2019 | WIZZ AIR HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS

CONTENTS

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, as applicable.
2019, F19, FY19 and FY 2019 in this document refer to the financial year ended 31 March 2019. 2018, F18, FY18 and FY 2018 refer to the financial year ended 31 March 2018. Equivalent terms are used for prior financial years.

STRATEGIC REPORT

FINANCIAL HIGHLIGHTS

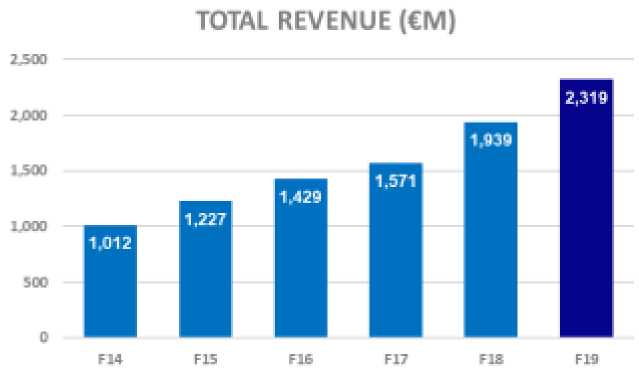
Financial year	2019 **€ million**	2018 € million	Change
Total revenue (continuing operation*)	2,319.1	1,939.0	+19.6%
Profit for the year (full business*)	291.6	275.1	+6.0%
Profit for the year (continuing operation*)	295.3	276.4	+6.9%
Profit margin (continuing operation*)	12.7%	14.3%	-1.5ppt

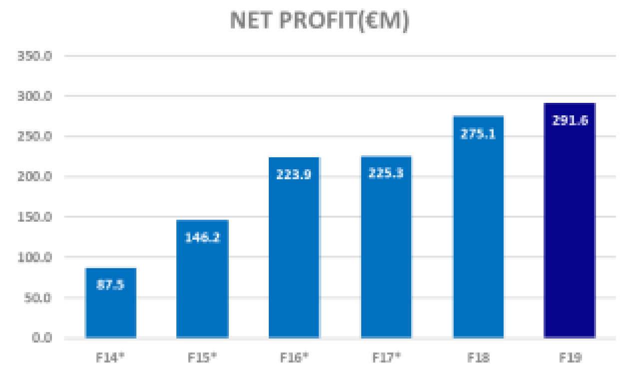
Financial year	2019	2018	Change
Passengers**	34.6m	29.6m	+16.7%
Year-end fleet	112	93	+20.4%
Number of employees (average)***	4,550	3,686	+14.5%

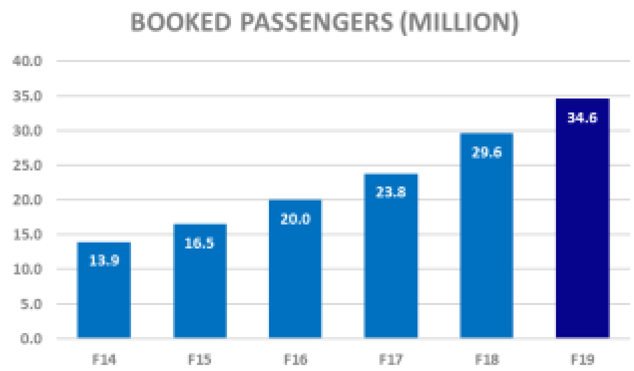
* In October 2018 the Group decided to cease its online tour operator business line effective from 31 December 2018. This business line was in the past (during the 2017-2018 years) presented as a separate operating segment of the Group and for the purposes of the current financial statements was classified as "discontinued operation" under IFRS 5. The income statement for both 2019 and 2018 is being presented net of the revenues and expenses of the discontinued operation. The continuing operation for 2018 corresponds to what was presented as the Airline business segment in 2018. As a consequence, some measures for 2018 are now different from those originally disclosed in the 2018 Annual Report for the Group. It is only the profit after tax that is now disclosed also for the entire business for the two years. (See Note 5 to the financial statements for more detail on the discontinued operation.)

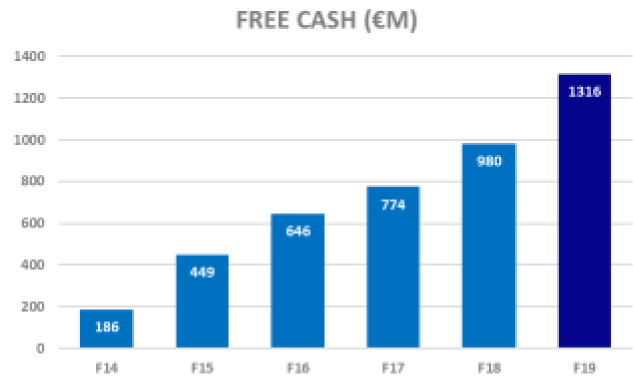
** Booked passengers.

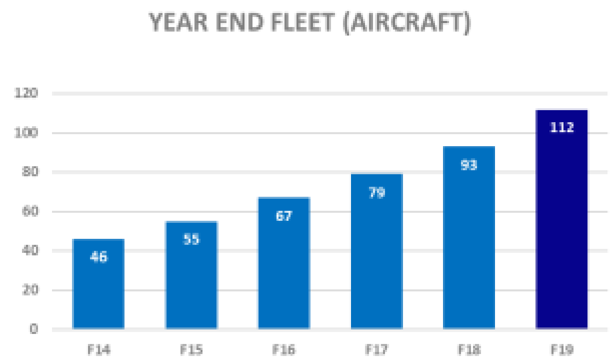
*** Including rented pilots and inactive employees.

