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 lease 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 represents the European Mid Term Note.

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 2023, all requirements for calendar year 2022 and 100 per cent of total forecast requirements for calendar year 2023 were covered. This coverage includes forward purchase agreements in the value of €219.2 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 a small portion of future commitments under certain lease contracts that are based on floating interest rates. The recently utilised PDP refinancing credit facility (see Note 23) is a variable rate loan, which is expected to be gradually settled within one year. The floating nature of these interest charges exposes the Group to interest rate risk. Interest rates charged on Eurobond, convertible debt liabilities and 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 uses zero-cost collar instruments to hedge its foreign exchange exposures and jet fuel price exposures. In F23, the Group used call options to a limited extent to hedge jet fuel price risk during the period from December to January. In order to ensure economic relationship, the Group enters into hedge relationships where critical terms of the hedging instrument match exactly with that of the hedged item.

The gains and losses arising from hedge transactions during the year were as follows:

Foreign exchange hedge:

	2023 € million	2022 € million
(Loss)/gain recognised within fuel costs		
Effective cash flow hedge	**—**	(1.8)
Discontinued cash flow hedge expiring in the financial year*	**—**	—
Fair value change of discontinued cash flow hedge expiring in the financial year*	**—**	(0.4)
Total loss recognised within fuel costs	**—**	(2.2)

* Fair value change and result of discontinued hedges were charged to exceptional expense.

Fuel hedge:

	2023 € million	2022 € million
(Loss)/gain recognised within fuel costs		
Effective hedge	**(33.2)**	13.7
Discontinued cash flow hedge expiring in the financial year*	**—**	0.6
Fair value change of discontinued cash flow hedge expiring in the financial year*	**—**	4.0
Cost of hedging recycled to profit or loss	**(6.0)**	—
Total (loss)/gain recognised within fuel costs	**(39.2)**	18.3

* 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 the Group had the following open hedge positions:

a. Foreign exchange hedges with derivatives:

		Derivative financial instruments				
At 31 March 2023	Notional amount US$ million	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net liability € million
Effective fair value hedge positions	—	—	—	—	—	—
Effective cash flow hedge positions	312.0	—	—	—	(0.4)	(0.4)
Discontinued cash flow hedge positions	—	—	—	—	—	—
Total foreign exchange hedges	**312.0**	**—**	**—**	**—**	**(0.4)**	**(0.4)**

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 2023		**F24 12 months**	**F25 6 months**
Maturity profile of notional amount (million)	**$**	**312.0**	—
Weighted average ceiling	**$**	**1.1154**	—
Weighted average floor	**$**	**1.0724**	—

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:

		Derivative financial instruments				
At 31 March 2023	'000 metric tonnes	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net liability € million
Effective cash flow hedge positions	**1,258.5**	**0.2**	**1.0**	**(4.2)**	**(103.8)**	**(106.8)**
Discontinued cash flow hedge positions	**—**	**—**	**—**	**—**	**—**	**—**
Total fuel hedge	**1,258.5**	**0.2**	**1.0**	**(4.2)**	**(103.8)**	**(106.8)**

		Derivative financial instruments				
At 31 March 2022	'000 metric tonnes	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)

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 2023		**F24 12 months**		**F25 6 months**
Maturity profile ('000 metric tonnes)		**1,081.0**		177.5
Blended capped rate	**$**	**994.0**	$	884.0
Blended floor rate	**$**	**864.0**	$	767.0

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**	—

Effects of hedge accounting on the financial position and performance

The effects of the foreign exchange hedges on the Group's financial position and performance are as follows:

	2023 € million	2022 € million
Zero-cost collars		
Carrying amount (net liability)	**(0.4)**	—
Notional amount	**312.0**	—
Maturity date	**April 2023 - March 2024**	—
Hedge ratio	**1:1**	—
Change in fair value of outstanding hedging instruments	**—**	—
Change in value of hedged item used to determine hedge effectiveness	**—**	—

The effects of the fuel hedges on the Group's financial position and performance are as follows:

	2023 € million	2022 € million
Zero-cost collars		
Carrying amount (net liability)	**(106.8)**	(3.9)
Notional amount	**1,006.9**	259.4
Maturity date	**April 2023 - October 2024**	April 2022 - August 2022
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments	**(83.2)**	(3.9)
Change in value of hedged item used to determine hedge effectiveness	**83.2**	3.9

Hedge effectiveness

Hedge effectiveness testing is performed at each reporting date. Ineffectiveness may arise in case of changing in the timing of forecast transactions, or material changes in credit risk of the hedge counterparties.

Due to COVID-19 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 loss or gain on these instruments (2023: €nil; 2022: €4.2 million net gain) 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.

	2023 Difference in profit after tax € million	2022 Difference in profit after tax € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**-142.4**	-74.5
Fuel price $100 lower per metric tonne	**+142.4**	+74.5
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**+208.9**	+104.2
FX rate 0.05 lower	**-269.0**	-113.6
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	**-11.6**	-5.4
FX rate 0.03 lower	**+12.4**	+5.7
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	**+14.1**	+14.9
Interest rate is lower by 100 bps	**-13.9**	-14.8

The group is primarily exposed to changes in EUR/USD foreign exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD lease liabilities and JET fuel related USD exposure.

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).

	2023 Difference € million	2022 Difference € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**-114.3**	+20.6
Fuel price $100 lower per metric tonne	**+114.3**	-20.6
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**-5.1**	-0.2
FX rate 0.05 lower	**+5.1**	+0.2
Fuel volume sensitivity (metric tonnes)		
100,000 metric tonnes reduction in forecast fuel purchases	**-7.8**	-6.7
100,000 metric tonnes increase in forecast fuel purchases	**+7.8**	+6.7

The sensitivity analyses for 2023 above were performed with reference to the following market rates, as the base case:

- for profits, annual average rates: jet fuel price $1,196.0 per metric tonne; EUR/USD FX rate 1.04; EUR/GBP FX rate 0.86; and
- for other comprehensive income, year-end spot rates: jet fuel price $800.1 per metric tonne; EUR/USD FX rate 1.08.

Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The unprecedented impact of the COVID-19-related prolonged travel restrictions and the following disruptions in the supply chain affected the liquidity position of the Group. As a response to these special challenges a number of actions were taken to improve costs and liquidity, the most important ones being:

- continue to ensure that the flights that are operated deliver positive cash contribution;
- securing nearly all lease financing for aircraft delivery positions until December 2023;
- 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;
- issuance of a four-year €500 million bond in January 2022 that pays an annual fixed coupon of 1.00 per cent; and
- contracting a flexible PDP refinancing credit facility available for a maximum of three years in February 2023 (see Note 23).

As a result of these measures, the Group is confident in its ability to maintain sufficient liquidity in case of further unexpected events or increases in commodity prices. For further notes, refer to the going concern assessment under Note 2.

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 2023	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	**234.4**	**14.7**	**21.3**	**—**	**270.4**
Derivative financial assets	**0.3**	**0.7**	**0.2**	**—**	**1.2**
Cash and cash equivalents	**1,408.6**	**—**	**—**	**—**	**1,408.6**
Restricted cash	**16.2**	**47.5**	**56.1**	**0.6**	**120.4**
Total financial assets	**1,659.5**	**62.9**	**77.6**	**0.6**	**1,800.6**
Financial liabilities					
Unsecured debt	**6.0**	**511.8**	**510.0**	**—**	**1,027.8**
Secured debt	**77.1**	**180.6**	**—**	**—**	**257.7**
IFRS 16 aircraft and engine lease liability	**105.0**	**328.9**	**1,348.6**	**1,004.5**	**2,787.0**
IFRS 16 other lease liability	**0.9**	**2.6**	**12.3**	**7.3**	**23.1**
JOLCO and FTL lease liability	**21.6**	**71.9**	**388.3**	**900.9**	**1,382.7**
Loans from non-controlling interests	**—**	**—**	**—**	**13.8**	**13.8**
Convertible debt	**—**	**—**	**26.0**	**—**	**26.0**
Trade and other payables	**609.0**	**37.5**	**48.6**	**10.5**	**705.6**
Derivative financial liabilities	**38.7**	**65.4**	**4.3**	**—**	**108.4**
Deferred income	**4.8**	**—**	**—**	**—**	**4.8**
Total financial liabilities	**863.1**	**1,198.7**	**2,338.1**	**1,937.0**	**6,336.9**

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

The Group has obligations under financial guarantee contracts as detailed in Note 31. The most significant financial guarantee contracts relate to aircraft leases, hedging, EMTN notes, PDP financing 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.

