

# WIZZ AIR FINANCE COMPANY B.V.

## ANNUAL REPORT

FOR THE FIRST 21-MONTH FINANCIAL PERIOD FROM INCORPORATION  
UNTIL 31 MARCH 2022



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## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company.

On behalf of the Board,

The Managing Directors:

.....  
Ian Ogden Malin

.....  
Alexandra Bernadette Maria Appelman

Amsterdam, 28 November 2022



## DIRECTORS' REPORT

### INTRODUCTION

Wizz Air Finance Company B.V. (the Company) is part of the Wizz Air Group (the Group or Wizz Air) consolidated at the level of Wizz Air Holdings Plc. The Company was incorporated on 22 July 2020 in the Netherlands as a private limited liability company (B.V.), in order to gather funding to further strengthen Wizz Air's liquidity position providing continued flexibility to respond to growth opportunities, as well as providing additional financial resilience while demonstrating Wizz Air's access to alternative financing markets at highly attractive pricing.

The Company's ultimate parent company is Wizz Air Holdings Plc. The consolidated financial statements of Wizz Air Holdings Plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and can be obtained from <https://wizzair.com/en-gb/information-and-services/investor-relations/investors/annual-reports>.

### STRATEGY

The Group's organic growth strategy involves adding further aircraft to its fleet, increasing the frequency of flights and/or adding new routes to markets it currently serves and expanding into new markets where it expects its ultra low-cost model to be successful.

The Company continues to be one of the key financing vehicles of the Group as a central hub to redistribute the proceeds from the EMTN bonds (Euro Medium Term Note Programme).

### CORE BUSINESS

The bonds are issued in two tranches, in 2021 (€500,000,000) and in 2022 (€500,000,000). The contractual interest rate is 1.350 per cent. fixed rate for Tranche 1 and 1.000 per cent. fixed rate for Tranche 2. Interest based on an effective interest rate (EIR) is added to the loan on a monthly basis. Payment of interest takes place once a year in January (Tranche 1: €6,750,000 and Tranche 2: €5,000,000 per year) and the remaining principal balance will be paid back fully in 2024 (Tranche 1) and 2026 (Tranche 2). The EMTN bond facility carries a maximum of €3 Billion. The bonds are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc.

### OVERVIEW OF THE COMPANY'S RESULTS

During the period ended 31 March 2022, the Company recorded a loss of €9,476 thousand which mainly comprised interest expense on the issued bonds. The Company's income came from receivables from group companies and interest on short term bank deposits.

The Company's equity amounts to €130,524 thousand. Net current assets amount to €557,931 thousand that reflects the Company's ability to settle its short term liabilities. Wizz Air Finance B.V. holds a stable liquidity position provided by €450,000 thousand short term deposits.

### RATING

As at 31 March 2022 and up to the date of this report, the Company's credit rating was BBB- with Stable Outlook according to Fitch Rating ("Fitch"). Moody's Investors Service ("Moody's") affirmed the Company's rating at Baa3 with Negative Outlook.

### RISKS RELATING TO THE COMPANY

Principal risks identified by the Company include the following categories:

- ▶ information technology and cyber risk, including protection of our own data and ensuring the availability of the critical systems in an increasingly complex system landscape;
- ▶ external factors, ensuring the Company has capabilities and resilience to deal with risks such as geopolitical risks, general economic trends, and the default of a partner financial institution;
- ▶ regulatory risk, making sure that we remain compliant with regulations affecting our business and operations and we remain agile to react to the changing governmental actions and changing policies due to sustainability (taxation, etc.);

- ▶ social and governance risks, making sure we are at all times guided through our core values, our value of integrity, respected throughout our business processes and deals and providing transparency to all our stakeholders through responsible reporting and disclosure.

## FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of market risks arising from the mismatch between the loans granted to Wizz Air Group companies and its debt portfolio. The Company is therefore exposed to interest rate risk, liquidity risk and counterparty risk. The objective of financial risk management at Wizz Air is to minimize the impact of the above listed risks on the Company's earnings, cash flows and equity.

Risk management is carried out by the treasury department under policies approved by the Board of Directors of the Group (the Board). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The Company closely monitors all the exposures it faces as a lender of Wizz Air Group and as a bond issuer. The directors are aware of the exposure to different risks and consider that the implemented policies provide the appropriate measures of risk mitigation.

Financial risks related to the issued bonds are mitigated through the Wizz Air group, as the bonds are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc, the ultimate controlling entity within the Group.

The Company assessed the expected credit losses associated with its loans provided to Group companies that are subject to the impairment requirements of IFRS 9. No significant impairment loss was identified.

### Foreign Exchange rate risk management

Exchange rate risk refers to the risk that changes in the exchange rates between currencies can have adverse effects on the value of financial assets and liabilities and therefore on the operations and profitability of the Company.

Foreign exchange rate risk is not applicable to the company since all of its assets and debts are denominated in EUR. Interests received on the intercompany loans as well as interests paid for the bonds are also in EUR.

### Interest rate risk management

Interest rate risk means the potential changes of value in financial assets, liabilities or derivatives due to fluctuations in interest rates.

