Press Release

WIZZ AIR HOLDINGS PLC – RESULTS FOR THE 12 MONTHS TO 31 MARCH 2022

ON TRACK FOR RECORD TRAFFIC SUMMER

LSE: WIZZ

Geneva, 8 June 2022: Wizz Air Holdings Plc ("Wizz Air" or "the Company"), the fastest growing and one of the most sustainable European airlines, today announces its audited results for the full year ended 31 March 2022 ("F22").

Full year to 31 March	**2022**	2021	Change
Passengers carried	**27,128,160**	10,186,077	166.3%
Revenue (€ million)	**1,663.4**	739.0	125.1%
EBITDA (€ million)	**(19.0)**	(182.8)	89.6%
EBITDA margin (%)	**(1.1)**	(24.7)	+23.6ppt
Operating loss for the period (€ million)	**(465.3)**	(528.1)	(11.9%)
Reported loss for the period (€ million)	**(642.5)**	(576.0)	11.5%
RASK (€ cent)	**2.98**	2.89	3.1%
Ex-Fuel CASK (€ cent)	**2.81**	3.86	(27.3%)
Total cash (€ million)*	**1,378.8**	1,616.6	(14.7%)
Load factor (%)	**78.1**	64.0	+14.1ppt
Period-end fleet size	**153**	137	11.7%
Period-end seat count	**32,399**	28,044	15.5%

* Total cash comprises cash and cash equivalents (€ 766.6 million), short-term cash deposits (€ 450.0 million), and current and non-current restricted cash (€ 162.2 million).

József Váradi, Wizz Air Group Chief Executive Officer commented on the results:

"Our investments in staffing, our fleet and diversifying the network enabled us to recover capacity faster and we operated more than twice as many ASKs compared to F21, while carrying 27.1 million passengers, compared to 10.2m in F21. The load factor improved to 78 per cent, significantly ahead of the 64 per cent seen in F21.

Whereas F22 passenger numbers and asset utilization remained well below pre-Covid levels resulting in a reported net loss of €642.5m for F22, the reported loss in the fourth quarter was ahead of our guidance driven by an improving trading environment.

At the end of F22, our cash and cash equivalents position continued to be very strong and we finished the year with a cash position of €1,379 million. Equally, as we close F22, we are able to confirm our investment grade balance sheet (Baa3 by Moody's and BBB- by Fitch).

We believe we have now entered into an endemic phase of COVID-19 and have managed the trading impact from the war in Ukraine.

On 24 February 2022, the war in Ukraine began and I am incredibly proud of our response in supporting our colleagues and customers and we'll continue to do so by all means at our disposal in the face of this human tragedy. Without Wizz Air employees these efforts would not be possible and we thank them again for a full year of relentless support and resilience.

The industry is witnessing supply-chain issues across airports, including in our network. Shortages of staff in air traffic control, security and other parts of the supply-chain are impacting airlines, our employees and our customers directly. We are deploying extra resources to minimize disruptions and urge all other stakeholders to do the same, having customers' best interests always in mind."

Commenting on the outlook for the Company, József Váradi added:

"At the start of F23, we stand ready to deliver our largest ever summer flying programme and the fastest growth in the industry, enabled by more than 6,000 colleagues across the business.

Our planned capacity growth for the first two quarters of F23 is over 30 and 40 per cent, respectively, and for the year we expect even stronger growth versus F20. This will be enabled by a fleet of 182 aircraft by the end of the fiscal year, with one of the highest renewal rates in the industry at more than 50 per cent neo aircraft, an average fleet age of 4.1 years and an average seat count of 221, driving a strong and widening competitive advantage on cost and environmental sustainability.

Our financial focus is on maximising revenue and optimising cost. We are confident we can return to pre-COVID productivity and ex-Fuel CASK levels during F23 by returning to full utilization of our aircraft and delivering full flying programmes for our people.

Rising energy costs and inflation across Europe will continue to favour ultra low-cost carriers as consumers reconsider spending choices. We are partially hedged over the summer providing partial protection against fuel price surges and we continue to look at opportunities to extend these insurance coverages for the full fiscal year at the right conditions.

Our bookings are showing strong performance in the first fiscal quarter, with average fares trending higher at low single digits versus same period in F20 and with loads around 85% for the quarter. For fiscal quarter two, we expect fares in the upper single digits ahead of the equivalent period F20 and passenger load factors to deliver above 90 per cent.

We see strong consumer demand for summer, but expect an operating loss for the first quarter of F23. The airline industry remains exposed to externalities such as air traffic control disruption and continuing operational issues within the airports sector, adding to a volatile macro environment. As a result, at this point, we are not providing further financial guidance for the year."

F22 FINANCIAL RESULTS

EBITDA was near break-even at €19.0 million loss, compared to €182.8 million loss in F21.

Operating loss was €465.3 million, a reduction of €62.8 million compared to F21 operating loss.

Net loss for F22 was €642.5 million, an increase of €66.4 million compared to F21 net loss.

Net financial expenses increased to €86.7 million, compared to €66.8 million recorded in F21.

Net foreign exchange loss for F22 was €89.5 million, comparing to a gain reported in F21 of €28.4 million.

Total cash at the end of March 2022 was €1,378.8 million (of which €162.2 million was restricted cash and €450.0 million were short-term cash deposits).

REVENUE AND COST HIGHLIGHTS

Revenues: Total revenue increased by 125 per cent to €1,663.4 million.
ASKs and passenger numbers increased 118.3 per cent and 166.3 per cent, respectively year on year.

Passenger ticket revenue increased by 124.8 per cent to €732.1 million to make up 44 per cent of total revenue.

Ancillary revenue increased by 125.4 per cent to €931.4 million representing 56 per cent of total revenue (compared to 45 per cent of revenue in F20).

Throughout the year we concentrated on recovering capacity amid changing travel restriction regimes. A broader and more diversified network allowed us to respond quickly and efficiently to changing market dynamics. During the year we focused on stabilising flight schedules and crew rosters, even as we ramped up to operate more flights in winter 2021/2022 than in any prior winter season in the company's history. Ancillary revenue continued to perform well, supported by dynamic pricing across key product streams, including bags, seats and priority boarding.

Costs: Total operating expenses increased by 68 per cent to €2,128.7 million in F22 from €1,267.1 million in F21, while total CASK decreased by 18.0 per cent to 3.98 Euro cents in F22 from 4.85 Euro cents in F21. CASK excluding fuel expenses decreased by 27.3 per cent to 2.81 Euro cents in F22 from 3.86 Euro cents in F21. The decrease in CASK in large part was driven by greater operational capacity, higher load factors and better fleet utilization during the year compared to F21.

Nevertheless, in the back half of F22 we invested to lay the foundation for the company's future growth. We have placed a new order for up to 192 A321 neo aircraft and now hold the order book that enables us to become a 500 aircraft ultra-low cost airline. As we continued to recruit colleagues we have restored employees' salaries to pre-pandemic levels and are anchored to market benchmarks in order to continue to offer a competitive career proposition to our employees.

DIVERSIFIED NETWORK DRIVING THE PACE OF RECOVERY

A broader, more diversified network enabled faster capacity recovery during the year as we continued to see a reduction in travel restrictions.

As a result of the war in Ukraine, flights cancelled or suspended were circa two and seven per cent of total network flights in February and March 2022, respectively. Wizz Air successfully reallocated 100 per cent of Ukraine originally planned capacity and the new flights came on sale from the end of March 2022. Already as of June, load factors and yields have fully recovered in countries bordering Ukraine. Wizz Air continues to have four aircraft in Ukraine (one in Lviv, three in Kiev), they are in good condition, and we are looking to repatriate these aircraft at the earliest possible opportunity. These four aircraft combined have a book value of around €25m.

We have further strengthened our position in our core CEE region markets with the start of new bases in Albania and Bosnia and Herzegovina.

We have added new aircraft to existing bases in Romania, Albania, Bulgaria, Hungary and Poland and have announced new routes and flights, focusing on Italy, United Kingdom, United Arab Emirates, Poland, Romania, Baltics and Western Balkans markets.

We have expanded our presence at London, Gatwick airport with an acquisition of 15 daily slot pairs from Norwegian and two additional daily slots pairs from Vueling at Luton airport.

In Italy we opened new bases in Rome, Naples and Venice, bringing the total number of bases to seven. Italy is the market where we have been operating for more than 15 years and where COVID-19 has redrawn the competitive landscape allowing for a disproportionate level of growth. At the end of March 2022 our market share in Italy was 10 per cent.

Wizz Air Abu Dhabi has now been operating for 18 months. As we emerge from the pandemic, we believe it can become a 50 aircraft operation towards the end of the decade, serving a potential market of five billion people within five-hours' flying from Abu Dhabi.

On 10 May 2022 Wizz Air signed a memorandum of understanding with the Kingdom of Saudi Arabia to explore the country's airline market development opportunities.

On 30 May 2022 Wizz Air operated a record 777 flights in a single day.

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

AIRBUS NEO AND FLEET UPDATE

Wizz Air continued its fleet renewal and expansion program bringing forward the benefits of new technology in ownership and operating cost, fuel consumption and lower carbon and noise emissions. In the twelve months ended 31 March 2022 Wizz Air has taken delivery of 25 new A321neo aircraft, while returning nine A320ceo aircraft, ending the year with a total fleet of 153 aircraft: 59x A320ceo, 41x A321ceo, 6x A320neo, 47x A321neo.

Fleet average age stands at 5.0 years, one of the youngest fleets of any European airline with over 100 aircraft, while the average number of seats per aircraft has climbed to 212 as of March 2022.

In November 2021 Wizz Air signed an agreement with Airbus for the purchase of a further 102 Airbus A321 aircraft, comprising 75x A321neo and 27x Airbus A321XLR aircraft. The order has received overwhelming approval by shareholders in an extraordinary shareholder meeting held on 22 February, 2022. With the new order, Wizz Air's delivery backlog comprises of a firm order for 34x A320neo, 244x A321neo and 47x A321XLR aircraft, plus the additional order for 15 A321neo and purchase rights for 75x A321neo, a total of 415 aircraft.

During May 2022 Wizz Air has exercised its conversion rights for a total of 21 A320neo aircraft. The aircraft will be converted into higher capacity A321neos with deliveries spanning calendar years 2024 to 2026.

The table below shows the fleet plan including the firm order linked to the new Airbus order, but excluding the end of May agreed conversions.

Total Fleet (end of period)	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
A320ceo………..	49	40	23	13	8	0
A321ceo………..	41	41	39	30	17	7
A320neo………..	6	6	22	27	40	40
A321neo………..	81	121	140	177	223	289
A321XLR……….	0	4	10	26	37	47
Total number of units…..	**177**	**212**	**234**	**273**	**325**	**383**
Net growth(1) (unit)………	**27**	**35**	**22**	**39**	**52**	**58**

Note: (1) Net growth represents total deliveries of aircraft less returns, (2) A321XLR contracted deliveries in Q4 CY2023, but delays into 2024 are expected.

SUSTAINABILITY PERFORMANCE

Wizz Air exceeded its F22 target for carbon emission intensity by -0.4 grams per passenger km, setting itself on the right path of reaching its F30 target (43 grams per pax km), unrivalled by any of its European competitors.

CO2/RPK was 60.7 grams in F22 compared to 77.3 grams in F21 thanks to improving load factors and fleet renewal.

Following the Annual General Shareholder meeting held last summer, five per cent of the leadership team's award is linked to the reduction of carbon emission intensity by F26 (to 45.1g per RPK) and another five percent linked to reaching gender diversity targets in the management team by F26

Our Sustainability and Culture Board Committee was carved out of the Audit and Risk Committee (previously Audit and Sustainability Committee). This level of dedication to sustainability governance underlines the commitment of the Company to deliver against its ESG objectives.

In October 2021 Wizz Air's Commitment Letter to the Science Based Target Initiative (SBTi) was accepted. The Company is currently in the process of collecting and assembling all data and making calculations for its decarbonization roadmap, as required for the SBTi target setting process.

Our work with Risilience, a company applying the risk analysis framework pioneered by the Cambridge Centre for Risk Studies (CCRS), improved our assessment of the physical and transitional risks to our operations and further strengthened our disclosures in line with the recommendations of TCFD (Task Force on Climate-Related Financial Disclosures).