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 2023	**A € million**	**A- € million**	**Other € million**	**Unrated € million**	**Total € million**
Financial assets					
Cash and cash equivalents	**1,398.6**	**0.3**	**2.9**	**6.8**	**1,408.6**
Restricted cash	**120.4**	**—**	**—**	**—**	**120.4**
Trade and other receivables	**20.8**	**0.4**	**—**	**249.2**	**270.4**
Derivative financial assets	**0.9**	**0.3**	**—**	**—**	**1.2**
Total financial assets	**1,540.7**	**1.0**	**2.9**	**256.0**	**1,800.6**

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	1,521.1

From the unrated category within trade and other receivables the Group has €21.0 million (2022: €25.2 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.

Based on the information above management does not consider the counterparty risk of any of the counterparties to be 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 2023:

	Level 1 € million	**Level 2 € million**	**Level 3 € million**	**Total € million**
Assets				
Derivative financial instruments	**—**	**1.2**	**—**	**1.2**
	—	**1.2**	**—**	**1.2**
Liabilities				
Derivative financial instruments	**—**	**108.4**	**—**	**108.4**
	—	**108.4**	**—**	**108.4**

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 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 32); 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. The Group furthered 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. In addition, the Group entered into a PDP refinancing credit facility which is available for a maximum of three years.

The existing aircraft orders of the Group create a need for raising significant amounts of capital in the following years. The strategy of the Group is to ensure that it has access to various forms of long-term financing, which in turn allows the Group to further reduce its cost of capital and the cost of ownership of its aircraft fleet.

4. Critical accounting estimates and judgments made in applying the Group's accounting policies

a) Maintenance policy

The estimations and judgments 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 29).

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 5 per cent increase in the planned costs of heavy maintenance works at the 31 March 2023 year end would increase the balance of both aircraft maintenance assets and aircraft maintenance provisions by €7.4 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 31 per cent decrease in the F24 forecast aircraft utilisation would result in the same average utilisation as in F23. This would cause €6.0 million decrease in the balance of aircraft maintenance assets.

The basis of these estimates is 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 judgment whether it would perform future maintenance that would impact the condition of the respective aircraft or spare engine asset in a way that eliminates the need for paying compensation to the lessor on the re-delivery of the leased asset. When such maintenance is not expected then accrual is made for the compensation due to the lessor in line with the terms of the respective lease contract.

Judgment: The policy adopted by the Group, as summarised above, is only one of the policies available under IFRS in accounting for heavy maintenance for aircraft held under lease agreements. A principal alternative policy involves recognising provisions for future maintenance obligations in accordance with hours flown or similar measure, and not only when lease re-delivery conditions are not met. In the judgment of the Directors the policy adopted by the Group, whereby provisions for maintenance are recognised only when lease re-delivery conditions are not met, provides the most reliable and relevant information about the Company's obligations to incur major maintenance expenditure on leased aircraft and at the same time it best reflects the fact that an aircraft has lower maintenance requirements in the early years of its operation. The average age of the Group's aircraft fleet at 31 March 2023 was 4.6 years (5.0 years at 31 March 2022). Given the policy adopted we currently do not consider that the impact of climate change has a material impact on maintenance provision.

b) Hedge and derivative accounting

Estimate: The asset and liability balances at year end related to open hedge instruments can be material. The fair value of derivatives is estimated by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. These estimations are performed based on market prices observed at year end and therefore, according to paragraph 128 of IAS 1, do not require further disclosure. Such fair values might change materially within the next financial year but these changes would not arise from assumptions made by management or other sources of estimation uncertainty at the end of the year but from the movement of market prices. The fair value calculation is most sensitive to movements in the jet fuel and foreign currency spot prices, their implied volatility and respective yields. A sensitivity analysis for the jet fuel price and for the FX rate on most relevant currency pairs is included in Note 3.

Due to the reinstated hedging policy, the open hedge instrument balances of the Group increased significantly during the period. The net carrying amount of cash flow hedges was €(107.2) million liability at 31 March 2023 (31 March 2022: €(3.9) million liability). There was no discontinued hedging relationship during the financial year.

Estimate and judgment: The effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses. Prospective testing of open hedges requires making certain estimates, the most significant one being for the future expected level of the business activity (primarily the utilisation of fleet capacity) of the Group, that is supported by the models used to prepare going concern assessments.

Building on these estimations of the future, management makes judgment on the accounting treatment of open hedge instruments. Hedge accounting for jet fuel and foreign currency cash flow hedges was discontinued where the “highly probable” forecast criterion was not met in accordance with the requirements of IFRS 9.

None of the hedge counterparties had a material change in their credit status that would have influenced the effectiveness of the hedging transactions.

c) Net presentation of government taxes and other similar levies

The Group’s accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted against revenue).

Judgment: Management reviews all passenger-based charges levied by airports and government authorities to ensure that any amounts recovered from passengers in respect of these charges are appropriately classified within the statement of comprehensive income. Given the variability of these charges and the number of airports and jurisdictions within which the Group operates, the assessment of whether these items constitute taxes in nature is an inherently complex area for some airports, requiring a level of judgment.

d) Accounting for aircraft and spare engine assets

Judgment: When the Group acquires new aircraft and spare engines, it applies the following critical judgments in determining the acquisition cost of these assets:

- engine contracts typically include the selection of an engine type to be installed on future new aircraft, a commitment to purchase a certain number of spare engines, and lump-sum (i.e. not per engine) concessions from the manufacturer. Management recalculates the unit cost of engines by allocating lump-sum credits over all engines ordered and by adjusting costs between installed and spare engines in a way that ensures that identical physical assets have an equal acquisition cost; 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.

e) Accounting for leases

Judgment: Some of the Group’s lease contracts contain options to extend the lease term for a period of one to two years. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgment is made lease by lease, and is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgment is revised at a later date.

Judgment: The Group takes the view that, as a lessee, it is not able to readily determine the interest rate implicit in its lease contracts. Therefore, it applies its incremental borrowing rate for discounting future lease payments.

The estimations made by management in accounting for leases do not materially impact the asset and liability balances of the Group. The majority of aircraft and spare engine assets are leased and as such their period of depreciation is the shorter of their useful economic lives and lease duration. As these assets are new at the inception of the lease and typically have a useful economic life of at least twice the duration of the lease no further estimation has been required.

f) Revenue from contracts with other partners

As explained in Note 6, revenue from contracts with other partners relates to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

Judgment: The Group considers that it is an agent (as opposed to principal) in relation to all its contracts with other partners. Accordingly, Wizz Air recognises revenue from these contracts on a net (commission) basis.

Out of these contracts, the one for the provision of on-board catering services is the most significant in value and it is also the most complex from the perspective of making the "agent versus principal" assessment/judgment. The Company's judgment was based on the facts that it is the partner that: (i) enters into contracts with the passengers/customers and bears the liability towards them for delivering the products and services; (ii) defines the majority of the product portfolio, manages the inventory, is responsible for product availability/outage, has title to the inventory and bears the risk of loss; and (iii) has discretion in establishing prices. The difference on this contract between gross sales and net commission revenue (as recognised in the statement of comprehensive income) was €49.2 million (2022: €45.7 million).

g) Aircraft in Ukraine

Judgement: Successful efforts have been made to repatriate one aircraft, which has already been reintegrated into the fleet without major repairs in F23. Based on checks and maintenance work performed on the remaining three aircraft on ground, management believes that those are in good condition and have not been damaged. Engineers can access the aircraft to perform storage procedures and maintenance. Management will continue to closely monitor the situation and take necessary actions to expedite the return of these aircraft to the fleet. It is assumed that this will happen by the end of the summer season.

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 F23 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:

	2023	2022
	€ million	€ million
Segment revenue	**3,895.7**	1,663.4
Segment operating expenses	**(4,362.5)**	(2,128.7)
Segment operating loss	**(466.8)**	(465.3)
Net financing expense	**(97.9)**	(176.2)
Income tax credit/(expense)	**29.5**	(0.9)
Loss for the year	**(535.1)**	(642.4)

Entity-wide disclosures

Products and services

Revenue from external customers can be analysed by groups of similar services as follows:

	2023 **€ million**	2022 € million
Passenger ticket revenue	**2,024.9**	732.1
Ancillary revenue	**1,870.8**	931.4
Total segment revenue	**3,895.7**	1,663.4

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.

