



WIZZ AIR HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS 2015

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References to "Wizz Air", "the Company", "the Group", "we" or "our" in this report are references to wizz air holdings plc or to wizz air holdings plc and its subsidiaries.

STRATEGIC REPORT

STRATEGIC REPORT

FINANCIAL HIGHLIGHTS

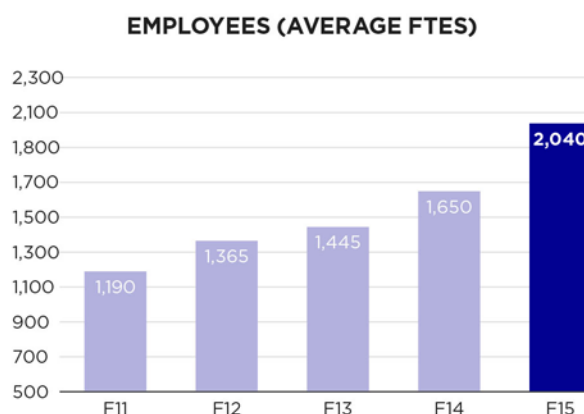
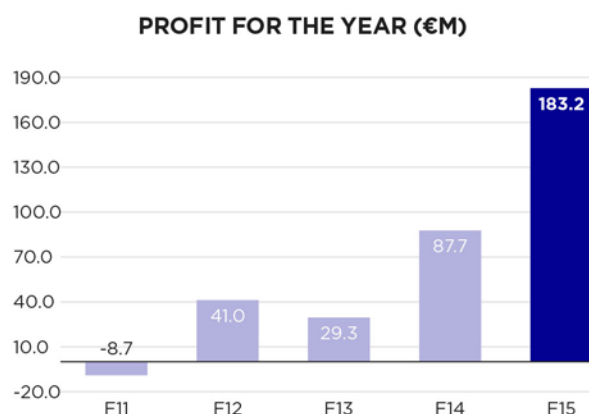
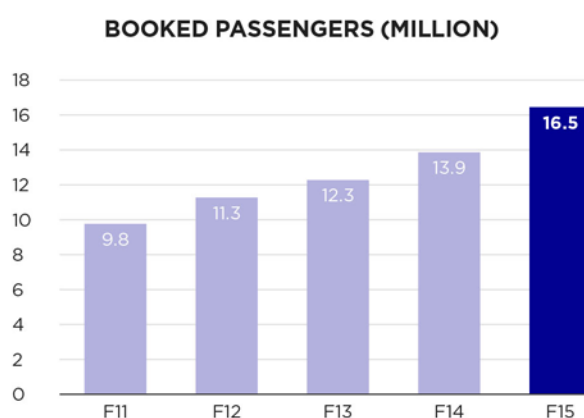
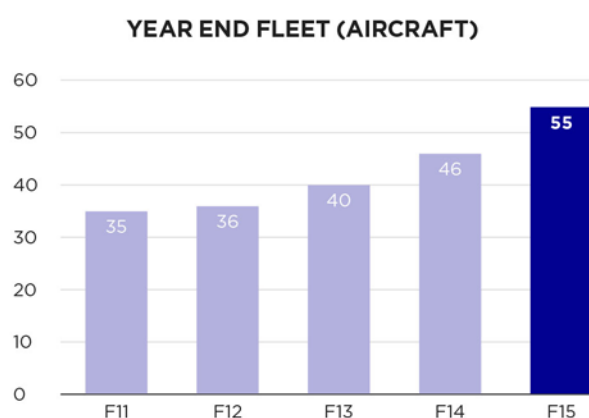
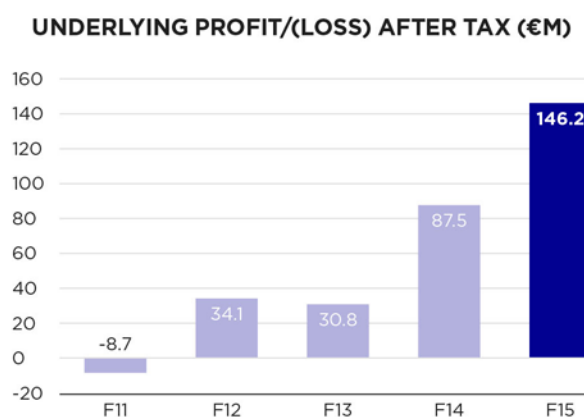
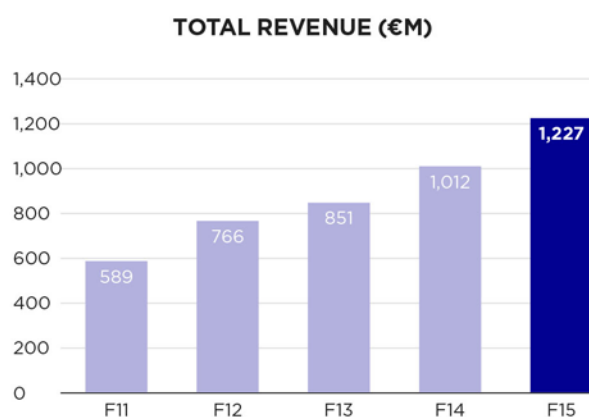
Financial year	2015 € million	2014 € million	Change
Total revenue	1,227.3	1,011.8	+21%
Profit for the year	183.2	87.7	+109%
Underlying profit after tax*	146.2	87.5	+67%

Financial year	2015	2014	Change
Passengers**	16.5m	13.9m	+18%
Year-end fleet	55	46	+20%
Number of routes operated during year	348	308	+13%
Number of employees (average)***	2,040	1,650	+24%

* See Note 10 for reconciliation between Underlying (non-GAAP) and IFRS Profit for the year

** Booked passengers.

*** Including subcontracted staff, being primarily rented pilots.



FTE: full-time equivalent employees, including subcontracted staff, being primarily rented pilots.

2015, F15 and FY 2015 in this document refer to the financial year ended on 31 March 2015

We have grown to become central and Eastern Europe's leading low cost airline

From our modest beginnings we have grown to become Central and Eastern Europe's leading low cost airline. In the 2015 financial year we transported 16.5 million passengers, a cumulative increase of 101 per cent. over the last five years. During the course of the year we operated over 348 routes, handled 16.5 million passengers and at the end of the year we had a fleet of 55 Airbus A320 aircraft and employed more than 2,100 people. Here are some of the highlights since we first started flying in May 2004.

History of the Group

Wizz Air was founded in 2003 by its current Chief Executive Officer József Váradi and five other individuals who recognised a demand for low-cost carriers in CEE driven in particular by the accession of ten new EU Member States on 1 May 2004, eight of which are in CEE (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) and the anticipated accession of Bulgaria and Romania to the EU in January 2007. Wizz Air was established with bases in Budapest in Hungary and Katowice in Poland and its first flight took off from Katowice on 19 May 2004.

Significant milestones in the development of Wizz Air since its first flight have included:

FY 2005

- ▶ By the end of its first year of operation, Wizz Air had established bases in Hungary and Poland, and started flying to eight other European countries (Belgium, France, Germany, Greece, Italy, Spain, Sweden and the United Kingdom), flying a total of 36 routes by March 2005.
- ▶ On-board catering, hotel bookings, car rental services and airport agents were offered as ancillary services.
- ▶ Indigo Partners and certain EU investors provided financing to Wizz Air in the form of convertible loans and convertible notes.
- ▶ 0.9 million passengers were carried and Wizz Air had six aircraft in its fleet at year end.

FY 2006

- ▶ A third base was established in Gdansk, Poland.
- ▶ First aircraft order placed with Airbus to acquire twelve A320 aircraft.
- ▶ 2.1 million passengers were carried and Wizz Air had eight aircraft in its fleet at year end.

FY 2007

- ▶ A base was established in Sofia in Bulgaria, ahead of the country joining the EU in January 2007. Wizz Air started flying to Croatia, Romania and the Netherlands, bringing the number of operated routes to 64 at the year end.
- ▶ A second order was placed with Airbus to acquire a further 20 A320 aircraft.
- ▶ Priority boarding was launched as additional ancillary service.
- ▶ Indigo Partners and certain EU investors provided further financing to Wizz Air in the form of convertible notes and equity.
- ▶ 3.1 million passengers were carried and Wizz Air had ten aircraft in its fleet at the year end.

FY 2008

- ▶ A base was opened in Romania and Wizz Air started flying to Norway. Wizz Air operated 86 routes at year end.
- ▶ A third order was placed with Airbus to acquire 50 A320 aircraft.
- ▶ Multi-currency pricing, extra legroom and travel insurance products were launched.
- ▶ 4.6 million passengers were carried and Wizz Air had 17 aircraft in its fleet at the year end.

FY 2009

- ▶ Wizz Air Ukraine was established in July 2008, the country's first low-cost carrier, and a base was opened in Kiev. Wizz Air started flying to Finland and operated 124 routes at year end.
- ▶ 6.2 million passengers were carried and Wizz Air had 22 aircraft in its fleet at the year end.

History of the Group continued

FY 2010

- ▶ A base was opened in Prague in the Czech Republic and Wizz Air started flying to Latvia.
- ▶ A fourth order was placed with Airbus to acquire 50 (later reduced to 30) aircraft.
- ▶ First co-branded credit card was launched in Hungary, followed by similar programmes in Poland and Romania.
- ▶ 8.2 million passengers were carried and Wizz Air had 30 aircraft in its fleet at the year end.

FY 2011

- ▶ Wizz Air started flying to Serbia and Turkey, operating a total of 194 routes at year end, and subsequently opened a base in Belgrade in Serbia.
- ▶ Wizz Air established a new head office in Geneva, Switzerland.
- ▶ An online check-in option was launched and charges were implemented for airport check-in.
- ▶ 9.8 million passengers were carried and Wizz Air had 35 aircraft in its fleet at the year end.

FY 2012

- ▶ A base was established in Vilnius in Lithuania and Wizz Air started flying to Cyprus, operating a total of 217 routes at year end.
- ▶ Wizz Exclusive Club (the predecessor to the Wizz Discount Club) loyalty programme was launched.
- ▶ Wizz Reserved Seat ancillary product selling the first two rows of seats was launched.
- ▶ 11.3 million passengers were carried and Wizz Air had 36 aircraft in its fleet at the year end.

FY 2013

- ▶ A base was established in Macedonia and Wizz Air started flying to Georgia, Israel, Slovenia and Switzerland, operating a total of 233 routes at year end.
- ▶ A new cabin baggage policy was introduced. Wizz Air was the first EU airline to charge for large cabin baggage.
- ▶ Re-launched and re-branded the loyalty programme as “Wizz Discount Club”.
- ▶ A mobile sales channel was launched to enable bookings on iOS and Android mobile telephones.
- ▶ 12.3 million passengers were carried and Wizz Air had 40 aircraft in its fleet at year end.

FY 2014

- ▶ A base was established in Donetsk, Ukraine. Services were started to Azerbaijan, Bosnia and Herzegovina, Malta, Moldova, Russia, Slovakia and the United Arab Emirates.
- ▶ The Wizz Air flight simulator and training centre in Budapest, Hungary, opened
- ▶ Wizz Tours package holiday booking platform commenced sales in October 2013.
- ▶ Part 145 maintenance organisation established enabling Wizz Air to perform certain in-house maintenance activities.
- ▶ 13.9 million passengers were carried and Wizz Air had 46 aircraft in its fleet at the year end.

FY 2015

- ▶ Bases were opened in Riga, Latvia, in June 2014 and in Craiova, Romania, in July 2014.
- ▶ The Donetsk, Ukraine, base was suspended in April 2014 due to political crisis in the east of the country.
- ▶ Wizz Air announced bases in Tuzla, Bosnia and Herzegovina, and Kosice, Slovakia, with operations starting in June 2015.
- ▶ Wizz Air commenced flights to Egypt, Portugal and Denmark.
- ▶ Baggage fee discounts were offered to Wizz Discount Club members.
- ▶ Two types of memberships of Wizz Discount Club were created, comprising a standard membership for two passengers and a group membership for up to six passengers.

STRATEGIC REPORT
COMPANY OVERVIEW CONTINUED

History of the Group continued

FY 2015 continued

- ▶ Significant summer 2015 route expansion was announced for Wizz Air's core markets in CEE. New destinations included Aberdeen, Belfast and Bristol (United Kingdom), Billund (Denmark), Hurghada (Egypt), Iasi (Romania), Kosice (Slovakia), Lisbon (Portugal), Maastricht and Groningen (the Netherlands), Molde (Norway), Nis (Serbia), Nuremberg (Germany), Ohrid (Macedonia) and Pescara (Italy).
- ▶ Wizz Air announced the closure of Wizz Air Ukraine and the consolidation of Ukrainian routes into the Wizz Air Hungary route network.
- ▶ In March the Company completed an initial public offering with a premium listing of its shares on the London Stock Exchange (IPO).
- ▶ 16.5 million passengers were carried and Wizz Air had 55 aircraft in its fleet at the year end.

FY 2016 to date

- ▶ In April Wizz Air announced the introduction of full allocated seating on all services.
- ▶ In May a comprehensive re-branding, including new livery, was announced.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

I am pleased to report that the Company delivered record profits in the 2015 financial year with underlying profit after tax growing by 67 per cent to €146.2 million (see Financial Review for more detail). This increase was due to increased passenger demand, a 2.5 per cent increase in average fares and a relatively modest rise in fuel costs which increased just 10 per cent over the prior year to €396.6 million. The growing scale of the business, combined with sharply higher margins, accounted for the strong rise in profitability.

During the year Wizz Air delivered a number of significant milestones:

- ▶ Our traffic grew by 18.4 per cent to 16.5 million passengers, consolidating our position as the leading low cost airline in Central and Eastern Europe.
- ▶ We continued to grow and diversify our route network by opening two new bases and 63 new routes. The Company now offers 375 routes to 38 countries.
- ▶ We took delivery of 13 aircraft and returned four aircraft that had reached the end of their lease term and the fleet size increased from 46 to 55 aircraft. Wizz operates the youngest fleet of any major European airline.
- ▶ The airline operated at 99.8 per cent of its schedule (cancelling only 187 out of 105,627 flights scheduled) making it one of the most reliable airlines in the industry.
- ▶ We became even more cost competitive by further reducing our unit costs. Our cost per available seat kilometre (CASK) declined by 2.1 per cent to 3.62 Euro cents.
- ▶ We successfully listed the Company's Ordinary Shares on the London Stock Exchange at a price of £11.50 per share, a fully diluted equity valuation for the Company of £1,456 million (€2,008 million), raising gross proceeds of £110 million (€150 million) for the Company in the process.

Opportunity

The 500 million plus people that live in Central and Eastern Europe have traditionally had very poor access to air travel. Wizz Air is helping to change this by bringing affordable air travel to the region. As one of the few airlines operating the ultra low cost carrier model across the region, the Company has a unique opportunity to grow over the next decade. As such, it remains focused on developing its network of routes to, from and within the region and expects to be able to deliver premium growth rates for the foreseeable future.

Customers

More people choose to fly with Wizz Air every year. Last year alone, the airline handled 2.6 million more passengers than the previous year – this growth is itself more than the total passengers carried by most CEE-based airlines.

This volume growth indicates that the Company's strategy of providing safe, reliable, punctual and friendly air travel to a range of attractive destinations, all at the lowest possible fares, has proved to be a very successful formula. Every day of the week, the efforts of the management team, crew and service partners are focused on delivery of this formula.

To the 16.5 million passengers who chose to fly with Wizz Air last year, we thank you for placing your trust in the Wizz Air team. To the millions more that will fly with Wizz Air in the coming year: welcome on board!

Employees

I would also like to take this opportunity to thank all of our employees for another year where they again demonstrated their enthusiasm, professionalism and passion for the airline and its customers. The results, in terms of fleet expansion, new bases and destinations, schedule reliability and on-time performance, speak for themselves. Thank you all!

CHAIRMAN'S STATEMENT CONTINUED

Board of Directors

In addition, I would like to thank all Directors past and present who have contributed so much to the development of the Company in recent years and have been instrumental in successfully guiding it to and through its stock market debut.

Finally, a special note of thanks should also go to the two Directors who left the Board during the year, John Tierney and Heather Lawrence.

William A. Franke

Chairman

26 May 2015

Financial performance

I am pleased to present Wizz Air's first annual report as a publicly listed company. The 2015 financial year saw many pleasing developments as we further extended the reach of our ultra-low cost business model, maintaining our position as Central and Eastern Europe's largest low cost airline, and delivered record levels of profitability.

Wizz Air delivered a profit for the year of €183.2 million. After adjusting for the effects of one-off items, this performance translates into a record underlying profit after tax of €146.2 million, a 67 per cent. improvement versus the €87.5 million reported in the previous financial year. Our underlying net profit margin increased from 8.6 per cent. to 11.9 per cent. over the course of the year, making us one of the most profitable airlines in Europe.

This strong performance was driven by capacity expansion, rigorous cost control and a determination to allocate capacity to the most profitable parts of our network. Expressed in numerical terms the Company delivered:

- ▶ a 20 per cent. increase in the capacity offered to the market (as measured by available seat kilometres or ASKs), as we extended and deepened our network of routes to and from Central and Eastern Europe;
- ▶ despite this significant capacity expansion we were able to increase our average load factor by 1.0 percentage point to 86.7 per cent. in the financial year;
- ▶ our revenue per ASK increased 1.1 per cent. versus the previous financial year; and
- ▶ the beneficial impact of lower jet fuel prices was only partially offset by the stronger US Dollar and so unit costs (as measured by cost per ASK) declined by 2.1 per cent. versus the 2014 financial year.

Consequently, volume growth and a widening gap between unit revenues and unit costs were the primary drivers of the Company's improved financial performance.

The profit for the year of €183.2 million included a €37.0 million net gain from unusual and exceptional items. These comprised unrealised foreign exchange gains (€27.8 million), a translation gain in relation to the planned closure of Wizz Air Ukraine (€14.5m), the cost of extending and revaluing the Company's convertible debt in August 2014 (€2.5m) and IPO related costs (€2.8m). All but the last of these items were non-cash.

Market overview

The European short-haul market is supplied by legacy carriers (national flag carriers and charter airlines) and a generally younger group of low-cost airlines. Low-cost airlines such as Wizz Air benefit from relatively simple business models, higher aircraft utilisation and staff productivity rates and therefore lower costs than their legacy rivals. This provides low-cost airlines with a competitive advantage which enables them to offer significantly lower fares and therefore attract a growing share of the air travel market.

Wizz Air's ultra-low cost model gives it a clear cost advantage versus most of its rivals, including many other low-cost airlines, and as a result it is able to stimulate the market with very low fares and sustain a relatively high growth rate compared to other airlines.

Wizz Air's premium growth rate is also a function of the market in which it operates: Central and Eastern Europe (CEE). All of Wizz Air's routes connect to CEE countries where economic growth, and therefore growth in demand for air travel, is generally stronger than in Western Europe.

The demand for air travel in CEE has increased more than five-fold in the last ten years and as a result Wizz Air has grown to be not only the largest low cost airline in CEE but also the fourth largest independent low-cost airline in Europe after Ryanair, Easyjet and Norwegian Air Shuttle as measured by the number of passengers carried.

The Company took the regrettable decision to close Wizz Air Ukraine in March 2015. This subsidiary had already been scaled down to just two aircraft. The Kiev base operation will be further rationalised to a single aircraft registered to and operated by Wizz Air Hungary.

Regulatory environment

Wizz Air has its beginnings, and has since prospered, in the liberalised European aviation marketplace. Liberalisation has proven to be a very positive development, not only for customers but also for the airline industry itself. Increased competition demands cost discipline and those companies that manage their costs properly become stronger and more resilient, providing increasing numbers of secure, rewarding jobs.

Liberalisation is also good for the communities we serve. Our ability to start international services, linking the capitals and regions of Central and Eastern Europe to the major business centres and leisure destinations of Western Europe, fosters integration within Europe. This much enhanced connectivity is a key catalyst for the rising prosperity of the towns and cities within our network.

Wizz Air has also developed services from a number of its home countries to destinations beyond the borders of the European Union, to countries such as Georgia, Israel and the United Arab Emirates, all of which were made possible by the European Union's continuing push to liberalise aviation relations with other countries and regions, an ongoing process that Wizz Air fully supports and encourages.

However, despite the liberalised environment, challenges do remain. In particular, Wizz Air would encourage all authorities to ensure that airlines have access to genuinely competitive infrastructure and ground-handling services at major airports. While we believe that competition at all levels is good, that competition must be on a level playing field. The time is past for inefficient carriers to exist merely because they receive state subsidies.

Finally, a note on passenger rights. Wizz Air operates a young, reliable fleet and we are committed to delivering a high quality service to our passengers. By industry standards, Wizz Air delivers extremely high rates of reliability. Only 187 flights out of a total of 105,627 were cancelled in the 2015 financial year, of which only a small portion for technical reasons, and only 0.2% of flights were delayed more than three hours.

On the few occasions that flights are significantly delayed or cancelled, we comply fully with all applicable rulings related to regulation EU261. Wizz Air pays the relevant compensation in accordance with the relevant authorities' guidance. We also believe that the contractual two-year limit within which claims must be brought is fair, reasonable and legally valid.

Strategic progress

Wizz Air's ambition is to make safe, reliable and affordable air travel available to everyone in CEE. This objective is reflected in the Company's slogan used in its first eleven years: "Now We Can All Fly".

In order to achieve this ambition the Company operates the youngest fleet of any European airline, to and from a range of primary and secondary airports across Europe, offering highly competitive fares and a range of additional services designed to satisfy the requirements of as many people as possible.

The Company is convinced that its strategy of building on its strong network, highly efficient model, compelling customer proposition, solid finances and sound risk management policies, will enable it to deliver sustainable growth and returns for Shareholders.

In order to deliver on its strategy Wizz Air has three key objectives:

1. increase our cost advantage;
2. build a strong, diversified market position; and
3. improve the customer experience.

1. Increase our cost advantage

Wizz Air has always been focused on being as efficient as possible and has already established some impressive credentials compared to other major European short-haul airlines, including:

- ▶ the youngest fleet of aircraft;
- ▶ a strong point-to-point network;
- ▶ the highest aircraft utilisation;
- ▶ the highest staff productivity;
- ▶ one of the highest load factors;
- ▶ an "unbundled" product producing the highest ancillary income per passenger; and
- ▶ a group of reliable and efficient outsourced suppliers of key services.

CHIEF EXECUTIVE'S REVIEW CONTINUED**Strategic progress continued****1. Increase our cost advantage continued**

As a result, Wizz Air is already one of the most cost competitive airlines in Europe. However, the Company believes it can become even more cost efficient by:

- ▶ exploiting scale economies as the Company grows;
- ▶ taking advantage of its stronger financial standing and easier access to capital following its listing on the London Stock Exchange in March 2015; and
- ▶ reaping the benefits of an increasingly efficient fleet.

The composition of our fleet at the last year-end and at the next two is the following:

	March 2015 Actual	March 2016 Planned	March 2017 Planned
A320 without winglets (180 seats)	35	35	35
A320 with winglets (180 seats)	20	28	28
A321 with winglets (230 seats)	—	4	15
Fleet size	55	67	78
Share of fleet with winglets	36.4%	47.8%	55.1%
Average number of seats per aircraft	180	183	190

Wizz Air was one of the first airlines to take delivery of Airbus A320 aircraft fitted with winglets. These winglets reduce fuel burn and emissions, particularly on longer flights. All aircraft joining the fleet in the future (both A320 and A321) will be fitted with winglets and therefore this proportion of the fleet will rise steadily over the next five years.

In addition, the Company will take delivery of the larger Airbus A321 from November 2015. Wizz Air has 27 of these aircraft on order and, from an operational point of view, they are essentially the same aircraft as an Airbus A320 except its longer fuselage accommodates 230 seats compared to 180 on the Airbus A320. The A321s will be employed on higher volume routes and provide efficiencies that will enable the Company to offer even lower fares to the market.

2. Build a strong, diversified market position

Central and Eastern Europe comprises 21 countries with a total population of over 550 million people. However, as this market is relatively under-served by airlines and in particular low-cost airlines, it represents a huge opportunity for a low-cost airline.

At present Wizz Air has operations in 16 CEE countries with an aggregate population of 295 million. We serve the market by offering a network of 22 bases and 110 destinations. We are convinced that the ultra-low cost business model is best placed to serve this market and as such the Company offers safe, reliable operations, low fares and hassle-free services and a distinctive brand designed to appeal to the whole market.

This approach has enabled the Company to become the number one or number two low-cost airline in all of its base countries. The Company's aggregate market share in CEE reached 39.2 per cent. in the 2015 financial year, up from 35.6 per cent. in 2010. The table below shows the Company's ranking by low-cost market share in each of its base countries.

Strategic progress continued

2. Build a strong, diversified market position continued

Market	Number 1		Number 2		Number 3	
	Carrier	Share	Carrier	Share	Carrier	Share
CEE	Wizz Air	39.2%	Ryanair	29.4%	EasyJet	7.4%
Poland	Ryanair	50.7%	Wizz Air	37.5%	Norwegian	5.5%
Romania	Wizz Air	67.7%	Blue Air	22.5%	Ryanair	4.8%
Hungary	Wizz Air	50.5%	Ryanair	21.8%	EasyJet	9.0%
Czech Republic	EasyJet	29.2%	Wizz Air	14.5%	Ryanair	13.9%
Lithuania	Ryanair	60.3%	Wizz Air	34.8%	Norwegian	4.7%
Bulgaria	Wizz Air	77.3%	EasyJet	15.4%	Norwegian	3.8%
Latvia	Ryanair	61.9%	Wizz Air	24.6%	Norwegian	13.5%
Ukraine	Wizz Air	61.6%	Pegasus Airlines	17.1%	FlyDubai	11.6%
Slovakia	Ryanair	82.9%	Wizz Air	14.1%	Norwegian	1.7%
Serbia	Wizz Air	57.9%	EasyJet	16.0%	Pegasus Airlines	8.4%
Macedonia	Wizz Air	86.1%	Pegasus Airlines	9.3%	FlyDubai	4.6%
Bosnia and Herzegovina	Wizz Air	46.6%	Pegasus Airlines	25.7%	Germanwings	17.9%

Source data: Innovata, April 2014 to March 2015.

In the 2015 financial year Wizz Air expanded its presence in all its base countries with the exception of Serbia and Ukraine. New bases were opened in Riga in Latvia and Craiova in Romania.

The table below shows the fleet allocation by country at the 31 March 2015 compared to a year earlier.

Year to end	Fleet deployment by country		
	March 2014	March 2015	Change
Total	46	55	9
Poland	13	17	4
Romania	10	15	5
Hungary	7	7	0
Bulgaria	3	4	1
Lithuania	3	3	0
Ukraine	3	2	(1)
Macedonia	1	2	1
Czech Republic	1	1	0
Serbia	2	1	(1)
Latvia	—	1	1
Maintenance cover/en route to base	3	2	(1)

The Company also offers services from 15 CEE cities where it does not base aircraft and crews. Four new CEE points were added in the 2015 financial year: Iasi and Sibiu in Romania, Poprad Tatry in Slovakia and Tuzla in Bosnia (becoming a base in June 2015).

The Company also added six new destinations in Western Europe (WE) during the year: Belfast in UK, Groningen and Maastricht in the Netherlands, Lisbon in Portugal, Molde in Norway and Nuremberg in Germany.

New non-based CEE stations		New destination airports in WE	
City	Country	City	Country
Iasi	Romania	Belfast	UK
Sibiu	Romania	Groningen	Netherlands
Poprad Tatry	Slovakia	Maastricht	Netherlands
Tuzla	Bosnia	Nuremberg	Germany
		Lisbon	Portugal
		Molde	Norway

In total the Company operates to 110 cities in 38 countries, making it one of the most diversified low-cost airlines in Europe.

Strategic progress continued**3. Improve the customer experience**

Market research consistently demonstrates that the most important driver of a customer's choice of airline is ticket price. For this reason Wizz Air will remain focused on offering passengers safe, reliable services to a broad range of destinations, at the lowest possible price.

However, the Company also recognises that everyone is different and customers have varying requirements in terms of how they access Wizz Air's services and what is important to them when they travel. So, beyond the basic product of flying customers from A to B, Wizz Air offers a range of products and services that enable passengers to customise their trip to meet their own individual needs.

These services include a range of seating alternatives, baggage options, flexible tickets, priority boarding and a range of on-board purchases. In the Company's view, this "unbundling" philosophy enables Wizz Air to offer each customer exactly and only what he or she needs whilst keeping the price of the basic service as low as possible.

In addition, the Company also provides customers with the opportunity to buy hotel, car hire and public transport services as part of the same booking. Wizz Discount Club enables customers and their friends and families to benefit from lower air fares than those that are generally available.

Wizz Air listens to its customers and strives to provide them with what they want. This is why we have upgraded our website and made it more user-friendly for all customers but in particular for mobile and tablet users. We have introduced allocated seating* across the network and are updating our brand**, modernising the look and feel of our aircraft and website.

Wizz Air remains committed to the view that low-cost air travel can be as comfortable and stress free as travelling with legacy airlines, only significantly cheaper. Adhering to this philosophy will help the Company deliver sustainable growth and returns for Shareholders.

* Announced in April 2015, rolled out on flights from May 2015.

** Announced in May 2015.

Looking forward**Hedging positions**

Wizz Air operates under a clear set of treasury policies supervised by the Board. The aim of the Company's hedging policy is to reduce short-term volatility in earnings and liquidity. Therefore Wizz Air hedges a minimum of 50 per cent. of the projected US Dollar and jet fuel requirements for the next twelve months (40 per cent. on the full 18-month hedge horizon).

Details of the current hedging positions (as at 27 May 2015) are set out below:

FX hedge coverage (Euro/US Dollar)

Period covered	F16	F17
	10 months	12 months
Exposure (million)	\$521	\$784
Hedge Coverage (million)	\$265	\$140
Hedge Coverage for the period %	51%	18%
Weighted average floor	\$1.26	\$1.11
Weighted average ceiling	\$1.30	\$1.16

Fuel hedge coverage

Period covered	F16	F17
	10 months	12 months
Exposure in metric tons ('000)	530	736
Coverage in metric tons ('000)	366	449
<i>Coverage with zero cost collars</i>	273	47
<i>Coverage with fuel caps</i>	93	402
Hedge Coverage for the period %	69%	61%
Blended capped rate	\$821	\$676
Blended floor rate*	\$801	\$672

* Fuel caps provide the Company with protection against the risk of higher fuel prices and also enable the Company to benefit from lower fuel costs should fuel prices fall. The blended floor rate for fuel hedges shown in the table is only applicable to zero cost collar hedges.

Looking forward continued**Sensitivities**

- ▶ Pre-hedging a \$10 (per metric ton) movement in the price of jet fuel impacts the 2016 financial year fuel costs by \$6.3 million.
- ▶ Pre-hedging a one cent movement in the Euro/US Dollar exchange rate impacts the 2016 financial year operating expenses by €5.4 million.

In the Company's view, the profit impact of such changes is likely to be less given the empirical evidence of major industry-wide movements in input costs being passed through to air fares with a lag of three to twelve months.

Outlook**2016 financial year**

Wizz Air plans to grow capacity, both in terms of seats flown and Available Seat Kilometres,(ASK) by around 17% in the 2016 financial year. This will be split broadly 18% in H1 and 16% in H2. The average stage length is expected to be in line with that of the 2015 financial year. A further modest rise in the load factor points to a total of 19.4 million passengers handled in the year as a whole.

Assuming the jet fuel price and Euro/US Dollar exchange rate remain close to the prevailing spot levels (\$625 per metric tonne and \$/€ 1.12 respectively), the Company expects Total CASK to be in line with the figure achieved in the 2015 financial year. This comprises an anticipated Fuel CASK decline of 1.5% and an increase in Non-fuel CASK of 1%. The expected Fuel CASK decline reflects the combined impact of lower fuel prices, a much stronger US Dollar, fuel consumption savings and hedging positions. The rise in Non-fuel CASK reflects the impact of US Dollar strength on lease expenses, some modest inflation in crew costs and rising airport and air traffic control charges.

Consistent with historical experience, lower fuel prices are feeding through to lower air fares. Management's view that there will be no earnings benefit from the decline in fuel prices since last summer remains unchanged. Based on current booking trends management expects total RASK to decline by a low single-digit percentage in H1 and remains cautious regarding the H2 revenue performance, when capacity growth is planned to be 16%.

Nonetheless, we currently expect a further significant rise in the Group's profit for the year to a range of between €165 million and €175 million (excluding unusual and exceptional items), significantly ahead of the €146.2 million figure achieved in the 2015 financial year. This guidance is heavily caveated by the H2 revenue performance, a period for which we currently have no visibility.