Wizz Air is disclosing the data on its Scope 3 greenhouse gas emissions for the first time in the F22 annual report. Wizz Air was supported by Avieco UK Ltd for the data collection and emissions measurement process, covering Scope 1, 2 and 3.

We have identified the key building blocks necessary to achieve net zero emissions by 2050, which include, in the short term, continued investment in fleet renewal, fuel and operational efficiency; in the medium term, sustainable aviation fuels and valuable offsetting alternatives; and in the long term, zero emission technology and air traffic management modernization.

Wizz Air signed a Memorandum of Understanding with Airbus for their ZEROe project. The cooperation allows the Company to be part of the early design of the ZEROe aircraft which ensures it will be fit for highly efficient, ultra-low cost operations. It will provide a much closer understanding of how operating this zero-emission hydrogen aircraft will impact the airline's future business model.

We have made a commitment to reach the Board diversity target set by the Hampton-Alexander Review. This year Board gender diversity improved by three per cent to 30 per cent, while management team gender diversity improved by seven per cent reaching overall 34 per cent.

The Wizz Air team includes over 75 different nationalities at all levels in the organization. We value diversity and inclusion and are focused on doing more to increase diversity levels across the organization further.

Despite the implications of COVID-19 on operational priorities and working environment, Wizz Air has remained strongly focused on the development of its employees. Several new initiatives were introduced to provide further learning and development opportunities, including an online LinkedIn Learning platform that offers access to 10,000+ expert-led courses.

FINANCIAL DEVELOPMENTS

Wizz Air has strengthened its liquidity with a bond offering of EUR 500 million at a 1.00 per cent interest rate. The note matures in 2026 and was executed within the framework of the Euro Medium Term Note Programme. Proceeds were partially used to repay the GBP 300 million CCFF facility in February 2022.

We entered into zero-cost collar hedges on jet-fuel to stabilize the fuel cost for a portion of our consumption needs until August of this year. The average ceiling price of the zero-cost collar hedges is at 1,109 USD/mT.

We continue to build on our ancillary revenue stream and we have introduced advanced data science and machine learning pricing on key product streams (Bags, Seats and Priority boarding).

To scale the business further we continued to automate internal processes, activating a number of improved solutions ranging from cabin crew payroll and onboarding processes, data feeds for fuel optimisation, an expense reporting app solution, direct costing system and others.

EMPLOYEE RELATIONS

We have recruited in excess of 2,200 staff since the start of the last fiscal year and are projecting to be a team of 6,700 people by the end of Summer 2022, up from around 4,000 people pre-COVID-19.

We conduct bi-annual employee engagement surveys. The results of employee engagement surveys are reviewed by the Board which offers an opportunity to assess any changes in the Company's culture.

Since the start of this year management and crews have had in-person, face-to-face meetings 39 times. This is unique in the industry and is a key measure Wizz Air uses to create a forum where business is discussed and opportunities are offered to all staff to raise concerns.

In February and March of this year, in response to the war in Ukraine, we provided immediate assistance to our Ukrainian employees and offered 110,000 free tickets to all Ukrainian nationals for flights from Ukraine's bordering countries and discounted rescue fares on all other routes.

OTHER DEVELOPMENTS

We have further automated and digitalised customer support services, providing faster resolutions and improved customer convenience. These solutions have included the automatic payment of EU261 compensation claims, optimised claim forms with flight validation and data pre-collection, enhanced Interactive Voice Response, which has been especially useful during peak-traffic periods.

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

To protect the EU airline operating licence of Wizz Air Hungary Ltd (a subsidiary of the Company), the Board has resolved to continue to apply a disenfranchisement of Ordinary shares held by non-EEA shareholders in the capital of the Company. This will continue to be done on the basis of a 'Permitted Maximum' of 45 per cent pursuant to the Company's articles of association (the "Permitted Maximum"). The decision by the Board is considered appropriate to ensure Wizz Air Hungary Ltd's continued compliance with applicable ownership and control requirements. We will provide further details on or before 1 July 2022, simultaneously with the notice of annual general meeting that is scheduled to take place on 26 July 2022.

We intend to file an application to form a new subsidiary in Malta that would be granted an Air Operator's Certificate ("AOC"). Subject to confirmation of its AOC and operating license from EASA and Malta Civil Aviation Directorate, Wizz Air Malta may begin operations in October 2022 with Malta-registered aircraft.

Effective 8 June 2022, Heiko Holm, Wizz Air Hungary Ltd. Operations Officer, will be appointed Officer Wizz Air Central, taking responsibility for Central Operations across AOCs. Roland Tischner, currently Head of Ground Operations, will be promoted to Officer Wizz Air Hungary Operations.

FULL YEAR OUTLOOK

As we enter F23 we see improving consumer demand coinciding with high travel season. At the same time we are conscious that the trading environment can quickly change prompted by the impact of inflation and quantitative tightening on consumer demand.

Nevertheless, summer demand indicators remain excellent at this point, supported by strong consumer dynamics: an urge to travel, improved household savings ratios in key markets, near-full employment and wage inflation. Our ultra-low cost model will thrive as consumers will choose the best value in the market.

We will return to full productivity in F23 and put our more diverse, expanded network to full use. We expect to fly resp. 30 per cent and 40 per cent more capacity (versus F20) in the first and second quarter of F23. At this point in time we will not provide further financial guidance for the year ahead.

Directors' confirmations

The statements below have been prepared in connection with the group's full Annual Report and Accounts for the year ended 31 March 2022. Certain parts are not included in this release.

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 his or her knowledge:

the Consolidated financial statements, which have been prepared in accordance with IFRSs, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;

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; and

there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

Jozsef Varadi

ABOUT WIZZ AIR

Wizz Air, Europe's fastest growing and most sustainable ultra-low-cost airline, operates a fleet of 154 Airbus A320 and A321 aircraft. A team of dedicated aviation professionals delivers superior service and very low fares, making Wizz Air the preferred choice of 40.0 million passengers in the financial year F20 ending 31 March, 2020 and 27.1 million passengers in the financial year F22 ending 31 March 2022. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ. The company was recently named one of the world's top ten safest airlines by airlineratings.com, the world's only safety and product rating agency, and 2020 Airline of the Year by ATW, the most coveted honour an airline or individual can receive, recognizing individuals and organizations that have distinguished themselves through outstanding performance, innovation, and superior service. Wizz Air was also rated the most sustainable airline in Europe by Sustainalytics in January 2022.

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- Ends -

Dear Shareholders,

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

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

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

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

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

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

As we move on from the COVID-19 pandemic we are focused on the business model and strategy that have made Wizz Air so successful. Operational efficiency, cost and price leadership, innovation, and service excellence remain the core principles of how we operate. These are the cornerstones of our success and are the basis of how we will achieve Wizz 500. In doing so we believe we will provide opportunities that can enhance lives and make the world around us better, bringing people and businesses together. We're committed to making sure that everyone, everywhere can benefit from air travel at the lowest possible prices, all while setting high benchmarks for safety, customer experience and sustainability.

A focused ultra-low-cost business model

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

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

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

We also focused on widening our competitive cost advantage by continuing to invest in the network (securing new attractive long-term airport contracts as we opened new bases and routes), continuing to invest in our fleet (securing an even lower cost base by further up-gauging our fleet, now at an average of 212 seats per aircraft), and working with our partners to get better cost and payment terms going forward.

Our geographic footprint as sustainable competitive advantage

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

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

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

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

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

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

Our fleet as a driver of competitiveness and sustainability

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

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

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

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

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

Creating the leading digital platform

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

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

Focus on our people

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

During F22 our employee engagement score was 7.0, broadly aligned with the industry average, with a participation rate of 67 per cent. Our Employee Feedback Survey, together with the surveys in the industry, showed a small reduction in overall satisfaction rate, which is understandable given the duration of the pandemic and the impact it had on our operations. Nevertheless, our employees have shown tremendous resilience during unprecedented times of adversity and personal hardship, changing schedules because of COVID-19 and loss of income, as the number of hours they could fly was reduced. Their continued strong engagement even during the toughest of times is a true testimony to the Wizz spirit, and it is their dedication and passion that is at the root of our success. That success allowed us to ramp-up operations as restrictions eased and, as the business recovered, we were proud to be the first major airline in Europe to restore salaries to their pre-COVID-19 levels. We aspire for our workforce at Wizz Air to reflect our broad customer base. As such, we are proud to have a diverse team of passionate aviation professionals. Our team includes more than 50 different nationalities at all levels in the organisation. We are also focused on driving a better gender balance within the organisation. We improved Board gender diversity further from 27 per cent to 30 per cent, just shy of our 33 per cent target. Our Management Team diversity increased from 27 per cent to 34 per cent. Our commitment is reflected in our long-term incentive targets for our Executives, to reach 40 per cent female representation at managerial level by 2026.

We are also determined to make a step-change in the under-representation of women in the flight deck – a long-standing issue within the aviation industry – with the help of our Cabin Crew to Captain programme.

To preserve the Wizz Air culture and offer more meaningful career opportunities, we have set ourselves a goal to fill vacancies with internal talent in at least 50 per cent of these positions and, this year, we exceeded this goal by filling 54 per cent of open positions. We believe that Wizz Air offers the best career progression opportunity in the industry, irrespective of whether you are a pilot, cabin crew or an office employee. Wizz Air opens up opportunities for diverse talents to learn, develop and succeed.

Outlook

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

From an investment and financing point of view:

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

From a cost point of view:

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

From a revenue point of view:

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

From a cash point of view:

- continuing to apply our ambitious "payment days" extension programme with suppliers, leveraging the strength of our balance sheet and credit rating which allowed suppliers to better differentiate Wizz Air from other airlines, supported by our ability to offer true long-term partnerships;
- optimising key elements of our investment cash flow by focusing on optimised fleet deliveries and early lease returns (where contractually feasible); and
- converting advance aircraft payments (pre-delivery payments) to EUR currency significantly reducing the USD currency exposure in the years ahead.

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

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

Financial overview

Summary statement of comprehensive income

€ million	F22	F21	Change
Total revenue	1,663.4	739.0	125.1%
Fuel costs (including exceptional income/(expense))	(649.0)	(347.4)	86.8%
Operating expenses excluding fuel	(1,479.7)	(919.7)	60.9%
Total operating expenses	(2,128.7)	(1,267.1)	68.0%
Operating loss	(465.3)	(528.1)	(11.9)%
Comprising:			
– Operating loss excluding exceptional income/(expense)	(469.6)	(434.5)	8.1%
– Exceptional income/(expense)	4.3	(93.6)	n.m.*
Operating profit margin (excluding exceptional income/(expense))	(28.2%)	(58.8%)	30.6 ppt
Net financing expense	(176.2)	(38.4)	358.8%
Loss before income tax	(641.5)	(566.5)	13.2%
Income tax expense	(0.9)	(9.5)	(90.0%)
Loss for the year	(642.5)	(576.0)	11.5%
Exceptional income/(expense) net of income tax	4.3	(93.6)	n.m.*
Underlying loss after tax	(646.7)	(482.4)	34.1%

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

Loss per share

Loss per share, EUR (Note 9)	F22	F21	Change
Basic and diluted loss per share	(6.33)	(6.73)	(6.0%)

Return on capital employed and capital structure

Return on capital employed (ROCE) is a non-statutory performance measure commonly used to measure the financial returns that a business achieves on the capital it uses. ROCE for F22 was (16.8) per cent, compared to (19.4) per cent for the previous year.

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

The Company's leverage ratio is (117.7) at the end of the 2022 financial year, while liquidity decreased to 73.1 per cent from 195.9 per cent at the end of the 2021 financial year.

	F22	F21	Change
ROCE*	(16.8%)	(19.4%)	2.6 ppt
Leverage ratio*	(117.7)	(18.9)	98.8 ppt
Liquidity*	73.1%	195.9%	(122.8 ppt)

* See the definition of these non-statutory measures and their calculation under key statistics on annual report page 17.

Financial performance

Revenue

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation and amortisation charges increased by 29.2 per cent to €446.3 million in F22, up from €345.3 million in F21 due to the increase in the variable element of the depreciation that is based on number of hours flown.