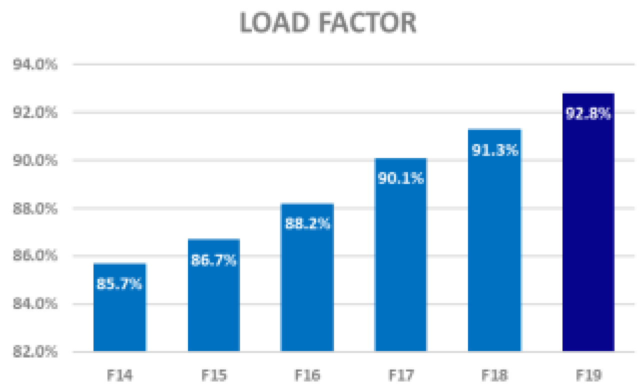






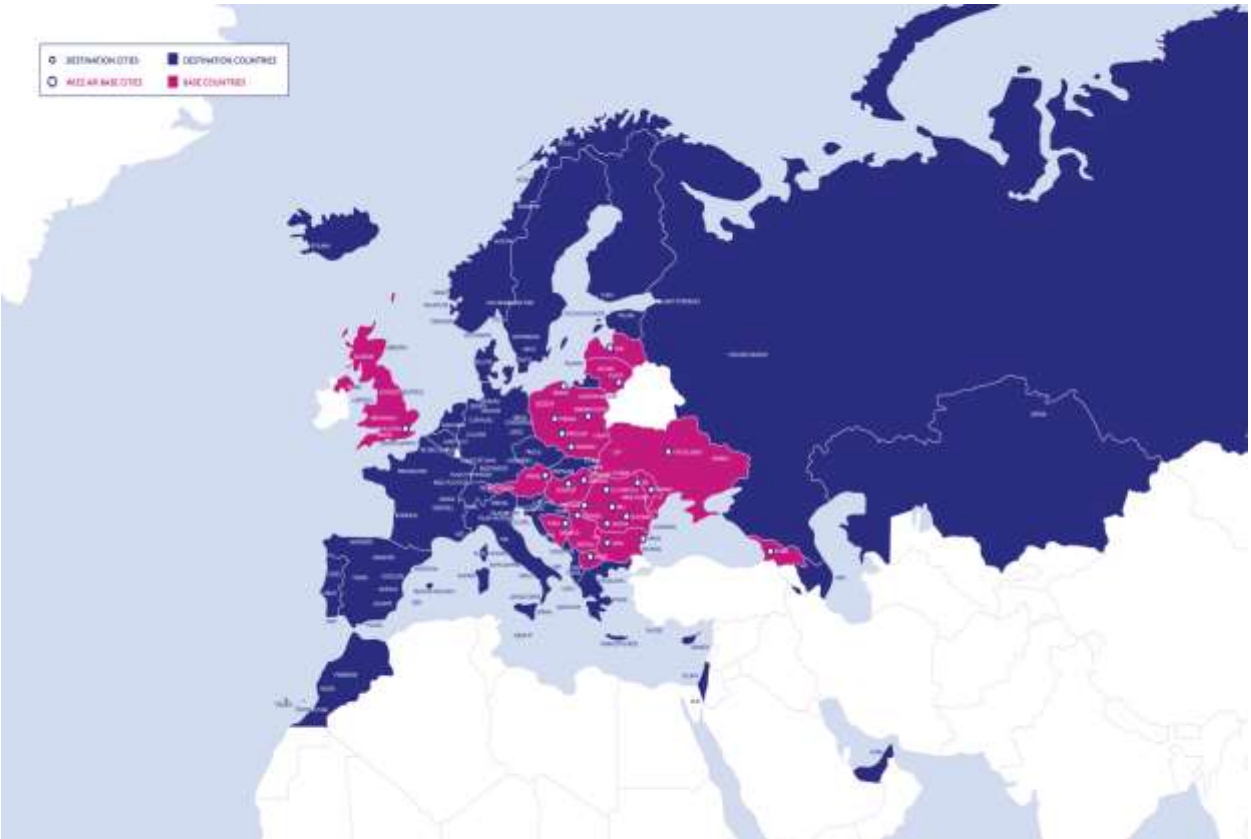






* Years F14-F17 show "underlying net profit", a non-statutory profit measure used by the Company during those years. For further details see the F14-F18 annual reports.

Wizz Air's Presence



Number of routes operated from CEE* countries as at 31 March 2019:

Poland	148
Romania	137
Hungary	81
Bulgaria	38
Macedonia	33
Ukraine	30
Lithuania	28
Serbia	18
Bosnia and Herzegovina	15
Georgia	13
Moldova	13
Latvia	12
Kosovo	4
Czech Republic	3
Slovakia	3
Albania	2
Croatia	2
Montenegro	2
Slovenia	2
Estonia	1

* Central and Eastern Europe, or CEE, is a region comprised of Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

Number of routes operated from other European countries (to non-CEE countries) as at 31 March 2019:

Austria	22
United Kingdom	10

COMPANY OVERVIEW CONTINUED

Milestones and Achievements

FY 2019

- Wizz Air received two CESAAR awards: The Company was named 2018 "The Best Low-Cost Airline of the Year in CEE region" and was given the "Best Cabin Crew" award by the Central and Eastern European passengers.
- Wizz Air took delivery of the first two Airbus A321neo aircraft. The new generation game-changer aircraft is powered by Pratt & Whitney GTF engines, features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and low operating cost.
- Wizz Air continued to invest significantly in its fleet by adding twelve A321ceo, five A320ceo and two A321neo aircraft, taking our fleet to 112 aircraft at the end of March 2019.
- The Company inaugurated its brand new €30 million state-of-the-art pilot and cabin crew training centre in Budapest. The facility currently operates two full motion simulators and can train up to 300 flight and cabin crew members on a daily basis.
- Wizz Air was awarded the highest 7-star safety ranking from the world's only one-stop airline safety and product rating agency AirlineRatings.com.
- The Company continues to invest in its people with the launch of the Wizz Air Pilot Academy program in Hungary. This follows the very successful launches of the program in Poland, Bulgaria and Romania.
- Wizz Air received permission from the UK Secretary of State for Transport for Wizz Air UK Limited to be granted a UK route license, which was issued in October 2018, future-proofing the status of Wizz Air UK Limited as a British airline, regardless of the outcome of the Brexit negotiations, and therefore will enable the Group to continue flying from the UK to non-EU countries following Brexit.
- Wizz Air UK company expansion with two additional aircraft to be deployed from summer 2019, taking the London Luton based fleet to 11 aircraft.
- The Company introduced a new transparent baggage policy aimed at easing the boarding experience for customers and decreasing baggage-related delays for all Wizz Air flights.
- Wizz Air celebrated the inauguration of its newest hangar in Sofia, the company's 4th dedicated maintenance centre in Europe.

FY 2020 to date

- Wizz Air opened its 26th base in Krakow, Poland with three brand new Airbus A321 aircraft being deployed from summer 2019.
- Wizz Air has announced the deployment of a total of 11 aircraft in Summer 2019 in the following locations: Budapest (+1), Katowice (+1), Warsaw (+1), Gdansk (+1), Bucharest (+1), Krakow (+3), London Luton (+2), Timisoara (+1), Skopje (+1), Varna (+1), Kutaisi (+1)
- Wizz Air was named "2019 Airline of the Year" by Air Transport Awards, the only international prize that awards all the main categories of the air transport industry.

CHAIRMAN'S STATEMENT

Overview

2019 was another strong year for Wizz Air. We carried 34.6 million passengers, delivered revenue growth of 19.6% and net profit growth of 6.0%. We are a European cost-leader and are confident that we are a structural long-term winner in the aviation industry. Our focus on the lowest-cost operations, superior customer service and the strong growth profile of the Central & Eastern European markets have once again produced outstanding results.

Strategy

Our strategy remains simple and is delivering. We maintain an industry-leading cost base, a young, best-in-class fleet and a focus on the growth markets of Central and Eastern Europe. We also continued to strengthen our position in Western Europe, including the establishment of a base in London Luton which now serves as our UK operating base. We will further enhance our efficiency and cost base with the addition of the Airbus A321neo aircraft to our fleet. These larger and more fuel-efficient aircraft financed with our investment-grade balance sheet enables us to carry more passengers at the lowest possible cost.

Underpinning our commitment to cost-efficient and profitable growth is an unwavering commitment to safety. We are proud of our safety track record and will continue to ensure that we meet the highest standards for safety and excellence.

2019 Key Performance Metrics

We delivered on a number of key milestones in 2019 – from a strategic, operating and financial perspective:

- Added 125 new routes during the year, strengthening our position as the leader in CEE and as one of Europe's strongest and most efficient airlines.
- Were awarded a UK route license that future-proofs the status of Wizz Air UK Limited as a British airline.
- Signed letter of intent to finance 10 A321neo aircraft at rates significantly better than prior market transactions.
- Opened our new €30 million state-of-the-art pilot and cabin crew training centre in Budapest which can train up to 300 flight crew and cabin crew members altogether on a daily basis.
- Further strengthened our balance sheet and liquidity position unrestricted free cash of €1,316.0 million at the end of the financial year.
- Awarded the highest 7-star safety ranking from the world's only one-stop airline safety and product rating agency – Airline Ratings.

Board Changes

As a Board, we recognise the importance of good governance and effective oversight in protecting and creating value for our shareholders. We regularly review the structure of our Board to ensure we have an appropriate and diverse mix of skills and experience to oversee the execution of our strategy and to ensure that constructive conversations are held with the management team.

In June 2018, Barry Eccleston joined the Board of Wizz Air as an independent non-executive director. A British national, Barry recently retired as Chief Executive Officer of Airbus Americas Inc., where he was responsible for all aspects of Airbus' commercial airplanes business in North America, a position he held since 2005. His knowledge on both technical and business levels will be particularly beneficial to Wizz Air.

In July, Peter Agnefjäll was appointed as an independent non-executive Director. Peter was the President and Chief Executive Officer of IKEA Group from 2013 to 2017. His experience of leading, developing and transforming a successful low-cost brand in a profitable, sustainable and engaging way will bring an added and valuable element to Board discussions.

In September Maria Kyriacou was appointed as an independent non-executive Director. Maria is the current President of International ITV Studios, part of ITV plc. In her role, she oversees ITV Studios' production companies across Europe and Australia and its growing US scripted business. As we continue to be a leader in the digital business, Maria will bring to the Board first-hand experience of leading a business in a sector that has seen significant digital shift in recent years.

During the July-September quarter, Thierry de Preux and John McMahon stepped down from the Board after six years. On behalf of the Board, I would like to take this opportunity to thank them for their valued contribution in their roles as non-executive Director and as members of the Remuneration Committee and the Audit Committee, respectively. We wish them well in their future endeavors.

Board Changes continued

In April 2019, John R. Wilson has retired from the Board. John has been with Wizz Air almost since the beginning and has helped to guide the company's vision and growth since that time as a valued and knowledgeable non-executive Director. We thank him for his significant contribution over the last 14 years.

For the 2018 external Board evaluation, the Board engaged Oliver Ziehn from London-based corporate advisory firm Lintstock to conduct an independent external evaluation of the performance of the Board, its Committees and the Chairman.

Culture & Stakeholders

During 2019, the Board and senior management placed particular focus on building and maintaining strong relationships with our wide range of stakeholders. The Company's values are at the core of Wizz Air's success, and by ensuring that the entire organization embraces them, we can continue to grow successfully and generate shareholder value in the long term.