Full year guidance

	2016 Financial Year	Comment
Capacity growth (ASKs)	17%	H1: 18%, H2 16%
Average stage length	Unchanged	
Fuel CASK	-1.5%	Assumes spot price of \$625/MT
Ex-fuel CASK	1.0%	Assumes \$/€1.12
Total CASK	Unchanged	
Revenue per ASK	Down low single digit	Pass through of lower fuel prices
Tax rate	6%	
Net profit	€165-175 million	Excluding unusual or exceptional items

Outlook continued

First (June) quarter of the 2016 financial Year

The Company expects to grow capacity, both in terms of seats flown and Available Seat Kilometres, by 18% in the June quarter and anticipates a modest rise in load factor versus the same period of the previous year. The fact that Easter fell one week earlier in 2015 than in 2014 pushed a higher proportion of this high yield traffic into the March quarter. As a result Q1 (June quarter) net profit is expected to be only marginally ahead of Q1 of last year.

The Company will provide an update to this guidance at least every three months with its quarterly earnings reports.

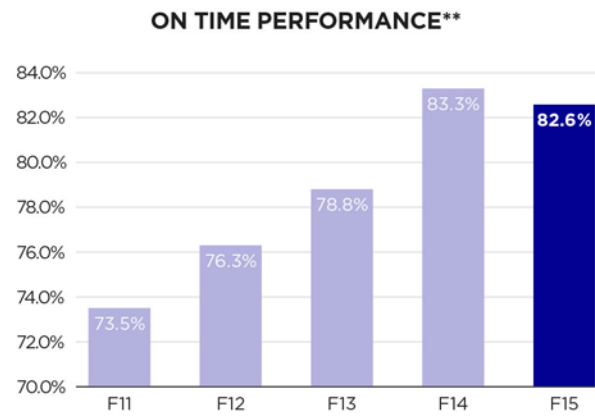
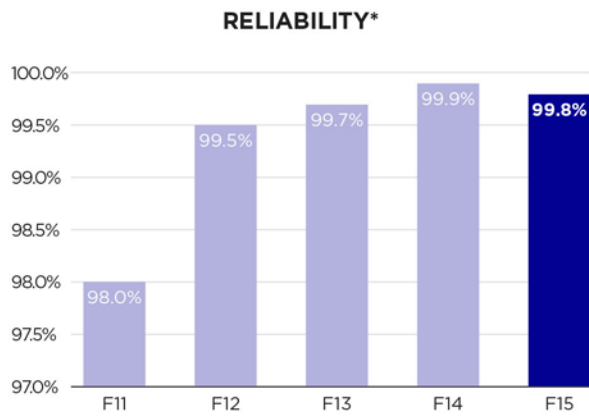
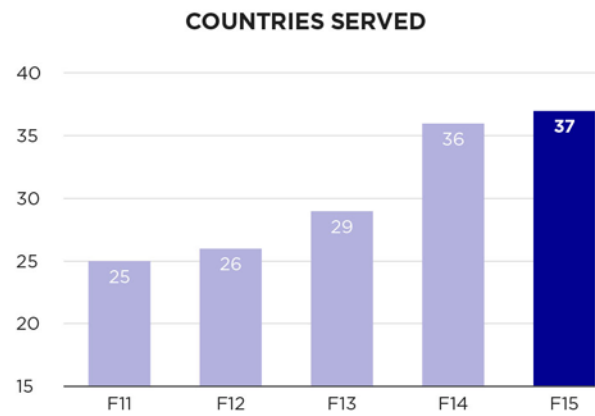
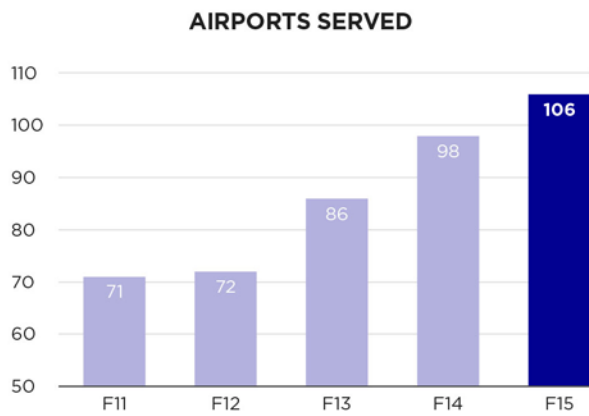
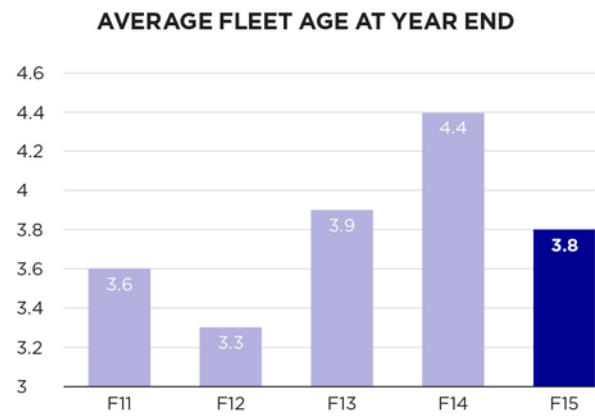
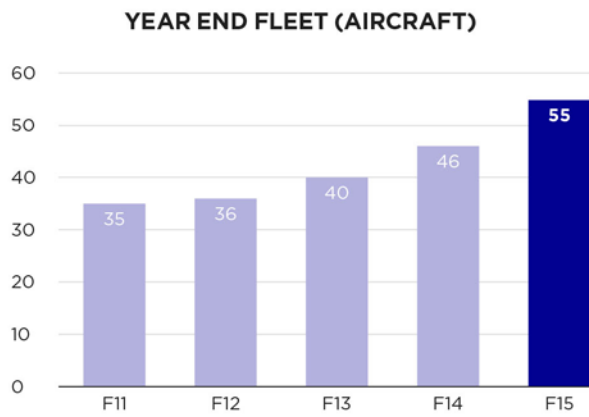
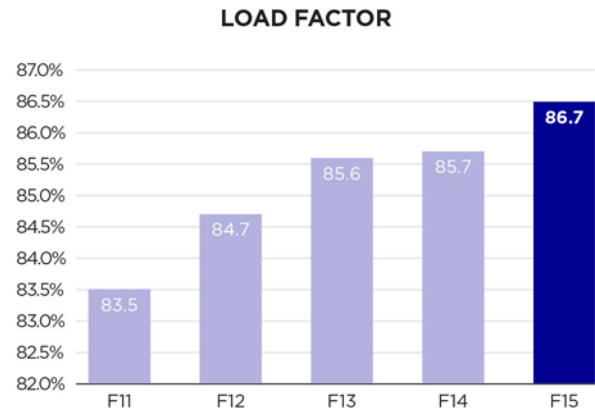
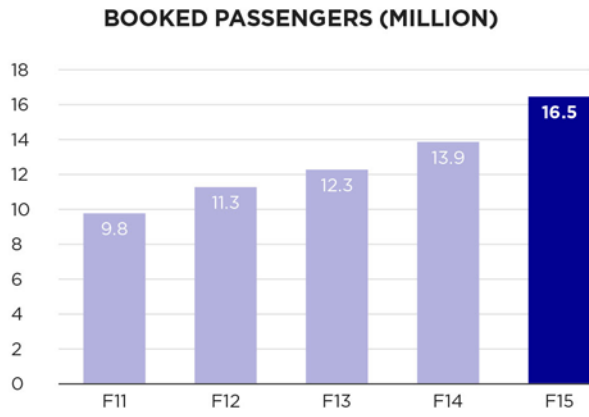
Wizz Air is successfully implementing its strategy of delivering low cost, professional and friendly air travel to an ever expanding range of Central and Eastern European destinations. This winning formula leaves Wizz Air well placed to deliver significant growth and returns for shareholders.

József Váradi

Chief Executive Officer

26 May 2015

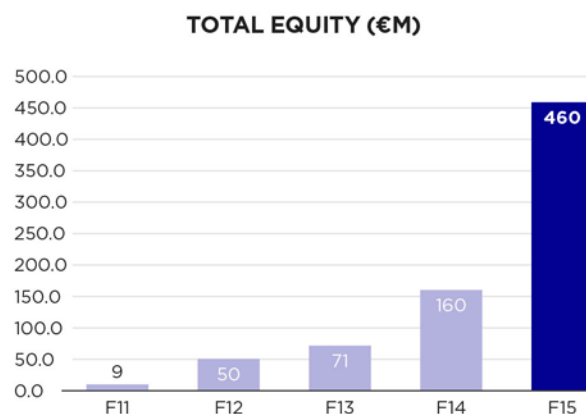
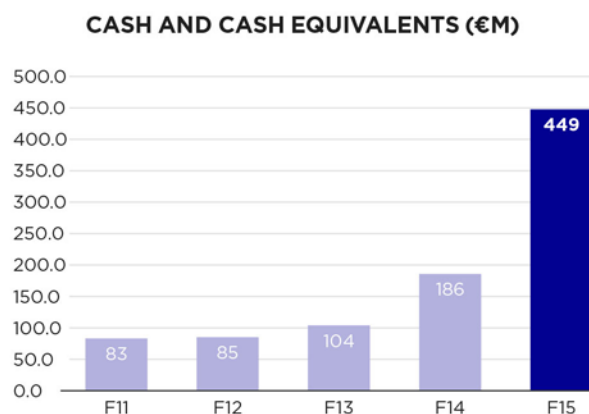
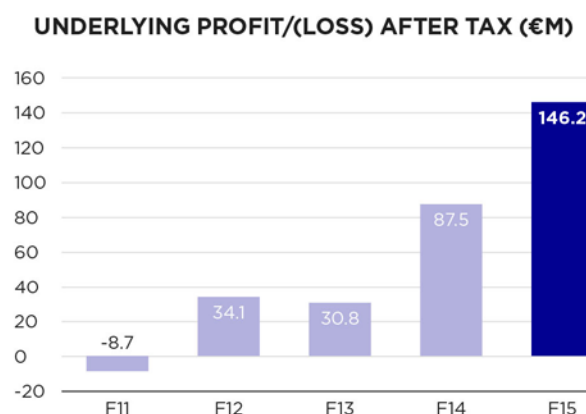
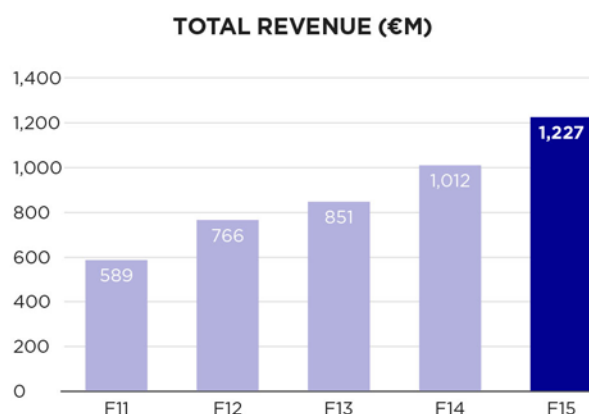
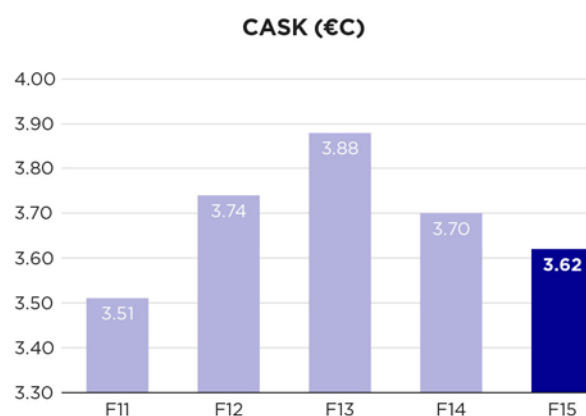
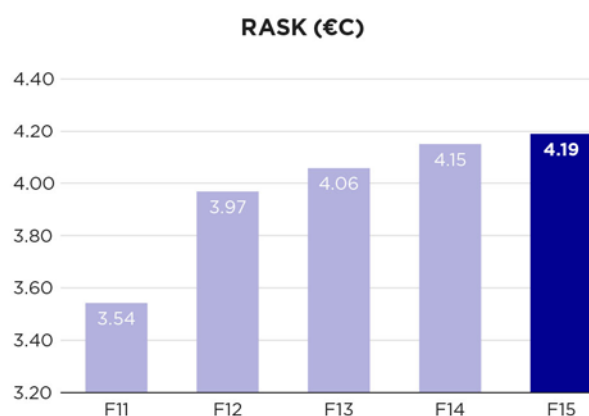
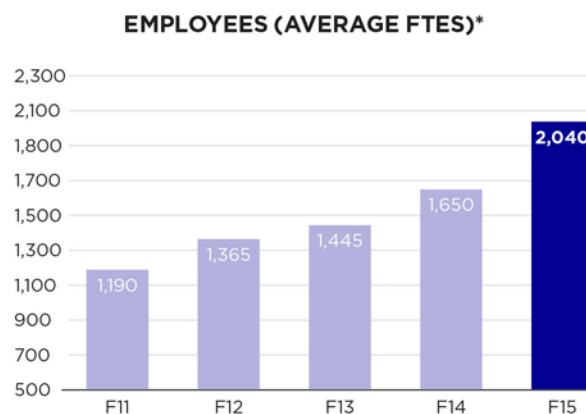
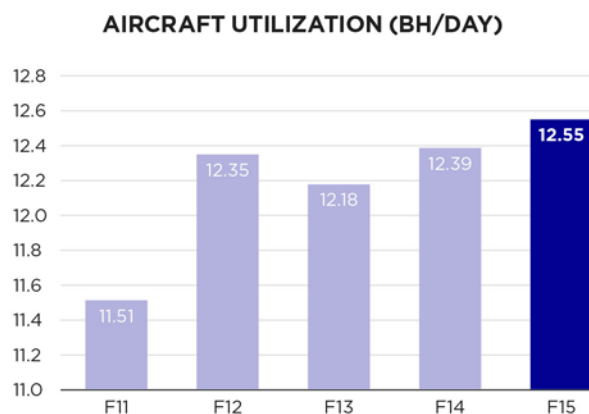
STRATEGIC REPORT
SELECTED STATISTICS



* Reliability = (1 - number of operational cancellations/number of revenue flight legs) x 100 per cent.

** On-time performance = (1 - number of delays > 15min/number of revenue flight legs) x 100 per cent.

STRATEGIC REPORT
SELECTED STATISTICS CONTINUED



* including subcontracted staff, primarily rented pilots

STRATEGIC REPORT

FINANCIAL REVIEW

In the 2015 financial year Wizz Air handled a total of 16.5 million passengers, a 18.4 per cent. increase versus the previous year, and generated revenues of €1,227.3 million, growth of 21.3 per cent. These growth rates compare to capacity growth measured in terms of available seat kilometres (ASK) of 20 per cent. and seats of 17 per cent.

Given strong volume growth and declining industry wide input costs through the year, the unit revenue performance of the business was creditable. Revenue per ASK increased by 1.1 per cent. versus the previous year.

Fuel unit costs (per ASK) declined 8.4 per cent. reflecting the combined impact of lower fuel prices and fuel consumption savings partly offset by the stronger US Dollar. Non-fuel unit costs, excluding the impact of exceptional operating income and expense items, increased 0.5 per cent. as a result of the stronger US Dollar, rising crew unit costs and the cost of returning four older aircraft to lessors as their contracted lease terms expired.

Underlying profit after tax increased by 67 per cent. from €87.5 million in 2014 to €146.2 million in 2015. This equates to a 3.3 percentage point rise in the underlying after tax profit margin from 8.6% to 11.9%.

The profit for the year was €183.2 million and included a €37.0 million net gain from unusual and exceptional items. These comprised unrealised foreign exchange gains resulting primarily from the impact of the strengthening US Dollar on the Group's net US Dollar monetary asset position (€27.8 million), a translation gain in relation to the planned closure of Wizz Air Ukraine (€14.5 million), the cost of extending and revaluing the Company's convertible debt in August 2014 (€2.5 million) and IPO related costs of €2.8 million. All but the last of these items were non-cash.

The income tax expense for the year was €8.5 million (2014: €7.7 million) giving an effective tax rate for the Group of 4.5 per cent. (2014: 8.0 per cent.). The main components of this charge are local business tax and innovation tax paid in Hungary and corporate income tax paid in Switzerland.

	2015	2014	Change
Average jet fuel price (\$/metric ton, incl. into plane premium and hedge impact)	986	1069	-7.8%
Average USD/Euro rate (including hedge impact)	1.32	1.34	-1.3%
Year-end USD/Euro rate	1.07	1.28	-16.3%

Financial overview

Summary statement of comprehensive income € million	2015	2014
Total revenue	1,227.3	1,011.8
Fuel costs	396.6	360.6
Operating expenses excluding fuel	663.4	541.5
Total operating expenses	1,060.0	902.0
Operating profit	167.3	109.8
<i>Operating profit margin (%)</i>	13.6%	10.9%
Net financing income/(expense)	24.4	(14.4)
Profit before income tax	191.7	95.4
Income tax expense	8.5	7.7
Profit for the year	183.2	87.7

STRATEGIC REPORT

FINANCIAL REVIEW CONTINUED

Financial overview continued

Adjusted performance measures (Note 10) € million	Operating Profit		Profit for the year	
	2015	2014	2015	2014
Statutory (IFRS) profit	167.3	109.8	183.2	87.7
Exceptional items (Note 10):				
Settlement received from credit card acquirer	-	(6.3)	-	(6.3)
Cost of extending and revaluing convertible debt	-	-	2.5	-
Translation gain relating to closure of Wizz Air Ukraine Airlines LLC	-	-	(14.5)	-
IPO related costs	2.8	-	2.8	-
Total exceptional adjustments	2.8	(6.3)	(9.2)	(6.3)
Unrealised foreign exchange (gains)/losses (Note 11)	-	-	(27.8)	6.1
Underlying profit	170.1	103.5	146.2	87.5
<i>Underlying profit margin (%)</i>	13.9%	10.2%	11.9%	8.6%

Earnings per share

	2015	2014
Diluted earnings per share (statutory), EUR (see Note 13)	6.91	5.21
Proforma earnings per share (underlying), EUR	1.19	0.89
Proforma earnings per share (underlying), GBP*	0.87	0.64

* translated from EUR to GBP at 1.377 rate applicable at 31 March 2015

The proforma underlying earnings per share (EPS) is a fully diluted measure defined by the Company and its calculation is different from the IFRS diluted EPS measure in the following:

- ▶ For earnings the underlying profit for the year was used, as opposed to the statutory (IFRS) profit for the year
- ▶ For the fully diluted number of shares, all convertible debt was taken into account for its dilution impact as at the year-end, resulting in 106.6 million shares for 2014 and 126.5 million shares for 2015 being used as the denominator. By contrast, the IFRS diluted EPS measure includes only those convertible debts that could be converted without restriction and takes a weighted average position for the year.

Return on capital employed and capital structure

ROCE** for the year was 21.5 per cent., an improvement of 4.9 percentage points versus the previous year driven by significantly improved profitability partially offset by rising aircraft operating lease expenses (an important component of the capital employed calculation) and a significant increase in equity capital as a result of the IPO.

The Company's leverage, defined as net debt adjusted to include capitalised operating lease obligations* divided by earnings before interest, tax, depreciation, amortisation and aircraft rentals, fell to a ratio of 1.6 from 2.6 at the end of the 2014 financial year.

Liquidity, defined as cash and equivalents as a percentage of the last twelve months' revenue, rose from 18% at the end of the 2014 financial year to 37% a year later.

These improvements in the Company's leverage and liquidity ratios reflect the combined effect of improved profitability and the IPO proceeds.

	2015	2014	Change
ROCE**	21.5	16.6	+4.9 pt
Leverage	1.6	2.6	-1.0 pt
Liquidity	37%	18%	+19 ppts

Definitions:

* Annual aircraft lease expenses multiplied by 7 as an estimate of the total outstanding obligation.

** ROCE: Underlying Operating Profit After Tax/average capital employed, where average capital employed is the sum of average equity (excluding convertible debt), average PDP loans and capitalised operating lease obligations, less average free cash.

STRATEGIC REPORT

FINANCIAL REVIEW CONTINUED

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for 2015 and 2014 and the percentage change in those items:

	2015		2014		Percentage change
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	
Passenger ticket revenue	793.8	64.7%	658.7	65.1%	20.5%
Ancillary revenue	433.5	35.3%	353.1	34.9%	22.8%
Total revenue	1,227.3	100%	1,011.8	100%	21.3%

The growth in total revenue in 2015 was principally due to a 20.0 per cent. rise in ASKs and a 1.1 per cent. increase in revenue per ASK (RASK). Passenger ticket revenue increased by 20.5 per cent. to € 793.8 million and ancillary (or "non-ticket") revenue increased by 22.8 per cent. to €433.5 million.

Average revenue per passenger increased from €72.7 in 2014 to €74.5 in 2015, an increase of 2.5 per cent. Average passenger ticket revenue per passenger increased from €47.3 in 2014 to €48.2 (+1.8 per cent.), while average ancillary revenue per passenger also increased from €25.4 in 2014 to €26.3 in 2015, an increase of 3.7 per cent. This increase in average revenue per passenger was due to:

- ▶ a significant increase in average passenger ticket revenue per passenger in 2015 compared to 2014, which was the result of: (a) the increasing maturity of Wizz Air's route network (the average capacity-weighted age of Wizz Air's routes increased from 56 months as at 30 September 2013 to 65 months as at 30 September 2014); (b) higher passenger demand in 2015 than in 2014; and (c) a 2.6 per cent. rise in average stage length from 1,500km to 1,539km; and
- ▶ an increase in average ancillary revenue per passenger reflecting higher convenience service (including Wizz Discount Club membership fees and multi-currency pricing) and administration fees. Baggage fees per passenger remained broadly flat.

Operating expenses

Total operating expenses increased by 17.8 per cent. to €1,063 million in 2015 from €902 million in 2014. CASK declined by 2.8 per cent. to €3.62 cents in 2015 from €3.72 cents in 2014. This reduction in CASK was principally driven by a reduction in the average fuel price and a favourable airport mix development. CASK excluding fuel expenses rose 0.9 per cent. to 2.27 Euro cents in 2015 from 2.25 Euro cents in 2014 driven by the adverse development of the \$/€ exchange rate during the year.

The following table sets out Wizz Air's operating expenses for 2015 and 2014 and the percentage changes in those items:

	2015		2014		Percentage change
	Total (€ million)	Percentage of total operating expenses	Total (€ million)	Percentage of total operating expenses	
Staff costs	83.4	7.7%	68.3	7.6%	22.1%
Fuel costs	396.6	37.4%	360.6	40.0%	10.0%
Distribution and marketing	18.8	1.8%	10.9	1.2%	72.5%
Maintenance, materials and repairs	62.0	5.8%	48.4	5.4%	28.1%
Aircraft rentals	137.1	12.9%	112.4	12.5%	22.0%
Airport, handling and en-route charges	297.7	28.1%	250.4	27.8%	18.9%
Depreciation and amortisation	33.9	3.2%	25.4	2.8%	33.5%
Other expenses	30.5	2.9%	25.6	2.8%	19.1%
Total operating expenses	1,060.0	100%	902.0	100%	17.5%

Staff costs increased by 22.1 per cent. to €83.4 million in 2015, up from €68.3 million 2014. The increase in overall staff costs reflected a 19.8 per cent. rise in aircraft block hours and higher bonus payments than in the previous year. Of the bonus payments €1.6 million is a one-off payment related to the IPO and was classified as exceptional expense in 2015 (see Note 10 to the financial statements). Excluding this charge the underlying staff costs in 2015 were €81.8 million, growing 19.8 per cent. versus 2014 in line with the increase in ASKs.

Financial performance continued

Operating expenses continued

Fuel expenses rose by 10.0 per cent. to €396.6 million in 2015, up from €360.6 million in 2014. The major drivers of the increase were the 20.0% per cent. growth in ASKs, a 5.4 per cent. appreciation of the US Dollar against the Euro (1.3% after hedging), offset by a 1.2 per cent. reduction in fuel consumption per block hour and a 7.8 per cent. decline in the fuel price. The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in 2015 was US\$986 per tonne, a decline of 7.8 per cent. from the previous year's figure of US\$1,069 per tonne.

Distribution and marketing costs rose 72.5 per cent. to €18.8 million in 2015 from €10.9 million in 2014. However, the 2014 figure was reduced by an exceptional income of €6.3 million. Without this credit the underlying expense in 2014 was €17.2 million, resulting in an increase of 9.3 per cent. year on year.

Maintenance, materials and repair costs increased by 28.1 per cent. to €62.0 million in 2015 from €48.4 million in 2014. This cost increase was the result of the increase in the overall fleet size and costs associated with the redelivery of four aircraft to lessors during the period.

Aircraft rental costs grew 22.0 per cent. to €137.1 million in 2015, from €112.4 million in 2014. This increase was largely due to fleet growth (equivalent aircraft expanded 18.2 per cent.), a higher average lease rate as older aircraft were replaced by new aircraft with higher ownership costs and the sharp rise in the US\$/€ rate.

Airport, handling and en-route charges increased by 18.9 per cent. to €297.7 million in 2015 from €250.4 million in 2014. This category comprised €170.5 million of airport and handling fees and €127.2 million of en-route and navigation charges in 2015 and €143.9 million of airport and handling fees and €106.5 million of en-route and navigation charges in 2014. The cost increase was primarily due to a 17 per cent. increase in the number of flights, an 18.4 per cent. rise in passenger numbers and stage length expansion of 2.6 per cent.

Depreciation and amortisation charges increased by 33.5 per cent. to €33.9 million in 2015, up from €25.4 million in 2014. This was primarily as a result of a rise in the number of engines and other components that no longer met their contracted lease return conditions. It is this that triggers the creation and depreciation of the related heavy maintenance asset in accordance with our accounting policy set out on page 85. In addition, there were four aircraft re-delivery events that resulted in additional depreciation costs in 2015 compared to 2014.

Other expenses increased by 19.1 per cent. to €30.5 million in 2015 from €25.6 million in 2014. The 2015 figure included advisory expenses of €1.2 million that were classified as exceptional expense (see Note 10 to the financial statements). Excluding this charge the underlying expense in 2015 was €29.3 million, growing 14.4 per cent. versus 2014. This increase was primarily as a result of an increase in non-salary related overhead and crew costs and flight cancellation costs, which were partially offset by lower insurance premiums due to better terms achieved on the renewal of the insurance policy.

Operating profit

As a result of the foregoing factors, Wizz Air made an operating profit (including exceptional items) of €167.3 million in 2015, a 52.4 per cent. increase from the operating profit of €109.8 million made in 2014. Excluding exceptional items the operating profit increased to €170.1 million in 2015, a 64.3 per cent. increase from the equivalent figure of €103.5 million in 2014. This equates to a 3.7 percentage point improvement in the underlying operating profit margin from 10.2% to 13.9%.

Net financing income and expense

Wizz Air's net financing costs improved dramatically from a cost of €14.4 million in 2014 to a net gain of €24.4 million in 2015. This was due to Wizz Air incurring a net foreign exchange gain of €16.2 million in 2015 mainly as a result of the appreciation of the US Dollar against the Euro, compared to a net foreign exchange loss of €7.0 million in 2014. This impact was further boosted by the exceptional financial gain of €14.5 million triggered by the decision to close the Wizz Air Ukraine subsidiary. This latter item and part of the net foreign exchange gains are non-cash items (see Note 11).

These positive effects were partially offset by a modest rise in interest expenses, driven mainly by a €2.5 million one-off non-cash charge arising as a result of recalculating the fair value of convertible loans and convertible notes due to their extension in August 2014.

Financial performance continued**Taxation**

Wizz Air recorded an income tax expense of €8.5 million in 2015, compared to a figure of €7.7 million in 2014. This increase was primarily due to the increasing profitability of the Group. The parent company of the Group, Wizz Air Holdings Plc had a statutory tax rate in Switzerland of 7.8 per cent. in both 2015 and 2014. The effective tax rate for the Group was 4.5 per cent. in 2015 and 8.0 per cent. in 2014. The reduction in the effective tax rate reflects the fact that the Ukrainian airline subsidiary of the Group incurred tax of €2.0 million in 2014 but none in 2015.

Profit for the period

As a result of the foregoing factors, Wizz Air generated an IFRS profit for 2015 of €183.2 million, a 44.5 per cent. increase from the profit of €87.7 million in 2014.

Other comprehensive income and expense

In 2015 the Group had other comprehensive expense of €51.7 million compared to the €0.9 million gain in 2014. The substantial expense in 2015 was driven primarily by the increase of the cash flow hedging reserve (debit) by €43.0 million during the year. This in turn corresponds to the increase of the Group's liability under open derivative financial instruments, caused by the sharp fall in fuel prices during the year. The smaller element of other comprehensive expense in 2015 was an €8.7 million charge from currency translation differences. This is the consequence of the recycling of the cumulative translation adjustment account balance to the statement of comprehensive income, resulting in an exceptional financial gain as explained above under net financial costs.

Cash flows and financial position**Summary statement of cash flows**

The following table sets out selected cash flow data and the Group's cash and cash equivalents for 2015 and 2014:

€ million	2015	2014	Change
Net cash generated by operating activities	174.0	196.4	(22.4)
Net cash used in investing activities	(49.8)	(94.0)	44.2
Net cash from/(used in) financing activities	139.3	(19.2)	158.5
Effect of exchange rate fluctuations on cash and cash equivalents	(0.5)	(1.1)	0.6
Cash and cash equivalents at end of period	448.6	185.6	263.0

Cash flow from operating activities

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

Cash generated by operating activities before changes in working capital and before taxation increased by €56.3 million to €189.7 million in 2015 from €133.4 million in 2014. However, after the impact of changes in working capital, net cash generated by operating activities declined by €22.4 million to €174.0 million in 2015 from €196.4 million in 2014. This development was mainly driven by the increase in trade and other receivables, restricted cash and derivative balances compared to 2014. These increases, in turn, can be explained primarily by the increase in cash deposits placed with lessors, letters of credit provided to lessors (secured by cash deposits) and by option fees paid to hedge counterparties in relation to fuel caps entered into during 2015 but expiring only in the next two financial years.

Cash flow from investing activities

Net cash used in investing activities declined by €44.2 million from a net cash outflow of €94.0 million in 2014 to €49.8 million in 2015. The purchase of aircraft maintenance assets declined from €54.9 million in 2014 to €36.3 million in 2015 primarily due to fewer scheduled heavy maintenance events, particularly engine shop visits and engine life limited part replacements, being performed in 2015 than in 2014. Advances paid for aircraft, net of refunds of advances, decreased from a net cash outflow of €31.8 million in 2014 to €6.4 million in 2015.

Cash flows and financial position continued**Cash flow from financing activities**

Net cash from financing activities increased by €158.5 million to a €139.3 million inflow in 2015 from a €19.2 million outflow in 2014. This was mainly due to the net proceeds of €149.1 million received during 2015 from the issue of new shares, most of it being the primary proceeds from the Company's IPO.

Summary statement of balance sheet

The following table sets out summary statements of financial position of the Group for 2015 and 2014:

€ million	2015	2014	Change
ASSETS			
Property, plant and equipment	247.1	221.8	25.3
Restricted cash*	73.6	42.4	31.2
Derivative financial instruments*	60.7	0.4	60.3
Trade and other receivables*	167.9	116.5	51.4
Cash and cash equivalents	448.6	185.6	263.0
Other assets*	22.6	18.5	4.1
Total assets	1,020.5	585.2	435.3
EQUITY AND LIABILITIES			
Equity			
Equity	459.9	159.9	300.0
Liabilities			
Trade and other payables	123.9	120.7	3.2
Borrowings*	4.2	20.2	(16.0)
Convertible debt*	27.3	43.2	(15.9)
Deferred income*	262.9	206.3	56.6
Derivative financial instruments*	81.7	3.5	78.2
Provisions*	52.4	27.6	24.8
Other liabilities*	8.2	3.8	4.4
Total liabilities	560.6	425.3	135.3
Total equity and liabilities	1,020.5	585.2	435.3

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

Property, plant and equipment increased by €25.3 million (see Note 14 to the financial statements). This was driven primarily by the increase in the balance of advances paid for aircraft maintenance assets: the value of FHA payments made during 2015 was €20.5 million higher than the amount that was utilized for new maintenance assets.

Restricted cash (current and non-current) increased by €31.2 million (see Note 23). This was driven by the growth in the amount lease-related letters of credit, issued both in relation to maintenance reserves (€20.9 million) and lease security deposits (€10.6 million). On top of these underlying impacts the 32% appreciation of the US Dollar to the Euro during the 2015 financial year also contributed to the increase.

Derivative financial assets (current and non-current) increased by €60.3 million (see Notes 3 and 21). The increase was driven primarily the receivable on Fx hedge instruments (collars) due to the appreciation of the US Dollar to the Euro during the year (€37.5 million), and by the fee paid by the Company in relation to fuel cap options (€25.9 million).