Net other expenses include primarily: (i) office overhead and crew-related costs other than direct staff costs; (ii) passenger welfare and compensation costs; (iii) aviation and other insurance costs; and (iv) credits that do not classify as revenue from customers. The increase in net other expenses to €53.2 million was primarily driven by: (i) significantly higher flight disruption costs (2022: €29.5 million; 2021: €6.7 million); (ii) increase in crew-related costs due to ramping up operations (2022: €32.5 million; 2021: €14.6 million); and (iii) increase in overhead costs due to higher level of operations compared to F21 (2022: €41.4 million; 2021: €31.8 million).

Net financing income and expense

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

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

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

See also (Note 6) to the financial statements.

Taxation

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

The effective rate for the Group in F22 was (0.1 per cent) compared to (1.7 per cent) in F21. The main components of the tax charge in F21 were local business tax and innovation tax paid in Hungary and change in deferred tax balances.

Loss for the year

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

Other comprehensive income and expenses

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

Cash flows and financial position

Summary statement of cash flows

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

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

Cash flows from operating activities

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

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

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

Cash flows from investing activities

Net cash used in investing activities increased to €(407.2) million in F22 from €(146.4) million in F21. The significantly higher investment in F22 is due to the following factors:

- Advances paid for aircraft (pre-delivery payments, PDPs): The net PDP payments to Airbus net of refunds received were an outflow of €217.6 million in F22 compared to a net outflow of €33.8 million in F21. This increase was primarily driven by the Company's delivery schedule and associated PDP commitments with Airbus.
- The short-term cash deposits increased by €99.2 million in F22 compared to the decrease of €65.6 million in F21.

Cash flows from financing activities

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

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

Summary statement of financial position

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

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

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

Property, plant and equipment increased by €753.2 million as at 31 March 2022 compared to 31 March 2021, primarily driven by the investment made in JOLCO-financed aircraft and sale and leaseback financed right-of-use assets (see also Notes 10 to the financial statements).

Restricted cash (current and non-current) decreased by €6.9 million as at 31 March 2022 compared to the year before. The great majority of this balance is linked to Wizz Air's aircraft lease contracts, being cash deposits behind letters of credit issued by Wizz Air's banks related primarily to lease security deposits and maintenance reserves.

Derivative financial assets (current and non-current) decreased by €4.4 million as at 31 March 2022 compared to 31 March 2021 (see also Notes 2 and 11 to the financial statements). In 2022 these hedge receivable balances are related to fuel hedge instruments.

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

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

Borrowings (including convertible debt) increased by €827.6 million as at 31 March 2022 compared to 31 March 2021. The increase was primarily driven besides the bond issue by lease liabilities recognised during the fiscal year (see Note 12 to the financial statements).

Deferred income increased by €285.3 million as at 31 March 2022 compared to 31 March 2021 (see Note 13 to the financial statements). This was primarily driven by the higher business activity compared to the previous year-end which was affected more severely by the coronavirus pandemic.

Derivative financial liabilities (current and non-current) decreased by €4.4 million as at 31 March 2022 compared to 31 March 2021 (see Notes 2 and 11 to the financial statements). The €4.6 million liability at 31 March 2022 was related to fuel hedges.

Provisions increased by €18.1 million as at 31 March 2022 compared to 31 March 2021 (see Note 14 to the financial statements). The increase is in line with the planned maintenance schedule.

Hedging strategy

Following the COVID-19 outbreak, the activity level and consequently the fuel consumption was significantly lower in F21 than that on which the Group hedging programme was originally based. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated losses and gains on these instruments were charged to the statement of comprehensive income as exceptional expense in F21 and F22.

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

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

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

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

Fuel hedge coverage

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

STRATEGIC REPORT

KEY STATISTICS

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

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

** Excluding the impact of exceptional items, as explained in Note 7 to the financial statements.

Glossary of technical terms

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

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

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

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

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

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

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

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

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

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

RASK: total revenue divided by ASK.

Underlying net loss: profit after tax for the year as per IFRS excluding the impact of exceptional items.

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

Yield: the total revenue per RPK.

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

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

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

Definition and reconciliation of non-statutory financial performance measures

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

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

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

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022 € million**	2021 € million
Passenger ticket revenue	4	**732.1**	325.7
Ancillary revenue	4	**931.4**	413.3
Total revenue	4	**1,663.4**	739.0
Staff costs		**(220.5)**	(132.9)
Fuel costs (including exceptional expense/income)		**(649.0)**	(347.5)
Distribution and marketing		**(43.4)**	(19.6)
Maintenance materials and repairs		**(170.4)**	(165.7)
Airport, handling and en-route charges		**(545.9)**	(254.9)
Depreciation and amortisation		**(446.3)**	(345.3)
Net other expenses	5	**(53.2)**	(1.2)
Total operating expenses		**(2,128.7)**	(1,267.1)
Operating loss	5	**(465.3)**	(528.1)
Comprising:			
- *Operating loss excluding exceptional income/(expense)*		**(469.6)**	(434.5)
- *Exceptional income/(expense) (included in fuel costs)*	7	**4.3**	(93.6)
Financial income	6	**2.8**	11.6
Financial expenses	6	**(89.5)**	(78.4)
Net foreign exchange (loss)/gain	6	**(89.5)**	28.4
Net financing expense	6	**(176.2)**	(38.4)
Loss before income tax		**(641.5)**	(566.5)
Income tax expense	8	**(0.9)**	(9.5)
Net loss for the year		**(642.5)**	(576.0)
Net loss for the year attributable to:			
Non-controlling interest		**(10.7)**	(3.9)
Owners of Wizz Air Holdings Plc		**(631.8)**	(572.1)
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Movements in cash flow hedging reserve, net of tax			
Net change in fair value		**10.9**	39.2
Recycled to profit or loss		**(12.5)**	200.3
Currency translation differences		**(2.5)**	0.8
Other comprehensive (expense)/income for the year, net of tax		**(4.1)**	240.3
Total comprehensive expense for the year		**(646.6)**	(335.7)
Total comprehensive expense for the year attributable to:			
Non-controlling interest		**(11.4)**	(4.0)
Owners of Wizz Air Holdings Plc		**(635.2)**	(331.7)
Basic and diluted loss per share (€/share)	9	**(6.33)**	(6.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	Note	**2022 € million**	2021 (restated*) € million
ASSETS			
Non-current assets			
Property, plant and equipment	10	**3,631.4**	2,878.2
Intangible assets		**62.4**	30.4
Restricted cash		**67.3**	134.1
Deferred tax assets		**1.7**	1.1
Trade and other receivables		**20.7**	21.6
Total non-current assets		**3,783.5**	3,065.4
Current assets			
Inventories		**70.9**	53.7
Trade and other receivables		**186.9**	113.7
Current tax assets		**2.5**	2.1
Derivative financial instruments	11	**0.7**	5.1
Restricted cash		**94.9**	35.0
Short term cash deposits		**450.0**	346.8
Cash and cash equivalents		**766.6**	1,100.7
Total current assets		**1,572.5**	1,657.2
Total assets		**5,356.1**	4,722.6
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**—**	—
Share premium		**381.2**	381.2
Reorganisation reserve		**(193.0)**	(193.0)
Equity part of convertible debt		**8.3**	8.3
Cash flow hedging reserve		**(3.8)**	(2.2)
Cumulative translation adjustments		**(0.7)**	1.2
Retained earnings		**87.3**	712.3
Capital and reserves attributable to the owners of Wizz Air Holdings Plc		**279.3**	907.7
Non-controlling interests		**(15.4)**	(4.0)
Total equity		**263.9**	903.7
Non-current liabilities			
Borrowings	12	**3,525.3**	2,388.7
Convertible debt		**26.1**	26.2
Deferred income	13	**63.0**	43.5
Deferred tax liabilities		**3.4**	6.3
Trade and other payables		**56.8**	79.0
Provisions for other liabilities and charges	14	**43.9**	51.1
Total non-current liabilities		**3,718.4**	2,594.8
Current liabilities			
Trade and other payables		**558.6**	386.7
Current tax liabilities		**0.2**	0.2
Borrowings	12	**413.1**	722.1
Convertible debt		**0.3**	0.3
Derivative financial instruments	11	**4.6**	9.0
Deferred income	13	**333.8**	68.0
Provisions for other liabilities and charges	14	**63.2**	37.8
Total current liabilities		**1,373.7**	1,224.1
Total liabilities		**5,092.1**	3,818.9
Total equity and liabilities		**5,356.1**	4,722.6

*See Notes 2,and 18 on correction of comparative amount classification between current and non-current.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

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

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulative translation adjustment € million	Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
Balance at 1 April 2020	—	380.6	(193.0)	8.3	(241.7)	0.2	1,280.3	1,234.8	—	1,234.8
Comprehensive income/(expense):										
Loss for the year	—	—	—	—	—	—	(572.1)	(572.1)	(3.9)	(576.0)
Fair value gains in the year	—	—	—	—	39.2	—	—	39.2	—	39.2
Losses transferred to income statement	—	—	—	—	68.4	—	—	68.4	—	68.4
Hedge discontinuation losses transferred to income statement	—	—	—	—	131.9	—	—	131.9	—	131.9
Currency translation differences	—	—	—	—	—	0.9	—	0.9	(0.1)	0.8
Total other comprehensive income/(expense)	—	—	—	—	239.5	0.9	—	240.4	(0.1)	240.2
Total comprehensive income/(expense) for the year	—	—	—	—	239.5	0.9	(572.1)	(331.7)	(4.0)	(335.7)
Transactions with owners:										
Proceeds from shares issued	—	0.6	—	—	—	—	—	0.6	—	0.6
Share-based payment charge	—	—	—	—	—	—	4.1	4.1	—	4.1
Total transactions with owners	—	0.6	—	—	—	—	4.1	4.7	—	4.7
Balance at 31 March 2021	—	381.2	(193.0)	8.3	(2.2)	1.1	712.3	907.7	(4.0)	903.7

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022 € million**	2021* € million
Cash flows from operating activities			
Loss before income tax		**(641.5)**	(566.5)
Adjustments for:			
Depreciation	10	**436.3**	336.1
Amortisation		**10.0**	8.8
Financial income		**(2.8)**	(11.6)
Financial expenses		**89.5**	78.4
Unrealised fair value gain on derivative financial instruments		**(3.4)**	(65.5)
Unrealised foreign currency gains		**81.6**	(69.1)
Realised non-operating foreign currency losses		**5.6**	55.1
Gain on sale of property, plant and equipment		**(49.7)**	(40.7)
Share-based payment charges		**6.7**	4.1
Other non-cash operating expense		**1.6**	—
		(66.1)	(270.8)
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(74.0)**	48.3
Decrease in restricted cash		**15.4**	4.6
(Increase)/decrease in inventory		**(17.2)**	16.9
Increase/(decrease) in provisions		**9.2**	(4.3)
Increase in trade and other payables		**138.7**	6.4
Increase/(decrease) in deferred income		**369.5**	(22.0)
Cash generated by/(used in) operating activities before tax		**375.5**	(221.0)
Income tax paid		**(4.9)**	(3.6)
Net cash generated by/(used in) operating activities		**370.6**	(224.6)
Cash flows from investing activities			
Purchase of aircraft maintenance assets		**(59.1)**	(80.6)
Purchase of tangible and intangible assets		**(77.7)**	(169.5)
Proceeds from the sale of tangible assets		**43.5**	58.7
Advances paid for aircraft	10	**(407.6)**	(165.1)
Refund of advances paid for aircraft	10	**190.0**	131.3
Interest received		**2.9**	13.2
Increase/(decrease) in short term cash deposits		**(99.2)**	65.6
Net cash used in investing activities		**(407.2)**	(146.4)
Cash flows from financing activities			
Proceeds from the issue of share capital		**—**	0.6
Proceeds from new loan**		**16.4**	195.6
Repayment of loans**		**(397.5)**	(336.5)
Interest paid – loans - IFRS 16 lease liability		**(71.3)**	(67.9)
Interest paid loans - JOLCO		**(1.9)**	(1.4)
Proceeds from unsecured debt		**497.5**	1,177.0
Repayment of unsecured debt		**(357.5)**	(338.2)
Interest paid – unsecured debt*		**(8.9)**	(1.9)
Interest paid – other*		**(2.2)**	(2.5)
Net cash generated by/(used) in financing activities		**(325.5)**	624.6
Net increase/(decrease) in cash and cash equivalents		**(362.1)**	253.6
Cash and cash equivalents at the beginning of the year***		**1,100.7**	878.0
Effect of exchange rate fluctuations on cash and cash equivalents		**28.0**	(30.9)
Cash and cash equivalents at the end of the year* **		**766.6**	1,100.7

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

** Mostly JOLCO and IFRS16 leases.

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

1. Accounting policies

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated financial statements consolidate those of the Company and its subsidiaries. The audited consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and IFRS IC interpretations.