Wizz Air Finance B.V. provides funding to different Group Companies and raises funding through issuance of EMTN bonds. The Company's objective is to reduce cash flow risk arising from the fluctuation of interest rates on its assets and liabilities. Interest rates charged on Eurobond are not sensitive to interest rate movements as they are fixed until maturity. The interest rates of intercompany loans provided by the Company are also fixed and they (together with the interest receivable on deposits) provide sufficient coverage for outgoing interest payments.

### Counterparty and credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company solely provides loans within the Wizz Air Group. In order to mitigate counterparty and credit risk, the credit ratings, financial positions and significant changes in the expected performance behavior of the borrowers are regularly monitored by the Company. The credit risk arising from loans granted to Group companies is also mitigated by the control that Wizz Air Group has over the management of those companies. The principal and interest arising from the loans are predominantly guaranteed by Wizz Air Holdings Plc.

### Liquidity risk management



Liquidity risk is associated with the possibility of incurring losses resulting from the inability of the Company to meet its payment obligations in a timely manner when they become due or from being able to do so under unfavourable conditions. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Company has an adequate liquidity position.

Liquidity risk is managed by short term deposits amounting to €450,000 thousand, that provide immediate access to funds. Interest received on intercompany loans provide sufficient coverage for interest payment on EMTN bonds. Another important pillar of the Company's liquidity is that, if necessary, the Wizz Air Group would provide additional funds.

### Capital management

The Company's objectives when managing capital are: (i) to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders; (ii) to secure funds at competitive rates for the Group's future aircraft acquisition commitments; and (iii) to maintain an optimal capital structure to reduce the overall cost of capital.

The Company diversified its financing options through the establishment in January 2021 of a €3.0 billion European Mid Term Note (EMTN) Programme and issuance of its bond unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc. In order to strengthen its capital position and improve its leverage, the owner of the Company carried out a capital contribution amounting to €140,000 thousand during the period.

### GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company has formal financial support from its parent company with respect to the ability of the Company to meet its debts as they fall due for at least the next twelve months from the date of signing of the financial statements. The bonds issued by the Company are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc, the ultimate controlling entity within the Wizz Air Group. The Directors have satisfied themselves that the Wizz Air Group will be able to operate as a going concern and meet all its obligations for at least the next twelve months from the date of signing the financial statements. The Group entities that are counterparties of loans provided by the Company will be in a financial position to repay the notional and interest to the Company. No event or condition that may cast significant doubt on the Company's ability to continue as a going concern was identified.

### SUSTAINABILITY

The Group strongly believes that air travel should not be a privilege. While it gave the freedom to travel to more and more people, it has also proven that growth and sustainability can be achieved hand in hand. While breaking down barriers between people and air travel, the Group has also shown a whole industry how aviation can be more sustainable. With crucial business model and design decisions, from pricing to seat density the Group seeks to ensure it flies with high load factors. The Group focused on flying with the youngest, most efficient fleet and the most modern engines possible, to consume less fuel.

Climate change is one of the greatest global challenges facing society today, and the aviation sector must play its part in tackling this important issue. The purpose of Wizz Air's sustainability strategy is to have a clear overview of where we are today and what actions need to be taken to achieve our environmental targets and to stay financially and operationally resilient in the face of climate change and its inherent physical and transitional risks. The Directors considered the impact of climate change over the time period and concluded that the Company only had climate related exposure through the loans issued to Wizz Air Group and it was unlikely that material physical or transition risks would arise over this period.

### POLICIES

We are committed to assessing any instance of non-compliance regarding ethical issues and human rights. Wizz Air Group's Code of Ethics, "The Wizz Way", applies to every company employee regardless of seniority. This, along with our Whistleblowing Procedure and Anti-Corruption Policy, help the Company to maintain an effective compliance environment across its supply chain.



## HEADCOUNT

As at 31 March 2022, the Company has no employees.

## BOARD OF DIRECTORS

The Company is managed by a management board consisting of a member residing outside of The Netherlands (from 22 July 2020 to 6 October 2022: Jourik Hooghe, from 6 October 2022 to date: Ian Ogden Malin) and a member residing in The Netherlands (from 22 July 2020 to date: Alexandra Bernadette Maria Appelman). Management board members are appointed by the general meeting.

## GOVERNANCE

The Group supports high standards of corporate governance, and it is the policy of the Company to comply with current best practices in corporate governance to the extent appropriate for a company of its size. The Group has implemented internal procedures and measures designed to ensure compliance with the Article 177 of the Dutch Criminal Code.

## OUTLOOK

During the financial period Wizz Air Finance B.V. paid interest on the bonds from the beginning of 2021. Intercompany loans were issued only at the end of the period, so the Company closed the year with net interest expense. Going forward, both incoming and outgoing interest payments will affect the whole period. Considering that the intercompany loans have a higher interest rate than that of the bonds, and short-term deposits will be invested on an increasing interest rate in the future, the Company is expected to improve its results.

Amsterdam, 28 November 2022

The Managing Directors:

.....

Ian Ogden Malin

.....