Trade and other receivables (current and non-current) increased by €51.4 million (see Notes 19). The key drivers of this change were the increases in maintenance reserves (€23.6 million) and ticket sales receivables (€14.8 million) during the year.

Cash and cash equivalents increased by €263.0 million. This change is explained in detail in the cash flow analysis above, the most important contributor being the €149.1 million net proceeds from the IPO of the Company.

Borrowings (current and non-current) declined by €16.0 million (see Note 24). This was because all outstanding loans for pre-delivery payments (PDPs) that existed at the end of 2014 were fully repaid.

Convertible debt (current and non-current) fell by €15.9 million (see Note 25). This was because part of the convertible debt existing in 2014 was converted into shares in March 2015 in connection with the Company's IPO.

Summary statement of balance sheet continued

Deferred income (current and non-current) increased by €56.6 million (see Note 27). This was driven by the increase in unflown revenues (€32.6 million), itself primarily due to the increase of offered seat capacity at the end of the year, and by the concessions received by aircraft and component manufacturers in relation to the thirteen new aircraft delivered during the year.

Derivative financial liabilities (current and non-current) increased by €78.2 million (see Notes 3 and 21). This relates to the fuel hedging positions taken by the Company before the significant drop in fuel prices in the second half of 2014.

Provisions (current and non-current) increased by €24.8 million (see Note 30). This relates to maintenance provisions and the increase versus 2014 can be explained by the fact that the 2014 balance was particularly low, as many high-value maintenance events were completed that year.

Mike Powell
Chief Financial Officer
26 May 2015

STRATEGIC REPORT
KEY STATISTICS

	2015	2014	Change
CAPACITY			
Number of aircraft at end of period	55	46	19.6%
Equivalent aircraft	52.53	44.43	18.2%
Utilisation (block hours per aircraft per day)	12.55	12.39	1.3%
Total block hours	240,711	200,991	19.8%
Total flight hours	208,736	174,515	19.6%
Revenue departures	105,627	90,293	17.0%
Average departures per day per aircraft	5.51	5.57	(1.1)%
Seat capacity	19,012,860	16,252,560	17.0%
Average aircraft stage length (km)	1,539	1,500	2.6%
Total ASKs ('000 km)	29,266,510	24,385,031	20.0%
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	25,350,823	20,867,032	21.5%
Load factor (%)	86.7	85.7	1.2%
Number of passenger segments	16,482,468	13,926,541	18.4%
Fuel price (US\$ per ton, including hedging impact and into-plane premium)	986	1,069	(7.8)%
Foreign exchange rate (US\$/€ including hedging impact)	1.32	1.34	(1.3)%
FINANCIAL MEASURES			
Yield (revenue per RPK, € cents)	4.84	4.85	(0.2)%
Average revenue per seat (€)	64.55	62.26	3.7%
Average revenue per passenger (€)	74.46	72.65	2.5%
RASK (€ cents)	4.19	4.15	1.1%
CASK (including exceptional item) (€ cents)	3.62	3.70	(2.1)%
CASK (excluding exceptional item) (€ cents)	3.61	3.72	(3.0)%
Ex-fuel CASK (including exceptional item) (€ cents)	2.27	2.22	2.1%
Ex-fuel CASK (excluding exceptional item) (€ cents)	2.26	2.25	0.5%
Operating profit margin (including exceptional item) (%)	13.6	10.9	25.6%
Operating profit margin (excluding exceptional item) (%)	13.9	10.2	35.5%
Net profit margin for the period (profit after tax divided by revenue) (%)	14.9	8.7	72.2%
Underlying net profit margin for the period (%)	11.9	8.6	37.8%

PRINCIPAL RISKS AND UNCERTAINTIES

Wizz Air operates in a dynamic, fast-paced and competitive industry. It is an industry where reputations and businesses can be lost quickly if a risk is not anticipated and dealt with effectively.

This section of the report sets out our risk management process, as well as a short description of some of the key risks that could, if not properly dealt with, affect Wizz Air's future success, although it does not by any means list all risks that might possibly affect our business.

Our risk management process

The Board oversees the Company's risk process and has delegated authority for this to the Audit Committee. The Company's Head of Internal Audit reports directly to the Chairman of the Audit Committee. Each year, a risk universe exercise is undertaken with the Company's senior and operational management. The results of this exercise are used to produce an internal audit plan for the coming year. In addition, the Audit Committee and senior management are developing a comprehensive risk analysis and reporting framework.

Risks relating to the group

Market risks

Competition is one of the key risks to our business. The airline industry in Europe is fiercely competitive. We have yet to see consolidation on the scale experienced in, for example, the United States and so there is a large number of airlines, including ultra-low cost and low-cost carriers, traditional airlines and charter airlines, competing throughout our network. Our competitors may seek to protect or gain market share in markets in which we operate, perhaps by offering discounted fares or more attractive schedules. We believe that competition is good for the industry – both for consumers, who benefit from lower prices as well as airlines themselves, as they must embrace cost discipline – but we must react to a competitive threat. We constantly seek to enhance our customer offering and have recently launched a comprehensive re-branding programme which will put the WIZZ brand in a strong position to continue its success in the future. Ultimately, our key competitive strength is our commitment to driving our cost advantage ever lower – we firmly believe that, in a tough market, lowest cost ultimately wins and the necessary cost discipline is something to which we are committed, day in, day out.

We don't just compete for customers, we compete for access to infrastructure too. We need terminal space, slots and aircraft parking to be able to operate our flights. As we continue to grow, we will need additional ground and maintenance facilities. Certain airports to which we operate may already be or become congested, meaning we may not be able to secure access to those airports at our preferred times. We mitigate this risk by operating primarily from secondary airports which have significant spare capacity and, where we do fly to congested airports, our flights often constitute in-bound traffic for such airports and take up off-peak capacity.

Our business model is borne of and flourishes in a liberalised market. It is no coincidence that Wizz Air's first flight coincided with the accession to the EU of a number of our home base countries. Since then, our business has grown in a liberalised market which allows to fly where we want, when we want and to charge our customers the lowest prices possible. However, we have also pushed our route network beyond the borders of the EU, to countries with which the EU has liberalised or partially-liberalised air service agreements. We believe that this diversification of our route network and development of new markets places Wizz Air in a strong position if, for example, the EU market were to be disrupted following the secession of a member state. We will continue actively to assess potential new markets.

We are exposed to political and economic events and trends in CEE and elsewhere. Our business extends beyond the borders of the EU and into countries such as Russia, Turkey and Ukraine and regions including the Caucasus, North Africa and the Middle East. These and other countries in the region have experienced, and may still be subject to, potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and conflict between federal and regional authorities, corruption among governmental officials, social and ethnic unrest and currency instability. We maintain close relationships with local authorities and, as an organisation, we were able to react quickly following unrest in Ukraine. We initially re-deployed capacity to other markets but, ultimately and with much regret, had to take the decision that Wizz Air Ukraine Airlines LLC should stop operations. However, we were able to mitigate this by obtaining operating permits on a number of the routes for Wizz Air Hungary Ltd. and, as a result, we were able to offer the vast majority of our Ukrainian employees jobs either elsewhere in the network or at the new Wizz Air Hungary base to be set up in Kiev.

Risks relating to the group continued**Operational risks**

We operate only the Airbus A320 family – very effectively. In fact, we were awarded Airbus' Operational Excellence Award for the A320 family in Europe. We also operate our aircraft very efficiently, with average fleet utilisation in the 2015 financial year reaching 12.55 hours, the highest of any airline in Europe. But this means that we are vulnerable to any issue which might affect the A320 family or the IAE V2500 type engines which power our fleet. However, we think that the risk of such an issue is small: we chose the Airbus A320 family precisely because it is one of the most advanced aircraft on the market and a true workhorse of short and medium range flights. We invest heavily in maintenance, using the services of world-class maintenance organisations. And, we have a young fleet with an average age of 3.8 years as at 31 March 2015.

Safety events. An accident or incident, or terrorist attack, can adversely affect an airline's image and customers' willingness to travel with that airline.

- ▶ At Wizz Air, our number one priority is the safety of our aircraft, passengers and crew. Our aircraft fleet is young and reliable, we use the services of world-class maintenance organisations and we have a strong safety culture. A cross-functional safety council meets twice a year, involving both senior management as well as operational staff and reviews any issues which have arisen in the past six months and the actions taken as a consequence. In addition to this, we collect detailed data from all aspects of our operation in order to identify trends and relevant personnel from our Operations department meet twice a year to discuss any trends identified in their sphere of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to allow our flight and cabin crew to report safety issues which are a concern to them. Our entry standards for operating crew are high and our own Approved Training Organisation (ATO) ensures that all of our pilots are trained to the same exacting standards.
- ▶ Our experienced Security team has an ongoing programme to check that the security standards of our operations and the airports which we serve meet high standards. We know that the proper management of risk means that we must anticipate and deal with issues in advance. Our Security team also maintains close contact with relevant authorities in order to assess any potential security or other threats to our operations. Any serious threat will be escalated to senior management. We have in the past suspended operations to destinations where the safety of our aircraft, passengers and crew cannot be guaranteed.

We can control many risks, but some remain beyond our control. Like other airlines, Wizz Air is subject to disruptions caused by factors beyond its control, including adverse weather conditions and other natural events. Delays frustrate passengers, may affect Wizz Air's reputation and may reduce aircraft utilisation as a result of flight cancellations and increase costs, all of which, in turn, affect profitability. However, Wizz Air's policy remains to cancel as few flights as possible, reflected in its flight completion rate. We have detailed handling manuals for delayed passengers or passengers whose flights have been cancelled and, as needed, have developed contingency plans for particular possible events.

We outsource non-core functions, which means that we're dependent on third-party services and facility providers. A failure of any of our business partners – whether to observe contractual obligations or financially – can affect our operation. Proper performance by our partners is of the utmost importance to us and we generally impose contractually-binding performance standards. We also look at the track records of our suppliers and our centralised procurement process looks at the financial fitness of key suppliers before contracts are awarded.

Wizz Air is a people business. We know that our people are the backbone of our business and it's their dedication, day in, day out that allows us to deliver our low cost, quality service. But we know that we can't take our people for granted that competition for the high quality people whom we seek is keen and may become even more so.

- ▶ From time to time, pilots and others can be in short supply. We invest a huge amount of time in recruiting pilots and also training them to maintain our high standards. In order to ensure the future availability of pilots of the right calibre, we have recently announced a five year training partnership with CTC Aviation Training and Central European Flight Academy, to provide cadet pilots to Wizz Air. Wizz Air will provide a job guarantee (subject to achieving proficiency) and so assist the trainee pilots in securing funding for their training.

Risks relating to the group continued**Operational risks continued**

- ▶ We are proud that, to date, we have maintained a good relationship with our employees and we have not experienced industrial unrest. We strive to make sure that this will remain the case, but we realise that there can be no guarantee. We consider direct communication between senior management and other employees as the best way of listening to our employees' concerns. Visits by senior management to each of our operating bases are organised twice a year.
- ▶ Our success to date has also depended on a number of key personnel, including our Chief Executive Officer, other senior managers and post holders required by regulation. Our continuing success will depend on having the right people in those key positions. While, in the past, we have successfully recruited for those positions, we recognise that we have a pool of talent within the Company and have recently started a talent assessment programme for our staff.

Financial risks

Financial risk and financial risk management are analysed also in Note 3 to the accounts on pages 87 to 92.

We are a truly international business and, while we report in Euros, we transact in 20 currencies. We also have to make a large number of payments in US Dollars. Appreciation of the US Dollar against the Euro may impact results and margins. Therefore, to reduce our exposure to currency fluctuations in respect of costs incurred in US Dollars, we engage in Euro/US Dollar hedging in accordance with a Board-approved hedging policy. Transactions are subject to the approval of the Audit Committee.

Fuel accounted for 37.4% of our total operating cost in the 2015 financial year. A rise in fuel prices can significantly affect our operating costs. We therefore hedge our aviation fuel cost in accordance with a Board-approved hedging policy and involving the Audit Committee.

Our cash needs to be safe. We believe that security of our cash should take priority over investment income. Investment of the Company's cash is carried out in accordance with the Board-approved counterparty risk policy, with a large part of our free cash being invested in AAA-rated money market funds.

Information technology risks

Wizz Air is, primarily, an e-business. During the 2015 financial year 94% of bookings were made through our website, wizzair.com. We are therefore dependent on our information technology systems to manage, for example, receive and process ticket reservations, process credit and debit card payments, check in passengers, manage our traffic network, perform flight operations and engage in other critical business tasks. We outsource the operation of these systems to a number of IT suppliers. However, we retain an experienced internal team to oversee the operation of these systems and include suitable contractual recovery and other key performance standards with each of our key IT suppliers. We are also planning to increase the number of card acquirers and payment service providers that we use, with each provider being an effective back-up for the others. We will continue to review our business critical systems to ensure that the appropriate level of back-up is in place. Business continuity processes are also tested and we have procedures in place to ensure that key staff can be relocated to an alternative location should our normal offices become unusable.

Cyber security is a key consideration. We will review the protections we have in place to ensure that they are maintained at an appropriate level and those reviews will involve the Audit Committee.

The Strategic Report on pages 4 to 30 was approved by the Board on 26 May 2015 and was signed on its behalf.

József Váradi

Chief Executive Officer

GOVERNANCE

CORPORATE GOVERNANCE REPORT

A COMPANY COMMITTED TO HIGH STANDARDS OF CORPORATE GOVERNANCE

Chairman's statement on corporate governance

Wizz Air's Ordinary Share capital was admitted to the premium listing segment of the UK Listing Authority's Official List and to trading on the London Stock Exchange's main market for listed securities on 2 March 2015. In this, Wizz Air's first annual report to be issued since listing, I want to stress that Wizz Air's Directors have always sought to maintain high standards of corporate governance appropriate for a company of its size.

As the Company moves into its new life as a listed company, the Directors are committed to ensure that this remains the case. This section of the report outlines how Wizz Air has complied with the provisions of the UK Corporate Governance Code (September 2012), which is issued by the Financial Reporting Council and available to view at www.frc.org.uk.

While Wizz Air is committed to complying fully with the UK Corporate Governance Code, at this particular stage of the Company's development, there is one area where an exception to full compliance has been approved by the Directors and which is described in the section headed "Compliance with the UK Corporate Governance Code" below. Three Directors, namely Stephen L. Johnson, John R. Wilson and myself, have been nominated to hold office as Non-Executive Directors by Indigo Hungary LP and Indigo Maple Hill LP (together, "Indigo"), as contemplated by the relationship agreement entered into by Indigo and Wizz Air which is described in the section headed "Our Key Shareholders". The Directors recognise that the Company must retain appropriate expertise on the Board and its committees at all times and therefore agreed that Stephen L. Johnson and John R. Wilson should remain members of the Company's Audit Committee and Remuneration Committee respectively until 2 March 2016 at the latest.

As the Company continues to develop, so will the corporate governance processes. As Chairman, my primary aim is to ensure that the Board provides effective leadership of the Company. During the recent initial public offering process, we looked closely at the Board's composition and concluded that the Board does, indeed, have the necessary balance of skills and experience as well as independence. It is, however, important that the Board recognises that it must continually re-appraise its involvement in the Company's business and also its own processes, so that its capabilities grow alongside the Company. As an indication of the developments planned for the 2016 financial year, the Board will introduce a performance evaluation programme of the Board, its committees and individual Directors. The Board has also requested that the Audit Committee further develop the comprehensive risk assessment and mitigation reviews already carried out by the Company's Internal Audit function.

I have already noted that the Company is at the start of its public life. It is vitally important that both the Board and the Company's senior management positively engage with those investors who have placed their trust in the Company. Senior management will, therefore, arrange quarterly meetings to discuss periodic financial results with the Company's key investors and their views and any concerns they might have will be fed back to the Board.

The trust that both investors and other stakeholders have placed in the Board is not taken for granted. We will continue to develop our processes to ensure that our policy of ensuring high standards of governance appropriate for the Company is maintained in the future.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Directors support high standards of corporate governance and it is the policy of the Company to comply with current best practice in UK corporate governance to the extent appropriate for a company of its size. The Board intends that the Company will comply fully with the requirements of the Corporate Governance Code (2014) during the 2016 financial year, its first full year since completion of the initial public offering and, so, becoming subject to the Corporate Governance Code, save as set out below:

- a) William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code, given that he is the managing partner of Indigo. However, given the benefits for the Company of his recognised experience in the airline industry, the Board believes that Mr Franke should continue as Chairman.
- b) Stephen L. Johnson, who is not considered to be an independent Non-Executive Director given his past position with Indigo, is a member of the Audit Committee. The Board considers that given Mr Johnson's experience and familiarity with the Group, and the fact that the Audit Committee Chairman, Mr Duffy, was recently appointed to the Board, Mr Johnson should remain on the Audit Committee until 2 March 2016, at the latest. Until that date, the Company will not comply with the provisions of paragraph C.3.1. of the Corporate Governance Code, which requires all members of the Audit Committee to be independent non-executive Directors.
- c) John R. Wilson, who is not considered to be an independent Non-Executive Director as he is a principal of Indigo, is a member of the Remuneration Committee. The Board considers that given Mr Wilson's experience and familiarity with the Group, and the fact that the Remuneration Committee Chairman, Mr Demuynck, was recently appointed to the Board, Mr Wilson should remain on the Remuneration Committee until 2 March 2016, at the latest. Until that date, the Company will not comply with the provisions of paragraph D.2.1. of the Corporate Governance Code, which requires all members of the Remuneration Committee to be independent non-executive Directors.

The Board considers that it and the Company have, from the period from the admission of its shares to the premium segment of the Official List on 2 March 2015 to 31 March 2015, complied with the UK Corporate Governance Code (September 2012) which is the version of the Code which applies to the Company for its 2015 financial year, save as set out above. The Code is issued by the Financial Reporting Council and is available for review on the Financial Reporting Council's website: www.frc.org.uk.

Our key shareholders

As at 31 March 2015, the Company had been notified that the following Shareholders held more than 3% of the Company's issued Ordinary Shares:

Indigo Hungary LP	9.90%
Capital Research & Management	7.97%
Old Mutual Global Investors (UK) Ltd	5.60%
Fidelity Management & Research Co	5.49%
Váradi J. J.	4.58%
PAR Capital Management Inc	4.31%
Eurohand Zrt	3.75%

As at 21 April 2015, being the latest practicable date before the approval of the Annual Report and Accounts, the Company had been notified that the following Shareholders held more than 3% of the Company's issued Ordinary Shares:

Indigo Hungary LP	9.90%
Fidelity Management & Research Co	9.06%
Capital Research & Management	7.97%
Old Mutual Global Investors (UK) Ltd	5.79%
Váradi J. J.	4.58%
PAR Capital Management Inc	4.73%
Eurohand Zrt	3.75%
Standard Life Investments Ltd	3.27%

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE CONTINUED

Our key shareholders continued

Changes in interests that have been disclosed to the Company since 21 April 2015 can be found at the Regulatory News section of the Investor Relations page of the Company's corporate website: http://corporate.wizzair.com/en-GB/investor_relations/news/press_releases

Our relationship with Indigo

On 31 March 2015, Indigo (Indigo Hungary LP and Indigo Maple Hill together) held 12.89% of the Company's issued Ordinary Shares, as well as 48,830,503 convertible shares. The convertible shares do not have any right to participate in the Company's profits and are, save in very limited circumstances, non-voting. These limited circumstances include the consideration of a resolution for the winding-up of the Company or the variation of the rights attaching to the Convertible Shares or any variation of the rights attaching to the Ordinary Shares into which the Convertible Shares may be converted.

Each convertible share may be converted into one Ordinary Share, as long as the ownership of the Company remains compliant with applicable EU ownership and control rules. Indigo also holds a number of convertible notes which may be converted into Ordinary Shares, again provided that the Company's ownership remains compliant with EU ownership and control rules. The Company, Wizz Air Hungary Ltd. and Indigo entered into a new note purchase agreement on 24 February 2015 which governs the terms of these convertible notes. Our Chairman, William A. Franke, is the managing partner of Indigo.

According to the Listing Rules, any person who exercises or controls the exercise, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as "controlling shareholders". The UK Listing Authority takes the view that, in the circumstances, Indigo is a controlling shareholder for these purposes. The Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement which is intended to ensure that the controlling shareholder complies with certain independence provisions. The agreement must contain undertakings that:

- a) transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- b) neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- c) neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Wizz Air entered into a relationship agreement with Indigo dated 24 February 2015. The key terms of this relationship agreement are set out below.

Independence

Indigo has undertaken to exercise its voting powers in relation to the Company to ensure that the Company is capable of operating and making decisions for the benefit of the shareholders of the Company as a whole and independently of Indigo at all times. In addition, Indigo has undertaken that it will not, and will procure that none of its associates will, (a) take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules and (b) propose or procure the proposal of a Shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Board

Indigo may nominate: (a) three Directors to the Board if Indigo and its associates hold in excess of 30 per cent. of the fully converted share capital of the Company (i.e. assuming the conversion in full of all Convertible Shares and Convertible Notes); (b) two Directors to the Board if Indigo and its associates hold in excess of 20 per cent. of the fully converted share capital or (c) one Director to the Board if Indigo and its associates hold in excess of ten per cent. of the fully converted share capital (each an "Indigo Director"). If Indigo and/or its associates no longer hold at least 30, 20 or ten per cent., respectively, of the fully converted share capital of the Company, then Indigo has agreed to procure, in so far as it is legally able to do so, that the appropriate number of Indigo Directors resigns from the Board unless a majority of the independent Directors resolve that any Indigo Director should remain on the Board.

Indigo may not nominate any person to be an Indigo Director whose re-election has been proposed to, but not approved by, the holders of Ordinary Shares in general meeting, or who has been removed from office by a resolution of the holders of Ordinary Shares.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE CONTINUED

Our key shareholders continued

Our relationship with Indigo continued

Board continued

Indigo may also nominate one Indigo Director to each of the Audit Committee and the Remuneration Committee until the earlier of (a) twelve months from Admission or (b) Indigo and its associates ceasing to hold at least ten per cent. of the fully converted share capital of the Company.

The Board shall manage the Company independently of Indigo in accordance with the Articles, the Listing Rules and applicable law. The parties have also agreed that at least half of the Board (excluding the chairman) shall comprise independent Non-Executive Directors, the Nomination Committee shall consist of a majority of independent Directors and, save as set out in the paragraph above, the Remuneration and Audit Committees shall consist only of independent Directors.

Arm's length transactions

All transactions and relationships between the Company and Indigo or any of their associates shall be conducted at arm's length, on a normal commercial basis and in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules.

Provision of information and confidentiality

Indigo shall, subject to the Company's obligations under all applicable laws (including, without limitation, the Listing Rules and the Disclosure and Transparency Rules), be provided with financial, management and/or other information relating to any member of the Group as Indigo (or any of its associates) may reasonably require for the purposes of any internal or external reporting requirements which the relevant party is required by internal compliance, law or regulation to make. Indigo may disclose any such financial, management and/or other information to its associates provided that (a) Indigo will (and will procure that any associate to whom any information is passed) keep confidential any such information, (b) such information does not include information relating to any transaction between the Company and Indigo or any of their associates obtained as a result of an Indigo Director's position as a Director, (c) disclosure would not result in the breach by the Company of the Disclosure and Transparency Rules or require the Company to make a public announcement and (d) the name of such persons to whom information is disclosed is added to the Company's insider list.

Confirmation regarding compliance

The Board confirms that, since the entry into the relationship agreement, on 24 February 2015 until 26 May 2015, being the latest practicable date prior to the publication of this report:

- a) the Company has complied with the independence provisions included in the relationship agreement; and
- b) so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by Indigo.

Engaging with our Shareholders

Wizz Air recognises the need to engage with our Shareholders. Prior to the IPO, the Chief Executive Officer and the Chief Financial Officer met with a number of potential investors during a roadshow. A number of those potential investors participated in the IPO and are now Shareholders.

The Company's Investor Relations department will arrange a number of meetings and roadshows, timed around the release of financial results, with investors. The Chairman and Senior Independent Non-Executive Director will be available to answer questions from key investors at the Annual General Meeting.

A report on Investor Relations is presented by the Chief Financial Officer at each Board meeting, during which feedback from meetings held by senior management with investors is provided. The Board is supplied with copies of analysts' and brokers' briefings as they are received.

During the course of the 2016 financial year, the Company will consider arrangements to allow the Chairman and Senior Independent Non-Executive Director to meet with key investors.

MANAGEMENT OF THE COMPANY

The Board of Directors

Effective oversight of Wizz Air's business is the key function of the Board. Key to this oversight is the approval of the Company's long-term strategy and commercial objectives and these matters are reserved to the Board, along with the approval of annual operating and capital expenditure budgets and any changes thereto. Other key areas also reserved to the Board include financial reporting and controls, internal controls, the review and approval of key contracts, Board membership, the remuneration of Directors and senior executive employees, corporate governance and the review of safety issues.

Board membership

Wizz Air's Board currently comprises one Executive and seven Non-Executive Directors, which the Directors consider to be an appropriate Board structure. The current Directors bring a wealth of experience from both the worldwide aviation industry as well as other international industries and, so, together bring to the Company an appropriate breadth, depth and balance of skills, knowledge, experience and expertise. The Directors who have served since the beginning of the 2015 financial year are:

Name	Position	Committee Membership
Executive Director		
József Váradi	Chief Executive Officer	
Non-Executive Directors		
William A. Franke	Chairman	Nomination Committee
Thierry de Preux	Non-Executive Director	Remuneration Committee
Guido Demuyneck	Non-Executive Director	Remuneration Committee
Simon Duffy	Non-Executive Director	Audit Committee, Nomination Committee
Stephen L. Johnson	Non-Executive Director	Audit Committee
John McMahon	Non-Executive Director, Senior Independent Director	Audit Committee, Nomination Committee
John R. Wilson	Non-Executive Director	Remuneration Committee
John Tierney (retired on 6 August 2014)	Non-Executive Director	
Heather Lawrence (retired on 3 October 2014)	Non-Executive Director	

William A. Franke, Chairman

Mr Franke has been Chairman of Wizz Air since 2004. The Chairman's role is to lead the Board and ensure that it operates effectively. Mr Franke is the founder and managing partner of Indigo, a private equity fund focused on air transportation, and chairman of Frontier Airlines, Inc. From 1998 to 2001, Mr Franke was a managing partner of Newbridge Latin America, a private equity fund focused on Latin America. Mr Franke was the chairman and chief executive officer of America West Airlines from 1993 to 2001 and currently serves on the board of directors of Concesionaira Vuela Compañía de Aviación, S.A. de C.V., a Mexican airline that does business as Volaris. He served as chairman of Spirit Airlines Inc., a United States airline, from 2006 to 2013 and Tiger Aviation Pte. Ltd, a Singapore-based airline, from 2004 to 2009, and held directorships in Alpargatas S.A.I.C, an Argentina-based footwear and textiles manufacturer, from 1996 to 2007, and Phelps Dodge Corporation, a mining company, where he served as the lead outside director for several years, from 1980 to 2007. He has in the past served on a number of publicly listed company boards of directors including ON Semiconductor, Valley National Corporation, Southwest Forest Industries and the Circle K Corporation. Mr Franke has both undergraduate and law degrees from Stanford University and an honorary PhD from Northern Arizona University.

József Váradi, Chief Executive Officer

Mr Váradi was one of the founders of Wizz Air in 2003. Mr Váradi worked at Procter & Gamble for ten years between 1991 and 2001, and became sales director for global customers where he was responsible for major clients throughout eleven EU countries. He then joined Malév Hungarian Airlines, the Hungarian state airline, as chief commercial officer in 2001, before serving as its chief executive officer from 2001 to 2003. He has also held board memberships with companies such as Lufthansa Technik Budapest (supervisory board, 2001-2003) and Mandala Airlines (board of commissioners, 2007-2011). In 2007, Mr Váradi won the Ernst & Young Hungary "Brave Innovator" award. Mr Váradi holds a master's degree in economics from the Budapest University of Economic Sciences and a master's degree in law from the University of London.

The Board of Directors continued**Board membership continued****Thierry de Preux, Non-Executive Director**

Mr de Preux was a founding shareholder of Wizz Air in 2003 and joined the Board in 2012. A qualified chemical engineer, Mr de Preux completed his master of business administration at Harvard Business School and went on to become a general manager at the Nestlé Group. He subsequently spent 17 years as the head of the Swiss division of Korn/Ferry International, where he specialised in board consulting and recruitment. In 2008, Mr de Preux founded the Swiss Board Members Forum, an association including board members of the 20 largest companies on the Swiss Market Index.

Guido Demuynck, Non-Executive Director

Mr Demuynck joined the Board in February 2014. Mr Demuynck spent more than 25 years with Koninklijke Philips N.V., holding various roles including general manager, portable audio business line, general manager, audio business group and marantz and chief executive, consumer electronics (as a member of the group management committee of Royal Philips Electronics and senior vice president). He then held the positions of board member, responsible for mobile division at KPN (Koninklijke) N.V. and chief executive of Kroymans Corporation B.V. and Liquavista B.V. Mr Demuynck is currently a member of the supervisory board and chairman of the remuneration committee of TomTom N.V., a member of the board of directors and of the audit committee of Belgacom N.V., a member of the supervisory board of each of Teleplan International N.V., Divitel Holding B.V. and Aito B.V. and chairman of the audit committee of Belgacom SA. Mr Demuynck has a master's degree in applied economics (magna cum laude) from the University of Antwerp and a master's degree in marketing and distribution (magna cum laude) from the University of Gent.

Simon Duffy, Non-Executive Director

Mr Duffy joined the Board in January 2014. Mr Duffy started his career at NM Rothschild & Sons Ltd and has held positions at Shell International Petroleum Co, Bain & Co, Consolidated Gold Fields Plc, Guinness Plc, Thorn EMI Plc (where he held the position of deputy chairman and group finance director), World Online International B.V. (where he held the position of deputy chairman and chief executive), End2End AS (where he held the position of chief executive), Orange SA (where he held the position of chief financial officer), ntl: Telewest Inc. (where he held the position of executive vice chairman) and Tradus Plc (where he held the position of executive chairman). Mr Duffy has extensive London Stock Exchange non-executive director experience. He has sat on the board of, amongst others, Gartmore Plc, HMV Group Plc, GWR Group Plc and Imperial Tobacco Plc. He is currently chairman of You View Ltd., which is a joint venture between British Telecom, TalkTalk and all the leading broadcasters in the United Kingdom and chairman of M Blox Inc. He is a non-executive director of Oger Telecom, a Middle East telecommunications company, and of Modern Times Group AB, one of Europe's largest broadcasting companies listed on the Stockholm Exchange, where he is chairman of the audit committee. Mr Duffy has a BA in philosophy, politics and economics from Oxford University and an MBA from Harvard Business School.

Stephen L. Johnson, Non-Executive Director

Mr Johnson joined the Board in 2004, left the Board in 2009 and was re-appointed as a Non-Executive Director in 2011. Mr Johnson is executive vice president, corporate affairs for American Airlines Group Inc. and its principal subsidiary, American Airlines, Inc. Previously, Mr Johnson served as executive vice president, corporate and government affairs for US Airways. Prior to joining US Airways in 2009, Mr Johnson was a partner at Indigo from 2003 to 2009. Between 1995 and 2003, Mr Johnson held a variety of positions with America West Holdings Corporation prior to its merger with US Airways Group, including executive vice president, corporate. Prior to joining America West, Mr Johnson served as senior vice president and general counsel at GPA Group plc, an aircraft leasing company, and as an attorney at Seattle-based law firm Bogle & Gates where he specialised in corporate and aircraft finance and taxation. Mr Johnson earned his MBA and Juris Doctor from the University of California, Berkeley, and a bachelor of arts in economics from California State University, Sacramento.

MANAGEMENT OF THE COMPANY CONTINUED**The Board of Directors continued****Board membership continued****John McMahon, Non-Executive Director**

Mr McMahon has been a member of the Board since 2012. He has more than 25 years of experience in commercial aviation. He joined Aer Lingus in 1986, moved to GPA Group plc in 1990 and transferred to GECAS upon its formation in 1993. Later, he held senior management positions at debis AirFinance B.V. and Lloyds TSB Bank plc. In 2006, he led the initial public offering and New York Stock Exchange listing of Genesis Lease Limited, an aircraft leasing company, where he served as chairman and Chief Executive Officer until its merger with AerCap Holdings N.V. in 2010. Since then, he has served as a consultant, director and lecturer. His non-executive directorships include Airspeed Limited, BNP Paribas Ireland, Investec Aircraft Syndicate Limited, Turbine Engines Securitization Limited and Waypoint Leasing Limited. Mr McMahon holds a bachelor of engineering degree from the National University of Ireland, Galway and post-graduate diplomas in accounting and finance (Association of Chartered Certified Accountants) and computer modelling and simulation (Trinity College Dublin). He completed the Advanced Management Program at Harvard Business School and is a Chartered Director of the Institute of Directors.

