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WIZZ AIR HOLDINGS PLC – RESULTS FOR THE 12 MONTHS TO 31 MARCH 2021

UNDERLYING LOSS OF €482M ON 75% PASSENGER DECREASE IN F21
FOCUS ON COST, CASH AND FAST RECOVERY IN F22

LSE Ticker: WIZZ

Geneva, 2 June 2021: Wizz Air Holdings Plc ("Wizz Air" or the "Company"), the fastest growing European low-cost airline, today announces its audited results for the full year ended 31 March 2021 ('F21") for the Company:

Full year to 31 March	2021	2020	Change
Passengers carried (million)	**10.2**	40.0	(74.6%)
Revenue (€ million)	**739.0**	2,761.3	(73.2%)
EBITDA (€ million)	**(182.8)**	719.8	n.m.*
EBITDA margin (%)	**(24.7%)**	26.1%	(50.8ppt)
Profit/(loss) for the year (€ million)	**(576.0)**	281.1	n.m.*
Profit/(loss) margin (%)	**(77.9%)**	10.2%	n.m.*
Underlying net profit/(loss) for the year (€ million)	**(482.4)**	344.8	n.m.*
Underlying net profit/(loss) margin (%)	**(65.4%)**	12.5%	n.m.*
RASK (€ cent)	**2.89**	3.95	(26.8%)
Ex-fuel CASK (€ cent)	**3.86**	2.27	70.0%
Total Cash (€ million)	**1,616.6**	1,496.3	8.0%
Load factor (%)	**64.0**	93.6	(29.6ppt)
Year-end fleet	**137**	121	13.2%

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

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

"This was probably one of the most challenging years for the aviation industry, heavily impacted by COVID-19 related regulations. Wizz Air's F21 revenue was down 73 per cent and we incurred an underlying loss of €482 million. Despite these unprecedented challenges, we stayed in control of our cost structure, preserved our cash position and maintained our investment grade balance sheet.

During F21 we carried ten million passengers, a 75 per cent decrease compared to the previous fiscal year. Passenger and revenue figures reflect the sharp cut back in capacity throughout the year as a result of travel restrictions across Europe.

Agility has been key in navigating the year. We expanded from 25 to 43 operating or announced bases, which inherently increases flexibility. We continuously realigned capacity with ever-changing restrictions, ramping up to 80 percent capacity in the span of weeks over summer 2020 and then down to 20 per cent only weeks later.

Load factors were markedly down compared to F20 at 64 per cent, while average revenue per passenger improved by 5.2 per cent to €72.6 in F21.

We finished the year with a total cash position of €1,617 million, representing a quarterly cash burn of €84m during the last quarter (Q4 F21).

Our swift and decisive actions, taken at the onset of the COVID-19 pandemic, allowed us to better protect our financial position, and 80 per cent of the Wizz Air jobs, in a context of a 75 per cent business decline. These decisions were not easy and the work delivered by our colleagues in this past year was nothing short of heroic. We want to thank each of our employees and each of our customers for their continued support of Wizz Air and are looking forward to rebuilding and eventually doubling the Wizz Air business in the next year and years to come.

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

We are cautiously optimistic about the recovery of the business, which has started later than what we would have liked as COVID-19 restrictions have remained in place longer than anticipated. Therefore, F22 will continue to be a transition year. Whereas the recovery pattern continues to be difficult to forecast, the trends are encouraging and we are ready as ever. We have prepared the company to be an even more formidable player and to take advantage of the next phase of market opportunities that await post pandemic. The investments we have made in our fleet and in our network over the past 12 months will soon yield results.

We expect to fly around 30 per cent of our capacity in the first quarter of F22 and are resuming all cash contributing flying subject to government imposed restrictions. Furthermore, unless we see an accelerated and permanent lifting of restrictions we expect a reported net loss during F22. For F23 we see a strong trading environment and we plan to operate our full capacity.

F21 FINANCIAL NET LOSS AND STRENGTH IN BALANCE SHEET

- Net loss was €576 million with an underlying net loss of €482.4 million (compared to €344.8 million underlying net profit in F20).
- Underlying net loss recognizes the impact of exceptional expense (included in Fuel costs) of €93.6 million (F20: €63.7m exceptional expense)
- Total cash at the end of March 2021 was €1,617 million (of which €169.1 million was restricted cash and €346.8 million were cash deposits with a maturity of more than 3 months. Deposits with an original maturity of longer than 3 months (€432.5 million at the end of F20) are presented separately from cash and cash equivalents going forward.

REVENUE AND COST HIGHLIGHTS

Revenues: Total revenue declined by 73 per cent to €739 million.

- ASKs and passenger numbers both declined 63.5 per cent and 74.6 per cent respectively year on year.
- Passenger ticket revenue declined by 78 per cent to €325.7 million to make up 44 per cent of total revenue.
- Ancillary revenue declined by 67 per cent to €412.6 million representing 56 per cent of total revenue (compared to 45 per cent of revenue in F20).

During the COVID-19 pandemic we adhered to the principle of maximizing cash-positive flying. We continued to operate, enabled by our low cost structure, whilst many of our peers were forced to ground larger parts of their fleets. In addition to scheduled flights we added charter flights, helping governments and businesses repatriate their citizens and employees during the early months of the pandemic. At the same time we helped distribute medical supplies and vaccines to deal with the COVID-19 pandemic. As the demand for flying became more inelastic, we adjusted our pricing algorithms. Ancillary revenue continued to perform well, with strong results via higher conversion on core products, dynamic pricing and a more relevant product portfolio.

Costs: Total operating expenses, excluding exceptional items, decreased by 50.3 per cent to €1,173.4 million in F21 from €2,359.3 million in F20, while total CASK increased by 48.0 per cent to 5.22 Euro cents in F21 from 3.53 Euro cents in F20. CASK excluding fuel expenses increased by 69.8 per cent to 3.86 Euro cents in F21 from 2.27 Euro cents in F20. The increase in CASK in large part was driven by fixed cost even after factoring in several cost actions.

Even more so during F21, cost was a key theme. In April 2020, we took the painful decision to reduce roles by 19 per cent across all departments and reduce salaries by 14 per cent on average. We renegotiated contracts with suppliers while reducing consumption. As airports adjusted to the new reality we concluded beneficial long term deals on existing and new bases and destinations. Our fleet was managed carefully to allow for short to medium term aircraft parking, optimizing for quick deployment as flying opportunities emerged.

STRONGER GEOGRAPHICAL FOOTPRINT

- Our CEE market leadership further improved with a market share of 45.9 per cent in the low-cost sector and 20.9 per cent of the total CEE market, up from 39.6 per cent and 17.5 per cent last year respectively.
- We increased the number of operating or announced bases from 25 pre-COVID to 43.
- Within CEE, we added presence in markets where competition retrenched. In total we announced or opened seven new bases in CEE with St. Petersburg, Lviv, Bacau, Larnaca, Sarajevo, Tirana and Burgas.
- We strengthened historic positions in the West with more base openings and routes in large markets like UK and Italy, markets where we have been operating for more than 15 years, and where the competitive landscape is changing significantly in the wake of COVID-19. In total, we announced or opened 10 new bases in Western Europe (London Gatwick, Doncaster and Cardiff, Malpensa, Catania, Palermo, Rome Fiumicino and Bari, Oslo and Dortmund).
- Our operation in Abu Dhabi started in January 2021, paving the way to replicate the success of Wizz Air Hungary in the Middle East and surrounding markets, making our service over time available for up-to 5 billion people within a 5-hour flight radius.
- At the end of F21 we operated 824 routes across Europe and Middle East.

AIRBUS NEO AND FLEET UPDATE

- We expanded our fleet with a net 16 aircraft to 137 at the end of F21 with 52 per cent of seats now served by A321 family of aircraft. Airbus singled out Wizz Air as one of its customers who continued to take deliveries of its order book aircraft throughout F21. Despite the pandemic, Wizz Air actively pursued accelerating its fleet renewal program and bringing forward the benefits of new technology in ownership and operating cost, fuel consumption and lower carbon and noise emissions. During F21 four older technology aircraft A320 CEO (current engine option) were redelivered to leasing companies.
- Our committed order book for a further 248 A320neo family aircraft ensures Wizz Air will increasingly operate only the latest and most fuel efficient technologies. Our investment-grade rating – Moody's (Baa3) and Fitch (BBB-) – and a proven quality of the underlying asset continued to attract strong interest from financiers.
- The average aircraft age was 5.4 years and our average seat density was 204.7 seats, making it one of the youngest and most cost-efficient fleets of any European airline.