Alexandra Bernadette Maria Appelman

## FINANCIAL STATEMENTS

### Statement of comprehensive income

		22 July 2020 to 31 March 2022 € thousand
Continuing operations	Note	
Interest income	[18]	1,553
Interest and similar expenses	[19]	(10,735)
Net interest expenses		(9,182)
Other operating expenses	[20]	(233)
Loss before tax		(9,415)
Income tax expense	[21]	(62)
Loss after tax and total comprehensive loss		(9,476)



## Statement of financial position

as at 31 March 2022

	Note	31 March 2022 € thousand
<b>ASSETS</b>		
Receivables from group companies	[7]	571,502
Total non-current assets		571,502
Receivables from group companies	[8]	104,615
Other receivables, prepayments and accrued income	[9]	68
Short-term deposits	[10]	450,000
Cash and cash equivalents	[11]	3,874
Total current assets		558,557
<b>TOTAL ASSETS</b>		<b>1,130,059</b>
<b>EQUITY</b>		
Unpaid share capital		-
Share premium		140,000
Other reserves		-
Retained loss opening balance		-
Result for the financial period		(9,476)
<b>TOTAL EQUITY</b>	[12]	<b>130,524</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	[13]	997,909
Total non-current liabilities		997,909
Current liabilities		
Trade payables	[14]	95
Current tax liabilities	[15],[22]	62
Other liabilities and accrued expenses	[16]	1,469
Total current liabilities		1,626
<b>TOTAL LIABILITIES</b>		<b>999,535</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,130,059</b>



## Statement of changes in equity

for the period 22 July 2020 to 31 March 2022

	Share capital € thousand	Share premium € thousand	Retained loss € thousand	Total € thousand
Balance as at 22 July 2020	-	-	-	-
Loss and total comprehensive loss for the period	-	-	(9,476)	(9,476)
Capital contribution	-	140,000	-	140,000
Balance as at 31 March 2022	-	140,000	(9,476)	130,524

## Statement of cash flows

for the period 22 July 2020 to 31 March 2022

	Note	2022 € thousand
<b>Cash flows from operating activities</b>		
Loss before income tax		(9,415)
Adjustment for:		
Net interest expenses	[18], [19]	9,182
Interest received		153
Interest paid on deposits	[19]	(584)
<b>Changes in working capital</b>		
Increase in receivables from group companies and other receivables, prepayments and accrued income	[7], [8], [9]	(32)
Increase in trade and other payables	[14], [16]	1,564
<b>Net cash generated by operating activities</b>		<b>868</b>
<b>Cash flows from investing activities</b>		
Long term loan provided	[7],[8]	(731,502)
Long term loan repaid		56,750
Short term deposit investment	[10]	(450,000)
<b>Net cash used in investing activities</b>		<b>(1,124,752)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		140,000
Proceeds from unsecured debt	[13]	994,508
Interest paid – unsecured debt	[13]	(6,750)
<b>Net cash generated by financing activities</b>		<b>1,127,758</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,874</b>
Cash and cash equivalents at the beginning of the period		-
Effect of exchange rate fluctuations on cash and cash equivalents		-
<b>Cash and cash equivalents at the end of the period</b>		<b>3,874</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Entity information

The statutory address of Wizz Air Finance Company B.V. is Herikerbergweg 238, 1101 CM in Amsterdam. Wizz Air Finance Company B.V. is registered at the Chamber of Commerce under number 78645131 in the Netherlands. The Company's ultimate parent company is Wizz Air Holdings Plc. The consolidated financial statements of Wizz Air Holdings Plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and can be obtained from <https://wizzair.com/en-gb/information-and-services/investor-relations/investors/annual-reports>.

The activities of Wizz Air Finance Company B.V. consist of financing activities.

### 2. Basis of preparation

The annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code. Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

At incorporation the first financial year of the Company was set to end on 31 December 2021. However, the general meeting decided to partially amend the Articles of Association on 22 April 2021. The period of the first financial year was changed to end on 31 March 2022, in line with the Group's financial year-end. As the Company was established on 22 July 2020, the first financial period spans 21 months. It was decided that, after the first financial year, financial periods start on 1 April of the calendar year and end on 31 March of the next calendar year.

The financial statements are presented in Euros, which is the Company's functional currency, rounded to the nearest thousand.

#### Going concern

The financial statements have been prepared on a going concern basis. The Company has formal financial support from its parent company with respect to the ability of the Company to meet its debts as they fall due for at least the next twelve months from the date of signing of the financial statements. The bonds issued by the Company are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc, the ultimate controlling entity within the Wizz Air Group. The Directors have satisfied themselves that the Wizz Air Group will be able to operate as a going concern and meet all its obligations for at least the next twelve months from the date of signing the financial statements. The Group entities that are counterparties of loans provided by the Company will be in a financial position to repay the notional and interest to the Company. No event or condition that may cast significant doubt on the Company's ability to continue as a going concern was identified.

#### Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Wizz Air Finance Company B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under IAS 1, paragraph 125, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

### 3. Accounting policies

#### Non-current assets

Receivables recognized under non-current assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost, which is, in general, equal to the nominal value. For determining the value, any impairment is taken into account.

### 3. Accounting policies (continued)

## Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortized cost. If there is no premium or discount and there are no transaction costs, the amortized cost equals the nominal value of the accounts receivable. Provisions for bad debt are deducted from the carrying amount of the receivable.