Based on the exemption provided in Article 105 (11) of the Companies (Jersey) Law 1991 the Company does not present its individual financial statements and related notes.

The financial statements are presented in Euros (€), which is the functional currency of all companies in the Group other than Wizz Air UK Ltd., Wizz Air Abu Dhabi Ltd., Wizz Air Abu Dhabi LLC, Wizz Air Innovation Ltd. and two dormant entities, Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC.

The Company has a policy of rounding each amount and percentage individually from the fully accurate number to the figure disclosed in the financial statements. As a result, some amounts and percentages do not total – though such differences are all trivial.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgements in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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 our Annual Report pages 62 to 77. Emerging and principal risks and uncertainties facing the Group are described on our Annual Report pages 70 to 77. Note 2 to the financial statements sets out the Group's objectives, policies and procedures for managing its capital and liquidity and provides details of the risks related to financial instruments held by the Group.

At 31 March 2022, the Group held cash and cash equivalents of €766.6 million (total cash of €1,378.8 million including €450.0 million of short term cash deposits, which can be accessed within less than 12 months after the financial year end, and €162.2 million of restricted cash), while net current assets were €145.5 million. In legal terms, the external borrowings of the Group consist of: €500 million bonds maturing in January 2024, €500 million bonds maturing in January 2026 and convertible debt with a balance of €26.4 million. In accounting terms a further €2,926.9 million are presented as borrowings in relation to future commitments from lease contracts. These borrowings do not contain any financial covenants.

The Group operates using a three year planning cycle. The Directors have reviewed their latest financial forecasts for the next twelve months from the date of signing these financial statements, plans to finance committed future aircraft deliveries due within this period that are currently unfinanced and available committed financing for aircraft. After making enquiries and testing the assumptions against different forecast scenarios including a severe but plausible downside scenario, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations as they fall due for a period of at least the next twelve months from the date of signing this report.

These enquiries and testing included a base case model of how the operations of the business would develop over the next twelve months from the date of signing this report . Wizz Air expects to very quickly return to full utilization of its fleet with higher load factors and RASK levels improving compared to F20. Progressive pass-through of pricing combined with anticipated retirement of cost-prohibitive capacity in the industry would allow pricing to stabilize around a new-found equilibrium, compensating for continuing high fuel and other inflation costs. In addition, the Directors have also modelled a downside scenario that assumes an even higher price for jet fuel and a stronger USD, whilst at the same time modelling a weaker trading environment (simulated by a lower RASK for the entire planning period). In this scenario the Group is still forecasting significant liquidity throughout this period.

The Directors also considered the impact of climate change over the time period and concluded that it was unlikely that material physical or transition risks that are described in our Sustainability Report, Annual Report page 17 would arise over this period. In preparing its base and downside forecasts the Directors also took into account the impact of the war in Ukraine and the four aircraft stranded in Ukraine (see note 10) and no material impact is forecast. The Directors have assumed that there will be no further significant disruption caused by the COVID-19 pandemic of the magnitude previously experienced.

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

2. Financial risk management

Financial risk factors

The Group is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Wizz Air is to minimise the impact of commodity price, interest rate and foreign exchange rate fluctuations on the Group's earnings, cash flows and equity. To manage commodity and foreign exchange risks, Wizz Air uses various derivative financial instruments, including foreign currency and jet fuel zero-cost collar contracts.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, fuel price risk, credit risk, use of derivative financial instruments, adherence to hedge accounting, and hedge coverage levels. The Board has mandated the Audit and Risk Committee of the Board to supervise the hedging activity of the Group and the compliance with the policies approved by the Board.

Risk analysis

Market risks

Pre-COVID, Wizz Air hedged a minimum of 50 per cent of the projected USD and jet fuel requirements for the next twelve months or 40 per cent on an 18-month hedge horizon. Exceeding the 18-month time horizon was subject to Board approval.

Following the COVID-19 outbreak, the activity level and consequently the fuel consumption was significantly lower in F21 than that on which the Group hedging programme was originally based. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated losses and gains on these instruments were charged to the statement of comprehensive income as exceptional expense in F21 and F22.

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

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

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

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

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and commitments that are denominated in a currency other than the functional currency of its operating entities. The foreign currency exposure of the Group is predominantly attributable to: (i) only a small portion of the Group's revenues are denominated in or linked to the USD while a significant portion of the Group's expenses are USD denominated, including fuel, aircraft leases, maintenance reserves; and (ii) there are various currencies in which the Group has significantly more revenues than expenses, primarily the British Pound (GBP) and – to a smaller extent – the Polish Zloty (PLN).

EUR/USD foreign currency rate is the most significant underlying foreign currency exposure to the Group.

The table below analyses the financial instruments by the currencies of future receipts and payments as follows:

At 31 March 2022	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	**68.9**	**68.2**	**4.5**	**141.6**
Derivative financial assets	**—**	**0.7**	**—**	**0.7**
Cash and cash equivalents	**597.5**	**97.4**	**71.7**	**766.6**
Short term cash deposits	**450.0**	**—**	**—**	**450.0**
Restricted cash	**0.6**	**161.2**	**0.4**	**162.2**
Total financial assets	**1,117.0**	**327.5**	**76.6**	**1,521.1**
Financial liabilities				
Unsecured debt*	**997.9**	**—**	**—**	**997.9**
IFRS 16 aircraft and engine lease liability	**328.5**	**2,008.8**	**—**	**2,337.3**
IFRS 16 other lease liability	**6.8**	**—**	**3.1**	**9.9**
JOLCO and FTL liability	**398.1**	**154.8**	**27.0**	**579.9**
Loans from non-controlling interests	**—**	**13.5**	**—**	**13.5**
Convertible debt	**26.4**	**—**	**—**	**26.4**
Trade and other payables	**381.4**	**99.5**	**48.2**	**529.1**
Derivative financial liabilities	**—**	**4.6**	**—**	**4.6**
Total financial liabilities	**2,139.1**	**2,281.2**	**78.3**	**4,498.6**
Net (liabilities)/assets	**(1,022.1)**	**(1,953.7)**	**(1.7)**	**(2,977.5)**

*Unsecured debt represent the European Mid Term Note

At 31 March 2021 (restated)	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables**	25.9	51.5	6.3	83.7
Derivative financial assets	—	5.1	—	5.1
Cash and cash equivalents	214.1	495.2	391.4	1,100.7
Short term cash deposits	300.0	46.8	—	346.8
Restricted cash	—	168.9	0.2	169.1
Total financial assets	540.0	767.5	397.9	1,705.4
Financial liabilities				
Unsecured debt*	499.2	—	350.3	849.5
IFRS 16 aircraft and engine lease liability	304.7	1,478.1	—	1,782.8
IFRS 16 other lease liability	8.6	—	2.5	11.1
JOLCO and FTL liability	319.6	107.6	27.5	454.7
Loans from non-controlling interests	—	12.8	—	12.8
Convertible debt	26.5	—	—	26.5
Trade and other payables**	245.4	156.8	21.3	423.5
Derivative financial liabilities	—	9.0	—	9.0
Total financial liabilities	1,404.0	1,764.3	401.6	3,569.9
Net liabilities	(864.0)	(996.8)	(3.7)	(1,864.5)

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

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

Trade and other receivables in this table, and also in the other disclosures in this Note, exclude balances that are not financial instruments, being prepayments, deferred expenses and part of other receivables. 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.

Commodity risks

One of the most significant costs for the Group is jet fuel. The price of jet fuel can be volatile and can directly impact the Group's financial performance. See further details regarding jet fuel at market risks and hedge transactions within this note.

The Group is also exposed to price risk related to Carbon Emission Trading System schemes (ETS). In order to comply with regulations ETS allowances must be purchased and surrendered on a yearly basis. To reduce the exposure to price volatility and inflation the Group enters into spot and forward purchase transactions. As at 31 March 2022, all requirements for calendar year 2021 and 75% of total forecast requirements for calendar year 2022 were covered. This coverage includes forward purchase agreements in the value of €112.7 million. As at the approval of this document, the coverage for calendar year 2022 is at 92%, including additional forward purchase agreements in the value of €15.2 million. These forward purchase agreements qualify for own use exemption and therefore are not accounted for as a financial instrument under IFRS 9.

Interest rate risk

The Group's objective is to reduce cash flow risk arising from the fluctuation of interest rates on financing.

The Group has future commitments under certain lease contracts that are based on floating interest rates. The floating nature of the interest charges on the leases exposes the Group to interest rate risk. Interest rates charged on Eurobond, convertible debt liabilities and on short and long-term loans to finance the aircraft are not sensitive to interest rate movements as they are fixed until maturity.

The Group has not used financial derivatives to hedge its interest rate risk during the year.

The Group has floating rate instruments within restricted cash, but given their short term (within three months) maturity, the interest rates are not expected to move significantly during this short period.

Hedge transactions during the year

The Group used zero-cost collar instruments and outright forward contracts to hedge its foreign exchange exposures and used zero-cost collar instruments to hedge its jet fuel exposures.

The gains and losses arising from hedge transactions during the year were as follows:

a) Foreign exchange hedge:

	2022 € million	2021 € million
(Loss)/gain recognised within fuel costs		
Effective cash flow hedge	**(1.8)**	—
Discontinued cash flow hedge expiring in the financial year*	**—**	7.7
Fair value change of discontinued cash flow hedge expiring in the financial year*	**(0.4)**	(8.0)
Discontinued cash flow hedge expiring in following financial year(s)*	**—**	0.3
Fair value change of discontinued cash flow hedge expiring in following financial year(s)*	**—**	(0.6)
Total loss recognised within fuel costs	**(2.2)**	(0.6)

*Fair value change and result of discontinued hedges were charged to exceptional expense.

Gain recognised within financial income		
Effective fair value hedge	**—**	0.4
Total gain recognised within financial income	**—**	0.4

Gain recognised within net foreign exchange gains		
Effective fair value hedges	**—**	5.1
	—	5.1

Fuel hedges:

	2022 € million	2021 € million
Gain/(loss) recognised within fuel costs		
Effective hedge	**13.7**	(68.4)
Discontinued cash flow hedge expiring in the financial year*	**0.6**	(125.2)
Fair value change of discontinued cash flow hedge expiring in the financial year*	**4.0**	33.5
Discontinued cash flow hedge expiring in following financial year(s)*	**—**	(14.7)
Fair value change of discontinued cash flow hedge expiring in following financial year(s)*	**—**	13.5
Total gain/(loss) recognised within fuel costs	**18.3**	(161.3)

*Fair value change and result of discontinued hedges were charged to exceptional expense.

Hedge year-end open positions

The fair value of derivatives is estimated by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. These estimations are performed based on market prices observed at year end and therefore, according to paragraph 128 of IAS 1, do not require further disclosure. Such fair values might change materially within the next financial year but these changes would not arise from assumptions made by management or other sources of estimation uncertainty at the end of the year but from the movement of market prices. The fair value calculation is most sensitive to movements in the jet fuel and foreign currency spot prices, their implied volatility and respective yields. A sensitivity analysis for the jet fuel price and for the FX rate on most relevant currency pairs is included below in this note.

At the end of the year and the prior year the Group had the following open hedge positions:

a) Foreign exchange hedges with derivatives:

		Derivative financial instruments				
At 31 March 2021	Notional amount US$ million	Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million
Effective fair value hedge positions	—	—	—	—	—	—
Effective cash flow hedge positions	104.7	—	0.2	—	(2.2)	(2.0)
Discontinued cash flow hedge positions	25.0	—	—	—	(0.4)	(0.4)
Total foreign exchange hedges	**129.7**	**—**	**0.2**	**—**	**(2.6)**	**(2.4)**

No such hedges as at 31 March 2022.