John R. Wilson, Non-Executive Director

Mr Wilson has been a member of the Board since 2005 and a principal of Indigo since 2004. Mr Wilson is a member of the board of directors of Frontier Airlines, Inc., together with its holding companies, Frontier Airlines Holdings, Inc. and Falcon Acquisition Group, Inc. Prior to that he served at America West Airlines from 1997 to 2004 as the vice president of financial planning and analysis, vice president of operations finance and other senior finance positions. From 1991 to 1997 he was employed by Northwest Airlines where he last served as director of finance for Asian operations based in Tokyo, Japan. Mr Wilson served on the board of Spirit Airlines Inc. from 2009 to 2013 and served on the board of Vuela Compañía de Aviación, S.A.P.I. de C.V. from 2010 to 2012. Mr Wilson has an MBA from the Darden School of Business at the University of Virginia and an undergraduate degree in finance from Texas Tech University.

Independence

The UK Corporate Governance Code recommends that at least half the members (excluding the chairman) of the board of directors of a company with a premium listing should be non-executive directors, determined by the Board to be independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment.

The Board has considered the independence of the Company's Non-Executive Directors and has concluded that:

- a) William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code, given that he is the managing partner of Indigo (a significant shareholder). However, given the benefits for the Company of his recognised experience in the airline industry, the Board believes that it is in the Company's best interest that Mr Franke should continue as Chairman of Wizz Air.
- b) Stephen L. Johnson is not considered to be an independent Non-Executive Director given his past position with Indigo. He is also a member of the Audit Committee. The Board considers that given Mr Johnson's experience and familiarity with the Group, and the fact that the Audit Committee Chairman, Mr Duffy was recently appointed to the Board, Mr Johnson should remain on the Audit Committee until no later than 2 March 2016.
- c) John R. Wilson is not considered to be an independent Non-Executive Director as he is a principal of Indigo. He is also a member of the Remuneration Committee. The Board considers that given Mr Wilson's experience and familiarity with the Group, and the fact that the Remuneration Committee Chairman, Mr Demuynck, was recently appointed to the Board, Mr Wilson should remain on the Remuneration Committee until no later than 2 March 2016.

Other than William A. Franke, John R. Wilson and Stephen L. Johnson, the Company regards all of its Non-Executive Directors, namely, Guy Demuynck, Simon Duffy, Thierry de Preux and John McMahon, as independent Non-Executive Directors within the meaning of "independent" as defined in the Corporate Governance Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. Accordingly, the Company complies with the requirement of the Corporate Governance Code that at least half of the board (excluding the chairman) of a company with a premium listing should comprise independent non-executive directors.

MANAGEMENT OF THE COMPANY CONTINUED**The Board of Directors continued****Senior Independent Non-Executive Director**

The Corporate Governance Code recommends that the Board should appoint one of its independent Non-Executive Directors as the Senior Independent Non-Executive Director. The Senior Independent Non-Executive Director should be available to Shareholders if they have concerns that contact through the normal channels of the Chairman or Chief Executive Officer has failed to resolve or where such contact is inappropriate. John McMahon has been appointed as the Company's Senior Independent Non-Executive Director.

Senior Executive management team

The Chief Executive Officer and senior management team are responsible for the management of the Group's business and implementation of the Group's strategy on a day-to-day basis.

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

Name	Position
John Stephenson	Executive Vice President
Mike Powell	Chief Financial Officer
György Abrán	Chief Commercial Officer
Diederik Pen	Chief Operations Officer
Owain Jones	Chief Corporate Officer

John Stephenson, Executive Vice President

Mr Stephenson joined Wizz Air as Chief Commercial Officer in 2006, becoming Executive Vice President in 2009. He joined Wizz Air from easyJet, where he worked from 1997 to 2006 as head of yield management, head of revenue and scheduling, head of network development and, from 2005 to 2006, as acting commercial director. Prior to joining easyJet, Mr Stephenson worked for MVA Consultancy from 1991 to 1997 as a consultant in the transport and financial fields. Mr Stephenson holds a bachelor of science in mathematics for decision making from the University of Brighton.

Mike Powell, Chief Financial Officer

Mr Powell joined Wizz Air as Chief Financial Officer in 2007. Mr Powell was previously head of aviation research at Dresdner Kleinwort Wasserstein (1999 to 2007), SG Securities (1998 to 1999) and Natwest Securities (1993 to 1998). Mr Powell also worked at National Provident Institution as an equity analyst and fund manager from 1989 to 1992. Mr Powell holds a bachelor in science in management sciences from the University of Manchester Institute of Science and Technology.

György Abrán, Chief Commercial Officer

Mr Abrán joined Wizz Air in 2004 as Head of Pricing and Revenue Management and became Chief Commercial Officer in 2009. Mr Abrán joined Wizz Air from McKinsey & Company, where he spent seven years, initially as a business analyst and then as an engagement manager. His experience from McKinsey covers a wide range of geographies and industries and includes around two years of aviation-related engagements. Mr Abrán holds an engineering degree in computer science from the Technical University of Cluj and a master of arts in economics from a joint programme of the University of Essex and Central European University.

Diederik Pen, Chief Operations Officer

Mr Pen joined Wizz Air in January 2013 as Chief Operations Officer, becoming Accountable Manager in September 2013. He was formerly the chief executive officer and chief operating officer of Martinair Holland. Prior to joining Martinair Holland in 2006, Mr Pen worked for Virgin Blue Airlines in Australia from 2002 to 2006 as head of ground operations, for Brisbane Airport Corporation in Australia as general manager of commercial services and for Amsterdam Airport Schiphol as manager of commercial services. Mr Pen has a master of business administration in business economics from the University of Amsterdam.

Owain Jones, Chief Corporate Officer

Mr Jones joined Wizz Air as General Counsel in 2010 and was promoted to Chief Corporate Officer in June 2014. Mr Jones is a solicitor of the Supreme Court of England and Wales. Having trained at Nicholson Graham & Jones (1994 to 1996), Mr Jones joined Wilde Sapte (now Dentons LLP) in 1996 as a solicitor in its aviation group, specialising in finance and regulatory matters. He spent time in the firm's Paris and Hong Kong offices before being appointed a partner in 2006, following which he spent three years in the firm's Abu Dhabi office, becoming acting managing partner of the office. He left the firm in 2009 to spend 18 months training for a frozen air transport pilot's licence with CTC Aviation Training. Mr Jones holds a bachelor of law degree from University College London.

MANAGEMENT OF THE COMPANY CONTINUED**Board Committees**

The Directors have established an Audit Committee, a Remuneration Committee and a Nomination Committee. The members of these committees are appointed principally from among the independent Directors and all appointments to these committees shall be for a period of one year. The terms of reference of the committees have been drawn up in accordance with the provisions of the Corporate Governance Code. A summary of the terms of reference of the committees is set out below.

Each committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties, in each case at the Company's expense.

Audit Committee

The Audit Committee's duties, as set out in its terms of reference, include:

- a) monitoring the integrity of the Company's financial statements of the Company, including its annual and semi-annual reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance;
- b) reviewing significant financial reporting issues and judgments which they contain having regard to matters communicated to it by the auditors;
- c) where requested by the Board, reviewing the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy;
- d) keeping under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- e) reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
- f) monitoring and reviewing the effectiveness of the Company's Internal Audit function in the context of the Company's overall risk management system;
- g) considering and approving the remit of the Internal Audit function and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Audit Committee shall also ensure the Internal Audit function has adequate standing and is free from management or other restrictions;
- h) meeting the Company's head of the Internal Audit function at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the Audit Committee shall ensure that the Company's head of the Internal Audit function has the right of direct access to the Chairman, the Audit Committee Chairman and to the rest of the Committee, and is accountable to the Committee;
- i) considering and making recommendations to the Board, to be put to Shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Committee shall oversee the selection process for new auditors and if auditors resign, the Committee shall investigate the issues leading to this and decide whether any action is required;
- j) overseeing the relationship with the external auditors including (but not limited to):
 - I. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the external auditors as a whole, including the provisions of any non-audit services; and
 - II. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Company (other than in the ordinary course of business) which could adversely affect the auditors' independence and objectivity;
- k) meeting regularly with the external auditors, including once at the planning stage before the audit and once after the audit at the reporting stage. The Audit Committee shall meet the external auditors at least once a year, without management being present, to discuss their remit and any issues arising from the audit;

Board Committees continued**Audit Committee continued**

- l) reviewing and approving the annual audit plan and ensuring that it is consistent with the scope of the audit engagement having regard to the seniority, expertise and experience of the audit team; and
- m) reviewing the findings of the audit with the external auditors. This shall include but not be limited to the following:
 - I. a discussion of any major issues which arose during the audit;
 - II. any accounting and audit judgments;
 - III. levels of errors identified during the audit; and
 - IV. the effectiveness of the audit process.

The Corporate Governance Code recommends that the Audit Committee should comprise at least three members, who should all be independent Non-Executive Directors, and that at least one member should have recent and relevant financial experience. The membership of the Company's Audit Committee comprises three members, namely Simon Duffy, Stephen L. Johnson and John McMahon, all of whom apart from Stephen L. Johnson are independent Non-Executive Directors. No members of the Audit Committee have links with the Company's external auditors. Mr Duffy is considered by the Board to have recent and relevant financial experience and is Chairman of the Audit Committee, a position to which he was appointed on 24 July 2014, following his predecessor Mr Tierney's resignation as a Director in accordance with the provisions of a noteholders' and shareholders' agreement then in place.

The Company therefore considers that it complies with the Corporate Governance Code recommendation regarding the composition of the Audit Committee other than in respect of Stephen L. Johnson's position on that committee. Mr Johnson will be replaced as a member of the Audit Committee by no later than 2 March 2016.

The Audit Committee will formally meet at least three times per year and otherwise as required. The Chief Executive Officer, other Directors and representatives from the finance function may attend and speak at meetings of the Audit Committee. The Company's external auditors and Chief Financial Officer will be invited to attend meetings of the Audit Committee on a regular basis. Following each meeting, the Chairman of the Audit Committee reports to the Board on the significant items discussed during the Audit Committee's meeting. The Audit Committee met on seven occasions during the 2015 financial year. In addition to the formal meetings, the Audit Committee is in regular contact with relevant management in connection with, for example, the implementation of the Group's hedging strategy.

Remuneration Committee

On 2 March 2015, the Remuneration Committee replaced the Company's previous Compensation Committee, which was chaired by William A. Franke and the members of which were Guido Demuynck, Thierry de Preux and John R. Wilson.

The Remuneration Committee is responsible for setting the remuneration policy for all Executive Directors and the Chairman, including pension rights and any compensation payments, and recommending and monitoring the remuneration of the senior managers. Non-Executive Directors' fees are determined by the full Board.

The objective of the Company's remuneration policy is to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to the views of Shareholders and other stakeholders.

The Remuneration Committee is also responsible for making recommendations for the grants of awards under the Company's share option schemes. In accordance with the Remuneration Committee's terms of reference, no Director may participate in discussions relating to his own terms and conditions of remuneration.

The Corporate Governance Code provides that the Remuneration Committee should comprise at least three members, all of whom should be independent Non-Executive Directors. The membership of the Company's Remuneration Committee comprises three members, namely Guido Demuynck, John R. Wilson and Thierry de Preux, all of whom apart from John R. Wilson are independent Non-Executive Directors. The Chairman of the Remuneration Committee is Mr Demuynck, who took up his appointment on 2 March 2015 following completion of the Company's initial public offering.

MANAGEMENT OF THE COMPANY CONTINUED

Board Committees continued

Remuneration Committee continued

The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee other than in respect of John R. Wilson's position on that committee. Mr Wilson will be replaced as a member of the Remuneration Committee no later than 2 March 2016.

The Remuneration Committee meets formally at least twice each year and otherwise as required. Following its establishment, there was one meeting of the Remuneration Committee during the 2015 financial year, although there were also four meetings prior to 2 March 2015 of the Company's former Compensation Committee during that financial year.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters. While a number of Directors were initially appointed to the Board under investor appointment rights, the most recent appointments of Simon Duffy and Guy Demuynck were conducted through Korn/Ferry, which has no other connections with the Company.

The Corporate Governance Code provides that a majority of the members of the Nomination Committee should be independent Non-Executive Directors. The Company's Nomination Committee is comprised of three members, namely William A. Franke, John McMahon and Simon Duffy. The Chairman of the Nomination Committee is Mr Franke. The Company therefore considers that it complies with the Corporate Governance Code's recommendations regarding the composition of the Nomination Committee.

The Company recognises the importance to the Company of diversity, including gender equality. The Company's Code of Ethics is unequivocal that discriminatory practices will not be tolerated and that people will be judged on the basis of their performance and ability to do their jobs and not on any other basis. In addition, the Nomination Committee intends to work further on developing a policy to ensure that, when the opportunity presents itself, diversity is properly reflected in the Board and in the Company's senior management.

The Nomination Committee is scheduled to meet formally at least twice a year and otherwise as required. As a newly constituted committee, there were no meetings of the Nomination Committee during the 2015 financial year.

Attendance at Board meetings

The following table sets out the attendance by Director at the Board and committee meetings held during the 2015 financial year.

	Board	Audit	Remuneration	Compensation*
Executive Director				
József Váradi	13/13	7/7**	1/1*	4/4*
Non-Executive Directors				
William A. Franke	13/13			4/4
Guido Demuynck	13/13		1/1	4/4
Simon Duffy	10/13	6/7		
Thierry de Preux	13/13		1/1	4/4
Stephen L. Johnson	12/13	7/7		
John McMahon	12/13	7/7		
John R. Wilson	13/13		1/1	4/4
John Tierney***	5/5	2/2		
Heather Lawrence****	6/6			2/2

* The Compensation Committee was replaced by the Remuneration Committee at completion of the IPO.

** The Executive Director was invited to attend these various committee meetings in order to discuss certain matters but did not have a vote.

*** John Tierney retired as a Director on 6 August 2014

**** Heather Lawrence retired as a Director on 3 October 2014.

Board procedures

At least five Board meetings are scheduled during each financial year. At these meetings, the Directors meet with senior executives to receive detailed updates on Wizz Air's business and operations. Prior to these meetings, each Director receives an information pack containing a comprehensive review of the Company's business as well as detailed proposals for approval of transactions and development falling within the Board's remit. The Company believes that this enables each Director properly to discharge his or her responsibilities. At each Board meeting, Directors who have a conflict of interest in any agenda item declare that interest and are not entitled to vote on that agenda item.

A number of key strategic and commercial decisions require Board approval and, as and when any such decision is needed, an ad hoc telephone Board meeting may be arranged. In general, therefore, it is anticipated that there will be around ten Board meetings in total during each financial year.

Newly appointed Non-Executive Directors meet with the Company's senior management and visit Wizz Air's operational headquarters to ensure that they have a thorough understanding of the Company's business.

Wizz Air maintains directors' and officers' liability insurance. This insurance covers any claim that may be brought against the Directors in the exercise of their duties.

The Company has adopted a Share Dealing Policy that reflects and incorporates the provisions of the UK Listing Authority's Model Code. As a consequence, the Directors as well as certain designated employees must obtain clearance from the Company's Chairman before dealing in the Company's shares and are prohibited from dealing at all during certain periods as set out in the Model Code. It is proposed that, in accordance with the recommendations of the UK Corporate Governance Code, all Directors will offer themselves for re-election at the Annual General Meeting.

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE

"I took over as Chair of Wizz Air's Audit Committee on 24 July 2014. The Audit Committee played a key role in working with the Company's Reporting Accountants, PricewaterhouseCoopers LLP, during the recent initial public offering (IPO) to assess the adequacy and effectiveness of the Company's control and corporate governance processes. One of the key issues that the Audit Committee looked at was the effectiveness of the Company's risk assessment and monitoring, particularly in the context of control processes and the robustness of the internal and external audit processes.

Over the coming year, the Audit Committee will implement recent changes in the UK Corporate Governance Code and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014. The Audit Committee will ensure that a robust assessment of principal risks is carried out and will assess how these risks are managed and mitigated, working closely with the Company's existing Internal Audit function."

Main activities of the Audit Committee during the 2015 financial year **Materials and documents related to the Company's initial public offering**

The Audit Committee worked closely with the reporting accountants in connection with the financial statements and other documentation produced for the purposes of the Company's IPO. A number of meetings were held between the reporting accountants and the Audit Committee to discuss the contents of the working capital report, the long form report, the short form report and the report on financial position and prospects procedures. The Audit Committee was also responsible for giving the Board assurance on the audit procedures leading up to the IPO.

Risk management

The Audit Committee is tasked with ensuring that the Board has adequate oversight of risk management and that it deems the controls sufficient and effective.

The Company's Internal Audit function conducts an annual risk assessment exercise involving senior management from the level of heads of function upwards. Based on this risk assessment exercise, a risk register is compiled showing risk description, inherent risk, mitigating measures and residual risk. Consideration is then given to which areas can be efficiently improved in line with the Company's risk appetite.

This risk register is then used to develop an Internal Audit Plan for the year, which is approved by the Audit Committee. Internal audits are performed by Deloitte and the Head of Internal Audit, who has direct responsibility to the Chairman of the Audit Committee as well as a reporting line to the Company's Chief Executive Officer.

Following completion of an internal audit, a report is compiled which sets out the findings, makes recommendations for control improvement and presents the improvement actions undertaken by management. Internal audit reports are submitted and presented to the Audit Committee for approval. The Chairman gives a report of the internal audit reports completed in a particular period to the full Board.

Internal Audit then follows up the completion of the actions and reports back to the Audit Committee on the status. A process for verifying the effective application of the controls that are put in place has also been started. The Audit Committee will work to ensure that the Company continues to develop effective risk assessment and management processes.

Financial information

The Audit Committee reviews and approves all interim and final financial statements, as well as the content of the Company's annual report. The Company's external auditors provide the Audit Committee with a briefing on any issues arising. The Audit Committee will also review and approve any regulatory announcements that will be made in connection with such financial information. It is only after the Audit Committee's approval that the statements are put to the Board for approval.

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE CONTINUED

Main activities of the Audit Committee during the 2015 financial year continued

Relationship with external auditors

The Audit Committee has approved the fees to be paid and the external audit plan for the 2015 financial year and reviewed the report of the auditor on the audit performed.

The Audit Committee will consider the appointment of external auditors for the financial year ending 31 March 2016 and the Directors will propose a resolution in this respect for the forthcoming annual general meeting of the Company.

The Audit Committee ensures the independence of the Company's external auditors. The Audit Committee considered the fees paid to the external auditor during the year. The relatively high fees paid for non-audit services were due to the IPO project of the Company and are not expected to re-occur in the future.

Significant matters relating to the annual report

In the course of the preparation of the Company's financial statements, the following issues were considered by the Audit Committee:

- ▶ Maintenance accounting: The Audit Committee satisfied itself that the policy and the procedures established in this area in earlier years were followed in the year consistently, including the regular updates to estimates and judgments and the maintenance of the system supporting the calculations. The Audit Committee considered the issue of a significant contract amendment in progress with a key service provider in the area of heavy maintenance and concurred with the conclusion of management and the auditor that it is a non-adjusting event for the current year.
- ▶ Hedging: During the year the Audit Committee has overseen a significant increase in the hedging volume of the Group, including the introduction of caps (options) as a new instrument for fuel hedging. The Audit Committee reviewed the accounting for the time value of hedges as this was the first occasion when the time value of open hedge positions was a material number.
- ▶ Convertible debt: Management and the auditor proposed a historic adjustment in the accounting for convertible debt instruments (as shown in Note 5 to the financial statements). The Audit Committee concurred with the prior year restatement and satisfied itself that the issues leading to the error were isolated several years before the current period.
- ▶ IPO: The IPO of the Company brought with itself a number of complex and/or material one-off transactions in the areas of share capital, transaction costs, convertible debt instruments and share options. The Audit Committee reviewed and agreed to the technical treatment proposed by management.
- ▶ Wizz Air Ukraine: The Group announced in March the discontinuation of Wizz Air Ukraine operations with effect from 20 April 2015. This decision required a number of considerations both in technical accounting treatment and in presentation of the effects of the transaction. The Audit Committee was satisfied with the treatment adopted, including the presentation of the arising one-off non-cash gain as an exceptional item in the statement of comprehensive income.

Simon Duffy

Chairman of the Audit Committee

DIRECTORS' REMUNERATION REPORT

“Wizz Air is proud of the first set of results delivered as a listed company. The Remuneration Committee believes that, to ensure that the Company’s business continues to be run in the best interests of Shareholders, the Chief Executive Officer and other senior management should be competitively remunerated but that a significant proportion of the remuneration should be performance based, taking into account both the Company’s financial and operational performance as well as individual performance.

The Remuneration Committee will ensure that remuneration remains competitive while not being more than is necessary to attract, retain and motivate executive management of the quality required to run the Company successfully. In order to ensure that this is the case, the Remuneration Committee has worked with Towers Watson to benchmark executive remuneration against a number of comparator companies and we intend to continue to benchmark in the coming years.

During the 2015 financial year, the key major decision taken in connection with Directors’ remuneration was the adoption of a new long-term incentive plan, which affects any Executive Director of the Company. Details of this long term incentive plan are set out on page 55. The long-term incentive plan reflects the aim of the Remuneration Policy that an Executive Director should be incentivised to deliver successfully the Company’s strategy and that his or her interests should be aligned with those of the Shareholders. However, no award has yet been made under the new long-term incentive plan as it became effective only following completion of the IPO. No other substantial changes were made to Directors’ remuneration during the 2015 financial year.

Finally, I would note that, while the Company is incorporated in Jersey, we have chosen voluntarily to comply in all material respects with the provisions of the UK Companies Act 2006 and related regulations with regards to the Directors’ remuneration report and remuneration policy, underlining the Company’s commitment to adopt best corporate governance practice.”

Guy Demuynck

Chairman of the Remuneration Committee

Background

The Remuneration Committee is responsible for setting the remuneration policy for all Executive Directors and the Chairman, including pension rights and any compensation payments, and recommending and monitoring the remuneration of the senior managers. Non-Executive Directors' fees are determined by the full Board. The Remuneration Committee and the Board have, in the past, been advised by Towers Watson in setting appropriate remuneration levels. The Remuneration Committee is satisfied that Towers Watson offers impartial and objective advice and brings a high degree of expertise to the Remuneration Committee's discussions. During the 2015 financial year, Towers Watson assisted the Remuneration Committee in developing the long term incentive plan. Towers Watson received fees totalling just over GBP 40,000 for this work.

Our principle consideration when determining the remuneration policy is to ensure that it supports our Company strategy and business objectives, as well as to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary.

In the selection of performance measures for both the annual performance bonus and long-term incentive plan the Committee takes into account the Group's strategic objectives and short and long-term business priorities. The performance targets are set in accordance with the Group's annual operating plan and are reviewed annually to ensure that they are sufficiently stretching. In selecting the targets the Committee also takes into account analysts' forecasts, economic conditions and the Committee's expectation of performance over the relevant period.

A summary of the Remuneration Committee's terms of reference can be found on our corporate website, corporate.wizzair.com. The current members of the Remuneration Committee are Guy Demuynck, John R. Wilson and Thierry de Preux. Further details about the Remuneration Committee are set out on pages 41 to 42 of the Corporate Governance Report.

Remuneration policy**Introduction**

This section of the Directors' Remuneration Report has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the Regulations), which the Company has chosen to comply with in all material respects as a matter of best practice. It sets out the Remuneration Policy, which will be put forward for Shareholder approval at the AGM on 29 September 2015 and will apply, subject to such Shareholder approval, to any remuneration and loss of office payments made on or after that date. All remuneration and loss of office payments will only be made if they are consistent with the approved policy.

The aim of the Remuneration Policy is to:

- ▶ attract, retain and motivate executive management without paying more than is necessary;
- ▶ incentivise the successful execution of the Company's business strategy; and
- ▶ align the Executive Directors' long term interests with those of Shareholders.

Remuneration policy**a) Executive Director remuneration**

The Chief Executive Officer is currently the Company's sole Executive Director. The Remuneration Committee believes that the Company's Remuneration Policy supports the Company's ultra-low cost business model by incentivising senior management, including the Chief Executive Officer, to continue to strive to increase the Company's cost advantage while improving the customer's experience. The Chief Executive Officer currently receives a base salary and is eligible for an annual performance bonus of up to 200 per cent. of base salary, with the actual bonus amount paid being dependent on the Company achieving certain financial and operational targets.

In deciding appropriate remuneration levels, the Remuneration Committee takes into account, among other things, the levels paid at competitor low cost carriers.

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration policy continued

Remuneration policy continued

a) Executive Director remuneration continued

Future policy table: Executive Directors

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Base salary	To provide the core reward for the role. To attract, retain and motivate executive management without paying more than necessary	Salaries will be reviewed annually, with any increase being awarded at the discretion of the Remuneration Committee. The Executive Director's salary for the 2015 financial year is detailed in the Remuneration Report. The Remuneration Committee may take into account a number of factors in deciding whether an increase should be made, including benchmarking against selected airlines.	The Remuneration Committee will consider the individual salaries of Executive Directors at a meeting each year. There are no provisions for the recovery of sums paid or the withholding of any payment relating to base salary.
Benefits	To attract, retain and motivate executive management without paying more than necessary	Executive Directors are covered by the Company's group personal accident and life assurance cover, which is in place for all employees (2x salary).	There are no provisions for the recovery of sums paid or the withholding of any payments relating to benefits.
Pension	To attract, retain and motivate executive management without paying more than necessary	The Company does not provide a pension scheme for the Executive Directors unless contributions are required by law.	Not applicable.
Short-term Incentive Plan	Incentivise the successful execution of the Company's business strategy Reward the achievement of annual financial and operational goals.	Payments under the short-term incentive plan are made in cash, subject to certain specified performance requirements as determined by the Remuneration Committee being met and up to a maximum bonus set as a percentage of base salary by the Remuneration Committee. The maximum bonus for an Executive Director is 200%. Currently, these performance requirements relate to Company profitability, on-time performance, operating cost and personal performance. The Chief Executive's maximum bonus is currently 200% of base salary.	Performance requirements are determined by the Remuneration Committee annually. They are intended to align the performance of the Executive Directors with the Group's near-term objectives of delivering against its strategy. In particular, the performance requirements incentivize the Executive Directors to focus on cost control to achieve profitability targets, while delivering a reliable service to customers. There are no provisions for the recovery of sums paid pursuant to the short-term incentive plan.
Long-term Incentive Plan (LTIP) (operating for the first time in the 2016 financial year)	To align the Executive Directors' long-term interests with those of Shareholders Reward strong financial performance and sustained increase in Shareholder value.	Each year, performance shares may be granted, subject to the achievement of performance targets. Awards normally vest over a three year period. The maximum face value of annual awards will be 250% of salary for the Chief Executive Officer and the Executive Director must remain in office when the performance shares vest.	Performance targets are determined by the Remuneration Committee and vesting of the performance shares is subject to performance targets being met over the performance period. If a participant's employment ends before the end of the performance period, any vested and unvested options will normally lapse, save in certain "good leaver" scenarios.

DIRECTORS' REMUNERATION REPORT CONTINUED**Remuneration policy** continued**Remuneration policy** continued**b) Difference in remuneration policy for Executive Directors and employees**

Remuneration of the Company's senior management team follows a similar pattern to that of the Executive Directors, although amounts for each component may vary. Other employees receive remuneration judged by senior management to be appropriate for their position and experience.

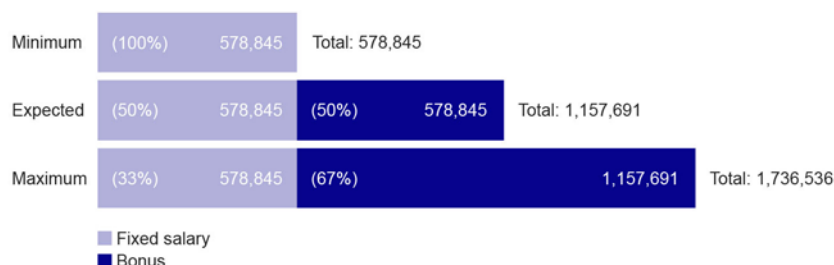
c) Non-Executive Directors

The Non-Executive Directors are paid only fees.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Fees	To remunerate Non-Executive Directors to reflect their level of responsibility.	Non-Executive Directors are paid a basic fee, plus an additional amount for each Board meeting attended. Additional fees are paid for the role of Chairman of the Audit Committee, Chairman of the Remuneration Committee and Chairman of the Board. Fees for Non-Executive Directors, other than the Chairman, are determined by the Board. Fees for the Chairman are determined by the Remuneration Committee. The Remuneration Committee, in relation to the Chairman, and the Board, in relation to the other Non-Executive Directors, retain the flexibility to increase fee levels to ensure that they continue to appropriately reflect the experience of the individual, time commitment of the role and fee levels in comparable companies. The fees paid to the Chairman and other Non-Executive Directors for the 2015 financial year are set out in the Directors' Remuneration Report.	Not applicable; there are no provisions for the recovery of sums paid or the withholding of any payment relating to fees.

Illustration of the application of the remuneration policy

The bar chart below sets out the annual remuneration package of the Chief Executive Officer, at a minimum, as a reasonable expectation and as a possible maximum (in Euro):



Salary and bonus are determined in Swiss Francs (CHF) that for the purposes of this chart were converted into Euro at the rate of 1.04 CHF for one Euro

It is anticipated that an award will be made to Chief Executive Officer under the new long term incentive plan (LTIP) during the course of the 2016 financial year. However, no such award has been made as at the date of the approval of this Annual Report and therefore the potential impact of the LTIP on the remuneration is not included here.

DIRECTORS' REMUNERATION REPORT CONTINUED**Remuneration policy continued****Recruitment remuneration**

The remuneration package for an incoming Executive Director would reflect the principles set out above, although relocation expenses or allowances (such as school fees) for an Executive Director recruited from abroad may be paid as appropriate.

For the appointment of a new Chairman or Non-Executive Director, fee arrangements will be made in line with the policy as set out above.

Policy on loss of office

In the event of termination of a service contract or letter of appointment of a Director, contractual obligations will be honoured in accordance with the service contract or letter of appointment. The Remuneration Committee will take into consideration the circumstances and reasons for departure, health, length of service and performance. Under this Policy, the Remuneration Committee may make any statutory payments it is required to make. In addition, the Committee may agree to payment of outpatient counselling costs and disbursements (such as legal costs) if considered to be appropriate and dependent on the circumstances of departure.

There are no pre-determined contractual provisions for Directors regarding compensation in the event of loss of office save for those listed in the table below.

Details of provision	Executive Director	Non-Executive Directors
Notice period	Three months' notice by either party.	One month's notice by either party.
Termination payment	The employing company may terminate the Executive Director's employment with immediate effect by payment in lieu of notice. The Executive Director will be paid a sum equal to six months' base salary if the employing company chooses to enforce the restrictive covenants referenced below. Upon termination of employment other than for cause, the Executive Director is entitled to a severance payment equal to six months' salary.	Fees and expenses accrued up to termination only.
Post-termination covenants	Post-termination restrictive covenants apply for a period of one year following termination of employment.	Not applicable.

Discretion, flexibility and judgement of the remuneration committee

The Remuneration Committee operates the short term incentive plan and long term incentive plan, which include flexibility in a number of areas. These include:

- ▶ the timing of awards and payments;
- ▶ the size of an award, within the maximum limits;
- ▶ the participants of the plan;
- ▶ the performance requirements and maximum percentages of salary to be used for the short term incentive plan and long term incentive plan from year to year;
- ▶ the performance conditions, performance periods and vesting periods for awards under the long term incentive plan from year to year;
- ▶ the assessment of whether performance requirements and/or conditions have been met;
- ▶ the treatment to be applied for a change of control or significant restructuring of the Group;
- ▶ the determination of a good/bad leaver for incentive plan purposes and the treatment of awards thereof; and
- ▶ the adjustments, if any, required in certain circumstances (e.g. rights issues, corporate restructuring, corporate events and special dividends).

DIRECTORS' REMUNERATION REPORT CONTINUED**Remuneration policy continued****Legacy arrangements**

In approving this policy, authority is to be given to the Company to honour commitments paid, promised to be paid or awarded to (i) current or former Directors prior to the date of this policy being approved or (ii) to an individual (who subsequently is appointed as a Director of the Company) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, was not in consideration of that individual becoming a Director of the Company, even where such commitments are inconsistent with the provisions of this policy.

Outstanding awards under the Company's previous 2009 international employee share option plan remain eligible for vesting and exercise in accordance with their terms.

Consideration of shareholder views

The Remuneration Committee and the Board will consider Shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM and any action required will be incorporated into the Remuneration Committee's business plan for the ensuing period. This, and any additional feedback received from Shareholders from time to time, will then be considered by the Remuneration Committee and as part of the Company's annual review of remuneration arrangements.