## Impairment of financial assets

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

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

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

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

If at the reporting date the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that asset at an amount equal to twelve-month expected credit losses.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to twelve-month expected credit losses at the current reporting date.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

## Cash and cash equivalents

Cash at banks and in hand represent cash in hand and bank balances. Overdrafts at banks are recognized as part of debt to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

## Short term deposits

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

## 3. Accounting policies (continued)

### Non-current liabilities

On initial recognition long-term debt is recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debt are included in the initial recognition. After initial recognition long-term debt is recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortized cost price is the same as the nominal

value of the debt. The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debt.

### **Current liabilities**

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value. Accounting principles for determining the result is the difference between the realizable value of the goods/services provided and the costs and other charges during the period. The results on transactions are recognized in the period in which they are realized.

### **Financial income and expenses**

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration. Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur.

### **Cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies are translated at average estimated exchange rates. Transactions not resulting in inflow or outflow of cash are not recognized in the cash flow statement.

### **Related party transactions**

Related parties of the Company include legal entities that are related to the Company. Transactions with related parties are disclosed in the relevant notes, please see Note 1, Note 2 and Note 18. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

## **4. Accounting standards and interpretations**

### **Standards, amendments and interpretations issued but not yet effective for the Company**

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

The above new accounting standards and interpretations have been published that are not yet effective and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

## **5. Critical accounting estimates and judgements in preparing the financial statements**

### **Fair value of financial instruments**

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. Inputs used to measure fair value require judgments and assumptions to a different extent.

Fair values are based on quoted prices, if available, otherwise it is determined based on valuation techniques calculating the net present value of estimated future cash flows.

The use of different assumptions, judgements or measurement approaches can result in different fair values.

See the fair values of financial assets and liabilities in Note 17.

#### **Impairment of financial assets measured at amortised cost**

IFRS 9 requires the calculation of impairment based on expected credit losses (ECL). This practically means that impairment allowance may be accounted for even if all amounts due have been repaid to the Company in due course. Such calculation should include all financial assets measured at amortised cost or at fair value through other comprehensive income.

No significant impairment loss was recognized during the financial period.

## **6. Financial risk management**

The Company is exposed to a variety of market risks arising from the mismatch between the loans granted to Wizz Air Group companies and its debt portfolio. The Company is therefore exposed to interest rate risk, liquidity risk and counterparty risk. The objective of financial risk management at Wizz Air is to minimize the impact of the above listed risks on the Company's earnings, cash flows and equity.

Risk management is carried out by the treasury department under policies approved by the Board of Directors of the Group (the Board). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

The Company closely monitors all the exposures it faces as a lender of Wizz Air Group and as a bond issuer. The directors are aware of the exposure to different risks and consider that the implemented policies provide the appropriate measures of risk mitigation.

Financial risks related to the issued bonds are mitigated through the Wizz Air group, as the bonds are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc, the ultimate controlling entity within the Group.

The Company assessed the expected credit losses associated with its loans provided to Group companies that are subject to the impairment requirements of IFRS 9. No significant impairment loss was identified.

## **6. Financial risk management (continued)**

### **Foreign Exchange rate risk management**

Exchange rate risk refers to the risk that changes in the exchange rates between currencies can have adverse effects on the value of financial assets and liabilities and therefore on the operations and profitability of the Company.

Foreign exchange rate risk is not applicable to the company since all of its assets and debts are denominated in EUR. Interests received on the intercompany loans as well as interests paid for the bonds are also in EUR.

### **Interest rate risk management**

Interest rate risk means the potential changes of value in financial assets, liabilities or derivatives due to fluctuations in interest rates.

Wizz Air Finance B.V. provides funding to different Group Companies and raises funding through issuance of EMTN bonds. The Company's objective is to reduce cash flow risk arising from the fluctuation of interest rates on its assets and liabilities. Interest rates charged on Eurobond are not sensitive to interest rate movements as they are fixed until maturity. The interest rates of intercompany loans provided by the Company are also fixed and they (together with the interest receivable on deposits) provide sufficient coverage for outgoing interest payments.

### **Counterparty and credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company solely provides loans within the Wizz Air Group. In order to mitigate counterparty and credit risk, the credit ratings, financial positions and significant changes in the expected performance behavior of the borrowers are regularly monitored by the Company. The credit risk arising from loans granted to Group companies is also mitigated by the control that Wizz Air Group has over the management of those companies. The principal and interest arising from the loans are predominantly guaranteed by Wizz Air Holdings Plc.

### **Liquidity risk management**

Liquidity risk is associated with the possibility of incurring losses resulting from the inability of the Company to meet its payment obligations in a timely manner when they become due or from being able to do so under unfavourable conditions. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Company has an adequate liquidity position.

Liquidity risk is managed by short term deposits amounting to €450,000 thousand, that provide immediate access to funds. Interest received on intercompany loans provide sufficient coverage for interest payment on EMTN bonds. Another important pillar of the Company's liquidity is that, if necessary, the Wizz Air Group would provide additional funds.