SUSTAINABILITY PERFORMANCE

- GHG emissions were significantly lower than F20 in absolute terms (-65.6 per cent), however our emission intensity was higher due to the lower load factors on our flights.
- CO_2/RPK was 77.3 grams in F21 compared to 57.2 grams in F20. In F20, Wizz Air had the lowest emissions in the industry expressed in CO_2 per RPK amongst publicly reporting issuers as it operates the youngest fleet at the highest seat load factors.
- Wizz Air declared a target reduction to 43g CO_2/RPK emissions by F30 versus its F20 baseline of 57.2g CO_2/RPK.
- The key actions to deliver on CO_2/RPK objective are: fleet renewal (contributing to 22 per cent reduction with the current orderbook); fuel savings initiatives (contributing one per cent reduction) and Sustainable Aviation Fuels (contributing two per cent reduction).
- We improved Board gender diversity by nine per cent to a total 27 per cent, Management Team gender diversity by 10 per cent to 27 per cent.
- Our team includes more than 50 different nationalities at all levels in the organization, and we continue to make strides forward towards more balanced gender representation.
- We have worked diligently to better align our F21 disclosures with TCFD recommendations and in support of this effort and building our capability in this important area were advised by Deloitte Hungary on best practises.

OTHER BUSINESS DEVELOPMENTS AND INNOVATION

- During F21 liquidity position was strengthened by raising £300 million from the Bank of England under the UK Government's COVID Corporate Financing Facility (CCFF). The commercial paper will be repaid in February 2022 when it matures. The Company also raised €500 million from a Eurobond maturing in January 2024.
- An employee engagement survey was conducted with a score of 8.1, slightly ahead (+0.2 points) of the industry average with a participation rate of 79 per cent.
- Mobile application traffic and revenue has increased significantly over the past twelve months as we focused on a frictionless customer journey across our digital channels.
- Wizz Air was among the first airlines in Europe to offer automated refunds for cancelled flights due to the pandemic, now handling 95 per cent of cash conversion refund requests within a week.
- We launched the Travel Planning Map, an interactive tool designed to help passengers to stay informed on coronavirus-related travel restrictions.
- We launched a new Electronic Flight Bag (EFB), a technical solution that will replace all printed onboard manuals and materials for pilots with iPads. The new system brings increased efficiency to all aspects of flight planning.
- We recently implemented Amelia, our very first chatbot that will be serving our customers with speed, at scale.
- Wizz Air Hungary became the first airline in Europe, to obtain an Air Operator Certificate (AOC) from the European Union Aviation Safety Agency (EASA).
- Further to resolutions passed by the Board on 29 December 2020, to protect the EU airline operating licence of Wizz Air Hungary Ltd's (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 details on or before 5 July 2021, simultaneously with the notice of general meeting that is scheduled to take place on 27 July 2021.
- World Finance Magazine informed us we will be receiving during the month of June 2021 the recognition of the 'most sustainable company in the airline industry in 2021'. According to the World Finance Magazine, who gave consent to pre-announce this award, the award was based amongst others on having the lowest emission intensity in the industry (as measured by CO2 per revenue/passenger/km) and our leadership potential in short-medium haul transport.

FULL YEAR GUIDANCE

Whereas we believe that the worst impact of the COVID-19 pandemic is behind us, forecasting the key financial KPIs for F22 remains a challenge given the lack of clarity on the timing of lifting mobility restrictions. We have outlined how we see our capacity progress for F22 and unless we see an accelerated and permanent lifting of restrictions we have outlined that we continue to expect a net income loss. As ever, we will remain disciplined on cash and cost. We do not see a need to raise additional liquidity for general purposes, and we will be repaying the outstanding commercial paper with the Bank of England when it matures in 2022.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report, confirm that to the best of his or her knowledge:

- the Consolidated financial statements, which have been prepared in accordance with IFRSs, 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, the fastest growing European low-cost airline, operates a fleet of 140 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 10.2 million passengers in the financial year F21 ended 31 March 2021. 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.

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CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

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

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

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

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

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

A focused ultra-low-cost business model

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

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

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

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

A stronger geographical footprint

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

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

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

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

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

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

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

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

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

Our fleet as a driver of competitiveness and sustainability

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

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

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

Our emission intensity, measured by CO_2 per Revenue Passenger Kilometre (CO_2/RPK), was already the lowest in the industry in F20 and our continued investment into fleet innovation ensures we maintain a strong edge versus any competitor. During F21, while Green House Gases (GHG) emissions were significantly lower than F20 in absolute terms, our emission intensity was higher due to the lower load factors on our flights. Nevertheless, this is indisputably of transient nature as we remain highly committed to lowering our emission intensity and a low-carbon future, hence our disclosed targets, strategic priorities and actions on sustainability.

Creating the leading digital platform

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

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

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

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

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

Focus on our people

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

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

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

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

Outlook

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

From a cost point of view

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

From a revenue point of view

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

From a cash point of view

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

From investment and financing point of view

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

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

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

Financial overview

Summary statement of comprehensive income
€ million

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

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

Earnings per share

Earnings per share, EUR (Note 9)	F21	F20	Change
Basic earnings per share	(6.73)	3.76	n.m.**
Diluted earnings per share	(6.73)	2.22	n.m.**
Underlying earnings per share*	(5.64)	2.72	n.m.**

* Excluding the impact of exceptional items, as explained in Note 7 to the financial statements.
** n.m.: not meaningful as a variance is more than (-)100 per cent.

Return on capital employed and capital structure

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

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

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

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

* See the definition of these non-statutory measures and their calculation under Key statistics on page 14.
** n.m.: not meaningful as a variance is more than (-)100 per cent.

Financial performance

Revenue

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

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

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

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

Operating expenses

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

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

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

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

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

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

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

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

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

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

Net financing income and expense

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

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

See also Note 6 to the financial statements.

Taxation

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

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

Profit for the year

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

Other comprehensive income and expenses

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

Cash flows and financial position

Cash burn

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

Summary statement of cash flows

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

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

Cash flows from operating activities

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

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

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

Cash flows from investing activities

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

- Advances paid for aircraft (pre-delivery payments, PDPs): The net PDP payments to Airbus net of refunds received were an outflow of €33.8 million in F21 compared to a net outflow of €298.2 million in F20. The decrease in net outflow was the result of a favourable renegotiation of the Company's delivery schedule and associated PDP commitments with Airbus.
- Purchase of tangibles and intangibles, net of proceeds from the sale of tangible assets: The net outflow was €110.8 million in F21 compared to €273.5 million in F20. The key drivers of this significant decrease in F21 are: a) the purchase of less new aircraft (see Note 14 to the financial statements), refinanced through JOLCO lease contracts (see below under financing activities) and b) the postponement of the purchase of non-essential spare parts in F21.
- In agreement with the Corporate Reporting Review Team of the Conduct Committee of the Financial Reporting Council the Company has decided to separate from cash and cash equivalents deposits with a maturity of longer than three months. The Company has restated its F20 balance sheet and cash flow statement for this change.

Cash flows from financing activities

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

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

Summary statement of financial position

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

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

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

Property, plant and equipment increased by €325.2 million as at 31 March 2021 compared to 31 March 2020, primarily driven by the investment made in JOLCO-financed aircraft and sale and leaseback financed right-of-use assets (see also Note 10 to the financial statements).

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

Derivative financial assets (current and non-current) decreased by €13.1 million as at 31 March 2021 compared to 31 March 2020 (see also Notes 2 and 11 to the financial statements). In 2021 these hedge receivable balances are mainly related to fuel hedge instruments.

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

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

Borrowings (including convertible debt) increased by €1,097.9 million as at 31 March 2021 compared to 31 March 2020. The increase was primarily driven besides the bond issue and commercial paper issuance under the CCFF facility by lease liabilities recognised during the fiscal year (see Note 12 to the financial statements).

Deferred income decreased by €73.9 million as at 31 March 2021 compared to 31 March 2020 (see Note 13 to the financial statements). This was primarily driven by the lower business activity and shorter booking windows during and towards the end of the fiscal year, both due to the coronavirus pandemic.

Derivative financial liabilities (current and non-current) decreased by €298.8 million as at 31 March 2021 compared to 31 March 2020 (see Notes 2 and 11 to the financial statements). The €9.0 million liability at 31 March 2021 was related to foreign currency and fuel hedges. The losses associated with discontinued hedges were fully recognised in F21.