Specific engagement with major Shareholders may be undertaken when a significant change in remuneration policy is proposed.

Executive Director's remuneration

Full details of the Chief Executive Officer's remuneration are set out below (in Euro):

Single total figure table - audited

	2015					
	Fees & salary	Benefits	Bonus	LTIP	Pension	Total
József Váradi	532 507	-	1 075 080	-	-	1 607 587

	2014					
	Fees & salary	Benefits	Bonus	LTIP	Pension	Total
József Váradi	497 410	-	964 802	-	-	1 462 212

Salary and bonus were paid in Swiss Francs and converted into Euro at the average rate applicable for the year.

Bonus is linked to three important financial and operational KPIs of the Company and to individual performance. The measures, target performance and actual performance for 2015 were the following:

Measures	Weight	Target performance			Actual performance	Payout ratio
		Threshold*	Target **	Maximum***		
Profit (underlying, €m)	67%	78,8	112,5	146,3	146,2	200%
CASK ex-fuel (€c/ASK)	11%	2,35	2,24	2,13	2,27	73%
On-time performance (delay<15mins)	11%	76%	80%	84%	82.6%	164%
Individual performance rating	11%	2	2+	1	1	200%

Aggregate payout ratio:**182%**

* There is no payout if the performance is worse than the threshold

** At 'Target' there is 100% payout (being equal to twelve months salary in the case of the CEO)

*** If the 'Maximum' is reached or exceeded then there is 200% payout.

The amount in the LTIP column is nil because no shares or share options were issued to the Chief Executive Officer in the 2015 financial year (2014: nil).

1,920,075 share options were issued to the Chief Executive Officer during the 2005-2011 calendar years from the previous long-term incentive plan (ESOP) of the Company. The options vested three years after grant but their exercise was subject to the occurrence of a qualifying IPO (see Note 28 to the financial statements). Of these, 1,755,075 were exercised during the 2015 financial year. At the IPO share price of GBP 11.50 (app. €15.66) and deducting the grant price, this equates to a net transfer value of €23.8 million. The remaining 165,000 (vested) options were unexercised at 31 March 2015, valid until April 2021.

DIRECTORS' REMUNERATION REPORT CONTINUED**Executive Director's remuneration continued**

During the 2015 financial year the Company and one of its subsidiaries provided loans to four out of the six Officers of the Group, including to the Chief Executive Officer. The purpose of the loans was to enable these employees to exercise their share options by buying the respective shares before the end of 2014, so that they could take advantage of preferential tax rules available in Switzerland until the end of 2014.

The amount of the loan provided to the Chief Executive Officer was €4.6 million, secured by the shares purchased. The loan tranches were provided between December 2014 and February 2015 and repaid in March 2015. The interest rate on the loan was 1.50% per annum and that was considered to be the market rate of interest in Switzerland for similar loans. Altogether €12,000 interest was paid by the Chief Executive Officer on repayment.

Five-year overview of Chief Executive Officer remuneration

Financial year	Single figure of total remuneration, Euro	Performance bonus achieved against maximum possible	LTIP shares vesting against maximum possible ⁽¹⁾
2011	467 534	0%	N/A
2012	764 460	100%	100%
2013	533 398	0%	N/A
2014	1 462 212	97%	N/A
2015	1 607 587	91%	N/A

(1) Share options were last time issued to the CEO in the 2012 financial year. Vesting period was three years but there were no performance conditions other than being in employment during the vesting period

Non-Executive Director remuneration

The Non-Executive Directors are paid only Directors' fees, full details of which are set out below:

Single total figure table - audited

	2015					
	Fees & salary	Benefits	Bonus	LTIP	Pension	Total
William A. Franke	82 500	-	-	-	-	82 500
Stephen L. Johnson	55 000	-	-	-	-	55 000
Heather Lawrence ⁽¹⁾	27 500	-	-	-	-	27 500
John R. Wilson	57 500	-	-	-	-	57 500
Thierry De Preux	57 500	-	-	-	-	57 500
John McMahan	55 000	-	-	-	-	55 000
John Tierney ⁽²⁾	25 168	-	-	-	-	25 168
Simon Duffy ⁽³⁾	61 102	-	-	-	-	61 102
Guy Demuynck ⁽⁴⁾	58 441	-	-	-	-	58 441
Total	479 711	-	-	-	-	479 711

DIRECTORS' REMUNERATION REPORT CONTINUED**Non-Executive Director remuneration continued**

	2014					
	Fees & salary	Benefits ⁽⁵⁾	Bonus	LTIP	Pension	Total
William A. Franke	55 501	42 223	-	-	-	97 724
Stephen L. Johnson	34 249	27 664	-	-	-	61 913
Heather Lawrence ⁽¹⁾	35 749	27 664	-	-	-	63 413
John R. Wilson	36 749	27 664	-	-	-	64 413
Thierry De Preux	36 749	27 664	-	-	-	64 413
John McMahon	36 749	27 664	-	-	-	64 413
John Tierney ⁽²⁾	46 125	34 943	-	-	-	81 068
Simon Duffy ⁽³⁾	11 249	0	-	-	-	11 249
Guy Demuynck ⁽⁴⁾	6 666	0	-	-	-	6 666
Total	299 787	215 484	-	-	-	515 272

(1) retired on 3 October 2014

(2) retired on 6 August 2014

(3) joined on 1 January 2014

(4) joined on 1 February 2014

(5) Estimated value of share awards provided in the 2014 financial year calculated with €5.824 per share. The Company applied this internal valuation payroll and tax purposes. These shares were issued for nominal value consideration (GBP 0.0001/share) and were not subject to any vesting or performance conditions. The sale or transfer of the shares was restricted for three years from grant or until an IPO, whichever is later. During this period shares could be forfeited for example if the Director leaves the board.

During the 2015 financial year, Swiss personal income tax of €0.1m was paid on behalf of certain directors in respect of the 2010-2013 calendar years (2014: nil). This is not part of the numbers presented.

According to the new NED remuneration policy effective from July 2014 cash fees were increased but shares are not awarded any longer.

Some of the fees for the services of the directors listed in this table were paid to third parties delegating the respective director.

No payments were made to Heather Lawrence or John Tierney for loss of office.

Total Directors' remuneration (Executive and Non-Executive) (audited)

Total remuneration of Directors for the period was €2,087,298 (2014: €1,977,484). This is the sum of the two tables set out above.

Scheme interests awarded

None of the Directors received either shares or share options during the 2015 financial year.

Directors' service agreement and letters of appointment**Executive Director**

The Chief Executive Officer entered into a service agreement with the Geneva branch of Wizz Air Hungary Ltd. ("WAHL"), effective as of 1 April 2010, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Váradi's employment with immediate effect by payment in lieu of notice. The service agreement contains post-termination restrictive covenants preventing Mr Váradi from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL operates for a period of one year following the termination of his employment. Mr Váradi will be paid a sum equal to six months' base salary if WAHL chooses to enforce these restrictive covenants. Upon termination of employment other than for cause, Mr Váradi is entitled to a severance payment equal to six months' salary.

DIRECTORS' REMUNERATION REPORT CONTINUED**Directors' service agreement and letters of appointment continued****Non-Executive Directors**

The Company entered into letters of appointment with each of its Non-Executive Directors on 4 June 2014, which became effective on completion of the IPO for a term of three years. Each Non-Executive Director's appointment may be terminated by the Company or the Non-Executive Director with one month's written notice. Continuation of the appointment is contingent on continued satisfactory performance and re-election at the Company's annual general meetings and the appointment will terminate automatically on the termination of the appointment by the Shareholders or, where Shareholder approval is required for the appointment to continue, the withholding of approval by the Shareholders. Reappointment will be reviewed annually.

The Non-Executive Directors receive a fee of €25,000 per annum, plus €2,500 for each full Board Meeting attended. Simon Duffy, as chairman of the Audit Committee, will receive an additional fee of €18,750 per annum for taking on that role. Guido Demuynck, as chairman of the Remuneration Committee, will receive an additional fee of €12,500 per annum for taking on that role. Mr Franke, as Chairman, will receive an additional fee of €25,000 per annum for taking on that role. The Non-Executive Directors will also be reimbursed for all proper and reasonable expenses incurred in performing their duties.

In accordance with the terms of the letters of appointment described above, each of the Non-Executive Directors is required to allocate sufficient time to discharge their responsibilities effectively. Each Letter of Appointment contains obligations of confidentiality which have effect during the appointment and after termination thereof.

Directors' shareholdings

The Chief Executive Officer holds a significant shareholding in the Company, through a family trust and is also eligible to participate in the Company's long-term incentive plan.

Each of the Non-Executive Directors is also a Shareholder in the Company, following awards made under a historic non-executive share scheme and/or the purchase of shares with the relevant Director's own cash. No new share plan awards have been made since July 2013 or will be made in the future under this historic share scheme.

The Company therefore believes that the interests of the Directors are well aligned with those of the Shareholders. Full details of the Directors' and their connected persons' interests in the Company's shares as at 31 March 2015 are set out below:

Directors and connected persons' interests in shares - audited

Director	direct ownership	interests		Total ordinary share interests
	# of Ordinary Shares	# of Ordinary Shares	# of Convertible shares	
William A. Franke ⁽¹⁾	82 917	6 815 383	48 830 503	6,898,300
József Váradi ⁽²⁾	10 500	2 385 000	-	2 395 500
Thierry de Preux	66 384	-	-	66 384
Guido Demuynck	5 250	-	-	5 250
Simon Duffy	5 250	-	-	5 250
Stephen L. Johnson	52 750	-	-	52 750
John Mc Mahon	14 750	-	-	14 750
John R. Wilson	59 083	-	-	59 083

(1) Mr Franke is deemed to be interested in all of the Ordinary Shares and Convertible Shares held by Indigo Hungary LP, Indigo Maple Hill LP, Indigo Hungary Management LLC and Bigfork Partners LLC for the purposes of section 96B of the FSMA. Indigo Hungary LP and Indigo Maple Hill LP hold also convertible notes that, subject to certain conditions, are convertible to Ordinary Shares of the Company

(2) Mr Váradi is deemed to be interested in the Ordinary Shares held by his family trust companies. Mr Váradi family trust company also holds 165,000 vested share options with an exercise price of €2.59 per share.

Long-term Incentive Plan

It is intended that awards will be made under the long-term incentive plan ("LTIP") previously approved by the Board, the entry into force of which was conditional upon completion of the IPO. The LTIP is intended to attract, retain and motivate the Group's senior management and to focus them on delivery of the Group's strategic and business objectives. Dilution under the LTIP is limited to 5 per cent. of the issued Ordinary Share capital of the Company over any rolling ten-year period.

The LTIP is a discretionary performance share plan (structured as a nil-cost option). Under the LTIP the Remuneration Committee has the discretion to, within certain limits and subject to certain performance conditions as the Remuneration Committee may determine, grant to eligible employees nil-cost options over Ordinary Shares ("Options"). No payment is required for the grant of an Option. Options are granted as either "Performance Options" (whereby vesting of the Option is subject to pre-defined and notified performance conditions being met during a specified performance period, which is no shorter than three years from the date of grant) or "Restricted Options" (whereby the Option vests over time without any performance conditions attached). The Chief Executive Officer and any other Executive Director who may be appointed will only be eligible to receive Performance Options.

Options will vest at least three years from the grant of the Option depending on the length of the performance period. Participants will have ten years from the date of grant to exercise an Option.

Vesting of performance options is subject to performance conditions being met over the performance period, which is a minimum of three years from the date of grant. The performance conditions applicable to performance options will be set by the Remuneration Committee at the beginning of each performance period. The Remuneration Committee has set the following performance criteria for awards of Performance Options to be made during the 2016 financial year:

- a) relative total shareholder return (TSR) growth versus selected European airlines (50 per cent. weighting) during the performance period; and
- b) absolute fully diluted earnings per share (EPS) growth of the Company (50 per cent. weighting) during the performance period.

The selected European airline peer group is to consist of the following entities: Ryanair, easyJet and Aer Lingus (50 per cent. weighting); AirFrance / KLM, Air Berlin, Deutsche Lufthansa, Finnair, Flybe, IAG and SAS (50 per cent. weighting).

At vesting, for the relative TSR performance measure, payout is to be 25 per cent. of the award for performance equal to median performance, with a 100 per cent. payout for performance equal to or exceeding upper quartile performance. There will be no payout for below median performance for either TSR or EPS individually, and no more than 100 per cent. may be paid out in either category. Linear interpolation will apply for performance between the median and upper quartile.

At vesting, for the absolute EPS growth performance measure, payout is to be 25 per cent. of the award for threshold average annual EPS growth during the performance period with a 100 per cent. payout for maximum average annual EPS growth during the performance period.

The Remuneration Committee will notify each participant of how many Option shares have vested at the end of each performance period. The Remuneration Committee shall determine the impact, if any, of the performance criteria on the vested Options and whether the performance outcome represents a fair reflection of the Company's underlying financial performance.

If a participant's employment with the Group ceases before the end of the performance period any vested (if not exercised) and unvested Options will normally lapse and be forfeited.

It is anticipated that the first awards under the LTIP will be made during the course of the 2016 financial year.

A number of options remain outstanding under the Company's previous international employee share option plan (ESOP). See details of this in Note 29 to the financial statements. Of the outstanding ESOP options as at 31 March 2015 the Chief Executive Officer held options for 165,000 shares. The Chief Executive Officer received his last share option award under this plan in 2011.

The Non-Executive Directors have not received and do not hold share options.

DIRECTORS' REMUNERATION REPORT CONTINUED**Other disclosures****Total shareholder return**

A performance graph that would show the Company's total shareholder return compared to a selected equity market index is not presented in this report due to the very short trading history of the Company's shares.

Change in the remuneration of the Chief Executive Officer compared to that of all employees

	Chief Executive Officer			Total employees
	2015	2014	Change	Change
Salary & fees	532 507	497 410	+7,1%	-3,2%
Benefits*	0	0	N/A	-27,7%
Bonus	1 075 080	964 802	+11,4%	+9,0%
Total remuneration	1 607 587	1 462 212	+9,9%	-2,7%

* Benefits represented an insignificant part, approximately only 2%, of the employee pay in these two years.

Change in total employee remuneration compared to dividends and share buybacks

There were no dividends or share buybacks either in the 2015 financial year or the 2014 financial year. Total employee remuneration changed from €47.3 million in the 2014 financial year to €55.6 million in the 2015 financial year (see Note 8 to the financial statements), being a 17.5% increase year on year.

Application of the remuneration policy in the 2016 financial year**a) Chief Executive Officer's base salary**

The Remuneration Committee requested Towers Watson to benchmark the remuneration of the Chief Executive Officer and other members of senior management against the Company's competitors. As a result, the Remuneration Committee agreed to increase the Chief Executive Officer's base salary from current CHF 620,000 per annum to CHF 682,000 with effect from 1 June 2015.

b) Short-term Incentive Plan

The Chief Executive Officer is eligible to receive a cash bonus of up to 200% of base salary in respect of the 2016 financial year. The actual cash bonus received depends on the achievement of certain performance criteria including profit after tax (67%), on-time performance (11%), cost per available seat kilometer (11%) and personal evaluation (11%). The Remuneration Committee believe that the specified performance criteria are sufficiently challenging compared to the Company's business plan.

c) Long-term Incentive Plan

An award of performance shares of up to 250% of base salary may be made to the Chief Executive Officer. The vesting profile of any such award is set out in the section headed "Long-term Incentive Plan" on page 55. The Long-term Incentive Plan will use the absolute fully diluted earnings per share (EPS) as the basis of measurement. The performance measure will be the average annual EPS growth over the vesting period, as determined by the Remuneration Committee. The relevant EPS growth levels will be:

Threshold: 14%; Target: 17%; Maximum: 20%.

On behalf of the board

Guy Demuynck

Chairman of the Remuneration Committee

26 May 2015

GOVERNANCE

CORPORATE RESPONSIBILITY

Wizz Air is a successful company. We also consider ourselves to be a regional champion in the aviation industry in our home markets. However, we recognise that financial performance is not all that it takes to be successful. Wizz Air must also be a responsible company, where business is done ethically and with integrity.

We already have in place our Code of Ethics – The Wizz Way – which sets out how our business is run. But being a responsible company goes further than just business and so we are developing a sustainability strategy that will set out a framework for our sustainability endeavours and objectives to reach in the next three years.

The sustainability strategy will be built upon three pillars: our people and how we interact with our colleagues, passengers and communities in which we operate; the planet and how we manage our environmental impact; and our focus, already mentioned, of making sure that conduct our business ethically.

We want our sustainability strategy not only to be achievable but also to contribute genuine value. Although the strategy itself is being finalised, we are already implementing a number of initiatives which we believe embody some of what we want to achieve, for example:

- ▶ sponsorship of running events including the Skopje marathon and Budapest half-marathon, where we not only engage with our communities but encourage participation of our colleagues by providing travel, accommodation and entry to the events;
- ▶ encourage team building amongst colleagues and ensure a genuine and unique WIZZ culture through the organisation of an annual ski event attended by over 250 colleagues;
- ▶ personal development of our employees, through the introduction of talent assessment and development programmes; and
- ▶ the implementation of a large number of fuel-saving initiatives, driving down our emissions and carbon footprint. The fuel consumption of the fleet, measured in tonnes per block hour, was 1.2 per cent. lower in the 2015 financial year than a year before.

These initiatives are very much the start of what we aim to achieve. We want Wizz Air to be recognised not only as a great airline to fly with, but also as a company that adds real value to its employees' careers, the communities in which we operate and with a real concern for its environment.

GOVERNANCE

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for Wizz Air Holdings plc (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 March 2015.

Results and dividend

The results for the year are shown on page 71.

The Directors do not recommend the payment of a dividend (2014: nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed below:

- ▶ József Váradi
- ▶ William A. Franke
- ▶ John R. Wilson
- ▶ Stephen L. Johnson
- ▶ John McMahon
- ▶ Thierry de Preux
- ▶ Simon Duffy
- ▶ Guy Demuynck
- ▶ John Tierney (retired on 6 August 2014)
- ▶ Heather Lawrence (retired on 3 October 2014)

Going concern

Wizz Air’s business activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described in the Strategic Report on pages 4 to 27. Principal risks and uncertainties facing the Group are described on pages 28 to 30. Note 3 to the accounts sets out the Group’s objectives, policies and procedures for managing its capital and provides details of the risks related to financial instruments held by the Group.

At 31 March 2015, the Group held cash and cash equivalents of €448.6 million while net current liabilities were €184.2 million. Other than convertible debt with a balance of €27.0 million the Group has no significant external borrowings.

The Directors have reviewed financial forecasts including plans to finance future aircraft deliveries. After making enquiries, the Directors have satisfied themselves that the Group will be able to operate within the level of its liquid resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Disclosure of information to auditors

The Directors at the date of approval of the financial statements confirmed that, so far as they are aware, there is no relevant audit information of which the Company’s auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

Independent auditors

A resolution for the appointment of the auditors of the Company for the financial year ending 31 March 2016 is to be proposed by the Directors at the forthcoming annual general meeting

Indemnities

Wizz Air maintains directors’ and officers’ liability insurance. This insurance covers any claim that may be brought against the Directors in the exercise of their duties. Wizz Air has also provided customary third party indemnities to its Directors, to the extent permitted under Jersey law.

GOVERNANCE

DIRECTORS' REPORT CONTINUED

Political donation and expenditure

Wizz Air works constructively with all levels of government across its network, regardless of political affiliation. Wizz Air believes in the right of individuals to engage in the democratic process, however Wizz Air itself does not make any political donations and does not incur any political expenditure.

Capital structure

As at 31 March 2015, the Company had 52,280,115 Ordinary Shares of £0.0001 each in issue, each with one vote, and 48,830,503 convertible shares, which do not entitle the holder to voting rights save in very limited circumstances. There were no shares held in treasury at that date. The rights and obligations attaching to the Company's shares are set out in the articles of association. Holders of Ordinary Shares have the following rights:

- a) subject to any rights or restrictions as to voting attached to any Ordinary Shares, on a show of hands, each Shareholder present in person shall have one vote, and on a poll each Shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder;
- b) a certificated share may be transferred by means of an instrument in writing, either by the usual transfer form or in any other form that the Board approves, signed by or on behalf of the person transferring the Ordinary Shares and, unless the ordinary shares are fully paid, by or on behalf of the person acquiring the Ordinary Shares. Ordinary Shares in uncertificated form may be transferred by means of the relevant system;
- c) the right to receive dividends on a pari passu basis; and
- d) on a winding-up, the liquidator may divide amongst the members in specie the whole or any part of the assets of the Company.

During the 2015 financial year 13,358,107 new Ordinary Shares were allotted for cash, all on a non-preemptive basis. Of these:

- a) 3,150,707 Ordinary Shares were allotted to certain employees (including the Chief Executive Officer and other Officers) on the exercise of share options. The terms of issue were fixed on 22 December 2014, prior to the listing of the Company's Ordinary Shares.
- b) 612,080 Ordinary Shares were allotted pursuant to the exercise of share options in connection with the IPO. The terms of issue were fixed on 24 February 2014, prior to listing of the Company's Ordinary Shares.
- c) 9,578,820 Ordinary Shares were allotted to investors in the IPO. The terms of issue were fixed on 24 February 2014, prior to listing of the Company's Ordinary Shares.
- d) 16,500 Ordinary Shares were allotted pursuant to the exercise of share options since the IPO. The terms of issue were fixed on 13 March 2015 and the closing price of the Company's Ordinary Shares on that date was £13.27.

The aggregate nominal value of the Ordinary Shares allotted for cash in the 2015 financial year was £1,336. The aggregate cash consideration received by the Company for the allotment of the Ordinary Shares was £113.2 million.

In addition, the Company allotted:

- a) 30,181,540 further Ordinary Shares to Indigo and other debtholders following the conversion of certain convertible loans and notes in connection with the IPO.
- b) 48,830,503 Convertible Shares to Indigo following the conversion of certain convertible loans and notes in connection with the IPO.

The aggregate nominal value of all Ordinary Shares allotted in the 2015 financial year was £4,354 and the aggregate nominal value of Convertible Shares allotted was £4,883.

DIRECTORS' REPORT CONTINUED**Information required by Listing Rule LR 9.8.4C**

In compliance with Listing Rule 9.8.4C, the Company discloses the following information:

Listing Rule	Information required	Relevant disclosure
9.8.4(1)	Interest capitalised by the Group	N//A
9.8.4(2)	Unaudited financial information as required (LR 9.2.18)	Unaudited financial information was published by the Group in its Prospectus dated 25 February 2015, See Note 39. There have been no changes to the unaudited information previously published.
9.8.4(4)	Long-term incentive plans (LR 9.4.3)	See Directors' Remuneration Report
9.8.4(5)	Director's waivers of emoluments	N/A
9.8.4(6)	Director's waivers of future emoluments	N/A
9.8.4(7)	Non pro-rata allotments of equity for cash (the Company)	See paragraph headed "Capital Structure" in this Report
9.8.4(8)	Non pro-rata allotments of equity for cash (major subsidiaries)	N/A
9.8.4(10)	Contracts of significance involving a director	N/A
9.8.4(11)	Contracts of significance involving a controlling shareholder	N/A
9.8.4(12)	Waivers of dividends	N/A
9.8.4(13)	Waivers of future dividends	N/A
9.8.4(14)	Agreement with a controlling shareholder (LR 9.2.2.AR(2)(a))	See Corporate Governance Report

For and on behalf of the board

József Váradi

Chief Executive Officer

26 May 2015

GOVERNANCE
COMPANY INFORMATION

Registered number

103356

Registered office

44 The Esplanade
St Helier
Jersey
JE4 9WG

Secretary

Elian Corporate Services (Jersey) Limited;

44 The Esplanade
St Helier
Jersey
JE4 9WG

Independent auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH
United Kingdom

Principal bankers

Citibank

Citigroup Centre
25 Canada Square
Canary Wharf
London
E14 5LB

Principal solicitors

Denton UKMEA LLP

One Fleet Place
London
EC4M 7WS
United Kingdom

Share registrar

Computershare Investor Services (Jersey) Limited

Queensway House
Hilgrove Street
St Helier
JE1 1ES
Jersey

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Directors' Remuneration Report complies with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 36 confirm that, to the best of their knowledge:

- ▶ the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- ▶ the Strategic Report contained in the annual 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.

On behalf of the Board

József Váradi

Director

26 May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIZZ AIR HOLDINGS PLC

Report on the group financial statements

Our opinion

In our opinion, Wizz Air Holdings plc's group financial statements (the "financial statements"):

- ▶ give a true and fair view of the state of the group's affairs as at 31 March 2015 and of its profit and cash flows for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

Wizz Air Holdings plc's financial statements comprise:

- ▶ the Consolidated statement of financial position as at 31 March 2015;
- ▶ the Consolidated statement of comprehensive income for the year then ended;
- ▶ the Consolidated statement of cash flows for the year then ended;
- ▶ the Consolidated statement of changes in equity for the year then ended; and
- ▶ the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual report and accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview



Materiality

- ▶ Overall group materiality: €9.6m which represents 5% of profit before tax.

Audit scope

- ▶ During the period, the Group operated through the Company and its two trading subsidiaries: Wizz Air Hungary and Wizz Air Ukraine. The Group financial statements are a consolidation of these entities and a number of insignificant intermediate holding companies.
- ▶ The accounting for these entities and the Group consolidation is largely centralised in Hungary.
- ▶ Our audit scope comprised an audit of the Company and the complete financial information of Wizz Air Hungary, being the only significant component.

Areas of focus

- ▶ Aircraft maintenance provisioning.
- ▶ Hedge and derivative accounting.
- ▶ Net presentation of government taxes and other similar levies.
- ▶ Accounting for the Group's initial public offering (IPO).
- ▶ Accounting for the closure of Wizz Air Ukraine.

INDEPENDENT AUDITORS' REPORT CONTINUED

Report on the group financial statements continued

Our audit approach continued

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as “areas of focus” in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Aircraft maintenance provisioning <p>The Group operates aircraft which are held under operating lease arrangements and incurs liabilities for maintenance during the term of the lease. These arise from legal and contractual obligations relating to the condition of the aircraft when it is returned to the lessor.</p> <p>Maintenance provisions of €50.6 million for aircraft maintenance costs in respect of operating leased aircraft are recorded in the financial statements at 31 March 2015 (refer to note 30 to the financial statements).</p> <p>For aircraft held under operating lease agreements, the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return.</p> <p>Provision is made for the minimum unavoidable costs of specific future obligations created by the lease at the time when such obligation becomes certain. This is when the respective aircraft component no longer meets the lease re-delivery conditions.</p> <p>At each balance sheet date, the calculation of the maintenance provision includes a number of variable factors and assumptions including: likely utilisation of the aircraft; the expected cost of the heavy maintenance check and the time it is expected to occur; the condition of the aircraft; and the lifespan of life-limited parts.</p> <p>We focused on this area because of an inherent level of management judgement required in calculating the amount of provision needed as a result of the complex and subjective elements around these variable factors and assumptions.</p>	<p>We evaluated the integrity of the maintenance provision system (MPS) and tested the calculations therein. This included assessing the process by which the variable factors within the provision were estimated, evaluating the reasonableness of the assumptions, testing the input data and reperforming calculations.</p> <p>In particular, we read new or amended aircraft lease contracts and validated the MPS input data. Specifically, we compared the cost assumptions in MPS to recent invoices, inspected future flight schedules and approved maintenance plans as well as validating current flight hours and flight cycles to non-financial data sources. We also performed sensitivity analysis around the key assumptions, such as future estimated overhaul costs and the anticipated number of flight hours and cycles between maintenance events.</p> <p>We found no significant issues in the MPS input data or the calculated maintenance assets and provisions. The MPS outputs were agreed to the amounts presented in the financial statements.</p> <p>The basis for these calculations was found to be consistent with prior periods and in line with the detailed accounting policy set on pages 84 to 85.</p>

INDEPENDENT AUDITORS' REPORT CONTINUED

Report on the group financial statements continued

Our audit approach continued

The scope of our audit and our areas of focus continued

Area of focus	How our audit addressed the area of focus
<p>Hedge and derivative accounting</p> <p>The Group uses derivative financial instruments (options) to hedge transaction currency (comprising fuel, leasing and maintenance US dollar payments) and jet fuel price risks.</p> <p>At 31 March 2015, derivative financial assets amounted to €60.7 million and derivative financial liabilities were €81.7 million. Further details are set out in notes 3, 21 and 31 to the financial statements.</p> <p>We focused on these balances because of their materiality to the financial position of the Group, the level of manual involvement required to monitor open, closed and settled derivatives and the complexity of the requirements in order to apply hedge accounting (e.g. timely tailored documentation, including details of how hedge effectiveness is monitored both prospectively and retrospectively).</p>	<p>We evaluated the processes, procedures and controls in respect of the Group's treasury and other management functions which directly impact the relevant account balances and transactions. We tested management's year end account reconciliation process, including cut-off procedures. The results of this work allowed us to focus on substantiating the year-end positions recorded in the financial statements.</p> <p>We independently obtained direct confirmations from each of the counterparties to test the cut-off at the year end. We assessed the appropriateness of hedge accounting for the derivative financial instruments and tested, using independent data-feeds, the fair values being ascribed to those instruments at the year end.</p> <p>We also assessed the appropriateness of the disclosures in the financial statements in respect of derivative financial instruments.</p> <p>We did not identify any significant issues with the measurement or presentation of the Group's derivative financial instruments. Adequate hedge documentation was found to be in place to support the adopted accounting.</p>
<p>Net presentation of government taxes and other similar levies</p> <p>The Group assesses all 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 income statement. The Group's accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a tax in fact or substance, such amounts are presented on a net basis in the consolidated income statement (revenue and airport, handling and en-route charges lines).</p> <p>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 more complex area, requiring a level of judgement.</p>	<p>We read significant new or amended airport contracts to validate that only tax or tax-like items had been netted within the income statement.</p> <p>In addition, we analysed the costs per passenger, investigating significant variances from prior years to check that the accounting was in line with the Group's accounting policy.</p> <p>Our work did not identify any inappropriately netted amounts within revenue or airport, handling and en-route charges financial statement line items. We found that the treatment adopted is therefore consistent with the criteria set out in the Group's accounting policy.</p>

INDEPENDENT AUDITORS' REPORT CONTINUED

Report on the group financial statements continued

Our audit approach continued

The scope of our audit and our areas of focus continued

Area of focus	How our audit addressed the area of focus
<p>Accounting for the Group's initial public offering (IPO)</p> <p>The admission of the Group's ordinary share capital to the premium listing segment of the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange's main market for listed securities in March 2015 triggered a series of one-off material transactions in respect of:</p> <ul style="list-style-type: none">▶ the conversion of a portion of the Group's existing debt into equity;▶ recording the IPO proceeds and associated transaction expenses;▶ share options, conditional upon the IPO, being exercised; and▶ where applicable, taxes associated with each of these items. <p>These accounting matters are either complex or highly material in nature, representing areas of focus for our audit.</p> <p>Further details can be found in notes 25, 28 and 29 to the financial statements.</p>	<p>In respect of the convertible debt, our work focussed on reading the Board minutes and debt agreements in place, as well as evaluating management's assessment of whether the extension and other changes in the convertible notes represented a modification or extinguishment of the pre-existing convertible debt. We concur with management's view that this is a modification in nature.</p> <p>We agreed a sample of the largest transaction costs to invoices and considered the classification of the items between the income statement and share premium accounts. We found that, in line with IFRSs, only those costs associated with the new shares had been allocated to equity.</p> <p>Upon the completion of the IPO, a large number of pre-existing share options vested, a portion of which have now been exercised. We examined a sample of employee correspondence and agreed the settlement of consideration to the Group's bank statements, noting no significant issues.</p> <p>Where material, we assessed the tax implications of the transactions, liaising with our colleagues in Switzerland (where the Group is tax resident) and Hungary. We found that significant taxes had been reasonably calculated and classified within the financial statements.</p> <p>Our work did not identify any significant issues in respect of the IPO related accounting matters. The measurement and presentation of the related items was found to be in accordance with the relevant IFRSs.</p>
<p>Accounting for the closure of Wizz Air Ukraine</p> <p>On 26 March 2015, the Group announced further restructuring of the Group's operations in Ukraine which will see the Group's Ukrainian subsidiary, Wizz Air Ukraine Airlines LLC ("Wizz Air Ukraine"), cease to operate.</p> <p>This announcement resulted in a number of accounting considerations, both in terms of closure costs and the recycling of foreign exchange gains held in equity within the cumulated translation adjustment reserve into the income statement. Due to their nature and magnitude these items have been classified as exceptional items on the face of the income statement.</p> <p>As exceptional items and other categories are excluded from underlying profit the nature and consistency of classification of these items is important in understanding the result for the year and is a matter of judgement.</p>	<p>Management prepared a schedule of all significant contracts and commitments in respect of Wizz Air Ukraine, assessing each to determine the extent of any unavoidable costs requiring provision. We challenged the completeness of this schedule by reference to the cost base of the business, our understanding of its operations and other information obtained during the course of our audit, such as Board minutes. We did not identify any significant unprovided exposure, and found that the costs met the criteria for classification as exceptional.</p> <p>We examined management's calculation of the current year translation adjustment as well as the classification of the transferred amount as exceptional within the income statement, noting no significant issues.</p>

INDEPENDENT AUDITORS' REPORT CONTINUED

Report on the group financial statements continued

Our audit approach continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

During the period, the Group operated through the Company and its two trading subsidiaries: Wizz Air Hungary and Wizz Air Ukraine. The Group financial statements are a consolidation of these entities and a number of insignificant intermediate holding companies. The accounting for these entities and the Group consolidation is centralised in Hungary where we instructed PwC Hungary to perform work on our behalf. Our audit scope comprised an audit of the Company and the complete financial information of Wizz Air Hungary, being the only significant component.