Customers

Our business is successful because of our ability to offer low fares and reliable travel which has gained the support of our customers. We thank all of our customers, old and new, for their business in 2019. We continue to expand our network and look forward to welcoming new customers on board at Wizz Air in 2020. Customers are at the centre of our business. In November we introduced a new transparent baggage policy aimed at easing the boarding experience for customers and decreasing baggage-related delays.

Employees

We are proud to say that we have over 4,500 aviation professionals delivering a superior service across our network. The dedication and enthusiasm displayed by them on a daily basis is vital to Wizz Air's success and ensuring that our customers feel safe and comfortable on board.

We have consistently placed a high emphasis on – and investment in - education and training for both pilots and crew members to ensure best-in-class standards across our business. Our new state-of-the-art pilot and cabin crew training centre in Budapest currently operates two full motion simulators and can train up to 300 flight and cabin crew members on a daily basis.

Communities

Wizz Air has operations at 146 airports in 44 countries and it is our declared aim to build active relationships with the communities in our markets. During 2019, we once again devoted ourselves to local community projects across our markets, which foster a stronger bond between our employees and the communities in which we operate.

The Company is also putting increasing emphasis on minimizing our carbon footprint. The introduction of the A321neo aircraft to Wizz Air's fleet means that the company will benefit from industry-leading low emissions: Pratt and Whitney's GTF engine has demonstrated its promised ability to reduce fuel burn by 16 per cent. and, in addition, the aircraft provides a 50 per cent. reduction in noise footprint compared to previous generation aircraft.

We believe that the A321neo aircraft will play a vital role towards our goal to operate in the most sustainable and efficient way possible and minimize the carbon footprint of our customers.

Looking Ahead

The 2019 financial year was another milestone for Wizz Air: we made significant investments in our business and people, we further strengthened our market position and we affirmed our position as an ultra-low-cost leader. Demand across all our markets remains robust and we expect to deliver an improved operational performance in the year ahead in spite of air traffic control and other industry infrastructure challenges.

Starting into the 2020 financial year, we remain confident about the coming period. While turbulence across the industry is likely to continue, we have proven that we can deliver low operating costs and growth in all market conditions. We look forward to continuing to build our position as a leader in European air travel. With a strong balance sheet and a proven business model, we believe Wizz Air can drive strong growth, attract new customers and deliver superior returns for our shareholders.

William A. Franke
Chairman
30 May 2019

CHIEF EXECUTIVE'S REVIEW

I am delighted to be able to report another year of success for Wizz Air in 2019, as we delivered market leading growth rates and continued to drive cost efficiencies across the network. In an environment of high fuel prices, our ultra-low-cost business model provides us with a significant competitive advantage. As we continue to drive our cost base even lower and profitably stimulate traffic, this advantage allows us to capture an even greater share of the market for air travel in CEE as well as selected routes in Western Europe.

As economic growth continues across the CEE region, we are happy to welcome customers on board on 125 new routes launched in the last 12 months. In 2019, we carried 34.6 million customers, up 16.7% year on year. We delivered revenue growth of 19.6% and net profit of a record €291.6 million, an increase of 6.0% year on year.

The first half of the 2019 financial year brought a particularly challenging operating environment for all airlines in Europe, and we were not immune. Unprecedented disruptions due to air traffic control ('ATC') strikes, slot constraints and heavily congested airports meant that 251 of our flights were cancelled in the first half. We took steps to resolve those issues within our control and experienced a significant improvement in the operating environment in the second half.

We remain well on track to deliver on our mission to be the undisputed ultra-low-cost carrier in the industry.

Central to Wizz Air's ultra-low-cost base is our commitment to operating the youngest, most fuel-efficient aircraft. The average age of our fleet is 4.7 years, one of the youngest fleets of any major European airline. In the fourth quarter, we took delivery of our first A321neo aircraft. We have 254 NEO aircraft on order to be delivered over the next eight years. These deliveries when combined with an intensive programme of returning older CEO aircraft back to lessors means that Wizz Air will very soon operate one of the most fuel-efficient fleets in the world.

Our performance in 2019 demonstrated the agility of our business; the benefits of our fleet and efficiency, the diversified network and continued improvements to our industry-leading ultra-low-cost base all coming together to drive fares lower and stimulate ever higher load factors and passenger numbers. In FY 2019, we delivered:

- An increase in revenues of 19.6% to €2,319.1 million;
- Growth in ancillary revenue of 18.1% to €953.0 million;
- An increase in net profit of 6.0% to €291.6 million;
- A total airline ex-fuel unit cost decrease of -1% to €2.24 cents per Available Seat Kilometre (ASK);
- A 17% increase in capacity offered to the market (as measured by ASKs), as we extended and deepened our network of routes to and from Central and Eastern Europe; and
- An increase in our average load factor by 1.5 percentage points to 92.8% in the financial year while delivering industry leading growth rates with a passenger number increase of 16.7% to €34.6 million.

Strategic progress

We remain committed to our strategy built on low fares and a diverse network, supported by efficient operations and high-quality customer service.

Cost control is at the core of our business and with a relentless focus on costs and efficiency across all areas of the business, we are able to offer our customers industry-leading low fares and grow our markets. Our structured approach to risk management and our agile infrastructure of personnel, processes, systems, suppliers and outsourced services means that the organization is sufficiently scalable and therefore best placed to carry out our ambitious growth plans.

Our organisation is deeply international across all functions, and this allows us to maintain sustainable partnerships with all key stakeholders, including our employees, airport operators, suppliers, governments and regulators in new markets as a reliable, long-term partner.

With our investment-grade credit rating, we will be able to reduce our aircraft ownership costs significantly, which will enable us to become the undisputed cost leader in the European airline industry, sustainably grow our business and maximize shareholder value.