For the movements in other comprehensive income refer to the consolidated statement of changes in equity.

The open foreign currency cash flow hedge positions at year end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

EUR/USD foreign exchange hedge:

At 31 March 2021	F22 12 months	F23 6 months
Maturity profile of notional amount (million)	$129.7	—
Weighted average ceiling	$1.1621	—
Weighted average floor	$1.1164	—

No such hedges as at 31 March 2022.

b) Foreign exchange hedge with non-derivatives:

Non-derivatives, such as cash, are existing financial assets or liabilities that hedge highly probable foreign currency cash flows in the future and therefore act as a natural hedge.

Fuel hedge:

At 31 March 2022	'000 metric tonnes	Derivative financial instruments Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net liability € million
Effective cash flow hedge positions	**240.0**	—	**3.0**	—	**(4.6)**	**(1.6)**
Discontinued cash flow hedge positions	—	—	—	—	—	—
Total fuel hedge	**240.0**	**—**	**3.0**	**—**	**(4.6)**	**(1.6)**

At 31 March 2021	'000 metric tonnes	Derivative financial instruments Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net liability € million
Effective cash flow hedge positions	253.0	—	3.6	—	(3.8)	(0.2)
Discontinued cash flow hedge positions	117.0	—	1.3	—	(2.6)	(1.3)
Total fuel hedge	370.0	—	4.9	—	(6.4)	(1.5)

For the movements in other comprehensive income refer to the consolidated statement of changes in equity.

The fuel hedge positions at year end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

At 31 March 2022	F23 12 months	F24 6 months
Maturity profile ('000 metric tonnes)	240.0	—
Blended capped rate	$1,130.0	—
Blended floor rate	$982.0	—

At 31 March 2021	F22 12 months	F23 6 months
Maturity profile ('000 metric tonnes)	370.0	—
Blended capped rate	$554.0	—
Blended floor rate	$503.0	—

Hedge effectiveness

The effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses. Prospective testing of open hedges requires making certain estimates, the most significant one being for the future expected level of the business activity (primarily the utilisation of fleet capacity) of the Group. Estimating the expected level of future business activity is particularly critical in periods of high uncertainty like the current COVID-19 pandemic and outbreak of the war in Ukraine.

Building on these estimations of the future, management makes judgement on the accounting treatment of open hedge instruments. Hedge accounting for jet fuel and foreign currency cash flow hedges was discontinued where the "highly probable" forecast criterion was not met in accordance with the requirements of IFRS 9.

Following the COVID-19 outbreak, the majority of the Group's fleet was grounded for a period from mid-March 2020. The fuel consumption in F21 and early F22 was significantly lower than that on which the Group hedging programme was originally based, resulting in fuel and foreign currency hedge instruments being discontinued for hedge accounting. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated net gain on these instruments of €4.2 million (2021: €93.6 million net loss) has been recognised in the income statement.

None of the hedge counterparties had a material change in their credit status that would have influenced the effectiveness of the hedging transactions.

Sensitivity analysis

The table below shows the sensitivity of the Group's profits to various market risks for the current and the prior year, excluding any hedge impacts.

	2022 Difference in profit after tax € million	2021 Difference in profit after tax € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**-74.5**	-35.0
Fuel price $100 lower per metric tonne	**+74.5**	+35.0
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**+104.2**	+70.2
FX rate 0.05 lower	**-113.6**	-76.5
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	**-5.4**	-3.0
FX rate 0.03 lower	**+5.7**	+3.3
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	**+14.9**	+15.4
Interest rate is lower by 100 bps	**-14.8**	-15.4

The interest rate sensitivity calculation above considers the effects of varying interest rates on the interest income on bank deposits and floating rate leases.

The table below shows the sensitivity of the Group's other comprehensive income to various market risks for the current and the prior year. These sensitivities relate to the impact of the market risks on the balance of the cash flow hedging reserve (which includes gains and losses related to open cash flow hedges both for foreign exchange rates and jet fuel price).

	2022 Difference € million	2021 Difference € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	**+20.6**	+22.9
Fuel price $100 lower per metric tonne	**-20.6**	-22.9
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	**-0.1**	+0.1
FX rate 0.05 lower	**+0.1**	-0.1
Fuel volume sensitivity (metric tonnes)		
100,000 metric tonnes reduction in forecast fuel purchases	**-2.7**	+1.1
100,000 metric tonnes increase in forecast fuel purchases	**+2.7**	-1.1

The sensitivity analyses for 2022 above were performed with reference to the following market rates, as the base case:

1. For profits, annual average rates: jet fuel price $789.0 per metric tonne; EUR/USD FX rate 1.16; EUR/GBP FX rate 0.85; and
2. For other comprehensive income, year-end spot rates: jet fuel price $512.0 per metric tonne; EUR/USD FX rate 1.16.

Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. In recent years the Group has been holding a high level of cash funds compared to the needs of the business operations. Nevertheless, the unprecedented impact of COVID-19 on the industry was affecting the liquidity of the Group in 2021 and 2022 especially in light of prolonged travel restrictions. The Group responded to these special challenges with a number of actions to improve costs and liquidity, the most important ones being as follows:

3. continue to ensure that the flights that are operated deliver positive cash contribution;
4. securing lease financing for aircraft delivery positions until December 2022;
5. working with suppliers to reduce contracted rates and improve payment terms;
6. reducing discretionary spending and suspending non-essential capital expenditure;
7. issuance of a three-year €500 million bond in January 2021 that pays an annual fixed coupon of 1.35 per cent; and
8. issuance of a four-year €500 million bond in January 2022 that pays an annual fixed coupon of 1.00 per cent.

As a result of these measures, Wizz Air is confident in its ability to survive, even in case of potential prolonged restrictions or further increases in commodity prices. For further notes, refer to the going concern assessment under Note 1.

The Group paid €232.6 million in F21 to settle hedging transactions. Liquidity risk from derivative financial liabilities is not material at 31 March 2022 due to almost no hedging activity since the start of the pandemic.

The Group invested excess cash primarily in USD, EUR and GBP denominated short-term time deposits with high quality bank counterparties.

The table below analyses the Group's financial assets and liabilities (receivable or payable either in cash or net settled in case of certain derivative financial assets and liabilities) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows except for derivatives where fair values are presented. Therefore, for certain asset and liability categories the amounts presented in this table can be different from the respective amounts presented in the statement of financial position.

At 31 March 2022	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	**110.0**	**11.0**	**20.6**	—	**141.6**
Derivative financial assets	**0.7**	—	—	—	**0.7**
Cash and cash equivalents	**766.6**	—	—	—	**766.6**
Short term cash deposits	—	**450.0**	—	—	**450.0**
Restricted cash	**36.7**	**58.2**	**66.7**	**0.6**	**162.2**
Total financial assets	**914.0**	**519.2**	**87.3**	**0.6**	**1,521.1**
Financial liabilities					
Unsecured debt	**6.8**	**11.8**	**1,021.8**	—	**1,040.4**
IFRS 16 aircraft and engine lease liability	**122.1**	**321.4**	**1,338.4**	**847.8**	**2,629.7**
IFRS 16 other lease liability	**0.5**	**1.6**	**6.7**	**5.2**	**14.0**
JOLCO and FTL lease liability	**10.6**	**32.9**	**174.0**	**410.8**	**628.3**
Loans from non-controlling interests	—	—	—	**13.5**	**13.5**
Convertible debt	—	—	**26.4**	—	**26.4**
Other payables	**432.7**	**39.7**	**49.7**	**7.0**	**529.1**
Derivative financial liabilities	—	**4.6**	—	—	**4.6**
Financial guarantees	—	—	—	—	—
Total financial liabilities	**572.7**	**412.0**	**2,617.0**	**1,284.3**	**4,886.0**

At 31 March 2021 (restated)	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables**	53.1	9.1	21.5	—	83.7
Derivative financial assets	2.0	3.1	—	—	5.1
Cash and cash equivalents	1,100.7	—	—	—	1,100.7
Short term cash deposits	—	346.8	—	—	346.8
Restricted cash	22.2	12.8	119.5	14.6	169.1
Total financial assets	1,178.0	371.8	141.0	14.6	1,705.4
Financial liabilities					
Unsecured debt	—	358.8	513.5	—	872.3
IFRS 16 aircraft and engine lease liability	107.4	292.3	1,137.6	454.4	1,991.7
IFRS 16 other lease liability	0.4	1.3	6.2	3.4	11.3
JOLCO and FTL lease liability	7.0	25.1	128.5	315.8	476.4
Loans from non-controlling interests	—	—	—	12.8	12.8
Convertible debt	—	—	26.5	—	26.5
Trade and other payables**	283.2	61.3	71.9	7.1	423.5
Derivative financial liabilities	6.4	2.6	—	—	9.0
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	405.1	741.4	1,884.2	793.5	3,824.2

*As a consequence of the adjustments made to financial assets and liabilities noted above, the maturity analysis of trade and other receivables and trade and other payables in the table above have been changed. As a result trade and other receivables balances as at 31 March 2021 now total €83.7 million (previously €109.3 million) have been analysed as €53.1 million (previously €79.9 million) with maturity within three months, and €21.5 million (previously €20.3 million) with maturity between one and five years, amount with maturity between three months and one year did not change. Likewise trade and other payable balances as at 31 March 2021 now total €423.5 million (previously €231.7 million), including €283.2 million (previously €206.3 million) with maturity within three months, €61.3 million (previously €25.4 million) with maturity within three months and one year, €71.9 million (previously €nil) with maturity within one and five years, and €7.1 million (previously €nil) with maturity within more than five years. As a result of the change in maturity analysis, the statement of financial position classification between current and non-current was restated.

The Group has obligations under financial guarantee contracts. The most significant financial guarantee contracts relate to aircraft leases, hedging and convertible notes. For these items the respective underlying liabilities are reflected under the appropriate line of the financial liabilities part of the table above (for leases the liability is presented under borrowings). Since the liability itself is already reflected in the table, it would not be appropriate to also include the financial guarantee provided by another Group entity for the same obligation. The only guarantee separately disclosed in this table relates to a contract for the provision of public services in Hungary, with respect to which there is no liability recognised in the statement of financial position. This possible obligation is disclosed in the table above within financial guarantees.

Management does not expect that any payment under these guarantee contracts will be required by the Company.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk from individual customers is limited as the large majority of the payments for flight tickets are collected before the service is provided.

However, the Group has significant banking, hedging, aircraft manufacturer and card acquiring relationships that represent counterparty credit risk. The Group analysed the creditworthiness of the relevant business partners in order to assess the likelihood of non-performance of liabilities and therefore assets due to the Group. The credit quality of the Group’s financial assets is assessed by reference to external credit ratings (published by Standard & Poor’s or similar institutions) of the counterparties as follows:

At 31 March 2022	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	**757.1**	**1.9**	**7.1**	**0.5**	**766.6**
Short term cash deposits	**450.0**	—	—	—	**450.0**
Restricted cash	**161.9**	**0.1**	**0.2**	—	**162.2**
Trade and other receivables	—	—	—	**141.6**	**141.6**
Derivative financial assets	**0.7**	—	—	—	**0.7**
Total financial assets	**1,369.7**	**2.1**	**7.3**	**142.1**	**1,521.1**

At 31 March 2021	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	899.1	50.9	150.3	0.4	1,100.7
Short term cash deposits	346.8	—	—	—	346.8
Restricted cash	168.8	0.1	0.2	—	169.0
Trade and other receivables*	—	—	—	83.7	83.7
Derivative financial assets	2.1	0.1	2.9	—	5.1
Total financial assets	1,416.8	51.1	153.4	84.1	1705.4

*See note above for explanation of the change in trade and other receivables balances as at 31 March 2021. Trade and other receivables remain unrated.

From the unrated category within trade and other receivables the Group has €25.2 million (2021: €35.3 million) receivables from different aircraft lessors in respect of maintenance reserves and lease security deposits paid. However, given that the Group physically possesses the aircraft owned by the lessors and that the Group has significant future lease payment obligations towards the same lessors, management does not consider the credit risk on maintenance reserve receivables to be material. Most of the remaining balance in this category in both years relates to ticket sales receivables from customers and non-ticket revenue receivables from business partners. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically been good.