Other than revenue and maintenance provisions, which are accounted for and audited centrally in Hungary, we performed risk assessment analytics in respect of Wizz Air Ukraine, reflecting the relatively small size of this reporting unit.

The Group audit team visited the Hungarian component team three times during the audit cycle. These visits involved discussing the audit approach, areas of focus and issues arising from our work, as well as meeting local management. In addition, the Group team attended the local clearance meeting and all Audit Committee meetings, either in person or via call. This, together with additional procedures performed at the Group level such as consolidation testing and considering financial statement disclosures, gave us the evidence we required for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€9.6m (2014: €4.4m).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Consistent with the prior year, we applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.4m (2014: €0.2m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

The Directors have voluntarily complied with Listing Rule 9.8.6R(3) of the UK Financial Conduct Authority and provided a statement in relation to going concern, set out in the Directors' report, required for UK registered companies with a premium listing on the London Stock Exchange.

The Directors have requested that we review the statement on going concern as if the Group were a premium listed UK registered company. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT CONTINUED

Other required reporting

Consistency of other information

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

<p>▶ information in the Annual Report is:</p> <ul style="list-style-type: none">• materially inconsistent with the information in the audited financial statements; or• apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or• otherwise misleading.	We have no exceptions to report arising from this responsibility.
<p>▶ the statement given by the directors on page 62, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's performance, business model and strategy is materially inconsistent with our knowledge of the group acquired in the course of performing our audit.</p>	We have no exceptions to report arising from this responsibility.
<p>▶ the section of the Annual Report on pages 44 to 45, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.</p>	We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Corporate Governance Statement

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Other voluntary reporting

Opinions on additional disclosures

Directors' remuneration report

The Company voluntarily prepares a Directors' remuneration report in accordance with the provisions of the United Kingdom Companies Act 2006. The Directors have requested that we audit the part of the Directors' remuneration report specified by the United Kingdom Companies Act 2006.

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the United Kingdom Companies Act 2006.

Corporate Governance Statement

The company prepares a Corporate Governance Statement that includes the information with respect to internal control and risk management systems and about share capital structures required by the Disclosure Rules and Transparency Rules of the Financial Conduct Authority. The directors have requested that we report on the consistency of that information with the financial statements.

In our opinion, the information given in the Corporate Governance Statement set out on page 44 with respect to internal control and risk management systems and in the Directors' Report on page on page 59 about share capital structures is consistent with the financial statements.

Opinion on other matters

In our opinion, the information given in the Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT CONTINUED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the directors' responsibilities set out on page 62, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- ▶ whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- ▶ the reasonableness of significant accounting estimates made by the directors; and
- ▶ the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Snell

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Recognized Auditors

London

26 May 2015

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 € million	2014 € million (restated – see Note 5)
Continuing operations			
Passenger ticket revenue	6	793.8	658.7
Ancillary revenue	6	433.5	353.1
Total revenue	6	1,227.3	1,011.8
Staff costs		(83.4)	(68.3)
Fuel costs		(396.6)	(360.6)
Distribution and marketing		(18.8)	(10.9)
Maintenance materials and repairs		(62.0)	(48.4)
Aircraft rentals		(137.1)	(112.4)
Airport, handling and en-route charges		(297.7)	(250.4)
Depreciation and amortisation		(33.9)	(25.4)
Other expenses		(30.5)	(25.6)
Total operating expenses		(1,060.0)	(902.0)
Operating profit	7	167.3	109.8
Comprising			
– operating profit excluding exceptional items		170.1	103.5
– exceptional operating (expense)/income	10	(2.8)	6.3
Financial income	11	1.8	0.4
Financial expenses	11	(5.6)	(7.8)
Net foreign exchange gain/(loss)	11	16.2	(7.0)
Net exceptional financial income	10	12.0	-
Net financing income/(expense)		24.4	(14.4)
Profit before income tax		191.7	95.4
Income tax expense	12	(8.5)	(7.7)
Profit for the year		183.2	87.7
Other comprehensive (expense)/income – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		(43.0)	(7.3)
Currency translation differences		(8.7)	8.2
Other comprehensive (expense)/income for the year, net of tax		(51.7)	0.9
Total comprehensive income for the year		131.5	88.6
Earnings per share (Euro/share)	13	14.43	10.04
Diluted earnings per share (Euro/share)	13	6.91	5.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	2015 € million	2014 € million (restated – see Note 5)	2013 € million (restated – see Note 5)
ASSETS				
Non-current assets				
Property, plant and equipment	14	247.1	221.8	156.7
Intangible assets	15	3.2	3.0	2.4
Restricted cash	23	70.4	38.6	44.4
Deferred tax assets	16	0.7	-	-
Deferred interest	22	7.7	7.3	7.4
Derivative financial instruments	21	22.1	0.1	-
Trade and other receivables	19	80.3	50.1	58.1
Total non-current assets		431.5	320.9	269.0
Current assets				
Inventories	18	8.8	6.1	5.4
Trade and other receivables	19	87.6	66.4	70.9
Financial assets available for sale	20	1.0	1.0	-
Derivative financial instruments	21	38.6	0.3	2.7
Current tax receivables		-	-	0.1
Deferred interest	22	1.2	1.1	1.0
Restricted cash	23	3.2	3.8	4.4
Cash and cash equivalents		448.6	185.6	103.5
Total current assets		589.0	264.3	188.0
Total assets		1,020.5	585.2	457.0
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	29	-	-	-
Share premium	29	375.4	207.1	207.1
Reorganisation reserve	29	(193.0)	(193.0)	(193.0)
Equity part of convertible debt	29	8.3	11.1	11.1
Cash flow hedging reserve	29	(46.1)	(3.1)	4.2
Cumulated translation adjustments	29	-	8.7	0.5
Retained earnings		315.3	129.1	41.3
Total equity		459.9	159.9	71.2
Non-current liabilities				
Borrowings	24	3.8	4.2	2.6
Convertible debt	25	27.0	-	39.9
Deferred income	27	74.2	53.7	42.6
Deferred tax liabilities	16	4.1	2.8	2.5
Derivative financial instruments	21	1.8	0.2	-
Provisions for other liabilities and charges	30	44.9	18.9	30.4
Total non-current liabilities		155.8	79.8	118.0
Current liabilities				
Trade and other payables	26	123.9	120.7	114.5
Current tax liabilities		4.1	1.0	-
Borrowings	24	0.4	16.0	20.8
Convertible debt	25	0.3	43.2	0.5
Derivative financial instruments	21	79.9	3.3	0.6
Deferred income	27	188.7	152.6	115.5
Provisions for other liabilities and charges	30	7.5	8.7	15.9
Total current liabilities		404.8	345.5	267.8
Total liabilities		560.6	425.3	385.8
Total equity and liabilities		1,020.5	585.2	457.0

The accounts on pages 71 to 114 were approved by the Board of Directors and authorised for issue on 26 May 2015 and were signed on behalf of the Board.

József Váradi
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 March 2015

Note	Share capital € million 29	Share premium € million 29	Reorganisation reserve € million 29	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustments € million	Retained earnings € million	Total equity € million
Balance at 1 April 2014	-	207.1	(193.0)	11.1	(3.1)	8.7	129.1	159.9
Comprehensive income								
Profit for the year	-	-	-	-	-	-	183.2	183.2
Other comprehensive income								
Hedging reserve	-	-	-	-	(43.0)	-	-	(43.0)
Currency translation differences	-	-	-	-	-	5.8	-	5.8
Recycling of currency translation difference on closure of the subsidiary operation	-	-	-	-	-	(14.5)	-	(14.5)
Total other comprehensive income	-	-	-	-	(43.0)	(8.7)	-	(51.7)
Total comprehensive income for the year	-	-	-	-	(43.0)	(8.7)	183.2	131.5
Transactions with owners								
Proceeds from share issued on IPO	-	149.1	-	-	-	-	-	149.1
Convertible debt conversion	-	19.2	-	(2.8)	-	-	2.8	19.2
Share based payment charge	-	-	-	-	-	-	0.2	0.2
Total transactions with owners	-	168.3	-	(2.8)	-	-	3.0	168.5
Balance at 31 March 2015	-	375.4	(193.0)	8.3	(46.1)	-	315.3	459.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Restated – see Note 5

Note	Share capital € million 29	Share premium € million 29	Reorganisation reserve € million 29	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustments € million	Retained earnings € million	Total equity € million
Balance at 1 April 2013	-	207.1	(193.0)	11.1	4.2	0.5	41.3	71.2
Comprehensive income								
Profit for the year	-	-	-	-	-	-	87.7	87.7
Other comprehensive income								
Hedging reserve	-	-	-	-	(7.3)	-	-	(7.3)
Currency translation differences	-	-	-	-	-	8.2	-	8.2
Total other comprehensive income	-	-	-	-	(7.3)	8.2	-	0.9
Total comprehensive income for the year	-	-	-	-	(7.3)	8.2	87.7	88.6
Transactions with owners								
Share based payment charge	-	-	-	-	-	-	0.1	0.1
Total transactions with owners	-	-	-	-	-	-	0.1	0.1
Balance at 31 March 2014	-	207.1	(193.0)	11.1	(3.1)	8.7	129.1	159.9

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	2015 € million	2014 € million (restated - see Note 5)
Cash flows from operating activities		
Profit before tax	191.7	95.4
<i>Adjustments for:</i>		
Depreciation	14 32.5	24.2
Amortisation	15 1.4	1.2
Financial income	(44.2)	(0.4)
Financial expense	8.1	12.9
Share based payment charges	9 0.2	0.1
	189.7	133.4
Changes in working capital (excluding the effects of exchange differences on consolidation)		
(Increase)/decrease in trade and other receivables	(35.9)	5.3
(Increase)/decrease in restricted cash	(24.4)	6.5
Increase in derivatives	(25.9)	-
(Increase)/decrease in deferred interest	(0.3)	-
Increase in inventory	(2.6)	(0.9)
Increase in provisions	1.0	0.1
Increase in trade and other payables	17.5	7.8
Increase in deferred income	59.1	50.5
Cash generated by operating activities before tax	178.2	202.7
Comprising		
- cash flow excluding exceptional item	177.2	197.4
- exceptional item	10 1.0	5.3
Income tax paid	(4.2)	(6.3)
Net cash generated by operating activities	174.0	196.4
Cash flows from investing activities		
Purchase of aircraft maintenance assets	(36.3)	(54.9)
Purchase of available for sale financial asset	-	(1.0)
Purchases of tangible and intangible assets	(7.3)	(6.5)
Advances paid for aircraft	(74.6)	(72.6)
Refund of advances paid for aircraft	68.2	40.8
Interest received	0.2	0.2
Net cash used in investing activities	(49.8)	(94.0)
Cash flows from financing activities		
Proceeds from the issue of share capital	149.1	-
Interest paid	(3.7)	(4.3)
Commercial loan repaid	(6.1)	(14.9)
Net cash generated from/(used in) financing activities	139.3	(19.2)
Net increase in cash and cash equivalents	263.5	83.2
Cash and cash equivalents at the beginning of the year	185.6	103.5
Effect of exchange rate fluctuations on cash and cash equivalents	(0.5)	(1.1)
Cash and cash equivalents at the end of the year	448.6	185.6

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**1. General information**

Wizz Air Holdings plc (“the Company”) is a limited liability company incorporated in Jersey under the address 44 The Esplanade, St Helier, Jersey JE4 9WG. The Company is managed from Switzerland. The Company and its subsidiaries (together referred to as “the Group” or “Wizz Air”) provide low-cost, low-fare passenger air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and the Middle East.

2. Accounting policies

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below.

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 with the exception of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC for which the functional currency is the Ukrainian Hryvnia (national currency of Ukraine).

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

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

The following new IFRSs are mandatory for financial periods beginning on or after 1 January 2014 and have therefore been adopted by the Group as of 1 April 2014.

- ▶ **IFRS 10, ‘Consolidated financial statements’.** The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.
- ▶ **IFRS 11, ‘Joint arrangements’,** focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.
- ▶ **IFRS 12, ‘Disclosures of interests in other entities’,** includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off statement of financial position vehicles.
- ▶ **Amendment to IAS 32, ‘Financial instruments: presentation’.** These amendments are to the application guidance in IAS 32, ‘Financial instruments: presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position.
- ▶ **Amendment to IAS 36, ‘Impairment of assets’.** This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- ▶ **Amendment to IAS 39, ‘Financial instruments: recognition and measurement’.** This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

New standards and interpretations continued

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

- ▶ **IFRIC 21, 'Levies'**. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Group anticipates that the adoption of the above standards will not have a material effect on its results or financial position.

b) Standards early adopted by the Group

There are no early adopted standards by the Group.

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

- ▶ **IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income or expense and fair value through profit or loss. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard has not been adopted by the European Union, but is expected to be effective for accounting periods beginning on or after 1 January 2018 with early adoption permitted.
- ▶ **IFRS 14, 'Regulatory deferral accounts'** (effective for annual periods beginning on or after 1 January 2016). The objective of this standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.
- ▶ **IFRS 15, 'Revenue from contracts with customers'** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

The Group anticipates that the adoption of the above standards will not have a material effect on its results or financial position, except potentially in the presentation of the time value of hedge instruments if the time value at any reporting date will be material.

Basis of consolidation

Subsidiaries are all entities controlled by the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The results of all the subsidiaries are consolidated up to 31 March which is the financial year end of the Company.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group will continue in business for the foreseeable future. This assumption is based on the Directors' assessment of the Group's financial performance and position to date, together with a review of its forecasts, in light of the risks to which the Group is exposed.

Foreign currency

The Group's presentational currency is the Euro. The functional currency of all the Group entities with the exception of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC is the Euro. Transactions in foreign currencies are translated into functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Euros at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income as financial income or expense. Non-monetary assets and liabilities denominated in foreign currencies and which are recognised at their historical cost are translated into Euros at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies and which are stated at fair value are translated into Euros at exchange rates ruling at the dates the fair value was determined.

The functional currency of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC is the Ukrainian Hryvnia (UAH). The results and financial position of all the Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- ▶ assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- ▶ income and expenses for each statement of comprehensive income are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- ▶ all resulting exchange differences are recognised as a separate component of equity (cumulative translation adjustments).

The below exchange rates were used for the translation in the respective financial years:

	Year ended 31 March 2015	Year ended 31 March 2014
	UAH/EUR	UAH/EUR
Closing rate	25.45	15.07
Average rate for the year	25.12	13.99

Financial assets and liabilities

The Group classifies its financial assets and liabilities – in line with IAS 39 'Financial instruments: recognition and measurement' – into the following categories:

Description in the statement of financial position	Category
Non-current assets	
Restricted cash	Loans and receivables
Trade and other receivables	Loans and receivables
Current assets	
Trade and other receivables	Loans and receivables
Financial assets available for sale	Available-for-sale assets
Derivative financial instruments	Fair value through profit or loss
Restricted cash	Loans and receivables
Cash and cash equivalents	Loans and receivables
Non-current liabilities	
Borrowings	Other financial liabilities measured at amortised cost
Convertible debts	Other financial liabilities measured at amortised cost
Current liabilities	
Trade and other payables	Other financial liabilities measured at amortised cost
Borrowings	Other financial liabilities measured at amortised cost
Convertible debts	Other financial liabilities measured at amortised cost
Derivative financial instruments	Fair value through profit or loss

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities continued

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets and liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. Derivatives (assets or liabilities) are also categorised as held for trading unless they are designated as hedges.

b) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, that are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, cash and cash equivalents and restricted cash in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the statement of financial position date. Available-for-sale financial assets are subsequently carried at fair value.

d) Other financial liabilities measured at amortised costs

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

They are included in current liabilities, except for maturities greater than twelve months after the statement of financial position date that are classified as non-current liabilities. The Group's other financial liabilities comprise trade and other payables and interest-bearing loans and borrowings in the statement of financial position.

The Group invests excess cash in a conservative way, primarily in short-term time deposits and money market funds. Management does not, in the short term, plan to have held-to-maturity investments. The recognition and measurement criteria are described in the relevant accounting policy section.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income, within financial income or expenses. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below). The Group enters into foreign exchange and jet fuel price hedging transactions to minimise the impact of fluctuations in foreign exchange rates and fuel price on the Group. Both types of hedging transactions are cash flow hedges under IAS 39.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any unrealised gain or loss on the derivative financial instrument is recognised directly in the hedging reserve within other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income as financial income or expenses.

The associated cumulative gain or loss on the effective part is removed from other comprehensive income and recognised in the statement of comprehensive income in the respective operating expense line(s) in the same period or periods as the hedged forecast transaction.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the hedged transaction is recognised in the statement of comprehensive income. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in the statement of comprehensive income immediately, net of tax, within the cash flow hedging reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities continued

Derivative financial instruments and hedging continued

Cash flow hedges continued

Accordingly:

- ▶ the open position on the derivative hedging instrument is recorded as an asset or liability in the statement of financial position at fair value and the effective portion of changes in the fair value is recorded in other comprehensive income; and
- ▶ the realised gains or losses on the hedging instrument are recorded against the respective operating expense line(s) in the statement of comprehensive income.

The ineffective portion is determined in line with IAS 39, applying the 80-125 per cent. rule. The ineffective part of changes in fair value, if any, is recorded as financial income or expense in the statement of comprehensive income.

Hedging with non-derivatives

The Group uses its selected financial assets denominated in foreign currency to hedge highly probable future expenses in foreign currency. The Group does not apply hedge accounting for non-derivatives.

Trade and other receivables

Trade and other receivables are stated at their amortised cost using the effective interest rate method less impairment losses.

The carrying amount of the asset is reduced through the trade and other receivables account, and the amount of the loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

Other receivables also comprise insurance claims related to events that are covered by insurance contracts. The Group recognises the income in the financial statements only from those insurance claims which, based on management's judgment, are virtually certain to be received by the Group.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits repayable on demand or which mature within three months of inception, less any overdrafts repayable on demand. Cash held in money market funds is also included in cash and cash equivalents. Cash and cash equivalents do not include restricted cash. Cash and cash equivalents are netted only when right of offset has been obtained.

Restricted cash

Restricted cash represents cash deposits held by the banks that cover letters of credit, issued by the same bank, to certain suppliers. Restricted cash is split between non-current and current assets depending on the maturity period of the underlying letters of credit.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method. Trade and other payables comprise balances payable to suppliers, authorities and employees.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income as a financial expense over the period of the borrowings on an effective interest rate basis. Financial expenses include also withholding tax paid on the interest if according to the loan agreement the payment of withholding tax is the liability of the Group.

Convertible debt

Convertible debt instruments that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound instruments. Transaction costs that relate to the issue of a compound instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The liability component is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component of the compound instrument is calculated as the excess of the issue proceeds over the value of the liability component.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities continued

Classification of compound instruments issued by the Group

Compound instruments issued by the Group are treated as equity (i.e. forming part of Shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or it is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a compound instrument that contains both equity and financial liability components exists these components are separated by recognising the liability at fair value and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with compound instruments that are classified in equity are dividends and are recorded directly in equity.

Impairment of financial assets

Impairment losses are recognised on financial assets carried at amortised cost where there is objective evidence that a loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate.

If, subsequently, the amount of the impairment loss decreases, and the decrease can be related objectively to an event that occurred after the impairment was recognised, the appropriate portion of the loss is reversed. Both impairment losses and reversals are recognised in the statement of comprehensive income as components of financial income or expenses, except in the case of impairment of available-for-sale financial assets where the impairment and its reversal may be charged to other comprehensive income under certain circumstances.

Current trade and other receivables are discounted where the effect is material.

Non-financial assets and liabilities

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income on a straight-line basis to write off cost to residual value over the estimated useful economic lives of each part of an item of property, plant and equipment. In the case of certain aircraft maintenance assets, the useful economic life of the asset can be defined in terms of flight hours or flight cycles, and in this case the depreciation charge is determined based on the actual number of flight hours or flight cycles. The estimated useful lives are as follows:

Land and buildings	three to five years, being the shorter of useful economic life and the lease term
Aircraft maintenance assets	two to seven years, being the shorter of useful economic life and the lease term
Aircraft parts	seven years
Fixtures and fittings	three years

The residual values and useful lives are re-assessed annually.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Non-financial assets and liabilities continued

Assets received free of charge

In certain cases the Group receives assets free of charge. These are treated as non-cash items in the statement of cash flows.

Advances paid for aircraft – Pre-delivery payments (PDP)

Pre-delivery payments (PDP) are paid by the Group to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified as property, plant and equipment in the statement of financial position. The amount is not depreciated.

The Group may enter into sale and leaseback arrangements with lessors to finance future aircraft or spare engine deliveries. These arrangements are structured such that the right and the commitment to purchase the aircraft or spare engine are assigned to the lessor only on the date of delivery (a “delivery date assignment”); as such, the recognition and classification of the PDP balance does not change when the sale and leaseback contracts are signed. On the delivery of the aircraft or spare engine the lessor pays the full purchase price of the asset to the manufacturer and the Group receives from the manufacturer a refund of the PDPs paid. At this moment the fixed asset is de-recognised from the statement of financial position and any gain or loss arising is transferred to the statement of comprehensive income as an operating income or expense.

In some instances PDPs are paid – in the name of the Group – by the lessors directly to the aircraft manufacturer. These PDPs are also recognised by the Group in the statement of financial position as advances paid for aircraft and as received loans until the delivery of the aircraft. In the statement of cash flows these PDPs and loans are treated as non-cash items and are eliminated both from advances paid for aircrafts/refund of advances paid for aircraft and commercial loan lines.

Advances paid for aircraft maintenance assets (FHA)

Advances paid for aircraft maintenance assets represent advance payments made in relation to heavy maintenance scheduled to be performed in the future (for the definition of heavy maintenance see the accounting policy section on maintenance). Such advance payments are made by the Group particularly to the engine maintenance service provider under fleet hour agreements (FHA). The balance of such assets is re-categorised into aircraft maintenance assets at the time when the aircraft maintenance asset is recognised in respect of the same component and the same heavy maintenance event. This is when the component no longer meets the conditions set out in the lease agreement. Advances paid for aircraft maintenance are not depreciated.

In the statement of cash flows the FHA payments are shown under the purchase of maintenance assets line together with other aircraft maintenance asset purchases.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Web development costs are capitalised to the extent they are expected to generate future economic benefits and meet the other criteria described in IAS 38 ‘Intangible assets’.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful economic lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licences	three years
Web and other software development costs	three to five years

Inventories

Inventories (mainly spares) are purchased for internal use and are stated at cost unless impaired or at net realisable value if any items are to be sold or scrapped. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated selling expense. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED**2. Accounting policies continued****Non-financial assets and liabilities continued****Emissions Trading Scheme**

As of January 1, 2012 the scope of the EU Emissions Trading Scheme 2008/101/EC (EU ETS) covers airlines. The Group is required to formally report its annual emissions to the relevant authorities and surrender emission allowances (EUAs) equivalent to the emission made during the year. Surrendered allowances are a combination of the free allowances granted by the authorities and allowances purchased by the Group from other parties. The Group follows the "cost method" of booking the allowances: the free allowances have nil-cost value so therefore are not recognised as an asset; allowances purchased in the market are recorded at the purchase price in inventory. The Group is given free allowances by the competent authorities, and the net economic impact to the Group is therefore represented by the shortfall between the actual carbon emitted and the free allowances given to the Group for that period. The shortfall is recorded at forward prices as a cost.

Application of this accounting treatment means that the statement of comprehensive income and the statement of financial position reflect the net economic impact and are not grossed up to reflect the full obligation.

Deferred interest

The Group enters into sale and leaseback agreements to finance future aircraft or spare engine deliveries. In some cases it enters also into arrangements to finance the pre-delivery payments (PDP) of such deliveries. Interest accrued on loans to finance the PDPs on aircraft or spare engines is initially recognised under property plant and equipment (advances paid for aircraft). When the leased aircraft or spare engine is delivered, the PDP interest balance is reclassified within the statement of financial position from property, plant and equipment into deferred interest. From this point forward the interest is amortised to the statement of comprehensive income during the term of the respective lease contract.

The Group recognises in the deferred interest line also the effect of the discounting adjustment of non-current receivables.

Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Employee benefits**Share based payment transactions**

The Group operates an equity-settled share option programme that allows Group employees to acquire shares in the Company. The options are granted by the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted at any measurement date so that the cumulative expense to date reflects the actual number of share options that are expected to vest.

The share award programme allows the Directors of the Company to acquire shares in the Company at nominal value. The fair value of the awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which there are restrictions in place in respect of the transfer of the award shares by the Directors.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability (please see further details of aircraft maintenance provisions in the accounting policy section on maintenance).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED**2. Accounting policies continued****Revenue**

Revenue comprises the invoiced value of flight seats and ancillary revenues.

Passenger ticket revenue arises from the sale of flight seats and is recognised net of government taxes in the period in which the service is provided, that being when the airplane has departed. Unearned revenue represents flight seats sold but not yet flown and is included in deferred income. Refunds made to passengers are recorded as reductions in revenue.

Ancillary revenue arises from the sale of other services made by the Group and from commissions earned in relation to services sold on behalf of other parties. Revenues from other services comprise mainly baggage charges, booking / payment handling fees, airport check-in fees, fees for various convenience services (priority boarding, extended legroom, reserved seat) and loyalty programme membership fees. Commission revenue arises in relation to the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded credit cards. Ancillary revenues are recognised as revenue on the date that the right to receive consideration occurs which is the date when the underlying service was provided. This, depending on the type of service, might be either the date of sale, the date of flight or (in the case of membership fees) over the period of membership.

Leases**Finance leases**

If the risks and rewards incidental to ownership of an asset are substantially transferred to Wizz Air then it is accounted for as a finance lease. The Group analyses five criteria as follows:

- ▶ transfer of ownership of the asset at the end of lease term;
- ▶ option to purchase the asset at sufficiently below fair value; therefore, it is reasonably certain that the option will be exercised;
- ▶ major part of assets' economic life is at the lessee;
- ▶ the asset is so special that it can be used only by the lessee; and
- ▶ present value of minimum lease payments is substantially all of the fair value of the asset.

Management uses the above criteria as guidelines for its analyses; however, the substance of a transaction is always considered during the assessment.

Management assesses each leasing contract individually at initial recognition based on the above discussed criteria.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Sale and leaseback transactions

The Group enters into transactions whereby it assigns to a third party the right to acquire new aircraft or spare engines. On delivery of the aircraft or spare engine, the Group will lease the aircraft or spare engine back through an operating lease from the same party. Any gain arising on disposal, where the price that the aircraft is sold for is above fair value, is recognised in deferred income and amortised on a straight-line basis over the lease term of the asset.

Maintenance**Aircraft maintenance provisions**

For aircraft held under operating lease agreements, the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return. Provision is made for the minimum unavoidable costs of specific future obligations created by the lease at the time when such obligation becomes certain. This is when the respective aircraft component no longer meets the lease re-delivery conditions. The provision is used through the completion of a maintenance event such that the component again meets the re-delivery conditions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED**2. Accounting policies continued****Maintenance** continued**Aircraft maintenance assets**

Heavy maintenance relates to the overhaul of engines and associated components, the replacement of life limited parts, the replacement of landing gears and the non-routine airframe inspection and rectification works. Under normal operating conditions heavy maintenance relates to work expected to be performed no more frequently than every two to four years.

The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as “aircraft maintenance assets”) at the earlier of (a) the time the lease re-delivery condition is no longer met (see above under aircraft maintenance provisions) or (b) when maintenance including enhancement is carried out. Other maintenance costs are expensed as incurred.

Such maintenance assets are depreciated over the period the Group benefits from the asset which is the shorter of (a) the estimated period until the next date when the lease re-delivery condition is no longer met or (b) the end of the asset’s operational life or (c) the end of the lease.

For engines and associated components, depreciation is charged on the basis of flight hours or cycles, while for other aircraft maintenance assets depreciation is charged evenly over the period the Group expects to derive benefit from the asset.

Components of newly leased aircraft such as life limited parts and engines are not accounted for as separate assets, and the inherent benefit of these assets which are utilised in the period from inception of the lease until the time the assets no longer meet the lease re-delivery condition is reflected in the payments made to the lessor over the life of the lease.

Aircraft maintenance assets are non-monetary items. Non-Euro amounts are translated on inception to Euro and are not retranslated.

The recognition of aircraft maintenance assets against provisions for other liabilities and charges in the Statement of financial position is a transaction not involving cash flows. In the statement of cash flows the spending on these assets is presented as “purchase of aircraft maintenance assets” in the period when cash actually flows out of the Group. This can happen either before or after the recognition of the asset, depending on the exact facts and circumstances associated with the relevant asset or assets.

Please refer also to the property, plant and equipment section of accounting policies.

Other receivables from lessors – maintenance reserve

Payments for aircraft and engine maintenance, as stipulated in the respective operating lease agreements, are made to the lessors as a security for the performance of future heavy maintenance works. The payments are recorded as receivables from the lessors until the respective maintenance event occurs and the reimbursement with the lessor is finalised. Any payment that is not expected to be reimbursed by the lessor is recognised within operating expenses (Aircraft rentals) in the statement of comprehensive income.

Other

The Group enters into agreements with maintenance service providers that guarantee the maintenance of major components at a rate defined in the contract, the prime example being fleet hour agreements (FHA) for aircraft engines. Such FHA agreements cover the cost of both scheduled and unscheduled engine overhauls. FHA payments are accounted for as follows:

- ▶ Payments for scheduled maintenance work are recognised as advances paid for aircraft maintenance assets until the maintenance asset for the respective engine overhaul is created. After this point any further FHA payments are either used to settle previously established aircraft maintenance provisions (to the extent a provision for the respective FHA contract exists) or, in the absence of a provision, are added to the amount previously capitalised within property, plant and equipment as advances paid for aircraft maintenance assets.
- ▶ Payments that are made to provide guaranteed coverage for the performance of unscheduled maintenance events are considered as insurance payments and are expensed as incurred.

Please refer to the property, plant and equipment section of accounting policies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Supplier credits

The Group receives certain assets for nil consideration in connection with its acquisition of aircraft and of major aircraft parts.

Cash contributions or aircraft spares received are recognised as an asset in the statement of financial position. The corresponding credits are recognised as income, spread equally across the shorter of useful economic life and the lease term of the respective aircraft.

Net financing costs

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable are recognised in the statement of comprehensive income using the effective interest method.

Non-cash elements of financial income and expenses are eliminated from the statement of cash flows as an adjusting item whereas cash elements, e.g. realised foreign exchange gains and losses, are included in the statement of cash flows.

Share capital

Ordinary shares are classified as equity. Qualifying transaction costs directly attributable to the issuing of new shares are debited to equity, reducing the share premium arising on the issue of shares.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised to the extent that it is probable that sufficient future taxable profits will be available against which the asset can be utilised.

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 non-recurring material items of income or expense that are shown separately due to the significance of their nature or amount. Underlying profit after tax excludes the effect of unrealised foreign exchange gains and losses.

Segment reporting

Operating and reportable segments

The Company is managed as a single business unit that provides low cost, low fare passenger air transportation services using a fleet of single aircraft type. The Company has only one reportable segment being its entire route network. Management information is provided to the Executive Management Team which is the Company's Chief Operating Decision Maker ('CODM'). Resource allocation decisions are made by the CODM for the benefit of the route network as a whole, rather than for individual routes within the network. The performance of the network is assessed primarily based on the operating profit or loss for the period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CONTINUED

3. Financial risk management

Financial risk factors

The Group is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Wizz Air is to minimise the impact of commodity price, interest rate and foreign exchange rate fluctuations on the Group's earnings, cash flows and equity. To manage commodity and foreign exchange risks, Wizz Air uses various derivative financial instruments, including foreign currency and 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 Committee of the Board to supervise the hedging activity of the Group and the compliance with the policies approved by the Board.