Provisions decreased by €32.2 million as at 31 March 2021 compared to 31 March 2020 (see Note 14 to the financial statements). The reduction is due mainly to the utilisation of some maintenance provisions in 2021 as the respective maintenance events were performed during the year.

Hedging strategy

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

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

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

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

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

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

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

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

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

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

Fuel hedge coverage

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

* Including discontinued hedges.

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

KEY STATISTICS

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

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

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

Glossary of technical terms

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

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

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

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

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

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

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

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

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

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

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

RASK: total revenue divided by ASK.

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

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

Yield: the total revenue per RPK.

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

Short term cash deposits comprise deposits maturing within three to twelve months of inception, the balance of which was €346.8 million at 31 March 2021.

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

Definition and reconciliation of non-statutory financial performance measures

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

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

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

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

Continuing operations	Note	2021 € million	2020 € million
Passenger ticket revenue	4	325.7	1,508.5
Ancillary revenue	4	413.3	1,252.8
Total revenue	4	739.0	2,761.3
Staff costs		(132.9)	(231.8)
Fuel costs (including exceptional expense)		(347.5)	(876.5)
Distribution and marketing		(19.6)	(44.1)
Maintenance materials and repairs		(165.7)	(176.4)
Airport, handling and en-route charges		(254.9)	(641.6)
Depreciation and amortisation		(345.3)	(381.4)
Net other expenses	5	(1.2)	(71.2)
Total operating expenses		(1,267.1)	(2,423.0)
Operating (loss)/profit	5	(528.1)	338.3
Comprising:			
- *Operating (loss)/profit excluding exceptional expense*		(434.5)	402.0
- *Exceptional expense (included in fuel costs)*	7	*(93.6)*	*(63.7)*
Financial income	6	11.6	47.3
Financial expenses	6	(78.4)	(91.5)
Net foreign exchange gain	6	28.4	0.1
Net financing expense	6	(38.4)	(44.2)
(Loss)/profit before income tax		(566.5)	294.1
Income tax expense	8	(9.5)	(13.1)
Net (loss)/profit for the year		(576.0)	281.1
Net (loss)/profit for the period attributable to:			
Non-controlling interest		(3.9)	—
Owners of Wizz Air Holdings Plc		(572.1)	281.1
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Movements in cash flow hedging reserve, net of tax			
Net change in fair value		39.2	(187.8)
Recycled to profit or loss		200.3	(66.4)
Currency translation differences		0.8	(0.3)
Other comprehensive income/(expense) for the year, net of tax		240.3	(254.5)
Total comprehensive (expense)/income for the year		(335.7)	26.6
Total comprehensive (expense)/income for the year attributable to:			
Non-controlling interest		(4.0)	—
Owners of Wizz Air Holdings Plc		(331.7)	26.6
Basic earnings per share (€/share)	9	(6.73)	3.76
Diluted earnings per share (€/share)	9	(6.73)	2.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	2021 € million	2020 (restated*) € million
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,878.2	2,553.0
Intangible assets		30.4	27.2
Restricted cash		134.1	179.7
Deferred tax assets		1.1	3.1
Derivative financial instruments	11	—	0.9
Trade and other receivables		21.6	19.9
Total non-current assets		3,065.4	2,783.7
Current assets			
Inventories		53.7	70.6
Trade and other receivables		113.7	169.8
Current tax assets		2.1	—
Derivative financial instruments	11	5.1	17.3
Restricted cash		35.0	6.1
Short term cash deposits		346.8	432.5
Cash and cash equivalents		1,100.7	878.0
Total current assets		1,657.2	1,574.4
Total assets		4,722.6	4,358.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		—	—
Share premium		381.2	380.6
Reorganisation reserve		(193.0)	(193.0)
Equity part of convertible debt		8.3	8.3
Cash flow hedging reserve		(2.2)	(241.7)
Cumulative translation adjustments		1.2	0.2
Retained earnings		712.3	1,280.3
Capital and reserves attributable to the owners of Wizz Air Holdings Plc		907.7	1,234.8
Non-controlling interests		(4.0)	—
Total equity		903.7	1,234.8
Non-current liabilities			
Borrowings	12	2,388.7	1,671.9
Convertible debt		26.2	26.4
Deferred income	13	43.5	13.1
Deferred tax liabilities		6.3	—
Derivative financial instruments	11	—	41.3
Provisions for other liabilities and charges	14	51.1	46.9
Total non-current liabilities		2,515.8	1,799.5
Current liabilities			
Trade and other payables		465.7	469.6
Current tax liabilities		0.2	—
Borrowings	12	722.1	340.8
Convertible debt		0.3	0.3
Derivative financial instruments	11	9.0	266.5
Deferred income	13	68.0	172.3
Provisions for other liabilities and charges	14	37.8	74.3
Total current liabilities		1,303.1	1,323.8
Total liabilities		3,818.9	3,123.3
Total equity and liabilities		4,722.6	4,358.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulative translation adjustment € million	Retained earnings € million	Total € million	Non-controlling interests € million	Total equity € million
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

FOR THE YEAR ENDED 31 MARCH 2020

	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 2019	—	379.1	(193.0)	8.3	12.5	0.5	995.0	1,202.4	—	1,202.4
Comprehensive income:										
Profit for the year	—	—	—	—	—	—	281.1	281.1	—	281.1
Other comprehensive income/(expense):										
Fair value losses in the year	—	—	—	—	(187.8)	—	—	(187.8)	—	(187.8)
Gains transferred to income statement	—	—	—	—	(4.6)	—	—	(4.6)	—	(4.6)
Hedge discontinuation gains transferred to income statement	—	—	—	—	(61.8)	—	—	(61.8)	—	(61.8)
Currency translation differences	—	—	—	—	—	(0.3)	—	(0.3)	—	(0.3)
Total other comprehensive expense	—	—	—	—	(254.2)	(0.3)	—	(254.5)	—	(254.5)
Total comprehensive income/(expense) for the year	—	—	—	—	(254.2)	(0.3)	281.1	26.6	—	26.6
Transactions with owners:										
Proceeds from shares issued	—	1.5	—	—	—	—	—	1.5	—	1.5
Share-based payment charge	—	—	—	—	—	—	4.2	4.2	—	4.2
Total transactions with owners	—	1.5	—	—	—	—	4.2	5.7	—	5.7
Balance at 31 March 2020	—	380.6	(193.0)	8.3	(241.7)	0.2	1,280.3	1,234.8	—	1,234.8

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 € million	2020 (restated*) € million
Cash flows from operating activities			
(Loss)/profit before income tax		(566.5)	294.1
Adjustments for:			
Depreciation	10	336.1	374.0
Amortisation		8.8	7.5
Financial income		(11.6)	(47.3)
Financial expenses		78.4	91.5
Unrealised fair value gains on derivative financial instruments		(65.5)	79.0
Unrealised foreign currency gains and losses		(69.1)	(11.9)
Realised non-operating foreign currency gains and losses		55.1	12.3
Gain on sale of property, plant and equipment		(40.7)	(16.2)
Share-based payment charges		4.1	4.2
		(270.8)	787.2
Changes in working capital			
Decrease/(increase) in trade and other receivables		48.3	108.4
Decrease/(increase) in restricted cash		4.6	6.8
Decrease/(increase) in inventory		16.9	(39.0)
(Decrease)/increase in provisions		(4.3)	8.0
(Decrease)/increase in trade and other payables		6.4	113.4
(Decrease)/increase in deferred income		(22.0)	(220.8)
Cash (used) in/generated by operating activities before tax		(221.0)	764.1
Income tax paid		(3.6)	(12.6)
Net cash (used) in/generated by operating activities		(224.6)	751.6
Cash flows from investing activities			
Purchase of aircraft maintenance assets		(80.6)	(155.3)
Purchase of tangible and intangible assets		(169.5)	(296.9)
Proceeds from the sale of tangible assets		58.7	23.4
Advances paid for aircraft	10	(165.1)	(383.4)
Refund of advances paid for aircraft	10	131.3	85.2
Interest received		13.2	44.5
Decrease/(increase) in short term cash deposits		65.6	(427.7)
Net cash used in investing activities		(146.5)	(1,110.1)
Cash flows from financing activities			
Proceeds from the issue of share capital		0.6	1.5
Interest paid – IFRS 16 lease liability		(67.9)	(85.2)
Interest paid - JOLCO		(1.4)	(1.5)
Interest paid - other		(4.4)	(1.2)
Proceeds from new loan**		195.6	297.7
Proceeds from unsecured debt		1,177.0	—
Transactions with non-controlling interests		—	—
Repayment of unsecured debt		(338.2)	—
Repayment of loans**		(336.5)	(304.9)
Net cash generated by/(used) in financing activities		624.6	(93.7)
Net increase/(decrease) in cash and cash equivalents		253.6	(452.3)
Cash and cash equivalents at the beginning of the year		878.0	1,316.0
Effect of exchange rate fluctuations on cash and cash equivalents		(30.9)	14.3
Cash and cash equivalents at the end of the year		1,100.7	878.0

* The prior year was restated – refer to Note 18 for more detail.