Ancillary revenue arises mainly from baggage charges, booking/payment currency conversion charges, airport check-in fees, fees for various convenience services (e.g. 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.

Geographic areas

Segment revenue can be analysed by geographic area as follows:

	2023 € million	2022 € million
EU	**2,707.5**	1,192.9
UK	**474.1**	153.1
Other (non-EU)	**714.1**	317.4
Total revenue from external customers	**3,895.7**	1,663.4

In the table above, other (non-EU) comprises a number of non-EU geographic areas that are all individually less than 10 per cent of the total revenue.

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 €526.7 million (2022: €212.1 million), Romania of €438.7 million (2022: €207.4 million) and Poland of €314.0 million (2022: €122.2 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 key operating entities of the Group is as follows:

	2023 € million	2022 € million
Wizz Air Hungary	**2,755.8**	3,149.5
Wizz Air Malta	**1,117.2**	—
Wizz Air Fleet Management*	**504.9**	195.4
Wizz Air UK	**460.1**	424.5
Wizz Air Abu Dhabi	**32.5**	12.4
Other	**1.2**	1.9
Total non-current assets	**4,871.7**	3,783.5

* Previously called Wizz Air Leasing.

No revenue or non-current asset of the Group was recognised in Jersey, the Company's country of domicile for the year ended 31 March 2023 (for the year ended 31 March 2022: €nil).

Wizz Air Malta Limited and WAM Ventures Holding Limited were successfully established to reinforce Wizz Air's position and support its expansion plans in Europe.

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 consolidated 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:

	2023 € million	2022 € million
Revenue from contracts with passengers	**3,833.7**	1,627.1
Revenue from contracts with other partners	**62.0**	36.4
Total revenue from contracts with customers	**3,895.7**	1,663.4

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, where the Group acts as an agent.

The contract assets reported at 31 March 2023 as part of trade and other receivables amounted to €5.9 million (31 March 2022: €2.3 million) and the contract liabilities (unearned revenues) reported as part of deferred income were €761.1 million (31 March 2022: €326.6 million). Out of the €3,833.7 million revenue from contracts with passengers recognised in F23 (2022: €1,627.1 million), €326.6 million (2022: €65.0 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

The following charges are included in net other expenses:

	2023 € million	2022 € million
Gain on sale and leaseback transactions	**99.7**	49.7
Flight disruption-related expenses	**(130.6)**	(29.5)
Crew-related expenses	**(69.6)**	(32.5)
Overhead-related expenses	**(62.3)**	(40.1)
Expense relating to short-term leases	**(8.4)**	(2.5)
Expense relating to variable lease payments	**(3.0)**	(0.5)
Auditors' remuneration (see Note below)	**(1.7)**	(1.4)
Impairment reversal/(charge) for receivables	**0.2**	(1.0)
Net other income	**34.2**	4.6
Net other expenses	**(141.3)**	(53.2)

Overhead-related expenses include fees for legal support, professional services, consulting and IT-related services.

Net other income is mainly related to credits received from suppliers and to income and expenses from cargo operations.

Auditors' remuneration

	2023 € million	2022 € million
Fees payable to Company's auditors for the audit of the consolidated financial statements	**1.2**	1.0
Audit of financial statements of subsidiaries pursuant to legislation	**0.4**	0.2
Audit-related assurance services	**—**	0.1
Other assurance services	**0.1**	0.1
Total remuneration of auditors	**1.7**	1.4

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 €21.2 million were recognised as maintenance materials and repairs expenses in the year (2022: €14.5 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	
	2023	2022
Non-Executive Directors	**9**	10
Crew and pilots	**6,399**	4,372
Administration and other staff	**405**	327
Total staff number	**6,813**	4,709

The aggregate compensation of these persons was as follows:

	2023 € million	2022 € million
Wages and salaries	**302.3**	172.4
Pension costs	**13.0**	7.4
Social security costs other than pension	**32.1**	18.2
Share-based payments	**7.2**	6.7
Subtotal	**354.6**	204.7
Subcontracted staff costs (rented pilots)	**19.3**	15.8
Total staff costs	**373.9**	220.5

9. Directors' emoluments

	2023 € million	2022 € million
Salaries and other short-term benefits	**2.0**	1.6
Social security costs	**0.4**	0.3
Share-based payments	**2.9**	2.9
Directors' services and related expenses	**2.9**	2.5
Total Directors' emoluments	**8.2**	7.3

	2023	2022
Directors receiving emoluments	**10**	13
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

	2023 € million	2022 € million
Interest income	**20.8**	2.8
Financial income	**20.8**	2.8
Interest expenses:		
Convertible debt	**(1.7)**	(2.0)
IFRS 16 lease liability	**(97.9)**	(71.3)
JOLCO and FTL lease liability	**(18.8)**	(4.7)
Unsecured debt	**(13.3)**	(10.5)
Secured debts	**(2.0)**	—
Other	**(1.5)**	(1.0)
Financial expenses	**(135.3)**	(89.5)
Net foreign exchange gain/(loss)	**16.6**	(89.5)
Net financing expense	**(97.9)**	(176.2)

Interest income and expense include interest on financial instruments. Interest income is earned on cash and cash equivalents and short-term deposits.

Net foreign exchange gain in net amount of €5.4 million (F22: €96.0 million loss) relates to the remeasurement of lease liabilities denominated in USD (Note 3). While the USD/EUR exchange rate decreased in the first half of the financial period, there was a significant increase in the second half, which resulted in a decrease (F22: increase) in lease liabilities and related recognition of foreign exchange gain (F22: 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 significance of their nature or amount.

In the first half of F22, the Group had exceptional operating income of €4.3 million relating to fuel hedges that were classified as discontinued as a consequence of the partial grounding of the Group's fleet under the COVID-19 virus situation. There were no discontinued hedges, or other exceptional items in F23. These items were used by management in the determination of the non-IFRS underlying loss measure for the Group – see below.

Underlying loss

	2023 € million	2022 € million
Net loss for the year	**(535.1)**	(642.5)
Adjustment for exceptional items	**—**	(4.3)
Underlying loss after tax	**(535.1)**	(646.7)
Non-controlling interest	**(12.1)**	(10.7)
Owners of Wizz Air Holdings Plc	**(523.0)**	(636.1)

The tax effects of the adjustments made above are insignificant.

12. Income tax expense

Recognised in the statement of comprehensive income:

	2023 € million	2022 € million
Current tax on loss for the year	**1.0**	0.3
Adjustment for current tax of prior years	**(1.1)**	(0.4)
Other income-based taxes for the year	**9.7**	5.7
Adjustment for income-based taxes of prior years	**0.1**	(1.0)
Total current tax expense	**9.7**	4.6
Increase/(decrease) in deferred tax liability	**(0.2)**	(3.0)
Deferred tax increase in deferred tax asset	**(39.0)**	(0.6)
Total deferred tax credit	**(39.2)**	(3.6)
Total tax charge/(credit)	**(29.5)**	0.9

The Company, that is Wizz Air Holdings Plc., has a local corporate tax rate of 13.97 per cent (2022: 13.97 per cent). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense/benefit is fully attributable to continuing operations. The deferred tax benefit in F23 of €29.7 million (shown also in the tax reconciliation table below) is a one-off credit impact attributable to the change of the tax residency of Wizz Air Hungary Ltd. from Switzerland to Hungary effective from 1 April 2023, as temporary differences will be reversed at a higher tax rate in the future.

Reconciliation of effective tax rate

The tax benefit 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 (2022: 13.97 per cent). The difference is explained below.

	2023 € million	2022 € million
Loss before tax	**(564.6)**	(641.5)
Tax at the corporation tax rate of 13.97 per cent (2022: 13.97 per cent)	**(78.9)**	(89.6)
Adjustment for current tax of prior years	**(1.1)**	(0.4)
Adjustment for income-based taxes of prior years	**0.1**	(1.0)
Effect of the change of tax residency of Wizz Air Hungary from 1 April 2023	**(29.7)**	—
Effect of different tax rates of subsidiaries versus the parent company	**55.3**	79.7
Effect of current year losses not being eligible for utilisation against taxable profits in future years	**15.1**	6.6
Other income-based foreign tax	**9.7**	5.7
Total tax (credit)/charge	**(29.5)**	0.9
Effective tax rate	**5.2%**	(0.1)%

The effect of different tax rates of subsidiaries is a composition of impacts primarily in Switzerland, Hungary, the UK and Malta, relating to the airline subsidiaries of the Group. The Company paid €6.8 million tax in the year (2022: €4.9 million). Substantially all the losses of the Group, both in the current and in the prior financial year, 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.