Risk analysis

Market risks

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 Euro. The main currency that gives rise to foreign currency risk related to purchases is primarily the US Dollar (USD), while the currencies giving rise to foreign currency risk related to sales revenues are primarily the British Pound (GBP) and the Polish Zloty (PLN).

The foreign currency exposure is significant as only a small portion of the Group's revenues are denominated or linked to the USD while a significant portion of the Group's expenses are USD denominated, including fuel, aircraft leases, maintenance reserves and aviation insurance.

The Group chooses the Euro/USD foreign currency rate as the underlying foreign currency pair in its foreign currency rate hedging strategies. The main objective is to cover the Group's ongoing USD cash flow requirements. The Group's maximum hedge coverage level is 75 per cent. of the total anticipated USD purchases hedged by the time the respective quarter on monthly rolling forward basis is reached. This maximum target hedge coverage level was 70 per cent. until 31 March 2014 and increased to 75 per cent. during the year ended 31 March 2015. . These levels were not always maintained during the current or prior years.

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

At 31 March 2015	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	38.3	112.0	17.6	167.9
Financial assets available for sale	-	-	1.0	1.0
Derivative financial assets	-	60.7	-	60.7
Cash	426.3	0.3	22.0	448.6
Restricted cash	2.0	71.5	0.1	73.6
Total financial assets	466.6	244.5	40.7	751.8
Financial liabilities				
Borrowings	4.2	-	-	4.2
Convertible debt	27.3	-	-	27.3
Trade and other payables	80.2	26.6	17.1	123.9
Derivative financial liabilities	-	81.7	-	81.7
Total financial liabilities	111.7	108.3	17.1	237.1

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CONTINUED

3. Financial risk management continued

Risk analysis continued

Market risks continued

Foreign currency risk continued

	EUR € million	USD € million	Other € million	Total € million (restated - see Note 5)
At 31 March 2014				
Financial assets				
Trade and other receivables	32.0	79.6	4.9	116.5
Financial assets available for sale	-	-	1.0	1.0
Derivative financial assets	-	0.4	-	0.4
Cash	176.5	0.2	8.9	185.6
Restricted cash	2.2	39.9	0.3	42.4
Total financial assets	210.7	120.1	15.1	345.9
Financial liabilities				
Borrowings	4.5	15.7	-	20.2
Convertible debt	43.2	-	-	43.2
Trade and other payables	79.7	32.4	8.6	120.7
Derivative financial liabilities	-	3.5	-	3.5
Total financial liabilities	127.4	51.6	8.6	187.6

Interest rate risk

The Group has future commitments under certain operating lease contracts that are based on floating interest rates. The floating nature of the interest charges on the operating leases exposes the Group to interest rate risk. Interest rates charged on convertible debt liabilities and on short and long-term loans to finance the deposits of aircraft are not sensitive to interest rate movements as they are fixed until maturity. See Notes 24 and 25.

The Group is also exposed to interest rate risk in relation to the valuation of financial instruments as they are carried at fair value.

The Group has not used financial derivatives to hedge its interest rate risk during the year. The Directors may in the future consider hedging interest rate risk to reduce the potential Group earnings volatility arising from fluctuations in interest rates.

Commodity risks

One of the most significant costs for the Group is jet fuel. The price of jet fuel can be volatile and directly impacts the Group's financial performance. The Group's maximum hedge coverage level under its hedge programme is 75 per cent. of the total anticipated fuel purchases hedged by the time the respective quarter on a monthly rolling forward basis is reached. This maximum target hedge coverage level was 70 per cent. until 31 March 2014 and increased to 75 per cent. during the year ended 31 March 2015. These levels were not always maintained during the current or prior years..

Hedge transactions during the periods

The Group uses non-derivatives and zero cost collar instruments to hedge its foreign exchange exposures and uses zero cost collar and outright cap instruments to hedge its jet fuel exposures. The time horizon of the hedging programme with derivatives is a usually a maximum of 18 months; however, this horizon can be exceeded at the Board's discretion. The volume of hedge transactions expired during the periods was as follows:

a) Foreign exchange hedge (USD versus EUR):

USD 390.0 million (2014: USD 349.5 million).

b) Fuel hedge:

306,000 metric tons (2014: 260,000 metric tons).

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:

The fair value of the open positions was €37.5 million gain (2014: €2.4 million gain) recognised within other comprehensive income, current assets or current liabilities, respectively.

The notional amount of the open positions was USD 297.0 million (2014: USD 450.0 million).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Risk analysis continued

Market risks continued

Hedge year-end open positions continued

b) Foreign exchange hedge with non-derivatives:

The notional amount of the open positions was USD 132.0 million (2014: USD 140.6 million).

Non-derivatives are existing financial assets that hedge highly probable foreign currency cash flows in the future, therefore act as a natural hedge. The Group does not apply hedge accounting for non-derivatives.

c) Fuel hedge:

The fair value of the open positions was €84.4 million loss (2014: €0.7 million) recognised within other comprehensive income and current assets or liabilities, respectively. The balance of fuel related hedge derivatives on the statement of financial position in 2015 includes also €25.9 million asset (2014: nil) in relation to cash deposits paid for fuel caps (purchase options) that were open at the end of the year.

The notional amount of the open positions was 888,500 metric tonnes (2014: 192,500 metric tonnes).

In relation to these open hedge positions the cash flows will occur and the hedge relationships will impact the statement of comprehensive income during the years ending 31 March 2016 and 2017.

Hedge effectiveness

During the year covered by these financial statements, based on the evaluation of the Group, the hedging transactions did not give rise to material ineffectiveness under IAS 39. As explained below in the credit risk section, in the opinion of the management none of the hedge counterparties had a material change in their credit status that would have influenced the effectiveness of the hedging transactions.

Sensitivity analysis

The table below shows the sensitivity of the Group's profits to various markets risks for the current and the prior year.

	2015 Difference in profit after tax (in € million)	2014 Difference in profit after tax (in € million)
Fuel price sensitivity		
Fuel price \$100 higher per metric tonne	-41.9	-33.5
Fuel price \$100 lower per metric tonne	+41.9	+33.5
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+21.0	+18.7
FX rate 0.05 lower	-21.0	-16.9
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	-5.4	-3.9
FX rate 0.03 lower	+5.4	+3.9
FX rate sensitivity (PLN/EUR)		
FX rate 0.15 higher (meaning EUR stronger)	-3.5	-2.8
FX rate 0.15 lower	+3.5	+3.0
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	+0.9	+ 1.1
Interest rate is lower by 100 bps	+0.5	+ 0.3

The interest rate sensitivity calculation considers the effects of varying interest rates on the interest income on bank deposits and on the expense from floating lease rentals.

The impact of these macro-economic variables on equity is the same as the impact on profit after tax, except for the fuel price and for the USD/EUR FX rate variables where the equity impact would also include the change in the fair value of the derivative financial instruments that are open at the year end. The fair value of these instruments was provided by the hedge counterparties and management has not calculated the theoretical value of these instruments for other scenarios.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group has an adequate liquidity position. The Group invests excess cash in a conservative way, primarily in AAA-rated money market funds and also in short-term time deposits with high quality bank counterparties.

The table below analyses the Group's financial assets and liabilities (receivable or payable either on cash base or net-settled 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 2015	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	80.9	5.9	81.8	2.5	171.1
Financial assets available for sale	-	1.0	-	-	1.0
Derivative financial assets	8.6	30.0	22.1	-	60.7
Cash	448.6	-	-	-	448.6
Restricted cash	2.9	0.3	16.4	54.0	73.6
Total financial assets	541.0	37.2	120.3	56.5	755.0
Financial liabilities					
Borrowings	0.1	0.3	0.9	2.9	4.2
Convertible debt	-	2.1	33.8	-	35.9
Trade and other payables	123.9	-	-	-	123.9
Derivative financial liabilities	33.9	46.0	1.8	-	81.7
Financial guarantees	624.7	-	-	-	624.7
Total financial liabilities	782.6	48.4	36.5	2.9	870.4

At 31 March 2014	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total (restated - see Note 5) € million
Financial assets					
Trade and other receivables	55.2	11.2	45.0	7.9	119.3
Financial assets available for sale	-	1.0	-	-	1.0
Derivative financial assets	-	0.3	0.1	-	0.4
Cash	185.6	-	-	-	185.6
Restricted cash	3.0	1.2	4.4	33.8	42.4
Total financial assets	243.8	13.7	49.5	41.7	348.7
Financial liabilities					
Borrowings	5.1	10.9	1.7	2.5	20.2
Convertible debt	-	46.9	-	-	46.9
Trade and other payables	120.7	-	-	-	120.7
Derivative financial liabilities	0.8	2.5	0.2	-	3.5
Financial guarantees	408.3	-	-	-	408.3
Total financial liabilities	534.9	60.3	1.9	2.5	599.6

The Group has obligations under financial guarantee contracts as detailed in Note 32.

The Company provides guarantees in relation to aircraft lease contracts to guarantee the performance of its airline subsidiaries. These possible obligations are disclosed in the table above, with the shortest maturity under the financial guarantees line. Management does not expect that any payment under these guarantee contracts will be required in the future because the respective subsidiaries have so far paid all their liabilities under the lease contracts and are expected to do so also in the future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Liquidity risks continued

Other financial guarantee contracts relate to hedging, aircraft pre-delivery payments, and convertible loans and notes. The respective liabilities are reflected under the appropriate line of the financial liabilities part of the table above. Since the liability itself is already reflected in the table, it would not be appropriate to include also the financial guarantee provided by another Group entity for the same obligation.

Credit risk

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. See Note 27.

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) of the counterparties as follows:

At 31 March 2015	AAA € million	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets						
Trade and other receivables	-	-	0.5	14.7	152.7	167.9
Derivative financial assets	22.3	35.9	2.5	-	-	60.7
Financial assets available for sale	-	1.0	-	-	-	1.0
Cash	357.7	89.9	-	-	1.0	448.6
Restricted cash	-	71.8	1.7	-	0.1	73.6
Total financial assets	380.0	198.6	4.7	14.7	153.8	751.8
At 31 March 2014	AAA € million	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets						
Trade and other receivables	-	0.4	-	5.0	111.1	116.5
Derivative financial assets	-	-	-	-	0.4	0.4
Financial assets available for sale	-	1.0	-	-	-	1.0
Cash	157.3	27.2	-	-	1.1	185.6
Restricted cash	-	42.3	-	-	0.1	42.4
Total financial assets	157.3	70.9	-	5.0	112.7	345.9

The "Other" column shows the receivables from the Group's main credit card acquirer. This partner has a credit rating of two on a scale of four (one being the best), provided by Dun & Bradstreet.

From the unrated category within trade and other receivables the Group has €86.8 million (2014: €63.7 million) receivables from different aircraft lessors in respect of maintenance reserves and lease security deposits paid (see also Note 19). 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 33), management does not consider the credit risk on maintenance reserve receivables to be material.

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

Fair value estimation

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Fair value estimation continued

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2015.

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Financial assets available for sale	1.0	-	-	1.0
Derivative financial instruments	-	60.7	-	60.7
	1.0	60.7	-	61.7
Liabilities				
Derivative financial instruments	-	81.7	-	81.7
	-	81.7	-	81.7

Financial assets available for sale represents a unit linked insurance invested in government bonds by the insurer. These government bonds are traded in an active market therefore it falls into Level 1 category.

The Group measures its derivative financial instruments at fair value, calculated with a technique by the banks involved in the hedging transactions that falls into the Level 2 category.

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

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of financial liabilities, cash and cash equivalents and equity. Financial liabilities primarily consist of commercial loans relating to aircraft financing and convertible debt as disclosed in Notes 24 and 25 respectively. Equity comprises issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Since the financial year beginning on 1 April 2007, the Group's growth has been financed entirely out of cash from operations and commercial debt with financial institutions. The overall capital risk management strategy remains unchanged from prior years.

Management reviews the Group's cost of capital on an ongoing basis as well as the risks associated with each capital instrument and makes recommendations to the Board for approval.

4. Critical accounting estimates and judgments made in applying the Group's accounting policies

a) Maintenance policy

For aircraft held under operating lease agreements, provision is made for the minimum unavoidable costs of specific future 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.

The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as "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 for the future utilisation of the aircraft and in case of engines also of the future operating conditions of the engine.

b) Fair value of derivatives and other financial instruments

Fair value of derivatives (namely open position of cash flow hedges) is determined by the contracting financial institutions as per their industry practice.

Management considers that the fair value of short-term financial instruments is equal to their value determined in the underlying contracts (contracts with suppliers, customers, banks or creditors). Long-term financial instruments are discounted to arrive to their fair value if the effect of discounting is considered to be material. Management believes that only long-term deposits (including maintenance reserves) represent such financial instruments where discounting is necessary. For discounting the Group uses a USD LIBOR rate that best reflects the market risk related to the long-term deposits based on the underlying contracts with the deposit holder.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

4. Critical accounting estimates and judgments made in applying the Group's accounting policies continued

c) Compound instruments

The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest that – according to the assessment of management – would have been available to the Group at the date of issuing these instruments. In determining these rates (for the various issues) management considered various factors, such as the credit risk of the Group, the risk premium applied by banks, the fact that the rate of interest of a non-convertible instrument should be higher than that of an equivalent convertible instrument, and the fact that there should be an equity component for all tranches issued.

For more information please see the accounting policy section on financial assets and liabilities, Note 25 and Note 31.

d) Leasing classification

Management assesses each leasing contract individually at initial recognition based on the criteria described in the accounting policy section on leases. During the assessment management applied the following judgments:

- ▶ useful economic life of the asset;
- ▶ incremental borrowing rate of interest applicable for the Group (used when calculating the present value of the minimum lease payments); and
- ▶ fair value of aircraft at the end of the lease term.

e) Sale and leaseback calculation

For the accounting of sale and leaseback transactions management applied the available information on market value of aircraft and of spare engines with the aim of determining if the assets were sold at a price below or above fair value.

See the accounting policy section on leases.

5. Prior period adjustments

Correction related to convertible debt instruments

During the financial year management concluded that accounting for convertible debt instruments in previous years was not fully correct, particularly with regard to the calculation of interest using the effective rate of interest method and the test whether an amendment of contract terms results in a new instrument. The revision of the historic accounting resulted in the liability value and the equity part of the convertible debt instruments as well as the interest recognised in the income statement changing, as explained in the tables below.

The statement of financial position at 31 March 2013 has been restated as follows:

	Non-current convertible debt € million	Current convertible debt € million	Equity part of convertible debt € million	Retained earnings € million
Balance at 31 March 2013	35.1	-	7.4	49.8
Impact of restatement	4.8	0.5	3.7	(8.5)
Balance at 31 March 2013 as restated	39.9	0.5	11.1	41.3

The statement of financial position at 31 March 2014 has been restated as follows:

	Current convertible debt € million	Equity part of convertible debt € million	Retained earnings € million
Balance at 31 March 2014	36.9	7.4	139.2
Impact of restatement	6.3	3.7	(10.1)
Balance at 31 March 2014 as restated	43.2	11.1	129.1

The statement of comprehensive income for the year ended 31 March 2014 has been restated as follows:

	Financial expense € million	Net financing costs € million	Profit for the period € million
Balance at 31 March 2014	(6.3)	(12.9)	89.2
Impact of restatement	(1.5)	(1.5)	(1.5)
Balance at 31 March 2014 as restated	(7.8)	(14.4)	87.7

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

5. Prior period adjustments continued

Correction related to convertible debt instruments continued

The Consolidated statement of cash flows for the year ended 31 March 2014 has been restated as follows:

	Profit before tax € million	Financial expense € million
Balance at 31 March 2014	96.9	11.4
Impact of restatement	(1.5)	1.5
Balance at 31 March 2014 as restated	95.4	12.9

6. Segment information

Reportable segment information

The Group has only one reportable segment being its entire route network. All segment revenue is derived wholly from external customers and, as the Group has a single reportable segment, inter-segment revenue is zero.

	2015 € million	2014 € million
Segment revenue	1,227.3	1,011.87
Segment operating profit	167.3	109.8

Reconciliation of reportable segment operating profit to consolidated profit or loss after income tax:

	2015 € million	2014 € million
Segment operating profit	167.3	109.8
Financial income and expenses (net)	24.4	(14.4)
Income tax expense	(8.5)	(7.7)
Consolidated profit after income tax	183.2	87.7

Entity-wide disclosures

Products and services

Revenue from external customers can be analysed by groups of similar services as follows:

	2015 € million	2014 € million
Passenger ticket revenue	793.8	658.7
Ancillary revenues	433.5	353.1
Total revenue from external customers	1,227.3	1,011.8

Ancillary revenues arise mainly from baggage charges, booking/payment handling fees, airport check-in fees, fees for various convenience services (priority boarding, extended legroom, reserved seat), loyalty programme membership fees, and from commission on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards, all directly attributable to the low-fare business.

Geographic areas

Revenue from external customers can be analysed by geographic areas as follows:

	2015 € million	2014 € million
Jersey (country of domicile)	-	-
EU	1,116.2	909.2
Other (non-EU)	111.1	102.6
Total revenue from external customers	1,227.3	1,011.8

Revenue was allocated to geographic areas based on the location of the first departure airport on each ticket booking.

Major customers

The Group derives the vast majority of its revenues from its passengers and sells most of its tickets directly to the passengers as final customers rather than through corporate intermediaries (tour operators, travel agents or similar). Therefore the Group does not have any major corporate customers.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

7. Operating profit

Auditors' remuneration

	2015 €000	2014 €000
Fees payable to Company's auditors for the audit of the parent company and consolidated financial statements	204	198
Fees payable to the Company's auditors and their associates for other services		
Audit of financial statements of subsidiaries pursuant to legislation	39	49
Other services relating to taxation	443	360
Audit-related assurance and transaction services	610	730
All other services	13	35
Total remuneration of auditors	1,309	1,372

Audit-related assurance and transaction services both in the current and in the prior year were related primarily to the preparation of the Company for its IPO which was completed during March 2015.

Inventories

Inventories totalling €4.1 million were recognised as an expense in the year (2014: €4.2 million).

8. Staff numbers and costs

The average monthly number of persons employed during the year, including Non-Executive Directors but excluding subcontracted staff like rented pilots, analysed by category, was as follows:

	Number of persons	
	2015	2014
Non-Executive Directors	7	7
Crew and pilots	1,676	1,364
Administration and other staff	203	184
Total staff number	1,886	1,555

The aggregate compensation of these persons was as follows:

	2015 € million	2014 € million
Wages and salaries	55.6	47.3
Pension costs	5.1	2.7
Social security costs other than pension	7.6	5.8
Share based payments	0.3	0.1
Subtotal	68.6	55.9
Subcontracted staff costs (rented pilots)	14.9	12.4
Total staff costs	83.5	68.3

9. Directors' emoluments

	2015 € million	2014 € million
Salaries and other short-term benefits	1.9	1.6
Social security costs	1.5	0.1
Share based payments	0.2	0.1
Directors' services and related expenses	0.2	0.2
Total Directors' emoluments	3.8	2.0

	2015	2014
Directors receiving emoluments	10	10
The number of Directors who in respect of their services received shares under long-term incentive schemes during the year	-	7

Social security costs increased primarily because of the vesting of the share options held by the Chief Executive Officer, and the exercise of most of these options. These costs were not accrued earlier during the vesting period of the options because until 2014 it was not assumed that Swiss social security would apply to the exercise of most of these options.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

10. Exceptional items and underlying profit

Exceptional items

In the 2015 financial year the Group had a net exceptional income of €9.2 million from the following items:

- ▶ €2.8 million of operating expenses in relation to the IPO of the Company. These consisted of (i) €1.6 million within staff costs for a one-off IPO bonus for employees other than senior management; and (ii) €1.2 million within other expenses for advisory fees incurred in relation to the IPO.
- ▶ €12.0 million of net financial income, consisting of: (i) An exceptional income of €14.5 million relating to the recycling of the balance of the cumulated translation adjustment account from equity to the statement of comprehensive income. This balance had been accumulated in relation to Wizz Air Ukraine, and the Company announced in March 2015 that the operations of this subsidiary would be discontinued which then happened in April 2015. (ii) An exceptional expense of €2.5 million arising on the extension of the Company's convertible debt in August 2015 (see Note 25).

The financial income and expense items are not cash. The €1.6 million IPO bonus is paid only in the 2016 financial year. The cash flow impact of the €1.2 million advisory expenses is not significant in either year and is therefore not presented as an exceptional item in the statement of cash flows.

In the 2014 financial year the Group had an exceptional income of €6.3 million from the following:

- ▶ €6.3 million settlement was received from the credit card acquirer of one of the entities of the Group. The settlement relates to incorrectly calculated interchange fees paid in prior years. The amount of the settlement was agreed between the parties during 2014 and this income decreased the distribution and marketing expenses in the statement of comprehensive income in 2014. Out of the €6.3 million agreed, €5.3 million was received in cash by the Group during the 2014 financial year and the remaining €1.0 million during the 2015 financial year. These are presented as exceptional operating cash inflows in the statement of cash flows. The Group does not expect a similar adjustment to occur in the future.

These items were used by management in the determination of the non-GAAP underlying profit measure for the Group – see below.

Underlying profit

	2015 € million	2014 € million
Profit for the period	183.2	87.7
Adjustments (exclusions):		
Unrealised foreign exchange (gain)/loss	(27.8)	6.1
Exceptional items (net gain)	(9.2)	(6.3)
Sum of adjustments	(37.0)	(0.2)
Underlying profit after tax	146.2	87.5

On top of the exceptional items listed above unrealised foreign exchange gains and losses are also excluded from the calculation of underlying profit. These are non-cash translation differences that arise primarily on the revaluation of the significant net US Dollar monetary asset position of the Group. This had material impact particularly in the 2015 financial year due to the significant strengthening of the US Dollar against the Euro in the period.

The tax effects of the adjustments made above are insignificant.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

11. Net financing income and expense

	2015 € million	2014 € million restated - see Note 5
Interest income	1.0	0.4
Ineffective hedge gain	0.8	-
Financial income	1.8	0.4
Interest expense		
Convertible debt	(4.5)	(6.9)
Finance lease	(0.4)	(0.4)
Other	(0.7)	(0.5)
Financial expenses	(5.6)	(7.8)
Foreign exchange gain/(loss)		
Realised	(11.6)	(0.9)
Unrealised	27.8	(6.1)
Net foreign exchange gain/(loss)	16.2	(7.0)
Net exceptional financial income (Note 10)	12.0	-
Net financing income/(expense)	24.4	(14.4)

Interest income and expense contain interest on financial instruments and the effect of the initial discounting of long-term deposits and the later unwinding of such discounting. Interest expense includes also withholding tax paid in Switzerland on the interest accrued on convertible loans. This withholding tax for these instruments is the liability of the Group according to the terms of the respective loan agreements.

For the year ended 31 March 2015 the net realised foreign exchange loss of €11.6 million was primarily driven by the devaluation of the Ukrainian Hryvnia and by the strengthening of the US Dollar against the Euro. The net unrealised foreign exchange gain of €27.8 million was primarily driven by the strengthening of the US Dollar against the Euro, impacting through the net US Dollar monetary asset position of the Group.

The net unrealised foreign exchange loss of €6.1 million for the year ended 31 March 2014 was primarily driven by to the devaluation of the Ukrainian Hryvnia and, to a lesser extent, the US Dollar, against the Euro during the financial year.

12. Income tax expense

Recognised in the statement of comprehensive income

	2015 € million	2014 € million
Current year corporate tax	1.9	3.4
Other income based taxes	5.3	4.0
Deferred tax	1.3	0.3
Total tax charge	8.5	7.7

The Company has a tax rate of 7.8 per cent. (2014: 7.8 per cent.). The tax rate relates to Switzerland, where the Company is tax resident.

The current tax charge for the year is different to the standard rate of corporation tax of 7.8 per cent. (2014: 7.8 per cent.). The difference is explained below.

Reconciliation of effective tax rate

	2015 € million	2014 € million
Profit before tax	191.7	95.4
Tax at the corporation tax rate of 7.8 per cent. (2014: 7.8 per cent.)	14.9	7.4
Effect of different tax rate of subsidiaries versus the parent company	(11.7)	(3.7)
Other income based foreign tax	5.3	4.0
Total tax charge	8.5	7.7
Effective tax rate	4.4%	8.1%

The Company had no taxable income. Other income based foreign tax represents the “innovation contribution” and the local business tax payable in Hungary in 2015 and 2014 by one of the subsidiaries of the Group. Hungarian local business tax and innovation contribution is levied on an adjusted profit basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CONTINUED

13. Earnings per share

Basic earnings per share

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

	2015 € million	2014 € million
Profit from the year	183.2	87.7
Weighted average number of Ordinary Shares in issue (thousands)	12,693	8,734
Basic earnings per share	14.43	10.04

There were also 48,830,503 convertible shares in issue at 31 March 2015 (see Note 29). These shares are non-participating, i.e. the profit attributable to them is €nil. Therefore these shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

Diluted earnings per share has been calculated by adjusting the weighted average number of Ordinary Shares in issue with the number of Ordinary Shares that could have been issued in the respective year as a result of the conversion of various convertible instruments. In this respect the period prior to IPO (in March 2015) and post IPO have different characteristics, as follows:

Period prior to IPO:

- Convertible notes and loans: Not all of the shares which would have been issued on full conversion of the convertible debt instruments have been included in the diluted earnings per share calculation as there were contractual restrictions limiting the number which could be converted. This restrictions were in place to ensure that the Group remains owned and controlled by a majority of EU nationals.
- Employee share options: Conversion of employee share options was not assumed because the completion of an IPO by the Company was one of the vesting conditions, that was not met before March 2015 – see Note 28 for further details.

Period post IPO:

- Convertible shares: The convertible shares that were issued on the IPO as a result of the conversion of some of the convertible loans and notes were included in the diluted earnings per share calculation.
- Convertible notes remaining after IPO: These can be converted at the option of the holder into Ordinary Shares although these might be subject to restrictions on voting and dividend rights.
- Employee share options: Vested share options included in the calculation. There is no further criteria in place that would limit the exercisability of vested share options.

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.

	2015 € million	2014 € million
Profit for the year	183.2	87.7
Interest expense on convertible debt (net of tax)	1.0	1.1
Profit used to determine diluted earnings per share	184.2	88.8
Weighted average number of Ordinary Shares in issue (thousands)	12,693	8,734
Adjustment for assumed conversion of convertible instruments (thousands)	13,941	8,307
Weighted average number of Ordinary Shares for diluted earnings per share (thousands)	26,634	17,041
Diluted earnings per share	6.91	5.21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CONTINUED

13. Earnings per share continued

Proforma earnings per share

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

	2015	2014
Underlying profit for the year, €million	146.2	87.5
Interest expense on convertible debt, €million ⁽¹⁾	4.5	6.9
Profit used to determine proforma earnings per share, €million	150.7	94.4
Number of shares in issue at year end (thousands) ⁽²⁾	101,111	8,741
Adjustment for assumed conversion of convertible debt instruments (thousands) ⁽³⁾	24,247	97,854
Adjustment for assumed conversion of employee share options (thousands) ⁽⁴⁾	1,117	-
Fully diluted number of shares for proforma earnings per share (thousands)	126,475	106,595
Proforma earnings per share, EUR	1.19	0.89

- (1) Interest expense is lower in 2015 because (i) it does not include the €2.5 million exceptional charge arising on the extension of debt in August 2014, (2) interest rate was reduced during 2015, (iii) part of the debt was converted into shares on IPO in 2015.
- (2) For 2015 the issued share number includes also the 48.8 million convertible shares issued in Mar 2015. See Note 29 for share capital.
- (3) Interest outstanding on convertible notes in issue at year-end is not included because it is more likely to be paid in cash than converted into shares (in fact the interest outstanding at March 2014 was paid in cash in February 2015).
- (4) For employee share options only those are included that the holder had the right to exercise as at year end. This means that for 2014 none of the share options in issue were included because none were exercisable at the time – although due to the IPO most of these became exercisable and were actually exercised in 2015.

The calculation of the proforma underlying EPS is different from the calculation of the IFRS diluted EPS measure in the following:

- ▶ For earnings the underlying profit for the year was used (see Note 10), as opposed to the statutory (IFRS) profit for the year.
- ▶ For the fully diluted number of shares, (i) year-end position was taken rather than the weighted average for the year, (ii) all convertible debt were taken into account for their dilution impact as at the year end. By contrast, the IFRS diluted EPS measure takes a weighted average position for the year and includes only those convertible debt instruments that could be converted by the holder without any restriction.

The proforma EPS measure was introduced by the Company to better reflect the underlying earnings and the underlying equity structure, particularly to remove the distortion that was caused by the special conversion restrictions existing for convertible debt until the IPO in March 2015.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

14. Property, plant and equipment

	Land and buildings	Aircraft maintenance assets	Aircraft parts	Fixtures and fittings	Advances paid for aircraft	Advances paid for aircraft maintenance assets	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Cost							
At 1 April 2013	0.2	96.3	6.1	3.0	71.8	18.2	195.6
Additions	4.8	12.5	5.5	0.3	86.4	27.5	137.0
Disposals	-	(10.6)	-	-	(47.9)	-	(58.5)
Transfers	-	20.3	-	-	-	(20.3)	-
At 31 March 2014	5.0	118.5	11.6	3.3	110.3	25.4	274.1
Additions	-	29.4	4.6	1.8	79.9	25.9	141.6
Disposals	-	(30.8)	-	(0.1)	(83.7)	-	(114.6)
Transfers	-	5.4	-	-	-	(5.4)	-
Foreign exchange differences	-	(0.1)	(0.1)	-	-	-	(0.2)
At 31 March 2015	5.0	122.4	16.1	5.0	106.5	45.9	300.9
Accumulated depreciation							
At 1 April 2013	-	34.2	2.2	2.3	-	-	38.7
Depreciation charge for the year	0.4	22.2	1.2	0.4	-	-	24.2
Disposals	-	(10.6)	-	-	-	-	(10.6)
At 31 March 2014	0.4	45.8	3.4	2.7	-	-	52.3
Depreciation charge for the year	0.4	29.7	1.9	0.5	-	-	32.5
Disposals	-	(30.8)	-	(0.1)	-	-	(30.9)
Foreign exchange differences	-	-	-	(0.1)	-	-	(0.1)
At 31 March 2015	0.8	44.7	5.3	3.0	-	-	53.8
Net book amount							
At 31 March 2015	4.2	77.7	10.8	2.0	106.5	45.9	247.1
At 31 March 2014	4.6	72.7	8.2	0.6	110.3	25.4	221.8

Land and buildings includes the following amounts where the Group is a lessee under a finance lease:

	2015 € million	2014 € million
Cost from capitalised finance lease	4.8	4.8
Accumulated depreciation	(0.7)	(0.3)
Net book amount	4.1	4.5

15. Intangible assets

	Software licences and web development € million
Cost	
At 1 April 2013	5.1
Additions	1.8
At 31 March 2014	6.9
Additions	1.6
At 31 March 2015	8.5
Accumulated amortisation	
At 1 April 2013	2.7
Amortisation charge for the year	1.2
At 31 March 2014	3.9
Amortisation charge for the year	1.4
At 31 March 2015	5.3
Net book amount	
At 31 March 2015	3.2
At 31 March 2014	3.0

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

16. Tax assets and liabilities

Deferred tax liabilities recognised

	Provisions for other liabilities and charges € million	Property, plant and equipment € million	Advances paid for aircraft maintenance assets € million	Fair value adjustment € million	Other € million	Total € million
At 1 April 2013	1.0	0.9	0.3	-	0.3	2.5
Additions	0.2	0.2	0.1	-	(0.1)	0.4
Utilised	-	-	-	-	(0.1)	(0.1)
At 31 March 2014	1.2	1.1	0.4	-	0.1	2.8
Additions	0.5	0.2	0.3	-	0.3	1.3
Utilised	-	-	-	-	-	-
At 31 March 2015	1.7	1.3	0.7	-	0.4	4.1
Less than one year	-	-	-	-	0.4	0.4
Greater than one year	1.7	1.3	0.7	-	-	3.7

Deferred tax assets recognised

	Hedging reserve recognised in OCI € million	Total € million
At 1 April 2013	-	-
Additions	-	-
Utilised	-	-
At 31 March 2014	-	-
Additions	0.7	0.7
Utilised	-	-
At 31 March 2015	0.7	0.7

Unrecognised deferred tax assets

Until 31 March 2010 Wizz Air Hungary was Hungarian tax resident and up to this date had accumulated €30.0 million tax loss in Hungary. This balance remained unchanged at 31 March 2014. This loss can be utilised only to offset profits generated under Hungarian tax residency. The Group does not expect to have profit generated under Hungarian tax residency in the foreseeable future and therefore no deferred tax asset is recognised in this respect.