** Mostly JOLCO and IFRS16

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

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

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

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

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

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

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgments in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 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 on pages 5 to 13. Emerging and principal risks and uncertainties facing the Group are described in the section named 'Emerging and principal risks and uncertainties' of our Annual Report for the financial year. 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 2021, the Group held cash and cash equivalents of €1,100.7 million (total cash of €1,616.6 million including €346.8 million of short term cash deposits and €169.1 million of restricted cash), while net current assets were €327.4 million. In legal terms, the external borrowings of the Group consist of €340.0 million (£300 million) Commercial Paper with the Bank of England maturing in February 2022, €500 million bonds maturing in January 2024 and convertible debt with a balance of €26.5 million. In accounting terms a further €2,247.3 million are presented as borrowings in relation to future commitments from lease contracts.

The Directors have reviewed financial forecasts including available committed financing and plans to finance future aircraft deliveries. After making enquiries and testing the assumptions against different forecast scenarios, the Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations for a period of at least the next twelve months from the date of signing this report.

These enquiries and testing included a base case model of how the operations of the business would gradually emerge from COVID-19. Wizz Air has been one of the first airlines to restart operations and, whereas the airline operated in F21 only 37.2 per cent of its capacity compared to F20, the base case assumes a gradual increase in operation quarter on quarter, with around 35 per cent of its available capacity flying in spring and, a peak of 75 per cent of capacity flying over summer, to reduce to 70 per cent of capacity flying during the second half of the financial year.

In addition, the Directors have also modelled a severe but plausible downside scenario based on flying levels compared to F20 levels of 20 per cent of flying in April, May and June 2021, 50 per cent for summer 2021 and 30 per cent for the second half of the financial year. In this scenario the Group is still forecasting significant liquidity throughout this period and there are no material uncertainties that may cast doubt on the Group's going concern status.

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

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 commodity zero-cost collar contracts.

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

Market risks

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

Due to the volatile environment, managing the cash balance of the Company was the key priority. As a result, in April 2020 the Company suspended its fair value hedging programme with respect to foreign currency exposures on lease liabilities.

Following the COVID-19 outbreak, the majority of the Group's fleet was grounded for a period from mid-March 2020. The activity level and consequently the fuel consumption were significantly lower in F21 than that on which the Group hedging programme was originally based. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated net loss on these instruments of €93.6 million (2020: €63.7 million) was charged to the statement of comprehensive income and presented separately as an exceptional operating expense.

In light of ongoing travel restrictions as a result of the COVID-19 pandemic and the subsequent uncertainty in demand for travel, fuel hedging was ceased until further notice and only minimal US Dollar hedges were entered into during the period in order to reduce the risk of over-hedging. As a result the closing cash flow hedge reserve balance is immaterial, however significant loss was recognized during the period, see at Hedge transactions during the year.

In June 2021 the Board of Directors approved the Company's "no hedge" policy for the post-COVID-19 period with respect to US Dollar and jet fuel price risk after carefully evaluating the economic costs and benefits of the Company's hedging programme.

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

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

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

Foreign currency risk

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

Euro/US Dollar foreign currency rate is the most significant underlying foreign currency exposure to the Group.

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

At 31 March 2021	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	34.8	64.3	10.2	109.3
Derivative financial assets	—	5.1	—	5.1
Cash and cash equivalents	214.1	495.2	391.4	1,100.7
Short term cash deposits	300.0	46.8	—	346.8
Restricted cash	—	168.9	0.2	169.1
Total financial assets	548.9	780.3	401.8	1,731.0
Financial liabilities				
Unsecured debts*	499.2	—	350.3	849.5
IFRS 16 aircraft and engine lease liability	304.7	1,478.1	—	1,782.8
IFRS 16 other lease liability	8.6	—	2.5	11.1
JOLCO and FTL liability	319.6	107.6	27.5	454.7
Loans from non-controlling interests	—	12.8	—	12.8
Convertible debt	26.5	—	—	26.5
Trade and other payables	172.9	40.4	18.4	231.7
Derivative financial liabilities	—	9.0	—	9.0
Total financial liabilities	1,331.5	1,647.9	398.7	3,378.1
Net (liabilities)/assets	(782.6)	(867.6)	3.1	(1,647,1)

*Unsecured debts represent the European Mid Term Note and the Covid Corporate Financing Facility

At 31 March 2020	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	71.7	68.3	13.3	153.3
Derivative financial assets	—	18.3	—	18.3
Cash and cash equivalents	82.1	743.7	52.2	878.0
Short term cash deposits	100.0	332.5	—	432.5
Restricted cash	—	185.5	0.3	185.8
Total financial assets	253.8	1,348.3	65.8	1,667.9
Financial liabilities				
IFRS 16 aircraft and engine lease liability	298.7	1,414.4	—	1,713.1
IFRS 16 other lease liability	8.2	—	—	8.2
JOLCO and FTL liability	177.8	113.6	—	291.4
Convertible debt	26.7	—	—	26.7
Trade and other payables	200.7	16.5	33.9	251.1
Derivative financial liabilities	—	307.8	—	307.8
Total financial liabilities	712.1	1,852.3	33.9	2,598.3
Net (liabilities)/assets	(458.3)	(504.0)	31.9	(930.4)

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

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.

Interest rate risk

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

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

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

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

Hedge transactions during the year

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

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

a) Foreign exchange hedge:

	2021 € million	2020 € million
Gain/(loss) recognised within fuel costs		
Effective cash flow hedge	—	26.4
Discontinued cash flow hedge expiring in the financial year	(0.3)	—
Discontinued cash flow hedge expiring in following financial year(s)	(0.3)	—
Total (loss)/gain recognised within fuel costs	(0.6)	26.4
Gain/(loss) recognised within financial income/(expense)		
Effective fair value hedge	0.4	7.7
Effective cash flow hedge	—	0.8
Discontinued cash flow hedge expiring in the financial year	—	—
Discontinued cash flow hedge expiring in following financial year(s)	—	1.9
Total gain/(loss) recognised within financial income/(expense)	0.4	10.4
Gain/(loss) recognised within net foreign exchange gains/(losses)		
Effective fair value hedges	5.1	0.9
	5.1	0.9

b) Fuel hedge:

	2021 € million	2020 € million
Gain/(loss) recognised within fuel costs		
Effective hedge	(68.4)	(31.8)
Discontinued hedge expiring in the financial year	(91.7)	(9.9)
Discontinued hedge expiring in following financial year(s)	(1.2)	(53.8)
Total loss recognised within fuel costs	(161.3)	(95.5)

Hedge year-end open positions

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

a) Foreign exchange hedge with derivatives:

		Derivative financial instruments				
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 hedge	129.7	—	0.2	—	(2.6)	(2.4)

		Derivative financial instruments				
At 31 March 2020	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	391.0	—	7.1	—	—	7.1
Effective cash flow hedge positions	430.0	0.9	8.4	—	—	9.3
Discontinued cash flow hedge positions	88.0	—	1.9	—	—	1.9
Total foreign exchange hedge	909.0	0.9	17.4	—	—	18.3

The total €9.3 million asset related to effective cash flow hedge position as at 31 March 2021 can be analysed further into €7.4 million intrinsic value and €1.9 million time value components.

For the movements in other comprehensive income refer to the Consolidated Statement of Changes in Equity.

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

Euro/US Dollar foreign exchange hedge:

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

At 31 March 2020	F21 12 months	F22 6 months
Maturity profile of notional amount (million)	$436.0	$82.0
Weighted average ceiling	$1.1622	$1.1485
Weighted average floor	$1.1263	$1.1039

b) Foreign exchange hedge with non-derivatives:

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

c) Fuel hedge:

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

At 31 March 2020	'000 metric tonnes	Derivative financial instruments Non-current assets € million	Current assets € million	Non-current liabilities € million	Current liabilities € million	Net asset/(liability) € million
Effective cash flow hedge positions	1,291.0	—	—	(41.3)	(210.1)	(251.4)
Discontinued cash flow hedge positions	170.0	—	—	—	(53.8)	(53.8)
Total fuel hedge	1,461.0	—	—	(41.3)	(263.9)	(305.2)

The total €251.4 million liability at 31 March 2020 can be analysed further into €337.9 million intrinsic value loss and €85.3 million time value gain components.