### **Capital management**

The Company's objectives when managing capital are: (i) to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders; (ii) to secure funds at competitive rates for the Group's future aircraft acquisition commitments; and (iii) to maintain an optimal capital structure to reduce the overall cost of capital.

The Company diversified its financing options through the establishment in January 2021 of a €3.0 billion European Mid Term Note (EMTN) Programme and issuance of its bond unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc. In order to strengthen its capital position and improve its leverage, the owner if the Company carried out a capital increase amounting to €140,000 thousand during the period.



NOTES TO THE BALANCE SHEET

7. Receivables from group companies due after more than one year

	31-03-2022
	€ thousand
Receivable from Wizz Air Leasing Ltd.	571,502
	571,502

Receivable from Wizz Air Leasing Ltd.

	31-03-2022
	€ thousand
Book value as at 22 July 2020	-
Issuance in financial period	571,502
Book value as at 31 March 2022	571,502

The total credit facility of €675,000 thousand should be drawn and repaid before 30th March 2028 (Loan Maturity Date). A repayment schedule has to be agreed upon before that date. The amount of interest shall be equal to the amount of interest which is received or could be received from any third party (1.85%). No securities are obtained, the debt matures between one and five years as at 31 March 2022, as Wizz Air Leasing Ltd. plans to repay it within five years. The principal and interest arising from the loan are predominantly guaranteed by Wizz Air Holdings Plc.

8. Short-term receivables from group companies

	31-03-2022
	€ thousand
Receivable from Wizz Air UK Ltd.	25,070
Receivable from Wizz Air Hungary Ltd.	79,516
Receivable from Wizz Air Leasing Ltd.	29
	104,615

Receivable from Wizz Air UK Ltd.

	31-03-2022
	€ thousand
Book value as at 22 July 2020	-
Issuance in financial period	25,000
Interest receivable	70
Book value as at 31 March 2022	25,070

The total credit facility of €30,000 thousand should be drawn and repaid before 19th January 2026 (Loan Maturity Date). A repayment schedule has to be agreed upon before that date. The amount of interest shall be equal to the amount of interest which is received or could be received from any third party (1.02%). No securities are obtained, the debt matures between one and five years as at 31 March 2022. The loan classifies as short-term, as Wizz Air UK Ltd. plans to repay it within one year. The principal and interest arising from the loan are predominantly guaranteed by Wizz Air Holdings Plc.

Receivable from Wizz Air Hungary Ltd.

	31-03-2022
	€ thousand
Book value as at 22 July 2020	-
Issuance in financial period	135,000
Repayment in financial period	(56,750)
Interest receivable	1,266
Book value as at 31 March 2022	79,516

The two credit facilities (€70,000 thousand each) should be drawn and repaid before 11th January 2031 and 17th December 2031 (Loan Maturity Date). A repayment schedule has to be agreed upon before that date. The amount of interest shall be equal to the amount of interest which is received or could be received from any third party (1.26% for €70,000 thousand and 1.55% for the second €70,000 thousand). No securities are obtained, the debt matures beyond five years as from 31 March 2022. The loan classifies as short-term, as the Company plans to repay it within one year. The principal and interest arising from the loan are predominantly guaranteed by Wizz Air Holdings Plc.

Receivable from Wizz Air Leasing Ltd.

	31-03-2022
	€ thousand
Interest receivable	29
Book value as at 31 March 2022	29

## 9. Other receivables, prepayments and accrued income

	31-03-2022
	€ thousand
Other interest receivable	36
Accrued income and prepaid expenses.	32
	68

## 10. Short-term deposits

	31-03-2022
	€ thousand
Short-term deposits (Citibank)	450,000
	450,000

Short term deposits contain two deposits, one of €150,000 thousand with maturity date on 19th January 2023 and interest rate of 0.33% and one of €300,000 thousand with maturity date on 7th February 2023 and interest rate of 0.05%.

## 11. Cash and cash equivalents

	31-03-2022
	€ thousand
Cash in bank	3,874
	3,874

The cash and cash equivalents are at the free disposal of the company.

## 12. Equity

The issued share capital of the Company consists of 100 shares of €0.01 each which were not fully paid. During the period the owner of the Company provided a capital contribution amounting to €140,000 thousand.

Retained earnings represent the accumulated results before the appropriation of results for the financial period. The directors proposed to add the loss for the financial period ended 30 March 2022 of €9,476 thousand to the retained earnings.

### 13. Borrowings

	31-03-2022 € thousand
Bonds under the EMTN Programme	997,909
	997,909

#### Euro Medium Term Note Programme details

	31-03-2022 € thousand
Issuance	1,000,000
Interest	10,151
Allocated costs	(5,492)
Interest paid	(6,750)
Balance as at 31 March 2022	997,909

The bonds are issued in two tranches, in 2021 (€500,000,000) and in 2022 (€500,000,000). Interest based on EIR is added to the loan on a monthly basis. Interest payment takes place once a year in January (Tranche 1: €6,750,000 and Tranche 2: €5,000,000 per year) and the remaining principal balance will be fully paid back in 2024 (Tranche 1) and 2026 (Tranche 2). The EMTN bond facility carries a maximum of €3 Billion. The bonds are unconditionally and irrevocably guaranteed by Wizz Air Holdings Plc. The debt matures between one and five years as from 31 March 2022.