As at 31 March 2015 there was an unrecognised deferred tax asset related to Wizz Air Ukraine Airlines LLC of €1.4 million (2014: €2.5 million). It comprises accumulated tax losses, cash-taxed revenues and cost accruals/provisions that are not yet deductible for tax purposes. Given the decision in March 2015 to cease the operations of Wizz Air Ukraine Airlines LLC there is no basis for a deferred tax asset to be recognised for this subsidiary.

17. Subsidiaries

The Group has the following subsidiaries:

	Country of incorporation	Principal activity	Class of shares held	Percentage held	Financial year end
Subsidiary undertakings					
Wizz Air Hungary Kft	Hungary	Airline operator	Ordinary	100%	31 March
Wizz Air Polska Sp. Z.o.o.	Poland	Dormant	Ordinary	100%	31 March
Wizz Air Netherland Holding B.V.	Netherland	Holding company	Ordinary	100%	31 March
Dnieper Aviation LLC	Ukraine	Holding company	Ordinary	100%	31 December
Wizz Air Ukraine Airlines LLC	Ukraine	Airline operator	Ordinary	100%	31 December

Wizz Air Polska Sp. z.o.o is under solvent liquidation since 2012.

In March 2015 the Group announced its plan to discontinue the airline operations of Wizz Air Ukraine Airlines LLC, which happened in April 2015.

Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC have a financial year end different from the Group's financial year due to the requirements of local legislation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

18. Inventories

	2015 € million	2014 € million
Aircraft consumables	7.5	6.1
Emission trading scheme purchased allowances	1.3	-
Total inventories	8.8	6.1

19. Trade and other receivables

	2015 € million	2014 € million
Non-current		
Receivables from lessors	80.3	50.1
Current		
Trade receivables	42.0	25.2
Other receivables from lessors	7.4	13.7
Other receivables	2.7	2.1
Total current other receivables	10.1	15.8
Less: provision for impairment of other receivables	-	-
Other current receivables net	10.1	15.8
Prepayments, deferred expenses and accrued income	35.5	25.4
Current trade and other receivables	87.6	66.4
Total trade and other receivables	167.9	116.5

Receivables from lessors (both current and non-current) represent the deposits provided by Wizz Air to lessors as security in relation to the lease contracts and in relation to the funding of future maintenance events.

Impairment of trade and other receivables

	2015 € million	2014 € million
Impaired receivables		
- other receivables	-	-
Allowances on impaired receivables		
- other receivables	-	-

After considering all of the available objective evidence, the Group made full impairment for all receivables that are overdue by more than 60 days. All receivables are due within 60 days.

20. Financial assets available for sale

	2015 € million	2014 € million
Unit linked insurance serving as security deposit	1.0	1.0
Total financial assets available for sale	1.0	1.0

Financial assets available for sale represent a unit linked insurance product which is invested in government bonds by the insurer. This insurance serves as a security for the acquirer bank which collects card payments for the Group. The Group was required to place a security deposit of 300 million Hungarian Forints (approximately one million EUR) behind this insurance. This amount is restricted until March 2016.

21. Derivative financial instruments

	2015 € million	2014 € million
Assets		
Non-current derivatives		
Cash flow hedges	22.1	0.1
Current derivatives		
Cash flow hedges	38.6	0.3
Total derivative financial assets	60.7	0.4
Liabilities		
Non-current derivatives		
Cash flow hedges	(1.8)	(0.2)
Current derivatives		
Cash flow hedges	(79.9)	(3.3)
Total derivative financial liabilities	(81.7)	(3.5)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

21. Derivative financial instruments continued

The derivative financial instruments represent cash flow hedges (see also Note 3). The full value of a hedging derivative is classified as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months.

The cash flow hedges expiring in 2015 had an ineffective portion of €0.8 million (2014: €nil).

The net position in 2015 does match the cash flow hedging reserve (€46.1 million credit) in the statement of financial position because the net position includes also cash deposits paid in relation to fuel caps (purchase options) open at the end of the year.

22. Deferred interest

	2015 € million	2014 € million
Non-current		
Deferred interest expense	4.9	2.5
Deferred PDP interest	2.8	4.8
	7.7	7.3
Current		
Deferred PDP interest	1.2	1.1
Total deferred interest	8.9	8.4

Deferred interest expense represents the deferred initial discount adjustments calculated for non-current receivables.

Deferred PDP interest is the deferred part of pre-delivery payment (PDP) interest expenses incurred on leased aircraft or spare engines. Such interest relates to aircraft or spare engine PDP payments financed by third parties, and is initially recognised under property, plant and equipment (advances paid for aircraft). When the leased aircraft or spare engine is delivered, PDP interest is reclassified to deferred interest expense. It is then amortised on a straight-line basis over the lease term of the respective asset and the amortisation charge is recognised in the statement of comprehensive income as aircraft rental expense.

23. Restricted cash

	2015 € million	2014 € million
Non-current financial assets	70.4	38.6
Current financial assets	3.2	3.8
Total restricted cash	73.6	42.4

Restricted cash for the Group comprises cash on deposit, against which there are letters of credit issued or other restrictions in place governing the use of that cash, resulting from agreements with aircraft lessors or other business partners. Restricted cash is excluded from cash and cash equivalents in the cash flow statement.

These deposits mainly comprise US Dollar deposits. All of them are interest bearing and the interest rates represent publicly available commercial interest rates (in a range of 0.2 per cent. to 0.5 per cent. per annum).

24. Borrowings

	2015 € million	2014 € million
Non-current liabilities		
Finance lease liabilities	3.8	4.2
Total non-current borrowings	3.8	4.2
Current liabilities		
Commercial loans (PDP)	-	15.7
Finance lease liabilities	0.4	0.3
Total current borrowings	0.4	16.0
Total borrowings	4.2	20.2

Commercial loans represent financing provided by third parties in respect of the aircraft pre-delivery payment (PDP) obligations of the Group. The loans open at 31 March 2014 matured during the year ended 31 March 2015 as the respective aircraft were delivered.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

24. Borrowings continued

Finance lease liabilities represent an aircraft simulator asset leased by the Group starting from May 2013.

	2015 € million	2014 € million
Gross finance liabilities - minimum lease payments		
No later than one year	0.7	0.7
Later than one year and no later than five years	2.9	2.9
Later than five years	2.2	2.9
	5.8	6.5
Future finance charges on finance lease liabilities	(1.6)	(2.0)
Present value of finance lease liabilities	4.2	4.5

	2015 € million	2014 € million
Present value of finance liabilities		
No later than one year	0.4	0.3
Later than one year and no later than five years	1.9	2.3
Later than five years	1.9	1.9
Present value of finance lease liabilities	4.2	4.5

25. Convertible debt

	2015 € million	2014 € million
Non-current financial liabilities	27.0	0.0
Current financial liabilities	0.3	43.2
Total convertible debt	27.3	43.2

The balance of convertible debt decreased in 2015 because during the year part of the debt was converted into shares of the Company. The majority of the balance, related to the principal amount, is now classified as current liability because the term of the remaining (non-converted) debt was extended until 2022.

Contractual terms of the convertible debt instruments held by the Group in the period:

► convertible loans:

Issued in August and December 2004, with a ten year term and a coupon rate of interest of 12 per cent. with compound interest payable on expiry. The loans were extended in August 2014 by five years, i.e. until August 2019, with interest payable in cash with a coupon rate of interest of 8 per cent. As a result of recalculating the fair value of loans due to the extension the Company recognised additional interest cost of €0.4 million in the 2015 financial year. In March 2015, linked to the listing of the Company's shares on the London Stock Exchange, all convertible loans (including accrued interest) were converted into shares of the Company. Therefore there were no convertible loans outstanding at 31 March 2015; and

► convertible notes:

Issued in February 2005, March 2006 and June 2006, with a four to five year term and with a coupon rate of interest of 5 per cent. to 10 per cent. The notes were extended with an additional five years first in 2009, with an interest of 10 per cent. They were further extended in August 2014, for the period between February 2015 and August 2019, with interest payable in cash with a coupon rate of interest of 8 per cent. As a result of recalculating the fair value of notes due to the extension the Company recognised additional interest cost of €2.1 million in the 2015 financial year. In March 2015, linked to the listing of the Company's shares on the London Stock Exchange, certain convertible notes (including accrued interest) were converted into shares of the Company.

The remaining notes were further extended to 31 March 2022 with interest now payable twice a year in February and August. No gain or loss was recognised as a result of this extension. All these remaining notes are held by Indigo.

Principal and any accrued interest on the remaining convertible notes are convertible into Ordinary Shares in Wizz Air Holdings Plc at conversion factors in the range of €1.0-1.5 for one share.

Convertible notes are guaranteed by Wizz Air Hungary Kft; see Note 32.

For more information about the Group's exposure to interest rate risk, see Note 3.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

26. Trade and other payables

	2015 € million	2014 € million
Current liabilities		
Trade payables	38.6	48.3
Other trade payables	6.2	5.6
Accrued expenses	79.1	66.8
Total trade and other payables	123.9	120.7

27. Deferred income

	2015 € million	2014 € million
Non-current financial liabilities		
Deferred income	74.2	53.7
Current financial liabilities		
Unflown revenue	175.9	143.5
Other	12.8	9.1
	188.7	152.6
Total deferred income	262.9	206.3

Non-current deferred income represents the value of benefit for the Group coming from assets (cash credits and free aircraft components) received from aircraft and certain component suppliers for nil consideration, 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 and the current part of the value of assets received for nil consideration.

28. Employee benefits

Share based payments

Employee share option programme (ESOP)

Share options issued during the financial year

Terms and conditions:

	2015/A	2015/B	2014/A	2014/B
Number of options	20,000	220,000	20,000	25,000
Exercise price	€8.39	€13,68	€3.10	€7.23
Vesting period	3 years	3 years	3 years	3 years
Termination	10 years	10 years	10 years	10 years

There are no individual performance conditions set for the employees to exercise their options after the three-year vesting period other than that the employees must be in employment with one of the Group entities until and on the date of exercise of the options.

The ESOP defined also the occurrence of certain equity events as a condition to exercise. This condition was met only with the IPO of the Company in March 2015. However, until 2015 this restriction was considered both in the valuation of the options at grant date as a market based condition and in determining the "effective vesting period" after which the options become exercisable without any further conditions.

The fair value of the options granted was determined by using a combination of the Binomial and the Black-Scholes models. The following key inputs (other than the contract terms) were used in the model for the options issued during the financial year:

	2015/A	2015/B	2014/A	2014/B
Exercise price of the options	20,000	220,000	€3.10	€7.23
Expected volatility of the underlying shares	39%	39%	39%	39%
Fair value of the underlying shares as at the grant date	€8.39	€13,68	€3.10	€7.23
Expected life of the options (from grant date)	4 years	4 years	5 years	4 years
Expected dividends	nil	nil	nil	nil
Risk free interest rate	1.76%	1.76%	1.30%	1.76%
Fair value of each share option	€2.84	€4.40	€0.16	€2.16

The expected volatility is based on the historic volatility of listed peer companies in the low-cost airline industry segment during the years 2004 to 2011.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

28. Employee benefits continued

Share based payments continued

Employee share option programme (ESOP) continued

Share options issued during the financial year continued

The fair value of the underlying equity shares of the Company as at the grant date of the options was determined based on the average of EV/EBITDAR multiples of Ryanair and easyJet. The expected life of the options was determined based on management's estimate about the future exercise behaviour of the relevant employee groups.

The Binomial model was selected to value the options, as a calculation method capable of incorporating the probabilities of reaching the threshold for the equity value of the Group, which was the market based condition related to the exercise of the options until the IPO happened. The basis of the Binomial calculation was the estimation of the probability of reaching this threshold Group equity value within the period until the (that time) estimated date of an IPO, by utilising the historic volatilities of comparable companies in the industry. Where the outcome of the Binomial calculation was that the expected market value of the Group does not reach the threshold by the estimated date of an IPO, the model assumed that the option would not vest with the employees.

The options are classified as equity-settled share based payments because the Company will issue new shares for any option exercised in the future, irrespective of the method of exercise.

The fair value of the options is recognised as an administrative expense over the estimated vesting period with a corresponding charge to equity.

All share options in issue

The number and weighted average exercise prices of share options are as follows:

	2015 Weighted average exercise price €	2015 Number of options	2014 Weighted average exercise price €	2014 Number of options
Outstanding at the beginning of the year	2.33	5,241,733	2.26	5,696,733
Granted during the year	13.24	240,000	5.39	45,000
Exercised during the year	2.18	(3,779,287)	N/A	0
Forfeited during the year	2.36	(35,000)	1.88	(500,000)
Outstanding at the end of the year	4.11	1,667,446	2.33	5,241,733
Exercisable at the end of the year	2.44	1,117,446	-	-

The range of exercise prices on options outstanding at the year end was €1.50-€13.68 (2014: €1.50-€7.23). At the end of the financial year, the outstanding options had a weighted average outstanding contractual life of five years and seven months (2014: four years and one month).

At the end of the 2015 financial year the estimates for the number of share options expected to vest were updated based on actual employee turnover figures.

Including the impact of this year-end true-up, the total expense recognised for the year arising from all share options was €148,000 expense (2014: €12,000 credit) for the Group.

Non-Executive Director share award programme

Terms and conditions of the share awards issued during the 2015 and 2014 financial years:

	2015	2014
Number of awards	nil	37,000
Fair value at measurement date		€7.23
Purchase price		0.0001 GBP
Vesting period		3 years

The Directors were awarded the shares subject to restrictions such as the Directors may not sell, assign, transfer, pledge, exchange, encumber or dispose of any of the award shares for a period of three years or until an IPO, whichever is later.

In addition the shares would be forfeited if a Director ceases to be a Director by reason of voluntary resignation or by removal pursuant to the articles of association of the Company before the end of the three-year vesting period, though the Remuneration Committee of the Board has the discretion to grant exemption from this rule on an individual basis. The fair value of such awards is equivalent to the fair value of the shares as at the measurement date as the expected dividends are €nil.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CONTINUED

28. Employee benefits continued

Share based payments continued

Non-Executive Director share award programme continued

The number of share awards is as follows:

	2015 Number of share awards	2014 Number of share awards
Outstanding at the beginning of the year	371,832	334,832
Granted in the year	-	37,000
Outstanding at the end of the year	371,832	371,832

Of the 371,832 shares 174,082 were granted during 2006–2013 to persons who were not any longer a director of the Company at 31 March 2015.

The share awards are classified as equity-settled share based payments.

The fair value of the shares granted is recognised as an expense over the three year vesting period with a corresponding charge to equity.

The total expense recognised for the year arising from share awards is €122,000 (2014: €120,000) for the Group.

Under the terms of the programmes all taxes payable on share options and awards are the liability of the recipients of these benefits; therefore, the expense recognised by the Group for share based payments does not include provision for any current or potential future taxes.

29. Capital and reserves

Share capital

Number of shares	2015	2014
In issue at beginning of the year	8,740,468	8,703,468
Issued during the year for cash	13,358,107	37,000
Converted during the year from bonds	79,012,043	-
In issue at end of the year – fully paid	101,110,618	8,740,468

	2015 £	2015 €	2014 £	2014 €
<i>Authorised</i>				
Equity: 170,000,000 (2014: 140,000,000 ordinary shares) ordinary shares of £0.0001 each and 80,000,000 non-voting, non-participating convertible shares of £0.0001 each	25,000	34,415	14,000	16,947
<i>Allotted, called up and fully paid</i>				
Equity: 101,110,618 (2014: 8,740,468) shares of £0.0001 each	10,111	13,574	874	946
- Ordinary Shares	5,228	7,019	874	946
- Convertible shares	4,883	6,555	-	-

Ordinary Shares

The holders of Ordinary Shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Convertible shares

In March 2015, linked to the listing of the Company's shares on the London Stock Exchange, certain convertible loans and notes (including accrued interest) were converted into non-voting non-participating "convertible shares" of the Company. There were 48,830,503 convertible shares in issue at 31 March 2015, all fully paid. The convertible shares are held by Indigo and can be converted into Ordinary Shares of the Company by Indigo on the condition of meeting certain criteria post conversion regarding the overall shareholding structure of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

29. Capital and reserves continued

Capital reserves

Share premium

Share premium has two main components. €207.0 million was recognised as a result of the Group reorganisation in October 2009. It represents the estimated fair value of the Group at the date of the transaction. The remaining €168.1 million was recognised in 2015 as a result of new share issues. These new share issues comprised the primary offering on the initial public offering of the Company's shares on the London Stock Exchange in March 2015, the conversion of some of the convertible debt instruments into shares and the conversion of certain employee share options into shares.

Reorganisation reserve

Reorganisation reserve was recognised as a result of the Group reorganisation in October 2009. It is equal to the difference between the fair value of the Group at the date of reorganisation (€209.0 million) and the share capital of the Group at the same date (€16.0 million).

Equity part of convertible debt

The equity part of convertible debt in equity comprises the equity component of compound instruments issued by the Company. The amount of the convertible debts classified as equity of €8.3 million (2014 (restated – see note 5): €11.1m) is net of attributable transaction costs of €0.5 million.

Share based payment charge

The share based payment balance of €1.7 million credit (2014: €1.4 million credit) corresponds to the recognised cumulative charge of share options and share awards provided to the employees and Directors. This balance is recognised directly in retained earnings.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative unrealised net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Impact of the IPO

The IPO impacted the share capital related lines of the primary financial statements as follows:

	2015 € million
Primary proceeds (net of bank commissions)	146.9
Grant price of share options exercised during the year	8.2
Other transaction costs (issuance tax and advisory fees)	(6.0)
Cash flow impact (net proceeds from the issue of share capital)	149.1
Conversion of convertible debt (non-cash)	19.2
Increase in share capital and share premium balances (statement of financial position)	168.3

30. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2013	45.6	0.7	46.3
Capitalised within property, plant and equipment	11.0	-	11.0
Charged to comprehensive income	-	0.7	0.7
Used during the year	(29.7)	(0.7)	(30.4)
At 31 March 2014	26.9	0.7	27.6
Non-current provisions	18.9	-	18.9
Current provisions	8.0	0.7	8.7
Capitalised within property, plant and equipment	26.5	-	26.5
Charged to comprehensive income	-	1.5	1.5
Used during the year	(2.8)	(0.4)	(3.2)
At 31 March 2015	50.6	1.8	52.4
Non-current provisions	44.9	-	44.9
Current provisions	5.7	1.8	7.5

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

30. Provisions for other liabilities and charges continued

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines. 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 operating lease agreements (see Note 4). Maintenance provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines.

Other provisions relate to future liabilities under the Group's customer loyalty programme, all within one year.

31. Financial instruments

Fair values

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

	Carrying amount 2015 € million	Fair value 2015 € million	Carrying amount 2014 (restated – see Note 5) € million	Fair value 2014 (restated – see Note 5) € million
Trade and other receivables due after more than one year	83.4	80.3	52.9	50.1
Restricted cash	73.6	73.6	42.4	42.4
Financial assets available for sale	1.0	1.0	1.0	1.0
Derivative financial assets	60.7	60.7	0.4	0.4
Trade and other receivables due within one year	87.6	87.6	66.4	66.4
Cash and cash equivalents	448.6	448.6	185.6	185.6
Trade and other payables due within one year	(123.9)	(123.9)	(120.7)	(120.7)
Derivative financial liabilities	(81.7)	(81.7)	(3.5)	(3.5)
Convertible debt	(27.3)	(27.3)	(43.2)	(43.2)
Borrowings	(4.2)	(4.2)	(20.2)	(20.2)
Net balance of financial instruments (asset)	517.8	514.7	161.1	158.3

The fair value of financial instruments that are not traded in an active market (such as long-term deposits among the non-current other receivables) is determined by estimated discounted cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables. Long-term financial assets and liabilities which are classified as fair value through profit and loss are recognised on fair value.

The fair value of deposits due after more than one year is determined by discounting at a rate of interest of three months' USD LIBOR rate prevailing on the last day of the financial year.

The fair value of long-term other assets is determined by discounting at a rate of interest of four years' USD swap rate prevailing on the last day of the financial year.

The fair value of derivative financial instruments is based on their actual mark-to-market evaluation of the financial institutions.

During the year €7.2 million loss (2014: €2.1 million loss) was realised on derivative financial assets and liabilities in the income statement.

During the year €26,000 gain (2014: €nil) has been realised on financial assets available for sale.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

31. Financial instruments continued

Effective interest rates analysis

Interest-bearing financial liabilities

The following table indicates the effective interest rate of the interest-bearing liabilities of the Group on the statement of financial position date and the periods in which they mature. Convertible loans and notes are denominated in EUR, while the other short-term loans are denominated in USD.

	2015					2014 (restated – see Note 5)				
	Effective interest rate	Total	Within one year	One to two years	Two to ten years	Effective interest rate	Total	Within one year	One to two years	Two to five years
	%	€ million	€ million	€ million	€ million	%	€ million	€ million	€ million	€ million
Convertible notes	7.4%	27.3	0.3	-	27.0	7.4%	31.1	31.1	-	-
Convertible loans	-	-	-	-	-	7.4%	12.1	12.1	-	-
Commercial loans (PDP)	6.1%	-	-	-	-	6.1%	15.7	15.7	-	-
Finance lease liability	8.4%	4.2	0.4	0.4	3.4	8.4%	4.5	0.3	0.4	3.8

Interest earning financial assets

The Group invests excess cash in a conservative way, primarily in AAA-rated money market funds and also in short-term time deposits on market rate.

32. Financial guarantees

The Company has provided parent guarantees to certain lessors of its aircraft fleet, to guarantee the performance of its airline subsidiaries under the respective lease contracts.

The Company has provided parent guarantees to certain hedging counterparties, to guarantee the performance of Wizz Air Hungary Kft, under the respective hedge contracts.

The convertible notes are secured through a deed of guarantee between Wizz Air Hungary Kft (as guarantor) and Indigo Hungary LP (as security agent), pursuant to which Wizz Air Hungary Kft, *inter alia*, guarantees to Indigo Hungary LP the punctual performance by, *inter alia*, the Company of its obligations the current note purchase agreement.

33. Lease commitments

The total future minimum lease payments under non-cancellable operating lease rentals are as follows:

	2015 € million	2014 € million
Payments due:		
Within one year	218.7	141.8
Between one and five years	817.7	600.6
More than five years	455.8	426.4
Total operating lease commitments	1,492.2	1,168.8

The above table includes also the lease costs of those aircraft that are not yet delivered but for which the lease contract was already signed before the statement of financial position date.

The lease payments are not subject to future escalation, but five of the lease contracts are on floating rate and thus the lease payments for these vary with the USD market rates of interest.

In December 2012 the Group signed an agreement with a third party to open a new crew training centre in Budapest in April 2013. The new Wizz Air training centre, operated by the third party, features a modern A320 full flight simulator, aircraft cabin mock-up facilities and a fire fighting trainer. The contract includes a commitment for the Group to pay a rent to the operator of the centre during the ten-year term of the contract.

Part of the commitment has been classified as finance lease and the remainder as operating lease. The amount of commitment that relates to the operating lease is included in the figures above.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

34. Capital commitments

At 31 March 2015 the Group had the following capital commitments:

- ▶ commitment to purchase 56 Airbus aircraft of the A320 family in the period 2015–2018. The commitment is valued at USD 5.9 billion (€5.5 billion) at list prices in 2015 USD terms (as at 31 March 2014: USD 6.9 billion (€5.0 billion), valued at 2014 list prices). As at the date of approval of this document seven of the 56 aircraft are covered by sale and leaseback agreement; and
- ▶ commitment to purchase seven IAE aircraft spare engines in the period 2015–2018. The commitment is valued at USD 74.6 million (€69.6 million) at list prices in 2015 USD terms (as at March 2014: USD 72.6 million (€52.8 million), valued at 2014 list prices). As at the date of approval of this document the seven engines are not yet financed.

35. Contingent liabilities

Legal disputes

The European Commission started an in-depth investigation into Wizz Air Hungary's (WAH) contractual arrangements with Timisoara airport (TSR) in May 2011. The European Commission's preliminary decision, published in September 2011, considered that these contracts might involve an element of state aid. WAH then made a detailed submission to the European Commission, supported by expert economic analysis, which showed that its contractual arrangements were legitimate commercial arrangements that were justified both from a legal and economic perspective.

Independently, during 2012 and 2013 Carpatair initiated a number of court cases against TSR in the Romanian domestic courts, alleging (amongst other things) state aid in favour of WAH as a result of the published airport charges which provide for volume discounts. WAH is intervening as an interested party in each of these cases and is submitting its own defence in support of TSR. Crucially, WAH believes that other operators at TSR would have been able to take advantage of the same scheme of discounts but that this was not taken into account. One of these cases made a finding of state aid, without the benefit of any evidence. Given that the courts did not consider any expert economic evidence, the courts as yet have been unable to quantify the amount of the alleged but disputed state aid.

Management estimates that the maximum potential exposure could be in the region of €9.0 million. 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.

36. Subsequent events

There were no matters arising, between the statement of financial position date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment or disclosure in accordance with IAS 10, 'Events after the reporting period', other than the following:

The Company announced in March 2015 that it will discontinue the operations of its Ukrainian airline subsidiary, Wizz Air Ukraine Airlines LLC. Wizz Air Ukraine Airlines LLC stopped flying from 20 April 2015 and its two aircraft are being de-registered from the Ukrainian operating licence and are being registered to the Hungarian operating licence of Wizz Air Hungary. Consequently Wizz Air Ukraine Airlines LLC will lose its airline operating licence.

37. 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 appointed four directors to the Board of Directors (of these, three were in service at 31 March 2015);
- ▶ DCII (Malta) Limited, because it appointed one Director to the Board of Directors (not in service at 31 March 2015); and
- ▶ key management personnel (Directors and officers).

These related parties held 20.5 per cent. of the voting shares of the Company at 31 March 2015 (2014: 69.8 per cent.).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

37. Related parties continued

Transactions with related parties

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

Transactions with Indigo

At 31 March 2015 Indigo held 6,740,633 of Ordinary Shares (equal to 12.9 per cent. of the Company's issued share capital) and 48,830,503 of Convertible Shares of the Company (2014: nil).

Indigo has interest in convertible debt instruments issued by the Company (see Note 25). The Company's liability to Indigo, including principal and accrued interest, was €27.3 million at 31 March 2015 (2014: €37.7 million).

During the year ended 31 March 2015 the Company entered into transactions with Indigo as follows:

- ▶ Indigo converted into the Company's Ordinary Shares all of their convertible loans and convertible notes, with the exception of convertible notes with a principal amount of €26.3 million that remained outstanding. As a result of these conversions Indigo acquired 10,244,633 of Ordinary Shares and 48,830,503 of Convertible Shares of the Company.
- ▶ The Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €3.9 million (2014: €5.2 million); and
- ▶ Fees of €0.1 million (2014: €0.1 million) were paid to Indigo in respect of the remuneration of Directors who were delegated by Indigo to the Board of Directors of the Company.
- ▶ The Company entered into a relationship agreement with Indigo dated 24 February 2015. The key terms of this relationship agreement are set out in the governance section on pages 34 to 35.

Transactions with key management personnel

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

	2015 € million	2014 € million
Salaries and other short-term employee benefits	6.0	5.1
Social security costs	3.2	0.6
Share based payments	0.2	0.1
Amounts paid to third parties in respect of Directors' service	0.2	0.2
Total key management compensation expense	9.6	6.0

Social security costs increased primarily because of the vesting of the share options held by the Officers, and the exercise of most of these options. These costs were not accrued earlier during the vesting period of the options because until 2014 it was not assumed that Swiss social security would apply to the exercise of most of these options.

During 2015 the Company and one of its subsidiaries provided loans to four out of the six Officers of the Group, including to the Chief Executive Officer. The purpose of the loans was to enable these employees to exercise their share options by buying the respective shares before the end of 2014, so that they can take advantage of preferential tax rules last available in Switzerland in 2014.

The amount of the loans provided to Officers was €8.5 million, secured by the shares purchased. The loan tranches were provided between December 2014 and February 2015 and repaid in March 2015. The interest rate on the loans was 1.50% per annum that was considered to be the market rate of interest in Switzerland for similar loans. Altogether €22,000 interest was paid by the Officers on repayment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

38. Ultimate controlling party

In the opinion of the Directors there is no individual controlling party in relation to the Company's issued Ordinary Shares.

As at 21 April 2015 approximately 58% of the Ordinary Shares in the Company were owned by Qualifying Nationals. Shareholders and potential investors are reminded that the Group's Hungarian operating licence depends, *inter alia*, on Qualifying Nationals owning more than 50 per cent. of the Ordinary Shares. The Company's articles of association enable the Directors to take action to ensure that the amount of Ordinary Shares held by Non-Qualifying Nationals does not reach a level which could jeopardise the Group's entitlement to continue to hold or enjoy the benefit of any operating licence which benefits the Group.

Qualifying Nationals include: (i) EEA Nationals, (ii) nationals of Switzerland and (iii) in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and any third country (whether or not such undertaking is itself granted an operating licence).

A Non-Qualifying National is any person who is not a Qualifying National in accordance with the definition above.

39. Unaudited financial information published during the year

During the year the Group disclosed in its Prospectus (published on 25 February 2015) the following unaudited financial information, that is reproduced here in full:

a) Certain capacity, operating and key financial data for the nine months ended 31 December 2014 and 2013,

	Apr-Dec 2014 (unaudited)	Apr-Dec 2013 (unaudited)
Passenger ticket revenue (€'000)	654,421	534,717
Ancillary revenue (€'000)	337,479	279,235
Total revenue (€'000)	991,900	813,952
Staff costs (€'000)	60,055	50,851
Fuel costs (€'000)	313,385	278,572
Distribution and marketing (€'000)	14,717	14,257
Maintenance, materials and repairs (€'000)	48,403	37,694
Aircraft rentals (€'000)	101,110	84,072
Airport, handling and en-route Charges (€'000)	227,725	193,321
Depreciation and amortisation (€'000)	27,786	17,970
Other expenses (€'000)	22,865	18,579
Total operating expenses (€'000)	816,046	695,316
Operating profit (before exceptional items) (€'000)	175,854	118,636
Operating profit margin (%)	17.7%	14.6%
Exceptional items (€'000)	-	-
Operating profit (€'000)	175,854	118,636
Net financing costs (€'000)	8,209	(8,347)
Profit before income tax (€'000)	184,063	110,289
Income tax expense (€'000)	(6,177)	(2,948)
Profit for the period (€'000)	177,886	107,341
Adjustments (exclusions):		
Unrealised FX (gain)/loss: (€'000)	(10,499)	2,440
Time value of open hedge positions: (€'000)	(12,860)	-
Exceptional item (gain)/loss: (€'000)	2,474	-
Underlying net profit (€'000)	157,001	109,781
EBITDAR (before exceptional items) (€'000)	304,750	220,678
EBITDAR Margin (%)	30.7%	27.1%
Other key metrics		
Passengers (m)	12.7	10.8
CASK (€ cents)	3.65	3.74
CASK ex-ownership (€ cents)	3.08	3.19
Unrestricted cash (€m)	320	152

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

39. Unaudited financial information published during the year continued

b) Selected unaudited historical quarterly financial and operating data for the four quarters of the financial year ended 31 March 2014 and for the first three quarters of the financial year ended 31 March 2015:

	FY 2014 (unaudited)			
	Quarter ended 30 June 2013 (€'000)	Quarter ended 30 September 2013 (€'000)	Quarter ended 31 December 2013 (€'000)	Quarter ended 31 March 2014 (€'000)
Passenger ticket revenue	148,128	242,970	143,619	124,003
Ancillary revenue	84,598	113,311	81,326	73,861
Total revenue	232,726	356,281	224,945	197,864
Fuel costs	87,596	103,234	87,742	82,003
Other expenses	132,347	147,234	137,163	130,969 ⁽¹⁾
Total operating expenses	219,943	250,468	224,905	212,972⁽¹⁾
Operating profit	12,783	105,813	40	(15,108)⁽¹⁾
Other key metrics				
Total ASKs ('000 km)	5,925,043	6,691,013	5,967,554	5,801,421
RPKs ('000 km)	5,146,441	6,004,190	5,002,611	4,713,790

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

Note

(1) Excluding €6,256,000 exceptional credit (refund from card acquirer) in the quarter ended 31 March 2014.

	FY 2015 (unaudited)		
	Quarter ended 30 June 2014 (€'000)	Quarter ended 30 September 2014 (€'000)	Quarter ended 31 December 2014 (€'000)
Passenger ticket revenue	192,951	294,977	166,493
Ancillary revenue	102,201	137,171	98,107
Total revenue	295,153	432,148	264,600
Fuel costs	101,412	119,783	92,190
Other expenses	160,810	179,448	162,403
Total operating expenses	262,222	299,231	254,593
Operating profit	32,931	132,917	10,007
Other key metrics			
Total ASKs ('000 km)	7,166,210	8,243,829	6,930,347
RPKs ('000 km)	6,247,691	7,438,576	5,859,747

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

There have been no changes to the unaudited financial information that was published in the Prospectus.