For the movements in other comprehensive income refer to the Consolidated Statement of Changes in Equity.

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

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

At 31 March 2020	F21 12 months	F22 6 months
Maturity profile ('000 metric tonnes)	1,091.0	370.0
Blended capped rate	$632.0	$554.0
Blended floor rate	$576.0	$503.0

Hedge effectiveness

Following the COVID-19 outbreak, the majority of the Group's fleet was grounded for a period from mid-March 2020. The fuel consumption in F21 was significantly lower than that on which the Group hedging programme was originally based, resulting in fuel and foreign currency hedge instruments being discontinued for hedge accounting. As a consequence, hedge accounting for certain derivatives has been discontinued and the associated net loss on these instruments of €93.6 million (2020: €61.8 million), including hedges expiring between April 2021 and May 2021, was charged to the statement of comprehensive income and presented as an exceptional operating expense within the consolidated statement of comprehensive income. No material hedge positions are outstanding after this maturity date.

Sensitivity analysis

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

	2021 Difference in profit after tax € million	2020 Difference in profit after tax € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	-35.0	-107.1
Fuel price $100 lower per metric tonne	+35.0	+107.1
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+70.2	+99.4
FX rate 0.05 lower	-76.5	-108.8
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	-3.0	-9.2
FX rate 0.03 lower	+3.3	+10.1
FX rate sensitivity (PLN/EUR)		
FX rate 0.15 higher (meaning EUR stronger)	-0.9	-5.1
FX rate 0.15 lower	+1.0	+5.5
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	+15.4	+13.0
Interest rate is lower by 100 bps	-15.4	-13.0

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

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

	2021 Difference € million	2020 Difference € million
Fuel price sensitivity		
Fuel price $100 higher per metric tonne	+22,9	+117.6
Fuel price $100 lower per metric tonne	-22,9	-117.6
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+0.1	+10.5
FX rate 0.05 lower	-0.1	-10.5
Fuel volume sensitivity (metric tonnes)		
100,000 metric tonnes reduction in forecast fuel purchases	+1.1	+14.4
100,000 metric tonnes increase in forecast fuel purchases	-1.1	-14.4

The sensitivity analyses for 2021 above were performed with reference to the following market rates, as the base case:

- For profits, annual average rates: jet fuel price $582.0 per metric tonne; EUR/USD FX rate 1.17; EUR/GBP FX rate 0.89; EUR/PLN FX rate 4.50.
- For other comprehensive income, year-end spot rates: jet fuel price $512.0 per metric tonne; EUR/USD FX rate 1.17.

Liquidity risks

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

- continue to ensure that the flights that are operated deliver positive cash contribution;
- securing lease financing for aircraft delivery positions until end of calendar year 2021;
- working with suppliers to reduce contracted rates and improve payment terms;
- reducing discretionary spending and suspending non-essential capital expenditure;
- issuance of a three-year €500 million bond in January 2021 that pays an annual fixed coupon of 1.35 per cent; and
- raising £300 million through the Covid Corporate Financing Facility (CCFF) that was extended by twelve months in February 2021.

As a result of these measures, Wizz Air is confident in its ability to survive, even in case of potential prolonged restrictions. For further notes, refer to the going concern assessment under Note 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 2021 due to almost no hedging activity since the start of the pandemic.

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

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

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

At 31 March 2021	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	79.9	9.1	20.3	—	109.3
Derivative financial assets	2.0	3.1	—	—	5.1
Cash and cash equivalents	1,100.7	—	—	—	1,100.7
Short term cash deposits	—	346.8	—	—	346.8
Restricted cash	22.2	12.8	119.4	14.6	169.0
Total financial assets	1,204.8	371.8	139.7	14.6	1,730.9
Financial liabilities					
Unsecured debts	—	358.8	513.5	—	872.3
IFRS 16 aircraft and engine lease liability	107.4	292.3	1,137.6	454.4	1,991.7
IFRS 16 other lease liability	0.4	1.3	6.2	3.4	11.3
JOLCO and FTL lease liability	7.0	25.1	128.5	315.8	476.4
Loans from non-controlling interests	—	—	—	12.8	12.8
Convertible debt	—	—	26.5	—	26.5
Other payables	206.3	25.4	—	—	231.7
Derivative financial liabilities	6.4	2.6	—	—	9.0
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	328.2	705.5	1,812.3	786.4	3,632.2

At 31 March 2020	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	118.3	15.1	19.9	—	153.3
Derivative financial assets	10.5	6.9	0.9	—	18.3
Cash and cash equivalents	878.0	—	—	—	878.0
Short term cash deposits	—	432.5	—	—	432.5
Restricted cash	0.5	5.6	146.6	33.1	185.8
Total financial assets	1,007.3	460.1	167.4	33.1	1,667.9
Financial liabilities					
IFRS 16 aircraft and engine lease liability	104.2	292.8	1,222.1	325.0	1,944.1
IFRS 16 other lease liability	0.3	0.9	3.0	2.4	6.7
JOLCO and FTL lease liability	3.8	13.6	72.4	220.1	309.9
Convertible debt	—	2.1	28.7	—	30.8
Trade and other payables	251.1	—	—	—	251.1
Derivative financial liabilities	93.5	173.0	41.3	—	307.8
Financial guarantees	0.7	—	—	—	0.7
Total financial liabilities	453.7	482.4	1,367.5	547.5	2,851.1

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

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

Credit risk

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

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

At 31 March 2021	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	899.1	50.9	150.3	0.4	1,100.7
Short term cash deposits	346.8	—	—	—	346.8
Restricted cash	168.8	0.1	0.2	—	169.0
Derivative financial assets	2.1	0.1	2.9	—	5.1
Trade and other receivables	—	—	—	109.3	109.3
Total financial assets	1,416.8	51.1	153.4	109.7	1,730.9

At 31 March 2020	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Cash and cash equivalents	601.1	271.4	4.6	0.9	878.0
Short term cash deposits	291.4	—	141.1	—	432.5
Restricted cash	185.6	0.1	0.2	—	185.8
Derivative financial assets	10.2	1.0	7.0	—	18.3
Trade and other receivables	—	—	—	153.3	153.3
Total financial assets	1,088.2	272.5	152.9	154.2	1,667.9

From the unrated category within trade and other receivables the Group has €35.3million (2020: €60.9 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 (see Note 15), management does not consider the credit risk on maintenance reserve receivables to be material. Most of the remaining balance in this category in both years relates to ticket sales receivables from customers and non-ticket revenue receivables from business partners. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically been good.

Within cash and cash equivalents in 2021, out of the €150.3 million in the category "other" €48.5 million (2020: €45.6 million) relates to cash deposits held with BBB+ rated banks. In 2020 the short term cash deposits in the other category relates to cash deposits held with BBB+ rated banks.

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

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, 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 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 judgments made in applying the Group's accounting policies

a) Maintenance policy

The estimations and judgements applied in the context of the maintenance accounting policy of the Group impact the balance of (i) property, plant and equipment (and, within that, of aircraft maintenance assets, as detailed in Note 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 created by the lease at the time when such obligation becomes certain. The amount of the provision involves making estimates of the cost of the heavy maintenance work that is required to discharge the obligation, including any end of lease costs. A 10% increase in the planned costs of heavy maintenance works at the 31 March 2021 year end would increase the balance of both aircraft maintenance assets and aircraft maintenance provisions by €7.8 million.

Estimate: The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as an "aircraft maintenance asset") at the earlier of: (a) the time the lease re-delivery condition is no longer met; or (b) when maintenance, including enhancement, is carried out. The calculation of the depreciation charge on such assets involves making estimates primarily for the future utilisation of the aircraft. A 43% decrease in the F22 forecast aircraft utilisation would result in the same average utilisation as in F21. This would cause €9.9 million decrease in the balance of aircraft maintenance assets.

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

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

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

b) Hedge and derivative accounting

Estimate: The asset and liability balances at year end related to open hedge instruments can be material. The fair value of derivatives is estimated by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. These estimations are performed based on market prices observed at year end and therefore, according to paragraph 128 of IAS 1, do not require further disclosure. Such fair values might change materially within the next financial year but these changes would not arise from assumptions made by management or other sources of estimation uncertainty at the end of the year but from the movement of market prices. The fair value calculation is most sensitive to movements in the jet fuel and foreign currency spot prices, their implied volatility and respective yields. A sensitivity analysis for the jet fuel price and for the FX rate on most relevant currency pairs is included in Note 2.