CEE's Leader

Wizz Air remains the undisputed market leader in the CEE region, with a market share of 38.6% in the low-cost sector and 16.3% of the total CEE market. During FY 2019, we launched 125 new routes and now operate from 25 bases which connect 146 destinations in 44 countries. We remain confident in the growth potential of the region and will continue to stimulate demand in our markets.

The table below shows the Company's ranking by low-cost market share in each of its CEE base countries:

	Number 1		Number 2		Number 3	
Market	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	38.6%	Ryanair Group	30.2%	Easyjet	6.1%
Poland	Ryanair Group	50.3%	Wizz Air	38.8%	Norwegian Group	4.1%
Romania	Wizz Air	57.1%	Blue Air	24.6%	Ryanair Group	15.0%
Hungary	Wizz Air	50.9%	Ryanair Group	26.1%	Easyjet	8.3%
Bulgaria	Wizz Air	53.0%	Ryanair Group	35.7%	Easyjet	4.4%
Ukraine	Wizz Air	43.1%	Nordwind Airlines	12.9%	Pegasus	12.5%
Lithuania	Ryanair Group	53.2%	Wizz Air	42.1%	Norwegian Group	4.8%
Latvia	Ryanair Group	53.2%	Wizz Air	29.2%	Norwegian Group	16.7%
Slovakia	Ryanair Group	63.6%	Wizz Air	32.4%	flydubai	2.6%
Georgia	Wizz Air	48.4%	flydubai	23.5%	Air Arabia	11.9%
Serbia	Wizz Air	54.5%	Ryanair Group	12.2%	Easyjet	8.4%
Moldova	Wizz Air	55.1%	FlyOne	44.9%		
Macedonia	Wizz Air	86.3%	Germania Flug	6.3%	Pegasus	4.9%
Bosnia and Herzegovina	Wizz Air	54.8%	Pegasus	12.4%	flydubai	11.8%

The table below shows the Company's ranking by market share in each of its CEE base countries:

	Number 1		Number 2		Number 3	
Market	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	16.3%	Ryanair Group	12.7%	LOT Polish Airlines	6.2%
Poland	Ryanair Group	25.9%	LOT Polish Airlines	25.6%	Wizz Air	20.0%
Romania	Wizz Air	35.7%	TAROM	16.5%	Blue Air	15.3%
Ukraine	Ukraine International	35.9%	Aeroflot Russian	8.2%	Wizz Air	7.7%
Hungary	Wizz Air	31.1%	Ryanair Group	16.0%	Lufthansa	7.0%
Bulgaria	Wizz Air	24.1%	Ryanair Group	16.2%	Bulgaria Air	13.4%
Latvia	airBaltic	58.8%	Ryanair Group	12.8%	Wizz Air	7.0%
Serbia	Air Serbia	45.1%	Wizz Air	10.9%	Lufthansa	5.2%
Lithuania	Ryanair Group	30.8%	Wizz Air	24.4%	airBaltic	9.8%
Georgia	Georgian Airways	13.6%	Wizz Air	11.7%	Turkish Airlines	11.4%
Moldova	Air Moldova	46.6%	Wizz Air	14.2%	FlyOne	11.6%
Slovakia	Ryanair Group	39.1%	Travel Service Group	21.4%	Wizz Air	19.9%
Macedonia	Wizz Air	61.0%	Turkish Airlines	8.5%	Austrian Airlines	6.7%
Bosnia and Herzegovina	Wizz Air	31.4%	Turkish Airlines	12.0%	Austrian Airlines	9.5%

(Source data for both tables: Innovata, April 2018 – March 2019.)

CEE's Leader continued

The table below shows the fleet allocation by country at 31 March 2019 compared to a year earlier:

	Fleet deployment by country		
Year end	March 2019	March 2018	Change
Total	112	93	+19
Romania	26	21	+5
Poland	24	25	-1
Hungary	15	12	+3
Great Britain	9	3	+6
Bulgaria	7	8	-1
Austria	5	-	+5
Macedonia	4	4	0
Ukraine	4	2	2
Lithuania	3	4	-1
Bosnia and Herzegovina	2	2	0
Latvia	2	2	0
Serbia	2	2	0
Georgia	2	1	+1
Moldova	2	1	+1
Czech Republic	-	1	-1
Slovakia	-	1	-1
Undesignated	5	4	1

Expanding Network

During 2019, we maintained our leadership position in the CEE market, and continued to take advantage of valuable market opportunities beyond CEE. Our new base in Vienna opened in June 2018 with five based aircraft. In addition, we started operations to two new destinations in CEE (Tallinn in Estonia and Kharkiv in Ukraine), as well as from five new destinations across Western Europe and Northern Africa.

As at today, Wizz Air offers services from 23 CEE countries including the 11 CEE countries where we have based aircraft and crews. During the year, the Company started operations to/from 7 new airports, as follows:

New CEE stations	
City	Country
Kharkiv	Ukraine
Tallinn	Estonia

New stations outside CEE	
City	Country
Bremen	Germany
Castellon	Spain
Oslo	Norway
Marrakech	Morocco
Vienna	Austria

Fleet development

During the 2019 financial year, we continued to invest significantly in our fleet by adding twelve A321ceo, five A320ceo and two A321neo aircraft, taking our fleet to 112 aircraft at the end of March 2019. Deliveries of the A321ceo aircraft commenced in November 2015 and in just less than three years we are already operating 38 of the type, and in March 2019 we took delivery of the first two A321neo aircraft. Together they represent 41 per cent. of the Company's total seat capacity.

The arrival of the A321neo aircraft is a game-changer for Wizz Air, as we continue to grow at an industry-leading rate and expand our market reach across and beyond Europe. The aircraft is powered by Pratt & Whitney GTF engines and features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and low operating costs.

The A321neo offers significant environmental benefits with nearly a 50 per cent. reduction in noise footprint compared to previous generation aircraft. Since entering into service in early 2016, Pratt and Whitney's GTF engine has demonstrated its promised ability to reduce fuel burn by 16 per cent. and nitrogen oxide emissions by 50 per cent.