Other income-based foreign tax represents the local business tax and the "innovation contribution" payable in Hungary in F23 and F22 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.

On 20 December 2021, the OECD released a framework for Pillar Two Model Rules which will introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million. On 15 December 2022, the EU Council formally adopted the EU minimum tax directive by written procedure and rules are expected to apply for accounting periods starting on or after 31 December 2023 (i.e. the year ending 31 March 2025 for the Group). Management is reviewing this legislation and monitoring the status of implementation outside of the EU to understand the potential impact on the Group's future tax position.

Tax residency change

Wizz Air Hungary Ltd. moved its place of effective management from Switzerland to Hungary with an effective date of 1 April 2023. As a consequence, its tax residency is Hungarian from F24 onwards.

Recognised in the statement of other comprehensive income

	2023 **€ million**	2022 € million
Deferred tax related to movements in cash flow hedging reserve	**9.9**	—
Total tax charge	**9.9**	—

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 F20–F23. 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 F23 was to release €0.9 million of provisions (F22: release €0.8 million of provisions) previously made, resulting in an F23 year-end balance of €0.1 million. The F23 reversal was 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, is not expected to materially 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 F23 and F22 as potential Ordinary Shares are anti-dilutive due to incurred loss.

	2023	2022
Loss for the year, € million	**(523.0)**	(631.8)
Weighted average number of Ordinary Shares in issue	**103,210,067**	99,812,331
Basic and diluted loss per share, €	**(5.07)**	(6.33)

There were no Convertible Shares in issue at 31 March 2023 (nil at 31 March 2022) (see Note 28).

Underlying loss per share

The underlying earnings per share is a fully diluted non-IFRS measure defined by the Company, calculated as follows:

	2023	2022
Underlying loss for the year (see Note 11), € million	**(523.0)**	(636.1)
Weighted average number of Ordinary Shares for underlying earnings per share	**103,210,067**	99,812,331
Underlying loss per share, €	**(5.07)**	(6.37)

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 buildings € 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 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
Additions	0.1	106.4	652.8	1.8	481.7	69.7	745.5	11.2	2,069.2
Disposals	—	(137.2)	(38.2)	(0.9)	(406.1)	—	(225.0)	—	(807.4)
Transfers	—	85.2	—	—	—	(85.2)	—	—	—
FX translation effect	—	0.2	(6.6)	—	—	(0.9)	(14.0)	—	(21.3)
At 31 March 2023	**25.9**	**428.6**	**1,298.3**	**12.2**	**810.0**	**208.2**	**3,920.6**	**27.3**	**6,731.1**
Accumulated depreciation									
At 1 April 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
Depreciation charge for the year	1.5	117.5	59.0	1.7	—	—	405.7	2.7	588.1
Disposals	—	(137.2)	(14.1)	(0.9)	—	—	(225.0)	—	(377.2)
FX translation effect	—	(1.3)	(0.1)	—	—	—	(3.6)	—	(5.0)
At 31 March 2023	**6.0**	**242.4**	**128.6**	**8.4**	**—**	**—**	**1,669.8**	**9.9**	**2,065.1**
Net book amount									
At 31 March 2023	**19.9**	**186.2**	**1,169.7**	**3.8**	**810.0**	**208.2**	**2,250.8**	**17.4**	**4,666.0**
At 31 March 2022	21.3	110.6	606.5	3.7	734.4	224.6	1,921.4	8.9	3,631.4

* Disposals represent the refunds upon delivery of aircraft of advances previously paid.

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 (€106.4 million in F23 and €36.1 million in F22) 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 power by the hour agreements.

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 F23 in the statement of cash flows the cash inflow was €463.4 million "refund of advances paid for aircraft" and the cash outflow was €(475.5) million "advances paid for aircraft". In F23, the Group entered into a PDP financing loan agreement denominated in US dollars ($), according to which PDPs in the amount of $334.4 million were pledged as collateral (see Note 23).

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. 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 2026.

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:

	2024	2025	2026
Jet fuel price (USD per metric tonne)	924.0	750.0	750.0
USD/EUR exchange rate	1.1	1.1	1.1

Cash flow projections of the approved plan were extrapolated beyond March 2026 for a period of 12 years in total to cover all lease terms in the existing aircraft fleet. A pre-tax discount rate of 10.1% (2022: 9.7%) 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.

Aircraft in Ukraine

The above impairment assessment includes the three aircraft on the ground in Ukraine, with a total net book value of €14.7 million. Based on photographic evidence and local employee information these aircraft are in good condition and have not been damaged in the war. 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 remains cautiously optimistic about the near term resolution of the war and the return of grounded assets to Wizz Air's fleet. Its working assumption is that these aircraft will be returned to the fleet by the end of the summer season and, if needed, the assets economic useful life can be extended through buy-out or lease amendment to maximise their value in use. However, delays to the date until the aircraft remain on the ground or inability to extend the period during which the assets can generate cash flows 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 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
Additions	—	5.7	27.0	32.7
Transfers	28.1	—	(28.1)	—
Write-off	(4.2)	—	(0.4)	(4.6)
Disposals	(5.6)	(0.2)	—	(5.8)
FX translation effect	—	(0.9)	(0.1)	(1.0)
At 31 March 2023	**78.1**	**36.0**	**3.2**	**117.2**
Accumulated amortisation and impairment				
At 1 April 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
Amortisation charge for the year	13.5	—	—	13.5
Write-off	(0.8)	—	—	(0.8)
Disposals	(5.5)	(0.2)	—	(5.7)
At 31 March 2023	**40.4**	**0.1**	**—**	**40.5**
Net book amount				
At 31 March 2023	**37.7**	**35.9**	**3.2**	**76.7**
At 31 March 2022	26.6	31.1	4.8	62.4

Out of the licences, €5.2 million (31 March 2022: €4.4 million) relates to landing slots at London Luton Airport, purchased from Monarch Airlines and TUI. In 2023 the Company purchased further landing slots at Gatwick Airport from Air Norway AS and Norwegian Air Shuttle ASA ("Norwegian") in the amount of €5.7 million. The total balance of landing slots at Gatwick Airport as at 31 March 2023 amounted to €30.7 million (31 March 2022: €23.7 million). As these landing slots have no expiry date and are expected to be used in perpetuity, they are considered to have an 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	Provisions for other liabilities and charges	Property, plant and equipment	Advances paid for aircraft maintenance assets	Tax loss carry forward	Hedge	Other	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€
At 1 April 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	—	—	—	—	—	—	—	—
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)
Deferred Tax Assets	0.7	—	—	—	1.1	—	(0.1)	1.7
Deferred Tax Liabilities	2.7	(2.8)	(1.1)	(2.2)	—	—	—	(3.4)
(Charged)/credited to:								
Profit or loss	16.6	21.2	(8.7)	2.2	10.9	—	(3.0)	39.2
Other comprehensive income	—	—	—	—	—	9.9	—	9.9
At 31 March 2023	**20.0**	**18.4**	**(9.8)**	**—**	**12.0**	**9.9**	**(3.1)**	**47.4**
Less than one year	**—**	**17.5**	**—**	**—**	**—**	**—**	**(3.1)**	**14.4**
Greater than one year	**20.0**	**0.9**	**(9.8)**	**—**	**12.0**	**9.9**	**—**	**33.0**
Deferred Tax Assets	**30.7**	**18.3**	**(8.8)**	**—**	**1.0**	**9.9**	**(0.5)**	**50.6**
Deferred Tax Liabilities	**(10.7)**	**0.1**	**(1.0)**	**—**	**11.0**	**—**	**(2.6)**	**(3.2)**

Assets: + / Liabilities: -

The total balance of the deferred taxes is €47.4 million asset (2022: €1.7 million liability) that consist of €50.6 million deferred tax assets and €3.2 million deferred tax liabilities (2022: €1.7 million deferred tax assets and €3.4 million deferred tax liabilities).

The €20.0 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 the respective income tax returns, 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 (or higher loss) than the tax returns.

The €18.4 million deferred tax asset was recognised in relation to provisions (e.g. for carbon quota submission obligation in the EU Emissions Trading System) that are not deductible for tax purposes. This temporary difference will be reversed when the Company makes payments to settle the provision and receives the tax deductions.