	31-03-2022				
	Effective Interest rate	Within one year € thousand	One to five years € thousand	Above five years € thousand	Total € thousand
EMTN bond	1.35%	–	997,909	–	997,909

#### Details of bonds

	Nominal amount € thousand	Issue price	Coupon rate	ISIN code
Tranche 1	500,000	100 per cent.	1.350 per cent. fixed rate	XS2288097483
Tranche 2	500,000	99.762 per cent.	1.000 per cent. fixed rate	XS2433361719

#### 14. Trade payables

	31-03-2022
	€ thousand
Trade payables to third parties	45
Trade payables to related parties	50
	95

#### 15. Current tax liabilities

	31-03-2022
	€ thousand
Corporate Income Tax	62
	62

#### 16. Other liabilities and accrued expenses

	31-03-2022
	€ thousand
Accrued expenses	531
Accrued intercompany charges	939
	1,469

The accrued intercompany charges are related to the issuance costs of EMTN Tranche 2 bond, that were paid by Wizz Air Holdings Swiss Branch Office. The Company is expected to pay the accrued amount to the Swiss Branch Office within one year.

#### 17. Net financial assets

The fair values of the financial instruments of the Company together with their carrying amounts shown in the statement of financial position are as follows:

At 31 March 2022	Carrying value € thousand	Fair value € thousand
<b>Financial assets</b>		
Receivables from group companies	676,117	592,664
Cash and cash equivalents	3,874	3,874
Other interest receivable	36	36
Short term cash deposits	450,000	450,000
<b>Total financial assets</b>	<b>1,130,027</b>	<b>1,046,574</b>
<b>Financial liabilities</b>		
EMTN bonds	997,909	953,560
Trade payables	95	95
<b>Total financial liabilities</b>	<b>998,004</b>	<b>953,655</b>
<b>Net assets</b>	<b>132,023</b>	<b>92,919</b>

The Company 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 fair value of the Eurobonds is estimated using quoted prices (Level 1) and the fair value of all other financial assets and financial liabilities is estimated using Level 2 in the fair value hierarchy. The market value of the receivables from group companies, when no listed market prices are available, is calculated based on the discounted cash flows at market interest rates at the date of the statement of financial position.

The following table indicates the periods in which the financial assets and liabilities of the Company mature:

	Within three months	Between three months and one year	Between one and five years	More than five years	Total
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
<b>Financial assets</b>					
Receivables from group companies	–	104,615	571,502	–	676,117
Cash and cash equivalents	3,874	–	–	–	3,874
Other interest receivable	–	36	–	–	36
Short term cash deposits	–	450,000	–	–	450,000
<b>Total financial assets</b>	<b>3,874</b>	<b>554,651</b>	<b>571,502</b>	<b>–</b>	<b>1,130,027</b>
<b>Financial liabilities</b>					
EMTN bonds	–	–	997,909	–	997,909
Trade payables	–	95	–	–	95
<b>Total financial liabilities</b>	<b>–</b>	<b>95</b>	<b>997,909</b>	<b>–</b>	<b>998,004</b>
<b>Net assets</b>	<b>3,874</b>	<b>554,556</b>	<b>(426,407)</b>	<b>–</b>	<b>132,023</b>

## NOTES TO THE INCOME STATEMENT

### 18. Interest income

	22-07-20 / 31-03-22
	€ thousand
Interest on receivables from group companies	1,365
Interest on short-term bank deposits	189
	<b>1,553</b>

Interest on receivables from group companies

	22-07-20 / 31-03-22
	€ thousand
Interest of receivables from Wizz Air Leasing Ltd.	29
Interest of receivables from Wizz Air UK Ltd.	70
Interest of receivables from Wizz Air Hungary Ltd.	1,266
	<b>1,365</b>

### 19. Interest and similar expenses

	22-07-20 / 31-03-22
	€ thousand
Interest on bonds	10,151
Financing interest	584
	<b>10,735</b>

### 20. Other operating expenses

22-07-20 / 31-03-22

€ thousand

Legal services	109
Intercompany services	83
Audit costs	30
Bookkeeping services	10
Bank charges	1
	<b>233</b>

Audit costs

22-07-20 / 31-03-22

€ thousand

Audit of the financial statements	30
Other audit procedures	–
Tax services	–
Other non-audit services	–
	<b>30</b>

The fees listed above relate to the procedures applied to the company by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta') as well as by Dutch and foreign based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2022 financial statements, regardless of whether the work was performed during the financial period.

## 21. Salaries and remuneration of directors

During the financial period 22 July 2020 until 31 March 2022 no employees were employed by the Company.

The charges regarding remuneration of directors engaged during the financial period amount to €7.5 thousand and refer only to the management fees due on that period with no other long term benefits nor outstanding balances as at 31 March 2022.

## 22. Income tax expense

22-07-20 / 31-03-22

€ thousand

Loss before tax	(9,415)
Loss before tax multiplied by the standard rate of corporation tax in the Netherlands of 25.8%	(2,429)
Non-deductible interest and costs	2,491
<b>Total tax charge</b>	<b>62</b>

The effective tax rate is -0.65%. The effective tax rate deviates from the statutory tax rate because certain interest expenses and costs are considered non-deductible.