The composition of our fleet at the end of the 2019 financial year and currently anticipated at the end of the next two financial years is as follows:

	March 2019 Actual	March 2020 Planned	March 2021 Planned
A320ceo without winglets (180 seats)	35	32	27
A320ceo with winglets (180 seats)	28	28	28
A320ceo with winglets (186 seats)	9	9	9
A321ceo with winglets (230 seats)	38	41	41
A321neo with winglets (239 seats)	2	12	35
Fleet size	112	122	140
Proportion of seat on A321	41%	50%	61%
Average number of seats per aircraft	198,5	203,5	209,8

Aircraft Orders

In FY 2016 the Company concluded a purchase agreement with Airbus for 110 firm-order A321neo aircraft and purchase rights for a further 90 of the type. During the 2017 financial year the Company selected and contracted Pratt & Whitney's new technology geared turbofan engines to power these aircraft. The purchase agreement includes uncommitted purchase rights for 75 additional A321neo aircraft as well as ample flexibility with conversion and deferral rights.

During FY 2018 the Company signed two additional purchase agreements with Airbus. The first was for 10 A321ceo aircraft with deliveries in 2018 and 2019 calendar years responding to the ever-increasing demand for Wizz Air's low fares. The second and historic order at the end of 2017 was the Company's largest ever order of 146 A320neo family aircraft (72 A320neo and 74 A321neo), and as part of an airline group initiative, marked also as Airbus' largest ever A320 family aircraft order of 430 units. This exceptional deal secures a continued stable flow of new aircraft starting from 2021 until 2026 at extremely competitive prices.

Wizz Air now has 254 Airbus aircraft on order and these ultra-efficient, next-step technology aircraft will underpin our growth plans for the next decade as we continue with our mission to be the undisputed cost leader among European airlines. Based on the current order book with Airbus, and lessor return schedule, the fleet will more than double in size from the end of FY 2017 to the end of FY 2024.

Offering our customers more

We are continuously working on offering the lowest fares, yet also provide our customers with superior service starting with the booking flow up to the on-board experience. Our aim is to simplify processes and offer the most suitable travel options for our customers. In order to deliver a seamless travel experience, we introduced the following improvements during the 2019 financial year:

- The new generation Airbus A321neo aircraft that features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and low operating cost;
- Introduction of a new and improved baggage policy which allows priority boarding customers two pieces of hand-luggage on board and enables more efficient operations, resulting in improved on-time performance;
- New app functionalities with fast track and lounge access sales during and post booking, as well as last minute sales for WIZZ Priority up to 40 minutes before departure;
- Re-design of the check-in and booking flow on the website and the mobile app to provide a more seamless experience and a better understanding of our products and services;
- Improved disruption management: Wizz Air continuously works on pro-active and timely customer support by implementing changes and initiatives for better managing disruptions;
- Faster repatriation of mishandled bags to passengers with SITA WorldTracer®, which allows the airline to trace mishandled bags across the globe;
- Increased coverage of parking and transfer services via the app by 10% network-wide, to provide a wider choice to our customers; and
- New cooperation with our partners including Heinemann in Budapest to offer further benefits to our customers.

Wizz Air's customer base consists of many loyal Wizz Air fans who frequently fly with us: with our Wizz Discount Club, more than 1.3 million members and their friends and families benefit from even lower fares.

The trust of our customers is further demonstrated by increasing bookings with our partners via wizzair.com, as well as further growth of our ancillary revenues by 18.1% year-on-year.

During 2019, we were delighted to having been recognised by a number of awards from our loyal Central and Eastern European customers, including two CESAAR awards as "The Best Low Cost Airline" as well as the airline with the "Best Cabin Crew" in Poland, and two Sky Awards in Bulgaria as the "Best Low-Cost Airline" and as "Passengers' most preferred choice". These awards, which are among the most important and prestigious prizes of the aviation industry in the CEE region, are a recognition of Wizz Air's excellent performance, superior service and strong network expansion. In May 2019, Wizz Air was named "2019 Airline of the Year" by Air Transport Awards, the only international prize that awards all the main categories of the air transport industry.

Developing our people

The success of our business is directly related to the quality of our employees across the network. Without the best people, we would be unable to deliver on our growth ambitions. We have developed a number of training and career development initiatives for our employees to help them with their career progression not only through promotions but also by helping them move between functions, operations and bases. In 2019, we rolled out the Wizz Air Pilot Academy program in Hungary, following previous successful launches in Poland, Bulgaria and Romania. We also opened our new €30 million state-of-the-art pilot and cabin crew training facility in Budapest.

During the 2018 financial year, WIZZ air decided to open the WIZZ foundation, an official funding entity set up in Hungary, with the aim of supporting the broader community in four different areas: health, education, child care and emergency aid.

The board of trustees consists of four members drawn from cabin crew, flight crew and office. In addition to the WIZZ foundation, WIZZ air also introduced WIZZ aid, an employee emergency fund which is designed to provide financial support to colleagues who need urgent medical treatment or suffer from natural or man-made disasters.

In addition, the 'WIZZ People Council', a community of Wizz Air staff enables an effective two-way communication between the management and employees, to support the decision-making process on matters which affect all staff within the company.

Environmental initiatives

We continuously use innovative technologies to minimise the effect of our operations on the environment. With our order of the ultra-efficient Airbus A320neo Family aircraft that started delivery in March 2019, our environmental footprint will continue to decrease.

In addition, the company is currently implementing over 65 various fuel saving initiatives to make sure that we minimise our fuel consumption. While undeniably good for business, it also means that we operate in as environmentally friendly a way as possible. Since 2012, we have started several projects including the improvement of economic flying speed, descent optimization and zonal drying, which add up nearly 100,000 tons reduction of CO_2 emissions per year, or over 3% per aircraft per year.