17. Subsidiaries

The Group has the following principal subsidiaries as at 31 March 2023:

	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 Limited	UK	8	Airline operator	Ordinary	100	31 March
Wizz Air Finance Company B.V.	The Netherlands	4	Financing company	Ordinary	100	31 March
Wizz Air Fleet Management 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
Wizz Air Malta Ltd.	Malta	11	Airline operator	Ordinary	100	31 March
WAM Ventures Holding Ltd	Malta	11	Holding entity	Ordinary	100	31 March

*Previously called Wizz Air Leasing Ltd.

Registered offices

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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
11. 171 Old Bakery Street, Valetta, VLT 1455, Malta
12.

On 5 May 2022 WAM Ventures Holding Ltd, a wholly owned subsidiary of Wizz Air Holdings Plc, and its wholly owned subsidiary Wizz Air Malta Ltd. were incorporated.

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.

	2023	2022	**2023**	2022
	€ million Abu Dhabi LLC	€ million Abu Dhabi LLC	**€ million Abu Dhabi Limited**	€ million Abu Dhabi Limited
Summarised balance sheet				
Non-current assets	**283.7**	167.7	**45.9**	45.1
Current assets	**56.7**	24.0	**—**	—
Non-current liabilities	**309.0**	200.7	**45.9**	45.1
Current liabilities	**119.0**	39.9	**—**	—
Net assets	**(87.6)**	(48.9)	**—**	—
Net assets attributable to NCI	**(26.9)**	(15.4)	**—**	—
Revenue	**112.9**	20.2	**—**	—
Loss	**(40.2)**	(35.6)	**—**	—
OCI	**1.7**	(2.2)	**—**	—
Total comprehensive income	**(38.5)**	(37.8)	**—**	—
Loss allocated to NCI	**(12.1)**	(10.7)	**—**	—
OCI allocated to NCI	**0.6**	(0.7)	**—**	—
Cash flows from operating activities	**1.0**	5.4	**(0.8)**	(2.5)
Cash flows from investment activities	**(0.2)**	(1.9)	**—**	—
Cash flows from financing activities (dividends to NCI: €nil)	**—**	(13.4)	**0.8**	2.5
Net increase/(decrease) in cash and cash equivalents	**0.8**	(9.9)	**—**	—

19. Inventories

	2023 € million	2022 € million
Aircraft consumables	**33.1**	27.1
Emissions Trading Scheme (EU ETS) purchased allowances	**262.5**	43.8
Total inventories	**295.6**	70.9

During the year remnant stock with a book value of €0.2 million was written off to maintenance expenses (2022: €0.2 million). There was no write back in either year of any write down of inventory made previously.

20. Trade and other receivables

	2023 € million	2022 € million
Non-current		
Receivables from lessors	**9.1**	9.4
Other receivables	**12.3**	11.3
Non-current trade and other receivables	**21.4**	20.7
Current		
Trade receivables	**233.8**	96.3
Receivables from lessors	**15.5**	19.7
Other receivables	**27.2**	4.2
Total current other receivables	**42.7**	23.9
Prepayments, deferred expenses and accrued income	**113.5**	66.7
Current trade and other receivables	**390.1**	186.9
Total trade and other receivables	**411.5**	207.6

Receivables from lessors (both current and non-current) represent the deposits provided by the Group to lessors as security in relation to the lease contracts and in relation to the funding of future maintenance events.

Trade receivables included €127.0 million receivables from contracts with customers (31 March 2022: €52.3 million).

Total trade and other receivables as at 31 March 2023 included financial instruments in the amount of €270.4 million (31 March 2022: €141.6 million).

Impairment of trade and other receivables

	2023 € million	2022 € million
Impaired receivables		
– trade receivables	**(3.5)**	(3.7)
Allowances on impaired receivables		
– other receivables	**(0.5)**	(0.6)

The Group recorded €2.1 million of receivables from Warsaw Modlin Airport during 2013 as compensation for damages which was immediately impaired in full. However, the Group is legally claiming the full amount in court. The compensation claimed by the Group, plus interest, was awarded by the District Court of Warsaw in June 2018. However, the airport appealed against the decision, which is currently pending. There was no transaction regarding this receivable in this financial year.

21. Derivative financial instruments

	2023 € million	2022 € million
Assets		
Non-current derivatives	**0.2**	-
Cash flow hedges	**0.2**	-
Current derivatives	**1.0**	0.7
Cash flow hedges	**1.0**	0.7
Total derivative financial assets	**1.2**	0.7
Liabilities		
Non-current derivatives	**(4.2)**	—
Cash flow hedges	**(4.2)**	—
Current derivatives	**(104.2)**	(4.6)
Cash flow hedges	**(104.2)**	(4.6)
Total derivative financial liabilities	**(108.4)**	(4.6)

Derivative financial instruments represent cash flow 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) 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

	2023 € million	2022 € million
Non-current financial assets	**56.7**	67.3
Current financial assets	**63.7**	94.9
Total restricted cash	**120.4**	162.2

Restricted cash is not accessible by the Group. It 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

	2023 € million	2022 € million
Lease liability under IFRS 16	**444.2**	374.3
Unsecured debt	**506.7**	—
Secured debt	**250.0**	—
Liability related to JOLCO and FTL contracts	**74.1**	38.8
Total current borrowings	**1,275.0**	413.1
Lease liability under IFRS 16	**2,350.9**	1,972.9
Unsecured debt	**498.8**	997.9
Loans from non-controlling interests	**13.8**	13.5
Liability related to JOLCO and FTL contracts	**1,137.0**	541.0
Total non-current borrowings	**4,000.5**	3,525.3
Total borrowings	**5,275.5**	3,938.4

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. These Eurobonds do not contain any financial covenants.

In February 2023, the Group entered into a PDP financing loan agreement, according to which a part of the PDPs made have been financed and at the same time pledged as collateral, through the novation of the PDPs and the associated aircraft purchase rights to an orphan SPV. At 31 March 2023 $274.3 million is borrowed, and PDPs in the amount of $334.4 million are collateralised. The Group has an obligation to repay the financed amount, its interest and other costs related to the transaction within one year. When all obligations are settled, the aircraft purchase rights and the PDPs are automatically re-novated to Wizz Air. In case of default, the Group bears the potential risk of losing the purchase rights and the related PDP amounts. The PDP refinancing credit facility is available for further financing for a maximum of three years and does not contain any financial covenants.

The maturity profile of borrowings as at 31 March 2023 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**	**Secured debt € million**	**Loans from non-controlling interests € million**	**Total € million**
Payments due:							
Within one month	**44.9**	**0.2**	**—**	**6.0**	**5.2**	**—**	**56.3**
Between one and three months	**68.8**	**0.4**	**18.6**	**—**	**65.0**	**—**	**152.8**
Between three months and one year	**328.0**	**1.9**	**55.6**	**500.7**	**179.8**	**—**	**1,066.0**
Between one and two years	**415.0**	**2.6**	**77.8**	**—**	**—**	**—**	**495.4**
Between two and three years	**385.0**	**2.3**	**79.5**	**498.8**	**—**	**—**	**965.6**
Between three and four years	**303.1**	**1.9**	**81.4**	**—**	**—**	**—**	**386.4**
Between four and five years	**222.6**	**1.8**	**83.2**	**—**	**—**	**—**	**307.6**
More than five years	**1,009.1**	**7.4**	**815.1**	**—**	**—**	**13.8**	**1,845.4**
Total borrowings	**2,776.5**	**18.5**	**1,211.2**	**1,005.5**	**250.0**	**13.8**	**5,275.5**

The maturity profile of borrowings as at 31 March 2022 is as follows:

	IFRS 16 aircraft and engine € 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 month	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 total cash outflow for leases, including JOLCO and FTL, during F23 was €604.9 million (2022: €470.7 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

	2023 € million	2022 € million
Non-current financial liabilities	**25.7**	26.1
Current financial liabilities	**0.3**	0.3
Total convertible debt	**26.0**	26.4

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 31.

For more information about the Group’s exposure to interest rate risk, see Note 3.

25. Trade and other payables

	2023 € million	2022 € million
Non-current liabilities		
Accrued expenses	**59.1**	55.3
Other payables	**—**	1.5
Non-current trade and other payables	**59.1**	56.8
Current liabilities		
Trade payables	**173.7**	123.4
Payables to passengers	**95.2**	110.9
Other payables	**34.0**	16.6
Accrued expenses	**583.4**	307.7
Current trade and other payables	**886.3**	558.6
Total trade and other payables	**945.4**	615.4

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. Credits not eligible for cash refund are classified as deferred income.