## 23. Related party transactions

Balances and transactions with related parties as at 31 March 2022



€ thousand	Loans granted	Interest on loans	Intercompany charges	Trade payables	Total
Wizz Air UK Ltd.	25,000	70	–	–	25,070
Wizz Air Hungary Ltd.	78,250	1,266	–	(50)	79,466
Wizz Air Leasing Ltd.	571,502	29	–	–	571,531
Wizz Air Holdings Swiss Branch Office	–	–	(939)	–	(939)
	674,752	1,365	(939)	(50)	675,128

Please find the details of the listed transactions in Note 7, Note 8, Note 14, Note 16 and Note 18.

## 24. Subsequent events

There were no matters arising between the statement of financial position date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment or disclosure in accordance with IAS 10 Events after the end of the reporting period. The following important non-adjusting events should be noted:

- ▶ Wizz Air Hungary Ltd. repaid €24,390 thousand loan between 01-04-2022 and 30-09-2022.
- ▶ Wizz Air UK Ltd. repaid €20,000 thousand loan between 01-04-2022 and 31-10-2022.
- ▶ The Company issued additional €24,390 thousand loan to Wizz Air Leasing Ltd. between 01-04-2022 and 30-09-2022.

Amsterdam, 28 November 2022

The Managing Directors:

.....  
Ian Ogden Malin

.....  
Alexandra Bernadette Maria Appelman

## OTHER INFORMATION

### Reference to the auditor's opinion

The independent auditor's report is included on the next page.

### Provisions of the Articles of Association relating to profit appropriation

In accordance with Article 21 - Profits and Reserves, of the Articles of Association of the company, the result for the period is at the disposal of the General Meeting. Dutch law stipulates that distributions may only be made to the extent the company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the company will not be able to fulfil its financial obligations in the foreseeable future.





## *Independent auditor's report*

To: the general meeting of Wizz Air Finance Company B.V.

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### *Report on the financial statements for the period 22 July 2020 to 31 March 2022*

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#### *Our opinion*

In our opinion, the financial statements of Wizz Air Finance Company B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2022, and of its result and its cash flows for the period from 22 July 2020 to 31 March 2022 in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements for the period 22 July 2020 to 31 March 2022 of Wizz Air Finance Company B.V., Amsterdam.

The financial statements comprise:

- the statement of financial position as at 31 March 2022;
- the following statements for the period from 22 July 2020 to 31 March 2022: the statements of comprehensive income, changes in equity and cash flows; and
- the notes to the financial statements, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

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#### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*N5WRFFZMH6UZ-372962690-27*

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### *Independence*

We are independent of Wizz Air Finance Company B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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### *Our audit approach*

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### *Overview and context*

The Company's main activity is the financing of Wizz Air group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Wizz Air Holdings Plc as disclosed in note 6 and 13 to the financial statements. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also paid attention to climate-related risks. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the measurement of expected credit losses in respect of receivables from group companies (hereafter referred to as 'loans to group companies'), we considered this matter as a key audit matter as set out in the section 'Key audit matter' of this report.

The Company assessed the possible effects of climate change on its financial position, refer to the 'Sustainability' section of the directors' report. Given the nature of the Company's activities, the impact of climate change is not considered a key audit matter.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included experts in the areas of income tax and transfer pricing in our team.

### *Materiality*

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.



Based on our professional judgement, we determined the materiality for the financial statements as a whole at €11,300,000. As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders. Inherent to the nature of the Company's business, the amounts in the statement of financial position are large in proportion to the income statement line items 'Other operating expenses' and 'Income tax expense'. Based on qualitative considerations we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them any misstatement identified during our audit above €565,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *Audit approach for fraud risks*

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the board of director's risk assessment process, process for responding to the risks of fraud and monitoring the internal control system and how the directors exercised oversight, as well as the outcomes. We refer to the section 'Policies' of the directors' report.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the Code of Ethics ('the Wizz Way'), whistle-blower procedures for the Wizz Air Holdings Plc Group ('Group') as a whole, among other things. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

We asked Group management and the Company's board of directors whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to fraudulent manipulation of financial statements reporting fraud, and misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.



We identified the following fraud risk and performed the following specific procedures:

<b><i>Identified fraud risk</i></b>	<b><i>Audit work and observations</i></b>
<p><i>The risk of management override of control</i></p> <p>The board of directors is in a unique position to perpetrate fraud because of the board of director's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none"><li>• The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.</li><li>• Important accounting estimates.</li><li>• Significant transactions, if any, outside the normal course of business for the entity.</li></ul> <p>We pay particular attention to tendencies due to possible interests of the board of directors.</p>	<p>We evaluated the design and implementation of the internal control measures that are intended to mitigate the risk of management override of control. Furthermore, we evaluated the design and implementation of the controls in the processes for generating and processing journal entries and making of estimates.</p> <p>We have identified deficiencies in the internal control system. We have reported our findings in writing to the board of directors as part of the audit. We have considered these deficiencies as opportunity factors in our fraud risk assessment but did not identify any specific fraud risks.</p> <p>We performed our audit procedures primarily substantive based.</p> <p>We have selected journal entries based on risk criteria and performed specific audit procedures on these. There were no significant transactions outside the normal business operations noted.</p> <p>We also performed specific audit procedures related to important estimates of the board of directors, including the measurement of expected credit losses in respect of loans to group companies. We refer to the section 'Key audit matters' for the audit procedures performed. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override or violations of the internal controls.</p>

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures. There were no such indications impacting our audit procedures.