Technology advancements

Digital technology has been at the core of Wizz Air's success from the start, and we will continue to serve our customers across Europe in a scalable and personalized way. In FY 2019, we appointed Joel Goldberg to the newly-created position of Chief Digital Officer, who will ensure that Wizz Air's digital development not only keeps up with, but also anticipates the future needs of our customers as well as continues to improve efficiency across the business.

Wizzair.com remains one of the world's top ten most visited airline websites, and 96% of our current sales come through digital sales channels. To leverage the shifting trends and maintain a low-cost distribution strategy, Wizz Air has embraced a "mobile first" strategy. By applying user research and service design, Wizz Air's digital optimization has contributed to ever improving conversion rates on ticket and ancillary sales. On our mobile application, we recorded close to 138 million sessions of more than 26 million users in FY 2019.

In addition, we will focus on maintaining and developing solid, reliable and scalable enterprise platforms and focus on automated processes that support our core business and enable digital ways of working. In FY19, we have mapped out our most critical processes to lay the groundwork for continuous automation.

As we look ahead to FY20, we will drive further digitalization of the customer journey and support customer self-service in order to make our products and services available 24-7 to our customers. We will have a relentless focus on automating the highest volume areas of manual work to free our people up to focus on the more strategic, value adding activities, and we will be introducing new digital tools to enhance productivity and connectedness of our employees. This strong digital foundation and framework will enable us to further leverage emerging technologies like machine learning and artificial intelligence in the coming years. As we continue our remarkable growth story, we are committed to becoming the most digital ULCC in the industry in order to better serve the evolving expectations of our customers and people.

Balanced hedging approach

Wizz Air operates under a clear set of treasury policies approved by the Board and supervised by the Audit Committee. The aim of our hedging policy is to reduce short-term volatility in earnings and liquidity. 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 an 18-month hedge horizon).

During the 2017 fiscal year the Company started to hedge the GBP, its largest non-EUR revenue currency, against EUR in order to avoid potential short-term volatility. Unlike for the US Dollar, there is no minimum coverage set, while the maximum is 60% of projected net GBP exposure on a rolling twelve-month basis. Details of the current hedging positions (as at 20 May 2019) are set out below:

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

Period covered	F20 11 months	F21 7 months
Exposure (million)	$734	$578
Hedge coverage (million)	$398	$122
Hedge coverage for the period	54%	21%
Weighted average ceiling	$1.2398	$1.1862
Weighted average floor	$1.1909	$1.1415

Balanced hedging approach continued

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

Period covered	F20* 2 months	F21 *
Exposure (million)	£29	-
Hedge coverage (million)	£16	-
Hedge coverage for the period	55%	-
Weighted average ceiling	£0.9195	-
Weighted average floor	£0.8798	-

* The GBP hedging program is applicable on a maximum twelve-month horizon and within this horizon is discretionary. The open hedges currently in place cover only May-June 2019 (i.e. the first two months of F20)

Fuel hedge coverage

Period covered	F20 11 months	F21 7 months
Exposure in metric tons ('000)	1129	873
Coverage in metric tons ('000)	612	191
Hedge coverage for the period	54%	22%
Blended capped rate	$705	$689
Blended floor rate	$643	$631

Sensitivities

- Pre-hedging, a one cent movement in the Euro/US Dollar exchange rate impacts the 2020 financial year operating expenses by €6.0 million.
- Pre-hedging, a one penny movement in the Euro/British Pound exchange rate impacts the 2020 financial year operating expenses by €1.9 million.
- Pre-hedging, a $10 (per metric ton) movement in the price of jet fuel impacts the 2020 financial year fuel costs by $11.0 million.

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

Management changes

In August 2018, we announced the appointment of Joel Goldberg to the newly created position of Chief Digital Officer. As mentioned, Mr. Goldberg will be responsible for our continued focus on digital innovation to ensure we are providing the best service for our customers. Mr. Goldberg reports to Stephen Jones, Managing Director Wizz Air Hungary and Deputy Chief Executive Officer and is responsible for the Group's E-commerce, Data Analytics and Automation, IT Innovation and IT Infrastructure and Services functions.

In September 2018 our Chief Corporate Officer Owain Jones assumed the newly created role of Managing Director of Wizz Air UK Limited to lead what we expect will be a significant part of our business in the future. In the same month, Marion Geoffroy was promoted to Chief Corporate Officer from Head of Legal.

In April 2019, András Sebők was promoted to the newly created Chief Supply Chain Officer position. András assumed responsibility for fleet acquisition, purchasing, facility management and airport development functions. In the same month, Johan Eidhagen assumed responsibility of human resources in addition to Marketing and Communications as well as customer experience and retail as Chief People and Marketing Officer.

Outlook

As the new financial year begins we are very optimistic for the coming twelve months. Higher fuel prices are supporting a stronger fare environment and we expect these macro conditions to provide Wizz Air with market share opportunities as weaker carriers withdraw unprofitable capacity. Our ability to drive cost advantage further and offer lower fares across our ever expanding network will lead to an expected 17% increase in passenger numbers to 40 million in FY20. Although still at an early stage of the financial year, the Group net profit is expected to be in a range of between €320 million and €350 million in FY 2020. As usual, this guidance is dependent on the revenue performance for the all-important summer period as well as the second half of FY 2020, a period for which the Company, like most airlines, currently has limited visibility.

Wizz Air has recorded a solid start to FY20 with RASK[1] forecast up 4% in Q1 year-on-year driven by the strength in the Company's ancillary revenues which is expected to continue into the summer and also by the timing of Easter. With no signs that ATC and airport infrastructure issues will improve any time soon the Company anticipates another very challenging operating environment in F20. To counter these issues the Company has implemented a number of initiatives designed to improve our operations customer experience which includes re-affirming our F20 aircraft delivery schedule with Airbus, additional capacity in our schedule during the peak summer months and changing our cabin bag policy which will improve boarding times.