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 and liabilities for EU regulation (EC) No. 261/2004 (EU261) compensation to customers, refund made to passengers beyond the original paid value.
Total trade and other payables as at 31 March 2023 included financial instruments in the amount of €705.5 million (31 March 2022: €529.2 million).

26. Deferred income

	2023 € million	2022 € million
Non-current liabilities		
Deferred income	**103.3**	63.0
Current liabilities		
Unearned revenue	**761.1**	326.6
Other	**9.2**	7.2
	770.3	333.8
Total deferred income	**873.6**	396.8

Non-current deferred income represents the value of benefit for the Group coming from credits and free aircraft components received from manufacturers and component suppliers, which will be recognised as a credit (a decrease to aircraft-related expenses) over the useful life 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, the current part of the value of supplier credits received and credits provided to passengers with no cash conversion option in the amount of €19.4 million. Unearned revenue increased due to higher demand and ticket booking made further in advance.

The contract liabilities (unearned revenue) of €761.1 million existing at 31 March 2023 (€326.6 million at 31 March 2022) will become revenue during F24 (subject to further cancellations that might happen after the year end).

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 2019–2022 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 €7.2 million (2022: €6.7 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.

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 per cent 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. This model simulates the share price of Wizz Air over the performance period, based on a number of assumptions, to calculate the proportion of an award which might vest and the value at the vesting date. By averaging the results of thousands of simulations, a robust valuation can be calculated with adjustment to the volatility assumption used for the impact of COVID-19 on the Wizz Air share price. To account for the exclusion of the seven-month COVID-19 period, date ranges have been expanded to ensure a full period of three or five years is covered. Had there not been a global pandemic, the assumptions would likely be three or five years to date of grant; however, COVID-19 has caused significant volatility in particular within the industry in which Wizz Air operates.

The reason behind the assumptions on volatility is to make an estimate about the future; however, as a base principle we apply the same volatility assumptions for the awards made on the same day. The past is considered as IFRS 2 states that the historical levels should be observed for the same length of time as we are looking forward to model the awards being valued. Risk free rates as defined:

- F23 LTIP – Yield on a zero-coupon UK government bond over three years: 1.83 per cent
- SLGP – Yield on a zero-coupon UK government bond over five years: 1.91 per cent

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. Non-market-based performance conditions in general are not incorporated into the fair value per share at the date of grant. Instead, the value recognised is adjusted at each reporting date to take into account current expectations of the number of shares due to vest. At the end of the performance period this value is trued up to reflect the actual vesting level. The Group assumes management rotation of 19 per cent for LTIP and 23 per cent for SLGP to calculate the 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	0	0
Exercise price	nil	nil
Vesting period		5 years
Termination		10 years

Share price at grant date: £32.53.

Senior Leadership Growth Plan (SLGP)

Share options issued during the financial year

Terms and conditions:

	All options	Performance options
Number of options	93,562	93,562
Exercise price	nil	nil
Vesting period		5 years
Termination		10 years

Share price at grant date: £32.53.

Long-term Incentive Plan (LTIP)

Share options issued during the financial year

Terms and conditions:

	All options	Restricted options	Performance options
Number of options	350,665	52,137	298,528
Exercise price	nil	nil	nil
Vesting period		3 years	3 years
Termination		10 years	10 years

Share price at grant date: £32.53.

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	1,796,043.0	62,292.0	1,733,751.0
Granted during the year	447,431.0	73,968.0	373,463.0
Exercised during the year	(58,476.0)	(8,450.0)	(50,026.0)
Forfeited during the year	(208,763.0)	(9,019.0)	(199,744.0)
Outstanding at the end of the year	**1,976,235.0**	**118,791.0**	**1,857,444.0**
Exercisable at the end of the year	**174,001.0**	**29,929.0**	**144,072.0**

The weighted average remaining contractual life for the LTIP share award at 31 March 2023 was eight years and one month (seven years and five months at 31 March 2022). The weighted average share price of the exercised options during F23 was 22.48 GBP.

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

At the end of the 2022 and 2023 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. Capital and reserves

Share capital

Number of shares	**2023**	2022
In issue at the beginning of the year	**103,072,739**	103,012,219
Issued during the year for cash	**210,115**	60,520
In issue at the end of the year – fully paid	**103,282,854**	103,072,739
Ordinary Shares	**103,282,854**	103,072,739
Convertible Shares	**—**	—

Value of shares	**2023 £'000**	**2023 €'000**	2022 £'000	2022 €'000
Authorised				
Equity: 170,000,000 (2022: 170,000,000) Ordinary Shares of £0.0001 each and 80,000,000 (2022: 80,000,000) non-voting, non-participating Convertible Shares of £0.0001 each	**25**	**34**	25	34
Allotted, called up and fully paid				
Equity: 103,282,854 (2022: 103,072,739) shares of £0.0001 each	**10**	**13**	10	13
Ordinary Shares	**10**	**13**	10	13
Convertible Shares	**—**	**—**	—	—

During both F23 and F22 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 2023 (2022: nil shares). The Company informed Indigo Hungary LP and Indigo Maple Hill LP (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 2023) 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 F23 €nil (2022: €nil) 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 (2022: €8.3 million) is net of attributable transaction costs of €8.3 million.

Share-based payment charge

The share-based payment balance of €27.4 million credit (2022: €25.2 million credit) 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 unrealised change in the fair value of cash flow hedging instruments was €112.6 million loss (2022: €10.9 million gain), while the deferred tax effect was €9.9 million (2022: €nil). €33.2 million loss (2022: €12.5 million gain) was recycled to profit or loss related to cash flow hedging instruments. Cost of hedging was €30.0 million loss (2022: €nil). €6.0 million loss was recycled to profit or loss (2022: €nil). For more information please see Note 3.

Cumulative translation adjustments

Cumulative translation adjustments included currency translation differences amounting to €4.7 million gain (2022: €2.5 million loss), from which €0.6 million related to Non-controlling interest (2022: €0.7 million).

Retained earnings

There were no dividends paid or declared in F23 or F22. Share-based payments are credited to retained earnings.

29. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 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
Transfer to Trade and other payables and Deferred income	—	(13.0)	(13.0)
Capitalised within property, plant and equipment	86.6	—	86.6
Charged to comprehensive income	7.0	4.6	11.6
Used during the year	(34.5)	(2.5)	(37.0)
FX translation effect	0.8	—	0.8
At 31 March 2023	**148.7**	**7.4**	**156.1**
Non-current provisions	76.2	0.1	76.3
Current provisions	72.5	7.2	79.8

Non-current provisions mainly 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 and APUs covered by power by the hour agreements are netted off with the prepayments made to the maintenance service provider under those agreements in respect of the same group of engines and APUs.

30. 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 2023 € million	**Fair value 2023 € million**	Carrying amount 2022 € million	Fair value 2022 € million
Trade and other receivables due after more than one year	**21.3**	**21.3**	20.6	20.6
Restricted cash	**120.4**	**120.4**	162.2	162.2
Derivative financial assets	**1.2**	**1.2**	0.7	0.7
Trade and other receivables due within one year	**249.0**	**249.0**	120.9	120.9
Cash and cash equivalents	**1,408.6**	**1,408.6**	766.6	766.6
Short-term cash deposits	**—**	**—**	450.0	450.0
Trade and other payables due after more than one year	**(59.1)**	**(59.1)**	(56.8)	(56.8)
Trade and other payables due within one	**(646.4)**	**(646.4)**	(472.4)	(472.4)
Derivative financial liabilities	**(108.4)**	**(108.4)**	(4.6)	(4.6)
Convertible debt	**(26.0)**	**(26.0)**	(26.4)	(26.4)
Borrowings	**(4,020.0)**	**(3,408.8)**	(2,940.4)	(2,821.5)
Secured debt	**(250.0)**	**(250.0)**	—	—
Unsecured debt	**(1,005.5)**	**(927.1)**	(997.9)	(953.6)
Deferred income	**(4.8)**	**(4.8)**	—	—
Net balance of financial instruments (liability)	**(4,319.6)**	**(3,630.0)**	(2,977.5)	(2,814.3)

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 2023 € million	Carrying amount 2022 € million
Derivative financial assets	**1.2**	0.7
Total	**1.2**	0.7

Financial liabilities measured at fair value through profit or loss:

	Carrying amount 2023 € million	Carrying amount 2022 € million
Derivative financial liabilities	**108.4**	4.6
Total	**108.4**	4.6

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 of financial assets measured at amortised cost:

- during the year €4.1 million gain (2022: €37.4 million gain) on cash and cash equivalents;
- during the year zero loss/gain (2022: €0.5 million loss) on short-term cash deposits; and
- no material realised FX on restricted cash and trade and other receivables.