### *Audit approach for going concern*

Our evaluation of management's assessment of the company's ability to continue to adopt the going-concern basis of accounting included:

- Obtaining a copy of the letter of support from Wizz Air Holdings Plc ('the Parent') to the Company that the Parent will provide financial support to the Company such that the Company is able to operate as a going concern and to settle its liabilities as they fall due.
- Testing the model used for group management's going-concern assessment of the Parent which is primarily a liquidity assessment, given there are no financial covenants in its committed debt facilities. Group management's assessment covers the period to 30 November 2023.
- Group management's base case forecasts are taken from its normal budget and forecasting process for the next three years. We understood and assessed this process including the assumptions used for FY23 and FY24 and assessed whether there was adequate support for these assumptions. We also considered the reasonableness of the monthly phasing of cash flows. A similar assessment was performed of the downside cash flows, including by comparison of actual monthly cash flows experienced in FY22 and by comparison of assumed flying levels relative to those experienced in FY21 and FY22.
- We read and understood the key terms of its committed debt facilities to understand any terms, covenants or undertakings that may impact the availability of the facility. We also considered the group's contracts with its card acquirers, the restrictions they may impose and the ability of the group to switch providers.
- We understood the schedule of committed aircraft deliveries over the next twelve months and assessed Group management's assessment of how these would be financed based on their available committed financing and other plans to finance future aircraft deliveries.
- Using our knowledge from the audit and assessment of previous forecasting accuracy, we applied our own sensitivities to Group management's downside cash flow forecasts. We overlaid this on management's forecasts to arrive at our own view of management's downside forecasts.
- We considered the potential mitigating actions that group management may have available to it to reduce costs, manage cash flows or raise additional financing and assessed whether these were within the control of management and possible in the period of the assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that management's use of the going-concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern. Our responsibilities and the responsibilities of management with respect to going concern are described in the relevant sections of this report.



### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b><i>Measurement of expected credit losses in respect of loans to group companies</i></b> <i>Refer to note 7 and 8 to the financial statements</i></p> <p>We considered the valuation of the loans to group companies for a total amount of €676,117,000, as disclosed in notes 7 and 8 to the financial statements, to be a key audit matter. This is due to the size of the loan portfolio and impairment rules introduced by IFRS 9. The impairment rules of IFRS 9 are complex and require judgement to calculate the ECL. Among other things, this applies to choices and judgements made in the impairment methodology, including the determination of the probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD').</p> <p>With the application of the impairment rules of IFRS 9, these calculations must also take into account forward-looking information of macro-economic factors considering multiple scenarios. Management monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance. Mainly with respect to the PD and LGD used in the determination of the expected credit losses, management has applied significant judgement given the low default character of the Company's loan balances. Management has determined that all loans to group companies are categorised as stage 1 loans, hence only a twelve-month expected credit loss ('ECL') has been recognised.</p>	<p>We performed the following procedures to test management's assessment of the expected credit loss to support the valuation of the loans to group companies:</p> <ul style="list-style-type: none"><li>• We assessed the data input used to calculate the fair value at which the loan balances were initially recognised, based on underlying contracts, and determined that appropriate valuation methodology had been applied by the Company.</li><li>• With respect to the ECL calculation, we determined that the loans qualify as stage 1 loans by assessing the actual performance of the loans (i.e. no significant deterioration of credit risk).</li><li>• We evaluated the financial position of the guarantor of these loans, Wizz Air Holdings Plc, by assessing observable data from credit rating agencies and the latest available financial information, and inspected the terms and conditions of the agreement between the guarantor and the Company, in order to assess if there are conditions present that suggest the loans should be classified as stage 2 or stage 3 loans.</li><li>• For the expected credit loss, we assessed that the impairment methodology and model applied by the entity were in accordance with the requirements of IFRS 9.</li><li>• We assessed that the PD and LGD and the other assumptions applied by management, are appropriate. We have recalculated the impairment and concluded that this was immaterial, with no amount recorded in the financial statements.</li></ul> <p>Our procedures, as set out above, did not indicate material differences.</p>

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## ***Report on the other information included in the annual report***

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The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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## ***Report on other legal and regulatory requirements***

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### ***Our appointment***

We were appointed as auditors of Wizz Air Finance Company B.V. This followed the passing of a resolution by the shareholders at the annual general meeting held on 8 July 2022. Our appointment represents a total period of uninterrupted engagement of one year.

### ***No prohibited non-audit services***

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

### ***Services rendered***

The services that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 20 to the financial statements.

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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the board of directors***

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 28 November 2022  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by P.J.R.M. Wijffels RA



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## ***Appendix to our auditor's report on the financial statements for the period 22 July 2020 to 31 March 2022 of Wizz Air Finance Company B.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.



From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.