Within cash and cash equivalents in 2022, out of the €7.1 million in the category "other" €nil million (2021: €48.5 million) relates to cash deposits held with BBB+ rated banks. In 2021 the short term cash deposits in the other category relates to cash deposits held with BBB+ rated banks.

Based on the information above management does not consider the counterparty risk of any of the counterparties being material and therefore no fair value adjustment was applied to the respective cash or receivable balances.

Fair value estimation

The Group classifies its financial instruments based on the technique used for determining fair value into the following categories:

Level 1: Fair value is determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is determined based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value is determined based on inputs that are not based on observable market data (that is, on unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2022:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	—	**0.7**	—	**0.7**
	—	**0.7**	—	**0.7**
Liabilities				
Derivative financial instruments	—	**4.6**	—	**4.6**
	—	**4.6**	—	**4.6**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2021:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	—	5.1	—	5.1
	—	5.1	—	5.1
Liabilities				
Derivative financial instruments	—	9.0	—	9.0
	—	9.0	—	9.0

The Group measures its derivative financial instruments at fair value, calculated by the banks involved in the hedging transactions that fall into the Level 2 category. The banks are using generally accepted valuation techniques, principally the Black-Scholes model and discounted cash flow models.

All the other financial assets and financial liabilities are measured at amortised cost.

Capital management

The Group's objectives when managing capital are: (i) to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders; (ii) to secure funds at competitive rates for its future aircraft acquisition commitments (see Note 15); 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 12), as well as to a smaller extent, convertible debt.

Wizz Air's strategy is to hold significant cash and liquid funds to mitigate the impact of potential business disruption events and to invest in opportunities as they come along in an increasingly volatile market environment. Accordingly, the Group has so far retained all profits and paid no dividends and financed all its aircraft and most of its spare engine acquisitions through sale and leaseback agreements. In addition Wizz Air diversified further its financing options through the establishment in January 2021 of a €3.0 billion European Mid Term Note (EMTN) programme and issuance of its debut bond by Wizz Air Finance Company B.V., unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc.

The existing aircraft orders of the Group create a need for raising significant amounts of capital in the following years. The strategy of the Group is to ensure that it has access to various forms of long-term financing, which in turn allows the Group to further reduce its cost of capital and the cost of ownership of its aircraft fleet.

3. Critical accounting estimates and judgements made in applying the Group's accounting policies

a) Maintenance policy

The estimations and judgements applied in the context of the maintenance accounting policy of the Group impact the balance of (i) property, plant and equipment (and, within that, of aircraft maintenance assets, as detailed in Note 10) and (ii) aircraft maintenance provisions (as detailed in Note 14).

Estimate: For aircraft held under lease agreements, provision is made for the minimum unavoidable costs of specific future maintenance obligations required by the lease at the time when such obligation becomes certain. The amount of the provision involves making estimates of the cost of the heavy maintenance work that is required to discharge the obligation, including any end of lease costs. A 10% increase in the planned costs of heavy maintenance works at the 31 March 2022 year end would increase the balance of both aircraft maintenance assets and aircraft maintenance provisions by €8.9 million.

Estimate: The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as an "aircraft maintenance asset") at the earlier of: (a) the time the lease re-delivery condition is no longer met; or (b) when maintenance, including enhancement, is carried out. The calculation of the depreciation charge on such assets involves making estimates primarily for the future utilisation of the aircraft. A 46% decrease in the F23 forecast aircraft utilisation would result in the same average utilisation as in F22. This would cause €6.4 million decrease in the balance of aircraft maintenance assets.

The basis of these estimates are reviewed annually at least, and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation of the assets, or changes in the cost of heavy maintenance services.

Judgment: On a lease by lease basis the Group makes a judgement whether it would perform future maintenance that would impact the condition of the respective aircraft or spare engine asset in a way that eliminates the need for paying compensation to the lessor on the re-delivery of the leased asset. When such maintenance is not expected then accrual is made for the compensation due to the lessor in line with the terms of the respective lease contract.

Judgement: The policy adopted by the Group, as summarised above, is only one of the policies available under IFRS in accounting for heavy maintenance for aircraft held under lease agreements. A principal alternative policy involves recognising provisions for future maintenance obligations in accordance with hours flown or similar measure, and not only when lease re-delivery conditions are not met. In the judgement of the Directors the policy adopted by the Group, whereby provisions for maintenance are recognised only when lease re-delivery conditions are not met, provides the most reliable and relevant information about the Company's obligations to incur major maintenance expenditure on leased aircraft and at the same time it best reflects the fact that an aircraft has lower maintenance requirements in the early years of its operation. The average age of the Group's aircraft fleet at 31 March 2022 was 5.0 years (5.4 years at 31 March 2021). Given the policy adopted we currently do not consider that the impact of climate change has a material impact on maintenance provision.

b) Net presentation of government taxes and other similar levies

The Group's accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted against revenue).

Judgement: Management reviews all passenger-based charges levied by airports and government authorities to ensure that any amounts recovered from passengers in respect of these charges are appropriately classified within the statement of comprehensive income. Given the variability of these charges and the number of airports and jurisdictions within which the Group operates, the assessment of whether these items constitute taxes in nature is an inherently complex area for some airports, requiring a level of judgement.

c) Accounting for aircraft and spare engine assets

Judgement: When the Group acquires new aircraft and spare engines, it applies the following critical judgements in determining the acquisition cost of these assets:

9. 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
10. Aircraft acquisition costs are recalculated to reflect the impacts of: (i) any adjustment on the cost of installed engines (as above); and (ii) concessions received from the manufacturers of other aircraft components under selection agreements. Such acquisition cost has relevance also for leased aircraft when calculating the amount of total gain or loss on the respective sale and leaseback agreement.

d) Accounting for leases

Judgement: Some of the Group's lease contracts contain lease extension options. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgement is made lease by lease, and is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgement is revised at a later date.

Judgement: The Group takes the view that, as a lessee, it is not able to readily determine the interest rate implicit in its lease contracts. Therefore, it applies its incremental borrowing rate for discounting future lease payments.

The estimations made by management in accounting for leases do not materially impact the asset and liability balances of the Group. The majority of aircraft and spare engine assets are leased and as such their period of depreciation is the shorter of their useful economic lives and lease duration. As these assets are new at the inception of the lease and typically have a useful economic life of at least twice the duration of the lease no further estimation has been required.

e) Income taxes

Judgement: A significant judgement has been made by the Group in relation to the position that the Swiss tax authority would take with respect to the calculation of income and capital gains taxes for F18–F22 for one of the legal entities of the Group. In applying IFRIC 23 the Group applied the "most likely amount method" and, by relying also on professional advice, took the view that the positions taken by the Group represent the most likely outcome for the Swiss income tax liabilities.

f) Revenue from contracts with other partners

As explained in Note 4, revenue from contracts with other partners relates to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

Judgement: The Group considers that it is an agent (as opposed to principal) in relation to all its contracts with other partners. Accordingly, Wizz recognises revenue from these contracts on a net (commission) basis.

Out of these contracts, the one for the provision of on-board catering services is the most significant in value and it is also the most complex from the perspective of making the 'agent versus principal' assessment/ judgement. The Company's judgement was based on the facts that it is the partner that (i) enters into contracts with the passengers/customers and bears the liability towards them for delivering the products and services; (ii) defines the majority of the product portfolio, manages the inventory, is responsible for product availability/ outage, has title to the inventory and bears the risk of loss; and (iii) has discretion in establishing prices. The difference on this contract between gross sales and net commission revenue (as recognised in the statement of comprehensive income) was €40.8 million (2021: €13.6 million).

g) Aircraft in Ukraine

Judgement: Based on photographic and local employee information management believes that these aircraft are in good condition and have not been damaged in the conflict. Maintenance could also be performed to a limited extent for one aircraft ensuring that aircraft is better prepared for storage. The aircraft are assumed to be returned to the fleet by the end of the summer season.

Estimate: The incremental maintenance provision requirement for the four aircraft stranded in Ukraine is a judgement by management where the range of outcomes is estimated between a minimum of €0.8m and maximum of €30.0m less amounts already provided of €1.6m. The maximum of the range represents a very remote, worst-case scenario which assumes that no access is granted to the aircraft for 6-12 months, no mitigation action can be taken in the meantime, and major overhaul is required on all components, including engines.

4. Revenue

The split of total revenue presented in the statement of comprehensive income, being passenger ticket revenue and ancillary revenue, is a non-IFRS measure (or alternative performance measure).. The existing revenue presentation is considered relevant for the users of the financial statements because: (i) it mirrors disclosures presented outside of the financial statements; and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance of the (now only one) operating segment.

Revenue from contracts with customers can be disaggregated as follows based on IFRS 15:

	2022 **€ million**	2021 € million
Revenue from contracts with passengers	**1,627.1**	704.1
Revenue from contracts with other partners	**36.4**	34.9
Total revenue from contracts with customers	**1,663.4**	739.0

These two categories represent revenues that are distinct from a nature, timing and risks point of view. Revenue from contracts with other partners relates to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

The contract assets reported in F22 as part of trade and other receivables amounted to €2.3 million (2021: €0.4 million) and the contract liabilities (unearned revenues) reported as part of deferred income were €326.6 million (2021: €65.0 million). Of the €1,627.1 million revenue from contract with customers recognised in F22 (2021: €704.1 million), €65.0 million (2021: €172.3 million) was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 13).

5. Operating loss

Net other expenses

Net other expenses increased from €1.2 million in F21 to €53.2 million in F22, as there was a significant increase in other expenses after the industry's recovery from the COVID-19 pandemic.

The following charges are included in net other expenses:

	2022 € million	2021 € million
Gain on sale and leaseback transactions	49.7	40.6
Overhead related expenses	(40.1)	(30.9)
Crew related expenses	(32.5)	(14.6)
Flight disruption related expenses	(29.5)	(6.7)
Expense relating to short-term leases	(2.5)	—
Auditors' remuneration (see Note below)	(1.4)	(1.0)
Impairment of receivables	(1.0)	—
Expense relating to variable lease payments	(0.5)	—
Net other income	4.6	11.4
Net other expenses	(53.2)	(1.2)

Overhead related expenses include fees for legal support, professional services, consulting, and IT related services.

Auditors' remuneration

	2022 € million	2021 € million
Fees payable to Company's auditors for the audit of the consolidated financial statements	**1.0**	0.8
Audit of financial statements of subsidiaries pursuant to legislation	**0.2**	0.1
Audit-related assurance services	**0.1**	—
Other assurance services	**0.1**	0.1
Total remuneration of auditors	**1.4**	1.0

Fees payable to Company's auditors for the audit of the consolidated financial statements includes amounts in respect of the interim review, and out of pocket expenses.

Inventories

Inventories totalling €14.5 million were recognised as maintenance materials and repairs expenses in the year (2021: €6.7 million).

6. Net financing income and expense

	2022 € million	2021 € million
Interest income	**2.8**	9.0
ETS put option fair value gain	**—**	2.6
Financial income	**2.8**	11.6
Interest expenses:		
Convertible debt	**(2.0)**	(2.0)
IFRS 16 lease liability	**(71.3)**	(68.1)
JOLCO and FTL lease liability	**(4.7)**	(3.0)
Unsecured debt	**(10.5)**	(3.7)
Other	**(1.0)**	(1.6)
Financial expenses	**(89.5)**	(78.4)
Net foreign exchange (loss)/gain	**(89.5)**	28.4
Net financing expense	**(176.2)**	(38.4)

Interest income and expense include interest on financial instruments (earned on cash and cash equivalents and short term deposits).

Net foreign exchange loss in net amount of €96.0 million for F22 relates to remeasurement of lease liabilities denominated in USD (Note 2). During F22 the USD/EUR exchange rate decreased from 1.17 USD/EUR at 31 March 2021 to 1.11 USD/EUR at 31 March 2022 which resulted in an increase in lease liability and related recognition of foreign exchange loss.

7. Exceptional items and underlying loss

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the conditions created by COVID-19 and outbreak of the war in Ukraine and its impact on jet fuel prices.