See Note 10 for details of interest income recognised in F23 and F22.

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. Lease liability and secured debt are denominated in USD, while unsecured debt and convertible debt are denominated in EUR (see Note 3).

	2023						2022					
	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	**7.42%**	**26.0**	**0.3**	**25.7**	**—**	**—**	7.4%	26.4	0.3	26.1	—	—
Unsecured debt	**1.35%**	**1,005.5**	**506.7**	**—**	**498.8**	**—**	1.35%	997.9	—	—	997.9	—
Secured debt	**9.71%**	**250.0**	**250.0**	**—**	**—**	**—**	—%	—	—	—	—	—
IFRS 16 aircraft engine lease liability	**3.90%**	**2,776.5**	**441.7**	**415.0**	**910.6**	**1,009.2**	3.40%	2,337.3	372.5	348.2	828.0	788.7
IFRS 16 other lease liability	**3.06%**	**18.5**	**2.5**	**2.6**	**6.0**	**7.4**	3.55%	9.8	1.8	1.7	4.1	2.2
JOLCO and FTL lease liability	**2.22%**	**1,211.2**	**74.1**	**77.8**	**244.1**	**815.2**	0.97%	579.9	38.9	40.4	121.2	379.4
Total		**5,287.7**	**1,275.3**	**521.1**	**1,659.5**	**1,831.8**		3,951.3	413.5	416.4	1,951.2	1,170.3

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.

	2023 € million	2022 € million
Net borrowings at the beginning of the year	**3,964.8**	3,139.9
Proceeds from new loans	**63.0**	16.4
Repayment of loans	**(492.5)**	(397.5)
Proceeds from unsecured debt*	**6.0**	497.5
Repayment of unsecured debt	**—**	(357.5)
Proceeds from secured debt	**245.5**	—
Paid interest	**(127.2)**	(84.3)
Other cash items	**(0.7)**	—
Change in net borrowings from cash flows	**(305.9)**	(325.5)
New non-cash borrowings	**1,487.3**	946.8
Interest expense	**135.0**	88.5
Exchange differences	**20.1**	116.5
Other non-cash items	**0.1**	(1.5)
Net borrowings at the end of the year	**5,301.4**	3,964.8

*At 31 March 2023 € 6.0 million (nil at 31 March 2022) is related to overdrafts, In the consolidated statement of cash flows, this amount was included within cash and cash equivalents, decreasing its total balance, instead of presenting it separately as proceeds from unsecured debt.

31. 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 certain hedging counterparties, to guarantee the performance of Wizz Air Hungary Ltd., under the respective hedge contracts.

The Company has provided a parent guarantee to Airbus S.A.S connected to its PDP financing arrangement to guarantee the performance of Wizz Air Hungary Ltd.

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.

The Company has provided a guarantee to Runway Five Lender LLC and Airbus S.A.S, to guarantee the performance of Wizz Air Hungary and the SPV involved, under the PDP financing loan related agreements.

32. Capital commitments

At 31 March 2023 the Group had the following contracted capital commitments:

- A commitment to purchase 290 Airbus aircraft of the A320 family in the period 2023–2028. The total commitment is valued at US$42.2 billion (€38.8 billion) based on list prices last published in 2018 and escalated annually until the reporting date based on contract terms (2022: US$45.8 billion (€41.1 billion) to purchase 325 Airbus aircraft of the A320 family in the period 2022–2027). As at the date of approval of this document out of the 290 aircraft 42 are to be delivered in F24 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.
- In line with Wizz Air's ambition to become a 500-aircraft airline by the end of the decade, the Group has exercised its purchase rights in relation to 75 A321neo aircraft to be delivered in calendar years 2028–2029. As at 31 March 2023, this commitment is subject to Shareholder approval and is valued at US$11.0 billion (€10.1 billion) based on list prices last published in 2018 and escalated annually until the reporting date based on contract terms.
- A commitment to purchase 27 IAE "neo" (GTF) spare engines in the period 2023–2026. The total commitment is valued at US$572.5 million (€525.7 million) at list prices in 2023 US$ terms (2022: US$534.7 million (€480.4 million), valued at 2022 list prices, to purchase 32 IAE "neo" (GTF) spare engines in the period 2022–2026). As at the date of approval of this document out of the 27 engines 11 are to be delivered in F24 and none of them are financed yet.

33. 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. In 2023 the Romanian Supreme Court dismissed the claim entirely.

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.

34. 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 2023); 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 2023 (2022: 25.6 per cent).

Transactions with related parties

Transactions with Indigo

At 31 March 2023 Indigo held 24,684,895 Ordinary Shares, equal to 23.9 per cent of the Company's issued share capital (2022: 24,684,895 Ordinary Shares, 23.9 per cent).

Indigo has an interest in convertible debt instruments issued by the Company (see Note 24). The Company's liability to Indigo, including principal and accrued interest, was €26.0 million at 31 March 2023 (2022: €26.4 million).

During the year ended 31 March 2023 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 €1.7 million (2022: €2.0 million); and
- fees of €0.4 million (2022: €0.3 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company.

Transactions with key management personnel

Officers (members of executive management) and Directors of the Board are considered to be key management personnel. The compensation of key management personnel, including Non-Executive Directors, is as follows:

	2023 € million	2022 € million
Salaries and other short-term employee benefits	**9.1**	5.4
Social security costs	**1.2**	1.1
Share-based payments	**6.3**	5.6
Amounts paid to third parties in respect of Directors' service	**2.9**	2.5
Total key management compensation expense	**19.5**	14.6

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 an IT company, which is a related party to the CEO, to provide machine learning capabilities with regard to ticket and ancillary sales. The amount paid for this service in F23 was €2.5 million (F22: €1.2 million), which in the judgment of the Board was not material.

35. Prior period restatements

After careful reflection and having regard to the growth in the number of aircraft on order and increased significance of gains on sale and leaseback transactions, the Group determined that the proceeds from sale and leaseback transactions which were included in cash flows from operating activities within the statement of cash flows in the prior period should be presented as cash flows from investing activities. Accordingly, management has restated the presentation of the consolidated statement of cash flows for the year ended 31 March 2022. Gains and credits associated with sale and leaseback transactions in the prior period amounted to €89.4 million; they were previously included under changes in deferred income within cash generated by operating activities before tax, and are now presented under proceeds from the sale of tangible assets within cash flows from investing activities. There was no impact on the consolidated statement of financial position or consolidated statement of comprehensive income as a result of this change in presentation within the consolidated statement of cash flows.

	2022 As previously stated € million	Impact of sale and leaseback gain reclassification € million	2022 As restated € million
Changes in working capital			
Increase in trade and other payables	138.7	8.7	147.4
Increase in deferred income	369.5	(98.1)	271.4
Cash generated by operating activities before	375.5	(89.4)	286.1
Net cash generated by operating activities	370.6	(89.4)	281.2
Cash flows from investing activities			
Proceeds from the sale of tangible assets	43.5	89.4	132.9
Net cash used in investing activities	(407.2)	89.4	(317.8)

36. Subsequent events

Tax residency change of Wizz Air Hungary Ltd.

Wizz Air Hungary Ltd. moved its place of effective management from Switzerland to Hungary with an effective date of 1 April 2023. As a result, its tax residency is Hungarian from F24 onwards.

Commercial operations of Wizz Air Malta

During F23, crew and aircraft were transferred to Wizz Air Malta and the entity provided wet-lease capacity to Wizz Air Hungary Ltd. From 1 April 2023, Wizz Air Malta commenced commercial operations and started to sell tickets for its own flights in addition to its wet-lease operations.

37. Ultimate controlling party

In the opinion of the Directors there is no individual controlling party in relation to the Company's issued Ordinary Shares.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 the definition above. To protect the EU airline operating licence of Wizz Air Hungary Ltd. and Wizz Air Malta Ltd (subsidiaries 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”). In preparation for the 2022 Annual General Meeting (AGM), on 13 September 2022 the Company sent a Restricted Share Notice to Non-Qualifying registered Shareholders, informing them of the number of Ordinary Shares that will be treated as Restricted Shares. We will provide further details on or before 3 July 2023, simultaneously with the notice of Annual General Meeting that is scheduled to take place on 2 August 2023.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Wizz Air Holdings Plc's group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2023 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) 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 2023 ("the Annual Report"), which comprise: the Consolidated statement of financial position as at 31 March 2023; 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ("FRC") Ethical Standard, as applicable to listed public interest entities in accordance with the requirements of the Crown Dependencies' Audit Rules and Guidance for market-traded companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group financial statements are a consolidation of Wizz Air Holdings Plc, the trading subsidiaries Wizz Air Hungary Ltd., Wizz Air UK Limited, Wizz Air Abu Dhabi LLC and Wizz Air Malta Limited, 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 Budapest, 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: €35,000,000 (2022: €17,500,000) based on 0.9% of total revenues (2022: four-year average profit / loss before tax adjusted for exceptional items, capped at the level of the prior year materiality).
- Performance materiality: €26,250,000 (2022: €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.