The open hedge instrument balances at 31 March 2021 were not material. Due to the increase in jet fuel prices compared to 31 March 2020 and as a result of limited cash flow hedging activity during 2021, the net carrying amount of cash flow hedges was only €2.2 million liability at 31 March 2021 (2020: €242.2 million liability). The carrying value of discontinued hedges was €1.6 million liability at 31 March 2021 (2020: €51.9 million liability).

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

Building on these estimations of the future, management makes judgment on the accounting treatment of open hedge instruments. Hedge accounting for jet fuel and foreign currency cash flow hedges was discontinued where the "highly probable" forecast criterion was not met in accordance with the requirements of IFRS 9. The impact of these estimations and judgments was material at 31 March 2020 but is no longer longer material for the asset and liability balances at 31 March 2021.

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

c) Net presentation of government taxes and other similar levies

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

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

d) Accounting for aircraft and spare engine assets

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

- Engine contracts typically include the selection of an engine type to be installed on future new aircraft, a commitment to purchase a certain number of spare engines, and lump-sum (i.e. not per engine) concessions from the manufacturer. Management recalculates the unit cost of engines by allocating lump-sum credits over all engines ordered and by adjusting costs between installed and spare engines in a way that ensures that identical physical assets have an equal acquisition cost.
- Aircraft acquisition costs are recalculated to reflect the impacts of: (i) any adjustment on the cost of installed engines (as above); and (ii) concessions received from the manufacturers of other aircraft components under selection agreements. Such acquisition cost has relevance also for leased aircraft when calculating the amount of total gain or loss on the respective sale and leaseback agreement.

e) Accounting for leases

Judgment: Some of the Group's lease contracts contain lease extension options. The extension option is taken into account in the measurement of the lease liability only when the Group is reasonably certain that it would later exercise the option. Such judgment is made lease by lease, and is relevant both at inception, for the initial measurement of the lease liability, and also for a subsequent remeasurement of the lease liability if the initial judgment is revised at a later date. As at 31 March 2021, there were eight aircraft lease contracts that the Group is reasonably certain to extend by 2-3 years from their original maturity in 2022. As at 31 March 2020, there were ten contracts planned to be extended, but during F21 the Group revised its plans due to the impacts of COVID-19 being more severe and longer lasting than originally estimated, and decided not to extend two of these leases.

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

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

f) Income taxes

Judgment: A significant judgment has been made by the Group in relation to the position that the Swiss tax authority would take with respect to the calculation of the income tax base for F18–F21 for one of the legal entities of the Group. In applying IFRIC 23 the Group applied the "most likely amount method" and, by relying also on professional advice, took the view that the positions taken by the Group represent the most likely outcome for the Swiss income tax liabilities.

g) 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.

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

Out of these contracts, the one for the provision of on-board catering services is the most significant in value and it is also the most complex from the perspective of making the 'agent versus principal' assessment/ judgment. The Company's judgment was based on the facts that it is the partner that (i) enters into contracts with the passengers/customers and bears the liability towards them for delivering the products and services; (ii) defines the majority of the product portfolio, manages the inventory, is responsible for product availability/ outage, has title to the inventory and bears the risk of loss; and (iii) has discretion in establishing prices. The difference on this contract between gross sales and net commission revenue (as recognised in the statement of comprehensive income) was €13.6 million (2020: €46.3 million).

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 Group did not change the disaggregation of revenue to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because: (i) it mirrors disclosures presented outside of the financial statements; and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance of the (now only one) operating segment.

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

	2021 € million	2020 € million
Revenue from contracts with passengers	704.1	2,706.1
Revenue from contracts with other partners	34.9	55.2
Total revenue from contracts with customers	739.0	2,761.3

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

The contract assets reported in F21 as part of trade and other receivables amounted to €0.4 million (2020: €1.2 million) and the contract liabilities (unearned revenues) reported as part of deferred income were €65.0 million (2020: €168.4 million). Of the €704.1 million revenue recognised in F21 (2020: €2,706.1 million), €172.3 million (2020: €395.1 million) was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 13).

5. Operating profit

Net other expenses

Net other expenses decreased from €71.2 million in F20 to €1.2 million in F21, as there was a significant drop in other expenses due to the coronavirus, and there were credit items relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations in F21.

Inventories

Inventories totalling €6.7 million were recognised as maintenance materials and repairs expense in the year (2020: €11.0 million).

Gain on sale and leaseback

The gain on sale and leaseback transactions was €40.6 million (2020: €11.7 million) due to the sale and leaseback of aircraft and engines, and the loss on these transactions was €nil (2020: €nil).

6. Net financing income and expense

	2021 € million	2020 € million
Interest income	9.0	45.4
Gain on discontinued FX hedges	—	1.9
ETS put option fair value gain	2.6	—
Financial income	11.6	47.3
Interest expenses:		
Convertible debt	(2.0)	(2.0)
IFRS 16 lease liability	(68.1)	(85.2)
JOLCO and FTL lease liability	(3.0)	(1.3)
Unsecured debts	(3.7)	—
Other	(1.6)	(3.0)
Financial expenses	(78.4)	(91.5)
Net foreign exchange gain	28.4	0.1
Exceptional financial expense	—	—
Net financing expense	(38.4)	(44.2)

Interest income and expense include interest on financial instruments (earned on cash and equivalents and in F20 also on FX forward hedges).

7. Exceptional items and underlying profit

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the conditions created by COVID-19.

In F21 the Group had exceptional operating expense of €93.6 million (net of €5.7 million gain and €99.3 million loss) relating to cash flow hedges regarding future fuel purchases that were classified as discontinued (refer to Note 2) during 2021 as a consequence of the grounding of the majority of the Group's fleet under the COVID-19 situation. In F20 the Group had exceptional operating expense of €63.7 million relating to cash flow hedges regarding future fuel purchases that were classified as discontinued during March 2020 as a consequence of the grounding of the majority of the Group's fleet under the COVID-19 situation. These items were used by management in the determination of the non-IFRS underlying profit measure for the Group – see below.

Underlying profit

	2021 € million	2020 € million
(Loss)/profit from continuing operations	(576.0)	281.1
Adjustment for (exclusion of) exceptional items	93.6	63.7
Underlying (loss)/profit after tax	(482.4)	344.8

The tax effects of the adjustments made above are insignificant.

8. Income tax expense

Recognised in the statement of comprehensive income:

	2021 € million	2020 € million
Current tax on profits for the year	0.1	4.5
Adjustment for current tax of prior years	(0.1)	—
Other income-based taxes for the year	4.8	10.5
Adjustment for income-based taxes of prior years	(3.1)	—
Total current tax expense	1.7	15.0
Deferred tax – increase in deferred tax liabilities	6.3	—
Deferred tax – increase/(decrease) in deferred tax assets	1.5	(1.9)
Total deferred tax charge/(benefit)	7.8	(1.9)
Total tax charge	9.5	13.1

The Company, that is Wizz Air Holdings Plc, has a tax rate of 13.97 per cent (2020: 13.97 per cent). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations. There was no deferred tax asset recognised in relation to the losses incurred by the Group in 2021 mainly because the losses incurred by the main airline subsidiary of the Group are not eligible for utilisation against taxable profits in the future.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 13.97 per cent (2020: 13.97 per cent). The difference is explained below.

	2021 € million	2020 € million
(Loss)/profit before tax	(566.5)	294.1
Tax at the corporation tax rate of 13.97 per cent (2020: 13.97 per cent)	(79.1)	41.1
Adjustment for current tax of prior years	(0.1)	—
Adjustment for income-based taxes of prior years	(3.1)	—
Increase/(decrease) in deferred tax liabilities due to changes in Swiss effective tax rate	1.7	(0.1)
Effect of different tax rates of subsidiaries versus the parent company	76.6	(38.4)
Effect of current year losses not being eligible for utilisation against taxable profits in future years	8.8	—
Other income-based foreign tax	4.7	10.5
Total tax charge	9.5	13.1
Effective tax rate	(1.68)%	4.4%

The effect of different tax rates of subsidiaries is a composition of impacts primarily in Switzerland and the UK, relating to the airline subsidiaries of the Group. The Company paid €3.6 million tax in the year (2020: €12.6 million). Substantially all the losses and the profits of the Group in F21 and F20, respectively, were made by the airline subsidiaries of the Group, and substantially all the tax charges and credits presented in this Note were incurred by these entities.