In F22 the Group had exceptional operating income of €4.3 million (total of €3.0 million gain on transactions resulting in gain and €1.3 million gain on transaction resulting in a loss during the financial year) relating to cash flow hedges regarding future fuel purchases that were classified as discontinued (refer to Note 2) as a consequence of the partial grounding of the Group's fleet under the COVID-19 virus situation. In F21 the Group had exceptional operating expenses of €93.6 million relating to cash flow hedges regarding future fuel purchases that were classified as discontinued (refer to Note 2) during 2021 as a consequence of the grounding of the majority of the Group's fleet under the COVID-19 virus situation. The change is due to the significant fuel price movements and also due to the lower level of hedging in F22. These items were used by management in the determination of the non-IFRS underlying profit measure for the Group – see below.

Underlying loss

	2022 € million	2021 € million
Net loss for the year	**(642.5)**	(576.0)
Adjustment for exceptional items	**(4.3)**	93.6
Underlying loss after tax	**(646.7)**	(482.4)

The tax effects of the adjustments made above are insignificant.

8. Income tax expense

Recognised in the statement of comprehensive income:

	2022 € million	2021 € million
Current tax on loss for the year	**0.3**	0.1
Adjustment for current tax of prior years	**(0.4)**	(0.1)
Other income-based taxes for the year	**5.7**	4.8
Adjustment for income-based taxes of prior years	**(1.0)**	(3.1)
Total current tax expense	**4.6**	1.7
Deferred tax – increase/(decrease) in deferred tax liabilities	**(3.0)**	6.3
Deferred tax – increase/(decrease) in deferred tax assets	**(0.6)**	1.5
Total deferred (benefit)/ tax charge	**(3.6)**	7.8
Total tax charge	**0.9**	9.5

The Company, that is Wizz Air Holdings Plc, has a tax rate of 13.97 per cent (2021: 13.97 per cent). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations. There was no deferred tax asset recognised in relation to the losses incurred by the Group in 2022 mainly because the losses incurred by the main airline subsidiary of the Group are not eligible for utilisation against taxable profits in the future.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 13.97 per cent (2021: 13.97 per cent). The difference is explained below.

	2022 € million	2021 € million
Loss before tax	**(641.5)**	(566.5)
Tax at the corporation tax rate of 13.97 per cent (2021: 13.97 per cent)	**(89.6)**	(79.1)
Adjustment for current tax of prior years	**(0.4)**	(0.1)
Adjustment for income-based taxes of prior years	**(1.0)**	(3.1)
Increase/(decrease) in deferred tax liabilities due to changes in Swiss effective tax rate	**—**	1.7
Effect of different tax rates of subsidiaries versus the parent company	**79.7**	76.6
Effect of current year losses not being eligible for utilisation against taxable profits in future years	**6.6**	8.8
Other income-based foreign tax	**5.7**	4.7
Total tax charge	**0.9**	9.5
Effective tax rate	**(0.1)%**	(1.7)%

The effect of different tax rates of subsidiaries is a composition of impacts primarily in Switzerland and the UK, relating to the airline subsidiaries of the Group. The Company paid €4.9 million tax in the year (2021: €3.6 million). Substantially all the losses and the profits of the Group in F22 and F21, respectively, were made by the airline subsidiaries of the Group, and substantially all the tax charges and credits presented in this Note were incurred by these entities.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. There is no material impact on the current and deferred taxation balances of Wizz Air UK Limited.

Other income-based foreign tax represents the local business tax and the "innovation contribution" payable in Hungary in F22 and F21 by the Hungarian subsidiaries of the Group, primarily Wizz Air Hungary Ltd. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

Recognised in the statement of other comprehensive income

	2022 **€ million**	2021 € million
Deferred tax related to movements in cash flow hedging reserve	–	(0.5)
Total tax charge	**–**	(0.5)

Interpretation 23 "Uncertainty over Income Tax Treatments" (IFRIC 23)

The Group has open tax periods in a number of jurisdictions involving uncertainties of different nature and materiality, the most important open ones being for F18–F21. The Group assessed the impact of uncertainty of each of its tax positions in line with the requirements of IFRIC 23. The outcome of this assessment in F22 was to release €0.8 million of provisions previously made, due to the facts that during the year: (i) some prior tax periods expired for tax authority examination; or (ii) there was a tax examination that confirmed the treatment applied by the Company. For all other tax returns the Group concluded that it was probable that the tax authority would accept the uncertain tax treatment that has been taken or is expected to be taken in those tax returns and therefore accounted for income taxes consistently with that tax treatment. The final liabilities, as later assessed by the tax authorities, may vary from the amounts that have been recognised by the Group.

9. Loss per share

Basic and diluted loss per share

Basic earnings or loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during each year. There is no difference between the basic and diluted loss per share for F22 and F21 as potential ordinary shares are anti-dilutive due to incurred loss.

	2022	2021
Loss for the year, € million	**(631.8)**	(576.0)
Weighted average number of Ordinary Shares in issue	**99,812,331**	85,545,648
Basic and diluted loss per share, €	**(6.33)**	(6.73)

There were no Convertible Shares in issue at 31 March 2022 (17,377,203 at 31 March 2021). These shares were non-participating, i.e. the loss attributable to them is nil. These shares were not included in the basic loss per share calculation above.

Underlying loss per share

The underlying earnings per share is a fully diluted non-IFRS measure defined by the Company, calculated as follows:

	2022	2021
Underlying loss for the year (see Note 7), € million	**(636.1)**	(482.4)
Weighted average number of Ordinary Shares for underlying earnings per share	**99,812,331**	85,545,648
Underlying loss per share, €	**(6.37)**	(5.64)

The calculation of the underlying EPS is different from the calculation of the IFRS diluted EPS measure in that for earnings the underlying loss for the year was used (see Note 7) 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.

10. Property, plant and equipment

	Land and building € million	Aircraft maintenance assets € million	Aircraft assets and parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenance assets € million	RoU assets aircraft and spares € million	RoU assets other € million	Total € million
Cost									
At 1 April 2020	18.1	463.4	354.9	12.6	546.0	192.0	2,422.5	10.9	4,020.5
Additions	0.1	27.9	162.1	0.7	165.1	41.7	418.4	4.6	820.6
Disposals	—	(65.7)	(25.3)	(4.7)	(129.8)	(12.2)	(40.4)	—	(278.1)
Transfers	—	4.6	54.2	—	(54.2)	(4.6)	—	—	—
FX translation effect	—	0.1	—	—	—	0.5	9.1	—	9.7
At 31 March 2021	18.2	430.3	545.9	8.6	527.1	217.3	2,809.6	15.5	4,572.5
Additions	7.6	36.1	163.8	2.7	407.6	40.5	738.9	0.6	1,397.8
Disposals	—	(126.1)	(19.5)	—	(200.2)	(0.3)	(137.2)	—	(483.3)
Transfers	—	33.0	—	—	—	(33.0)	—	—	—
FX translation effect	—	0.7	—	—	—	0.1	2.8	—	3.6
At 31 March 2022	**25.8**	**374.0**	**690.3**	**11.3**	**734.4**	**224.6**	**3,414.1**	**16.1**	**5,490.6**
Accumulated depreciation									
At 1 April 2020	2.1	287.0	41.7	5.5	—	—	1,128.1	3.2	1,467.5
Depreciation charge for the year	1.2	77.3	25.9	0.9	—	—	229.4	1.8	336.5
Disposals	—	(65.7)	(5.7)	—	—	—	(40.4)	—	(111.8)
FX translation effect	—	0.3	(0.3)	—	—	—	2.0	—	2.0
At 31 March 2021	3.3	298.9	61.5	6.4	—	—	1,319.1	5.0	1,694.2
Depreciation charge for the year	1.2	89.0	33.1	1.2	—	—	310.1	2.2	436.8
Disposals	—	(124.6)	(10.8)	—	—	—	(137.1)	—	(272.5)
FX translation effect	—	0.1	—	—	—	—	0.6	—	0.7
At 31 March 2022	**4.5**	**263.4**	**83.8**	**7.6**	**—**	**—**	**1,492.7**	**7.2**	**1,859.2**
Net book amount									
At 31 March 2022	**21.3**	**110.6**	**606.5**	**3.7**	**734.4**	**224.6**	**1,921.4**	**8.9**	**3,631.4**
At 31 March 2021	14.9	131.4	484.4	2.2	527.1	217.3	1,490.5	10.4	2,878.2

The Group entered into various financing arrangements in order to finance aircraft including Sale and Leaseback, Japanese Operating Lease with Call Option (JOLCO) and French Tax Lease (FTL) structures. Certain of these arrangements include Special Purpose Vehicles (SPV) in the financing structure and in accordance with IFRS 10, where the Group has control of these entities, these are consolidated in the Group balance sheet. Aircraft assets and parts leased under JOLCO as part of sale and leaseback arrangements are not classified as leases under IFRS 16 and treated as aircraft assets and parts (as if there were no sale at all).

Other Right-of-Use (RoU) assets include leased buildings and simulator equipment. Please refer to Note 12 for details on lease liabilities.

Additions to aircraft maintenance assets (€36.1 million in F22 and €27.9 million in F21) were fixed assets created primarily against provision, as the Group's aircraft or their main components no longer met the relevant return conditions under lease contracts.

Additions to "advances paid to aircraft maintenance assets" reflect primarily the advance payments made by the Group to the engine maintenance service provider under FHAs.

Additions to "advances paid for aircraft" represent PDPs made in the year, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During F22 in the statement of cash flows the cash inflow was €190.0 million "refund of advances paid for aircraft" and the cash outflow was €407.6 million "advances paid for aircraft".

The Group has reviewed the expected useful economic lives attributed to its leased aircraft fleet and notes that the duration of its leases is significantly less than the current expected life of the aircraft and accordingly no change as a result of climate change has been made.

Impairment assessment

An impairment assessment was performed for the Group's aircraft fleet which comprises a single cash generating unit (CGU) that includes virtually all property, plant, equipment, and also the intangible assets of the Group. The recoverable amount of that CGU was estimated by value in use calculations based on cash flow projections in the plan approved by the Board for the following three financial years up to and including March 2025.

Management's assessment of future trends includes trading and other assumptions - such as fleet size, passenger numbers, load factors, commodity prices, foreign exchange rates - based on external and internal inputs, as well as climate change risks and opportunities outlined in the TCFD disclosure. Key assumptions for the jet fuel price and USD exchange rate were the following:

	2023	2024	2025
Jet fuel price (EUR per metric tonne)	1,050.0	950.0	950.0
USD/EUR exchange rate	1.1	1.1	1.1

An average growth rate of 2.1% (2021: 1.7%) was used to extrapolate cash flow projections beyond March 2025 for a period of 12 years in total to cover all lease terms in the existing aircraft fleet. A pre-tax discount rate of 9.7% (2021: 8.0%) was derived from the weighted average cost of capital of the Group. The risk of significant adverse changes in cash flows were taken into account by calculating and weighting management's base case approved plan with a downside scenario that is consistent with that used in the Group's going concern assessment. Sensitivity analysis was performed by management to assess the impact of changes in its trading assumptions and the key assumptions detailed above. Management did not identify any reasonable possible changes in assumptions that would cause an impairment.

Four aircraft in Ukraine

The above impairment assessment included the four aircraft on the ground in Ukraine, with a total net book value of €25.7 million. Based on photographic and local employee information management believes that these aircraft are in good condition and have not been damaged in the conflict. Whilst not a separate CGU cash flow projections were estimated for these aircraft based on the average cash contribution generated per aircraft in the Group's fleet adjusted for a downward scenario according to the plans and calculations described above, and the cost of planned maintenance of the particular aircraft. Management's working assumption is that these aircraft will be returned to the fleet by the end of the summer season, however, delays to the date until the aircraft remain on the ground can cause material changes to their estimated recoverable amount. If the aircraft do not return into service for a prolonged period of time, then additional consideration will be needed in the upcoming reporting cycles.

11. Derivative financial instruments

	2022 € million	2021 € million
Assets		
Current derivatives		
Cash flow hedges	**0.7**	3.8
Discontinued hedges	**—**	1.3
Total derivative financial assets	**0.7**	5.1
Liabilities		
Current derivatives		
Cash flow hedges	**(4.6)**	(6.1)
Discontinued hedges	**—**	(2.9)
Total derivative financial liabilities	**(4.6)**	(9.0)

Derivative financial instruments represent cash flow and fair value hedges (see Note 2). The full value of a hedging derivative is classified as a current asset or liability if the remaining maturity of the hedged item is less than a year.