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.

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 €2,268.1 million and associated lease liabilities of €2,795.1 million as at 31 March 2023. 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 2023 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, including the new instance of the system which was launched during F23. 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 also tested the appropriateness of the other significant assumptions used for lease additions in the year. This included the discount rates used where we tested the rate used to discount future lease payments, and the appropriateness of the external sources of information used for risk-free rates and credit spread and found that the rates used for new leases were a reasonable approximation of the incremental borrowing rate of the group. Where leases contained an option for early termination or extension, we considered management's assessment of the likelihood of the option being exercised, based on the nature of the assets and the terms including changes in the period under option. Using a digital audit solution we reperformed the calculation of the asset, liability, depreciation and interest entries relating to the 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.

Key audit matter	How our audit addressed the key audit matter
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 €148.7 million for aircraft maintenance costs in respect of leased aircraft are recorded in the financial statements at 31 March 2023 (refer to note 29 to the financial statements). At each balance sheet date, the calculation of the maintenance provision includes a number of variable factors and assumptions including: the likely utilisation of the aircraft; the expected cost of the heavy maintenance check at the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts. We focused on this area because an inherent level of management judgement and estimation is required in determining the above variable factors and assumptions on an aircraft by aircraft basis. This includes a judgement on whether to perform future maintenance based on expected flying hours or whether to 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 29 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, including the new instance of the system which was launched during F23. We also assessed the process by which the variable factors used within the provision calculation were appropriately 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 the aircraft that have been parked for a long period in Ukraine due to the war. • 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	
Despite the recovery in demand from the COVID-19 pandemic, ongoing macroeconomic and sector uncertainty such as supply chain disruption and fuel and other cost inflation and the on-going war in Ukraine, led to a significant loss being incurred in F23 and impacted the level of cash generated by operations. Much of this uncertainty seems likely to continue into F24 and beyond. In addition, repayments of the first bond under the EMTN programme and the PDP financing loan are due within F24 and falls within the period assessed by the Directors in its going concern assessment. Given this uncertainty, management has modelled a base and downside liquidity headroom position for its going concern assessment covering the 18 month period to December 2024. Both scenarios include considerations about future capacity levels, the availability of aircraft financing, and assumptions on fuel costs. The forecasts assume that the three 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 and security levels requiring a level of liquidity to be held by the business as per the contractual terms it has with its current card acquirers. The Directors have concluded that there is sufficient liquidity available for a period of at least 12 months from the date of signing of the F23 financial statements. We focused on management's going concern assessment due to the factors described above and the associated risks in relation to the group's liquidity over the going concern assessment period. *Refer to the Accounting policies note (note 2) for 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 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, Wizz Air Abu Dhabi LLC and Wizz Air Malta Limited, 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 and treasury 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.

In addition to the audit work performed by the engagement team based in Hungary that was directed and supervised by the UK team, members of the UK team visited the team in Hungary at least six times during the audit cycle. These visits involved discussing the audit approach, key audit matters and issues arising from our work amongst the combined UK/Hungary engagement team and with management. The UK team members also attended all Audit and Risk Committee meetings in Switzerland, either in person or virtually. This gave us the evidence we required for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

The Annual Sustainability Report within the Strategic Report describes the group's strategy to reduce carbon emissions and explains how climate change could have a significant impact on the group's business but also provides a number of significant opportunities. The group has publicly set out its commitment to reducing carbon emissions by 25% by 2030 relative to 2019 levels and has a strategy aligned to meeting this. It has also disclosed that it is working on potential pathways towards an interim and final target for 2035 and 2050 respectively. A number of financial risks could arise from both the transitional and physical risks associated with climate change. Management, assisted by an independent expert, has evaluated these as disclosed in the Annual Sustainability Report within the Strategic Report. This has then informed the evaluation of financial risks that have been reflected by management in the preparation of the financial statements to the extent that they can be forecast at present or 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.

As part of our audit we have made enquiries of management to understand the work performed by management and its experts to assess the potential impacts of climate change on the group and leading to the disclosures in the Annual Sustainability Report within the Strategic Report, which includes the group's TCFD disclosures, and the resultant impact on the F23 financial statements. We have used this information and understanding to assess the impact on the financial statements and our audit thereof. We have also considered the consistency of this assessment with the communications of climate related impacts both in the F23 Annual Report and Accounts and other sources such as its website and the group's public submission to the Carbon Disclosure Project.

Overall management has concluded, having considered both the physical and transition risks arising from climate change, that there is currently no material impact that it can forecast impacting the F23 results or financial position. The key areas of the financial statements where the potential impact of climate change was considered are as follows:

- The group's going concern assessment covering a period of at least 12 months from the date of signing of the financial statements (see note 2);
- The useful economic lives of aircraft, aircraft spare engines, maintenance assets and parts and associated depreciation of these assets (see note 2);
- The impact on the annual impairment assessment of the group's aircraft fleet (see note 14); and
- The impact on maintenance provisioning (see notes 4 and 29 of the financial statements and key audit matter above).

Where significant, further details on how climate change has been considered in the above areas and our audit response is given in the key audit matters above. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole for the year ended 31 March 2023. The future estimated financial impacts of climate risk are clearly uncertain given the medium to long term timeframes involved and their dependency on how Governments, global markets, corporations and society respond to the issue of climate change and the speed of technological advancements that may be necessary. Accordingly, the financial statements cannot capture all possible future outcomes as these are not yet known.

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	€35,000,000 (2022: €17,500,000).
How we determined it	0.9% of total revenues (2022: four-year average profit / loss before tax adjusted for exceptional items, capped at the level of the prior year materiality)
Rationale for benchmark applied	In F23, all travel restrictions have been lifted and the group flew a record number of passengers, with revenue at over 140% of the FY20 full year revenue, the last year prior to COVID-19. Given this we no longer considered that an averaging mechanism was appropriate. We considered various potential benchmarks including loss before tax and concluded, using professional judgement, that FY23 revenue is an appropriate benchmark for the current year audit.

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% (2022: 75%) of overall materiality, amounting to €26,250,000 (2022: €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 €1,750,000 (2022: €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 31 December 2024.
- 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 F24 and F25 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 F23 and by comparison of assumed flying levels relative to those experienced in F22 and F23.
- We read and understood the key terms of committed debt facilities to understand any terms, covenants or undertakings that may impact the availability of the facility. We also understood the impact of the base and downside forecasts on security levels in card acquirer contracts of the group which generally require a level of liquidity to be held by the business.
- We understood the schedule of committed aircraft and engine deliveries over the next eighteen 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 during the period of the assessment.
- We assessed the adequacy of disclosures in the Going Concern statement in Note 2 of the group financial statements and the Going Concern statement in the Director's Report and found that these appropriately reflect the key areas of uncertainty identified and assumptions made.

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, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

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 regulations of country aviation authorities such as the European Union Aviation Safety Agency, the UK Civil Aviation Authority and the UAE General Civil Aviation Authority Regulations and General Data Protection Regulation, 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, the Listing Rules of the UK Financial Conduct Authority, the UK Corporate Governance Code, relevant corporate tax compliance regulations, Regulation (EC) 261/2004 and EU Emissions Trading System. 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 the Audit and Risk Committee, 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;
- Reviewing legal expense accounts to identify significant legal spend that may be indicative of non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Reading the minutes of Board and Committee meetings to identify any inconsistencies with other information provided by management.
- Challenging assumptions and judgements made by management in determining the significant judgements and estimates used in the preparation of the financial statements, including those relating to revenue, maintenance provisions, hedge and derivative accounting, aircraft and spare engine assets (including those in Ukraine) and lease accounting, and the disclosure of these items.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

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

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 16 years covering the years ended 31 March 2008 to 31 March 2023 and for the Company is 14 years, covering the years ended 31 March 2010 to 31 March 2023.

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
8 June 2023