Other income-based foreign tax represents the local business tax and the "innovation contribution" payable in Hungary in F21 and F20 by the Hungarian subsidiaries of the Group, primarily Wizz Air Hungary Ltd. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

Recognised in the statement of other comprehensive income

	2021 € million	2020 € million
Deferred tax related to movements in cash flow hedging reserve	(0.5)	(0.6)
Total tax charge	(0.5)	(0.6)

Interpretation 23 “Uncertainty over Income Tax Treatments” (IFRIC 23)

The Group has open tax periods in a number of jurisdictions involving uncertainties of different nature and materiality, the most important open ones being for F18–F21. The Group assessed the impact of uncertainty of each of its tax positions in line with the requirements of IFRIC 23. The outcome of this assessment in F2021 was to release €1.9 million of provisions previously made, due to the facts that during the year: (i) some prior tax periods expired for tax authority examination; or (ii) there was a tax examination that confirmed the treatment applied by the Company. For all other tax returns the Group concluded that it was probable that the tax authority would accept the uncertain tax treatment that has been taken or is expected to be taken in those tax returns and therefore accounted for income taxes consistently with that tax treatment. The final liabilities, as later assessed by the tax authorities, may vary from the amounts that have been recognised by the Group.

9. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during each year.

	2021	2020
(Loss)/profit for the year, € million	(576.0)	281.1
Weighted average number of Ordinary Shares in issue	85,545,648	74,685,880
Basic earnings per share, €	(6.73)	3.76

There were also 17,377,203 Convertible Shares in issue at 31 March 2021 (17,377,203 at 31 March 2020). These shares are non-participating, i.e. the profit and loss attributable to them is nil. These shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue with the weighted average number of Ordinary Shares that could have been issued in the respective year as a result of the conversion of the following convertible instruments of the Group:

- Convertible Shares;
- Convertible Notes; and
- employee share options (vested share options are included in the calculation).

The profit for the year has been adjusted for the purposes of calculating diluted earnings per share in respect of the interest charge relating to the debt which could have been converted into shares.

	2021	2020
(Loss)/profit for the year, € million	(576.0)	281.1
Interest expense on convertible debt (net of tax), € million	—	2.0
(Loss)/profit used to determine diluted earnings per share, € million	(576.0)	283.1
Weighted average number of Ordinary Shares in issue	85,545,648	74,685,880
Adjustment for assumed conversion of convertible instruments	—	52,572,127
Weighted average number of Ordinary Shares for diluted earnings per share	85,545,648	127,258,007
Diluted earnings per share, €	(6.73)	2.22

Underlying earnings per share

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

	2021	2020
Underlying (loss)/profit for the year (see Note 7), € million	(482.4)	344.8
Interest expense on convertible debt, € million	—	2.0
(Loss)/profit used to determine underlying earnings per share, € million	(482.4)	346.8
Weighted average number of Ordinary Shares for underlying earnings per share	85,545,648	127,258,007
Underlying earnings per share, €	(5.64)	2.72

The calculation of the underlying EPS is different from the calculation of the IFRS diluted EPS measure in that for earnings the underlying loss for the year was used (see Note 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 2019	17.9	414.3	74.1	8.3	259.9	138.6	2,286.0	7.9	3,207.0
Additions	0.2	46.2	277.1	4.6	383.4	76.3	162.3	3.0	953.1
Disposals	—	(20.0)	(8.4)	(0.2)	(85.2)	—	(25.8)	–	(139.6)
Transfers	—	22.9	12.1	—	(12.1)	(22.9)	—	—	—
At 31 March 2020	18.1	463.4	354.9	12.6	546.0	192.0	2,422.5	10.9	4,020.5
Additions	0.1	27.9	162.1	0.7	165.1	41.7	418.4	4.6	820.6
Disposals	—	(65.7)	(25.3)	(4.7)	(129.8)	(12.2)	(40.4)	—	(278.1)
Transfers	—	4.6	54.2	—	(54.2)	(4.6)	—	—	—
FX translation effect	—	0.1	—	—	—	0.5	9.1	—	9.7
At 31 March 2021	18.2	430.3	545.9	8.6	527.1	217.3	2,809.6	15.5	4,572.5
Accumulated depreciation									
At 1 April 2019	1.6	223.7	26.4	4.8	—	—	882.1	1.4	1,140.0
Depreciation charge for the year	1.2	82.2	16.8	0.9	—	—	271.7	1.2	374.0
Disposals	(0.7)	(19.0)	(1.7)	(0.2)	—	—	(25.8)	—	(47.4)
FX translation effect	—	0.1	0.2	—	—	—	—	0.6	0.9
At 31 March 2020	2.1	287.0	41.7	5.5	—	—	1,128.1	3.2	1,467.5
Depreciation charge for the year	1.2	77.3	25.9	0.9	—	—	229.4	1.8	336.5
Disposals	—	(65.7)	(5.7)	—	—	—	(40.4)	—	(111.8)
FX translation effect	—	0.3	(0.3)	—	—	—	2.0	—	2.0
At 31 March 2021	3.3	298.9	61.5	6.4	—	—	1,319.1	5.0	1,694.2
Net book amount									
At 31 March 2021	14.9	131.4	484.4	2.2	527.1	217.3	1,490.5	10.4	2,878.2
At 31 March 2020	16.0	176.6	313.4	7.1	546.0	192.0	1,294.3	7.6	2,553.0

The Group entered into various financing arrangements in order to finance aircraft including Sale and Leaseback, Japanese Operating Lease with Call Option (JOLCO) and French Tax Lease (FTL) structures. Certain of these arrangements include Special Purpose Vehicles (SPV) in the financing structure and in accordance with IFRS 10, where the Group has control of these entities, these are consolidated in the Group balance sheet. Aircraft assets and parts leased under JOLCO as part of sale and leaseback arrangements are not classified as leases under IFRS 16.

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

Additions to aircraft maintenance assets (€27.9 million in F21 and €46.2 million in F20) were fixed assets created primarily against provision, as the Group's aircraft or their main components no longer met the relevant return conditions under lease contracts.

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

Additions to "advances paid for aircraft" represent PDPs made in the year, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During F21 in the statement of cash flows the cash inflow was €131.3 million "refund of advances paid for aircraft" and the cash outflow was €165.1 million "Advances paid for aircraft".

The gross carrying amount of fully depreciated property, plant and equipment is €20.0 million.

Due to COVID-19 and the consequential low level of asset utilization an impairment review was performed. The Group's aircraft fleet was considered a single cash generating unit, the carrying value of which includes virtually all Property, plant and equipment and intangible assets, of which recoverable amount was estimated according to its value in use. The calculation is based on the cash flow projections in the operating plans approved by the Board for the following three financial years up to and including 2024, which take into account expectations of increased costs to address climate change. The values assigned to the key assumptions represent management's assessment of future trends, including its view of trading (such as, passenger number expectations, capacity utilisation, and average revenue per passenger kilometer) based on market data and internal expectations. Jet fuel price and USD exchange rate were estimated as per the following:

	2022	2023	2024
Jet fuel price (EUR per metric tonne)	475	600	600
USD/EUR exchange rate	1.21	1.21	1.21

A growth rate of 1.7% was used to extrapolate cash flow projections beyond F24, which is the end of our normal three year forecasting period, through to F33, being the end of the lease term of the existing aircraft fleet. A pre-tax discount rate of 8.0% was derived from the weighted average cost of capital of the Group. Analysis was performed to model the possibility that travel restrictions remain in place during 2022, and other adverse changes in underlying assumptions and their impact on the headroom. As a result management

did not identify a need for impairment. As a result management did not identify a need for impairment and there were no reasonable possible changes in assumptions that would cause an impairment.

11. Derivative financial instruments

	2021 € million	2020 € million
Assets		
Non-current derivatives		
Cash flow hedges	—	0.9
Current derivatives		
Fair value hedges	—	7.1
Cash flow hedges	3.8	8.3
Discontinued hedges	1.3	1.9
Total derivative financial assets	5.1	18.2
Liabilities		
Non-current derivatives		
Cash flow hedges	—	(41.3)
Current derivatives		
Cash flow hedges	(6.1)	(212.6)
Discontinued hedges	(2.9)	(53.9)
Total derivative financial liabilities	(9.0)	(307.8)

Derivative financial instruments represent cash flow and fair value hedges (see Note 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.

During 2020 the Group used fair value hedges as well in order to mitigate change in lease liability value. The value of fair value hedge open positions is recorded immediately in the statement of comprehensive income as financial gain or loss.