The changes in the net position of assets and liabilities in respect of open cash flow hedges are detailed in the consolidated statement of changes in equity.

The mark-to-market gains (derivative financial assets) were generated on gains on call options bought (as part of zero-cost collar instruments) and FX forward transactions that were in the money at year end.

The mark-to-market losses (derivative financial liabilities) were generated on losses on put options sold (as part of zero-cost collar instruments) that were out of the money at year end.

12. Borrowings

	2022 € million	2021 € million
Lease liability under IFRS 16	**374.3**	341.7
Unsecured debt	**—**	350.3
Liability related to JOLCO and FTL contracts	**38.8**	30.1
Total current borrowings	**413.1**	722.1
Lease liability under IFRS 16	**1,972.9**	1,452.2
Unsecured debt	**997.9**	499.2
Loans from non-controlling interests	**13.5**	12.8
Liability related to JOLCO and FTL contracts	**541.0**	424.5
Total non-current borrowings	**3,525.3**	2,388.7
Total borrowings	**3,938.4**	3,110.8

The Company issued £300.0 million commercial paper in April 2020 through the Covid Corporate Financing Facility (CCFF) with the Bank of England that was rolled over by twelve months in February 2021. The CCFF was repaid in February 2022. On 19 January 2021, Wizz Air Finance Company B.V., a 100 per cent owned subsidiary of Wizz Air Holdings Plc., issued €500.0 million 1.35 per cent Eurobond, fully and irrevocably guaranteed by the Company, under the €3,000.0 million EMTN programme with a maturity in January 2024. Further to that, on 19 January 2022, Wizz Air Finance Company B.V., a 100 per cent owned subsidiary of Wizz Air Holdings Plc., issued €500.0 million 1.00 per cent Eurobond, fully and irrevocably guaranteed by the Company, under the €3,000.0 million EMTN programme with a maturity in January 2026.

The maturity profile of borrowings as at 31 March 2022 is as follows:

	IFRS 16 aircraft and engine lease liability € million	**IFRS 16 other lease liability € million**	**JOLCO and FTL lease liability € million**	**Unsecured debt € million**	**Loans from non-controlling interests € million**	**Total € million**
Payments due:						
Within one months	**41.7**	**0.2**	**—**	**—**	**—**	**41.8**
Between one and three months	**61.5**	**0.3**	**9.7**	**—**	**—**	**71.5**
Within three months and one year	**269.2**	**1.4**	**29.2**	**—**	**—**	**299.9**
Between one and five years	**1,176.2**	**5.7**	**161.6**	**997.9**	**—**	**2,341.3**
More than five years	**788.7**	**2.2**	**379.4**	**—**	**13.5**	**1,183.8**
Total borrowings	**2,337.3**	**9.8**	**579.9**	**997.9**	**13.5**	**3,938.4**

The maturity profile of borrowings as at 31 March 2021 is as follows:

	IFRS 16 aircraft and engine lease liability € million	IFRS 16 other lease liability € million	JOLCO and FTL lease liability € million	Unsecured debt € million	Loans from non-controlling interests € million	Total € million
Payments due:						
Within one months	45.3	0.1	—	—	—	45.4
Between one and three months	45.6	0.7	6.4	—	—	52.7
Within three months and one year	248.8	1.1	23.7	350.3	—	623.9
Between one and five years	1,013.9	5.7	122.5	499.2	—	1,641.3
More than five years	429.2	3.5	302.0	—	12.8	747.5
Total borrowings	1,782.8	11.1	454.6	849.5	12.8	3,110.8

The total cash outflow for leases, including JOLCO and FTL, during F22 was €470.7 million (2021: €405.9 million). See note 10 for details on right-of-use assets.

13. Deferred income

	2022 € million	2021 € million
Non-current financial liabilities		
Deferred income	**63.0**	43.5
Current financial liabilities		
Unearned revenue	**326.6**	65.0
Other	**7.2**	3.0
	333.8	68.0
Total deferred income	**396.8**	111.5

Non-current deferred income represents the value of benefit for the Group coming from concessions (cash credits and free aircraft components) received from aircraft and certain component suppliers that will be recognised as a credit (an aircraft rentals expenses decreasing item) on a straight-line basis over the lease term of the respective asset.

Current deferred income represents the value of tickets paid by passengers for which the flight service is yet to be performed ("unearned revenue"), the value of membership fees paid but not yet recognised and the current part of the value of supplier credits received. The lower deferred income in F21 was due to the significant drop in ticket sales due to the COVID-19.

The contract liabilities (unearned revenue) of €326.6 million existing at 31 March 2022 (€65.0 million at 31 March 2021) will become revenue during F23 (subject to further cancellations that might happen after the year end). The lower basis of contract liabilities in F21 was driven by the lower business activity and shorter booking windows during and towards the end of the financial year, both due to the COVID-19.

14. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2020	105.9	15.3	121.2
Non-current provisions	44.2	2.7	46.9
Current provisions	61.7	12.6	74.3
Capitalised within property, plant and equipment	25.9	—	25.9
Charged to comprehensive income	—	5.7	5.7
Used during the year	(53.7)	(10.2)	(63.9)
At 31 March 2021	78.1	10.8	88.9
Non-current provisions	49.3	1.8	51.1
Current provisions	28.8	9.0	37.8
Capitalised within property, plant and equipment	21.0	—	21.0
Charged to comprehensive income	0.8	19.0	19.8
Used during the year	(11.1)	(11.5)	(22.6)
At 31 March 2022	**88.8**	**18.3**	**107.1**
Non-current provisions	43.0	0.9	43.9
Current provisions	45.8	17.4	63.2

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due typically between one and five years from the balance sheet date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The amount of provision reflects management's estimates of the cost of heavy maintenance work that will be required in the future to discharge obligations under the Group's lease agreements (see Note 3). Maintenance provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines.

Other provisions mainly relate to liabilities for EU Regulation (EC) No. 261/2004 (EU 261) compensation to customers, refunds made to passengers, and uncertain tax positions. The value of the provision is determined based on known eligible events and historical claim patterns.

15. Capital commitments

At 31 March 2022 the Group had the following contracted capital commitments:

11. A commitment to purchase 325 Airbus aircraft of the A320-family in the period 2022–2027. Of the 325 aircraft 278 relate to the "neo" version of the A320-family (59 from the purchase orders placed in June 2015, 144 from the purchase order placed in November 2017 and 75 from the purchase order placed in November 2021), while the remaining 47 relate to the "neo XLR" version (20 from the purchase order placed in June 2019 and 27 the purchase order placed in November 2021). The total commitment is valued at US$45.8 billion (€41.1 billion) based on list prices last published in 2018 and escalated annually until the reporting date based on contract terms (2021: US$34.1 billion (€29.1 billion);
12. As at the date of approval of this document out of the 325 aircraft 40 are to be delivered in F23 and for 29 financing is already contracted. The Group uses various financing arrangements in order to finance aircraft including Sale and Leaseback, Japanese Operating Lease with Call Option (JOLCO) and French Tax Lease (FTL) structures; and
13. A commitment to purchase 32 IAE "neo" (GTF) spare engines in the period 2022–2026. In July 2016 the Group entered into an engine selection agreement with Pratt & Whitney that, among other matters, included a commitment for the Group to purchase 16 spare engines. In September 2019 the Group restated and amended this engine selection agreement with certain other commitments including a purchase of 25 additional spare engines. In October 2021 the Group committed to purchase further 2 spare engines. The total commitment is valued at US$534.7 million (€480.4 million) at list prices in 2022 US$ terms (2021: US$557.4 million (€474.5 million), valued at 2021 list prices). As at the date of approval of this document out of the 32 engines 5 are to be delivered in F23 and none of them is financed yet.

16. Contingent liabilities

Legal disputes

European Commission state aid investigations

Between 2011 and 2015, the European Commission has initiated state aid investigations with respect to certain arrangements made between Wizz Air and the following airports, respectively: Timişoara, Cluj-Napoca, Târgu Mureş, Beauvais and Girona. In the context of these investigations, Wizz Air has submitted its legal observations and supporting economic analyses of the relevant arrangements to the European Commission, which are currently under review. The European Commission has given notice that the state aid investigations involving

Wizz Air will be assessed on the basis of the new "EU Guidelines on State aid to airports and airlines" which were adopted by the European Commission on 20 February 2014. Where relevant, Wizz Air has made further submissions to the European Commission in response to this notification. In relation to the Timişoara arrangements, the European Commission confirmed on 24 February 2020 that the arrangements did not constitute state aid. We are awaiting decisions in relation to the other airport arrangements mentioned herein above. Ultimately, an adverse decision by the European Commission could result in a repayment order for the recovery from Wizz Air of any amount determined by the European Commission to constitute illegal state aid. None of these ongoing investigations are expected to lead to exposure that is material to the Group.

Claims by Carpatair

Between 2011 and 2013, Carpatair, a regional airline based in Romania, has initiated a number of legal proceedings in Romania alleging that Wizz Air has been receiving state aid from Timişoara airport, demanding that Wizz Air reimburse any such state aid. In addition, Carpatair has initiated an action for damages demanding recovery from Wizz Air of approximately €93.0 million in alleged damages, which damages claim was dismissed by the Bucharest court of appeals on the basis of the substantive argument that Carpatair lacks an interest in the matter. The decision by the Bucharest court of appeals is currently subject to appeal. Importantly, in light of the favourable European Commission decision on the Timişoara arrangements referred to above, it is expected that the Romanian courts will eventually rule in favour of Wizz Air dismissing the respective requests and claims filed by Carpatair.

No provision has been made by the Group in relation to these issues because there is currently no reason to believe that the Group will incur charges from these cases.

17. Related parties

Identity of related parties

Related parties are:

14. Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as "Indigo" here), because it has appointed two Directors to the Board of Directors (all in service at 31 March 2022); and
15. key management personnel (Directors and Officers).

Indigo, Directors and Officers altogether held 25.6 per cent of the voting shares of the Company at 31 March 2022 (2021: 11.4 per cent).

Transactions with related parties

Transactions with Indigo

At 31 March 2022 Indigo held 24,684,895 Ordinary Shares (equal to 23.9 per cent of the Company's issued share capital) and nil Convertible Shares of the Company (2021: 7,307,692 Ordinary Shares and 17,377,203 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €26.4 million at 31 March 2022 (2021: €26.7 million).

During the year ended 31 March 2022 the Company entered into transactions with Indigo as follows:

16. the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2021: €2.0 million); and
17. fees of €0.3 million (2021: €0.2 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company;
18. conversion of Convertible Shares to Ordinary Shares.

Transactions with key management personnel

Officers (members of executive management) and Directors of the Board are considered to be key management personnel. The compensation of key management personnel, including Non-Executive Directors, is as follows:

	2022 € million	2021 € million
Salaries and other short-term employee benefits	**5.4**	3.5
Social security costs	**1.1**	0.8
Share-based payments	**5.6**	3.1
Amounts paid to third parties in respect of Directors' service	**2.5**	2.7
Total key management compensation expense	**14.6**	10.2

There were no termination benefits paid to any key management personnel in the year or the prior year.

There were no post-employment benefits and other long-term benefits provided to any key management personnel in the year or the prior year.

There were no material transactions with related parties during the financial year except as indicated below.

In addition the group has contracted with a related party of the CEO to provide IT services with regards to Machine Learning. The amount paid for this service in F22 was €1.2 million (F21: €0.2 million, which in the judgement of the Board was not material).

18. Prior period restatements

The consolidated statement of financial position for the year ended 31 March 2021 has been restated as follows:

	2021 As previously stated **€ million**	Impact of maintenance related accrual short term - long term reclassification	2021 As restated € million
LIABILITIES			
Non-current liabilities			
Trade and other payables	—	79.0	79.0
Current liabilities			
Trade and other payables	465.7	(79.0)	386.7

See Note 2 for more details on this change in classification between current and non-current. For 2020 out of €469.6 million of current trade and other payables previously reported, €70.8 million should have been classified as non-current.