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

The mark-to-market losses (derivative financial liabilities) were generated on losses on put options sold (as part of zero-cost collar instruments) that were out of the money at year end. In F20 losses related almost exclusively to fuel options and was particularly high as the fuel price dropped significantly at the end of the year.

12. Borrowings

	2021 € million	2020 € million
Lease liability under IFRS 16	341.7	324.3
Unsecured debts	350.3	—
Liability related to JOLCO and FTL contracts	30.1	16.5
Total current borrowings	722.1	340.8
Lease liability under IFRS 16	1,452.2	1,397.0
Unsecured debts	499.2	—
Loans from non-controlling interests	12.8	—
Liability related to JOLCO and FTL contracts	424.5	274.9
Total non-current borrowings	2,388.7	1,671.9
Total borrowings	3,110.8	2,012.7

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

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

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

The maturity profile of borrowings as at 31 March 2020 is as follows:

	IFRS 16 aircraft and engine lease liability € million	IFRS 16 other lease liability € million	JOLCO and FTL lease liability € million	Unsecured debts € million	Loans from non-controlling interests € million	Total € million
Payments due:						
Within one months	31.0	—	—	—	—	31.0
Between one and three months	53.4	0.2	3.6	—	—	57.2
Within three months and one year	239.0	0.7	12.9	—	—	252.6
Between one and five years	1,078.7	2.0	69.5	—	—	1,150.2
More than five years	311.1	5.3	205.3	—	—	521.7
Total borrowings	1,713.2	8.2	291.3	—	—	2,012.7

The total cash outflow for leases during F21 was €405.9 million (2020: €391.6 million). Please refer to Note 10 for details on right-of-use assets.

13. Deferred income

	2021 € million	2020 € million
Non-current financial liabilities		
Deferred income	43.5	13.1
Current financial liabilities		
Unearned revenue	65.0	168.4
Other	3.0	3.9
	68.0	172.3
Total deferred income	111.5	185.4

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

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

The contract liabilities (unearned revenue) of €65.0 million existing at 31 March 2021 (€168.4 million at 31 March 2020) will become revenue during F22 (subject to further cancellations that might happen after the year end). The decrease in contract liabilities was driven by the lower business activity and shorter booking windows during and towards the end of the financial year, both due to coronavirus.

14. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2019	138.3	10.9	149.2
Non-current provisions	45.9	—	45.9
Current provisions	92.4	10.9	103.3
Capitalised within property, plant and equipment	42.4	—	42.4
Charged to comprehensive income	—	24.4	24.4
Used during the year	(74.8)	(20.0)	(94.8)
At 31 March 2020	105.9	15.3	121.2
Non-current provisions	44.2	2.7	46.9
Current provisions	61.7	12.6	74.3
Capitalised within property, plant and equipment	25.9	—	25.9
Charged to comprehensive income	—	5.7	5.7
Used during the year	(53.7)	(10.2)	(63.9)
At 31 March 2021	78.1	10.8	88.9
Non-current provisions	49.3	1.8	51.1
Current provisions	28.8	9.0	37.8

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due beyond one year from the balance sheet date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The amount of provision reflects management's estimates of the cost of heavy maintenance work that will be required in the future to discharge obligations under the Group's lease agreements (see Note 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. Maintenance provision decreased due to scheduled maintenance events during F21.

The decrease in maintenance provisions from F19 to F20 and from F20 to F21 both related primarily to engine Life Limited Part replacements.

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

15. Capital commitments

At 31 March 2021 the Group had the following capital commitments:

- a commitment to purchase 248 Airbus aircraft of the A320-family in the period 2021–2027. Of the 248 aircraft 228 relate to the "neo" version of the A320-family (82 from the purchase orders placed in June 2015 and 146 from the purchase order placed in November 2017), while the remaining 20 relate to the "neo XLR" version (from the purchase order placed in June 2019). The total commitment is valued at US$34.1 billion (€29.1 billion) based on list prices last published in 2018 and escalated annually until the reporting date (2020: US$33.5 billion (€30.5 billion), valued at 2018 list prices). As at the date of approval of this document out of the 248 aircraft 27 are to be delivered in F22 and 22 are covered by sale and leaseback agreements; and
- a commitment to purchase 35 IAE "neo" (GTF) spare aircraft engines in the period 2021–2026. In July 2016 the Group entered into an engine selection agreement with Pratt & Whitney that, among other matters, included a commitment for the Group to purchase 16 spare engines (of which six were already received). In September 2019 the Group restated and amended this engine selection agreement with certain other commitments including a purchase of 25 additional spare engines until 2026. The total commitment is valued at US$557.4 million (€474.5 million) at list prices in 2020 US$ terms (2020: US$569.1 million (€518.4 million), valued at 2020 list prices). As at the date of approval of this document the 35 engines are not yet financed. Only a few of these 35 engines will be delivered in F22.

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:

- Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as "Indigo" here), because it has appointed two Directors to the Board of Directors (all in service at 31 March 2021); and
- key management personnel (Directors and Officers).

Indigo, Directors and Officers altogether held 11.4 per cent of the voting shares of the Company at 31 March 2021 (2020: 20.0 per cent).

Transactions with related parties

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

Transactions with Indigo

At 31 March 2021 Indigo held 7,307,692 Ordinary Shares (equal to 8.5 per cent of the Company's issued share capital) and 17,377,203 Convertible Shares of the Company (2020: 15,000,000 Ordinary Shares and 17,377,203 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €26.7 million at 31 March 2021 (2020: €26.8 million).

During the year ended 31 March 2021 the Company entered into transactions with Indigo as follows:

- the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2020: €2.0 million); and
- fees of €0.2 million (2020: €0.2 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company.

18. Prior period restatements

Short term cash deposits

In agreement with the Financial Reporting Council (FRC), the Company has decided to present deposits with an original maturity of longer than three months separately from cash and cash equivalents. Please refer to Note 1 on the revised accounting policy for more details.

Presentation of foreign currency gains and losses in the Consolidated statement of cash flows

The management restated the presentation of foreign exchange gains and losses on cash and cash equivalents as these amounts were previously reported as part of Changes in working capital of €11.4 million. Further €9.0 million gains on bank deposits were reclassified from operating cash flow to "effect of exchange rate fluctuations on cash and cash equivalents". The Statement of Cash Flows for F20 was restated in order for the corresponding amounts to be presented appropriately.

Interest received in the amount of €44.3 million were previously incorrectly presented within financial expense and are now presented within financial income. Furthermore, other reclassifications have also been made within Net cash generated by operating activities to better align the financial expenses and financial income in the Statement of Cash Flows to the Statement of Comprehensive Income.

Impact of these changes on the F20 Statement of Balance Sheet and F20 Statement of Cash Flows are shown below. The restatements do not have significant impact on the opening balances of F20.

The Consolidated statement of financial position for the year ended 31 March 2020 has been restated as follows:

	2020 As previously stated	Impact of deposit reclassification	2020 As restated
	€ million		€ million
ASSETS			
Current assets			
Short term cash deposits	—	432.5	432.5
Cash and cash equivalents	1,310.5	(432.5)	878.0

The Consolidated statement of cash flows for the year ended 31 March 2020 has been restated as follows:

	2020 As previously stated € million	Impact of separating FX gains and losses € million	Impact of deposit reclassification	2020 As restated € million
Cash flows from operating activities				
(Loss)/profit before income tax	294.1	—	—	294.1
Adjustments for:				
Financial income	(3.1)	(44.2)	—	(47.3)
Financial expenses	120.6	(29.1)	—	91.5
Unrealised fair value gains on derivative financial instruments	—	79.0	—	79.0
Unrealised foreign currency gains and losses		(11.9)		(11.9)
Realised non-operating foreign currency gains and losses	—	12.3	—	12.3
Changes in working capital (excluding the effects of exchange differences on consolidation)				
Decrease in trade and other receivables	115.6	(7.1)	—	108.4
Increase/(decrease) in restricted cash	(6.8)	13.7	—	6.8
Increase in trade and other payables	146.5	(33.1)	—	113.4
Cash (used) in/generated by operating activities before tax	784.5	(20.4)	—	764.1
Decrease/(increase) in short term cash deposits	—	4.7	(432.5)	(427.7)
Net cash (used) in/generated in investing activities	(682.4)	4.7	(432.5)	(1,110.1)
Net decrease in cash and cash equivalents	(4.1)	(15.7)	(432.5)	(452.3)
Effect of exchange rate fluctuations on cash and cash equivalents	(1.4)	(15.7)	—	14.3
Cash and cash equivalents at the end of the year	1,310.5	—	(432.5)	878.0