Our cost focus, market leading position in CEE, pipeline of 253 larger and more fuel efficient game-changing Airbus A320neo family aircraft and our investment-grade balance sheet are the strongest of foundations for Wizz Air to continue to drive profitable growth and achieve one of the best profit margins of all European airlines, ensuring Wizz Air remains one of the most exciting airline businesses in the world.

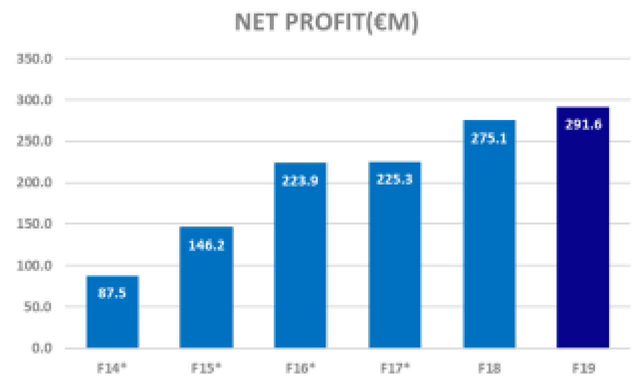
Full year guidance

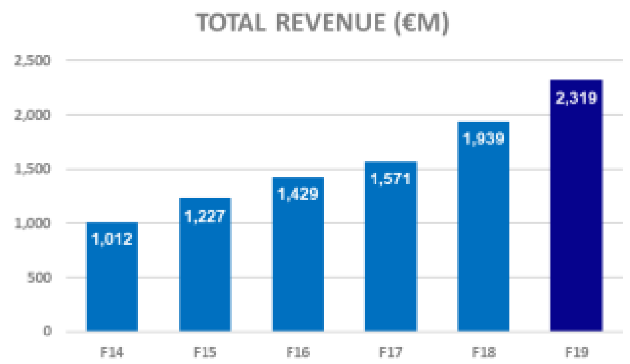
	2020 Financial Year	Comment
Capacity growth (ASKs)	16%	H1: 17%; H2: 15%
Average stage length	Moderate Increase	-
Load Factor	+ 1%	-
Fuel CASK	+ 7%	Fuel price of $650, €/US$ of 1.12
Ex-fuel CASK	- 2%	Reclassification of lease cost to interest expense and depreciation under IFRS16
Ex-fuel CASK (including net interest expense)	Broadly flat	-
Total CASK	+ 2%	-
RASK	Up low single digit	-
Tax rate	4%	-
Net profit	€320 - €350 million	-

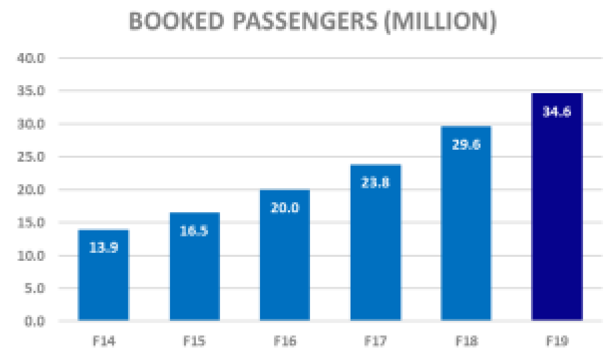
József Váradi
Chief Executive Officer
31 May 2019

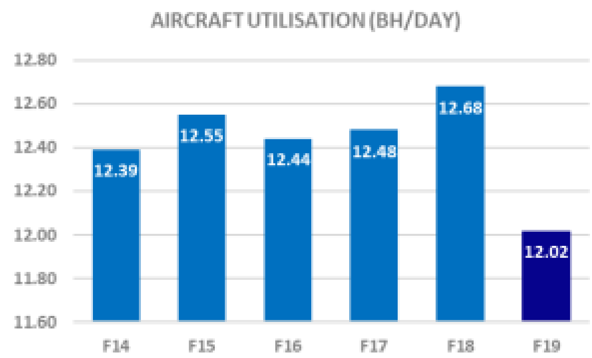
[1] See definition of RASK and CASK in the Glossary of technical terms.

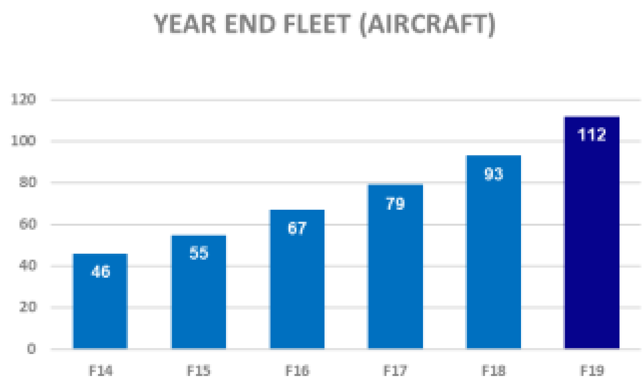
SELECTED STATISTICS

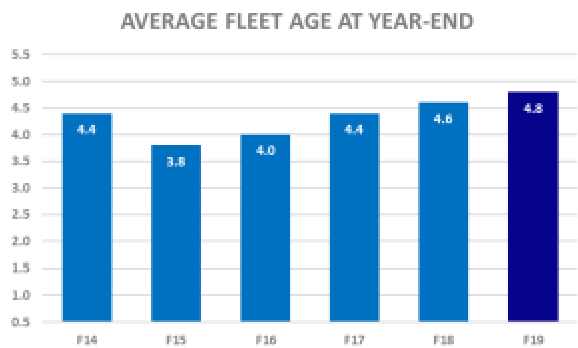


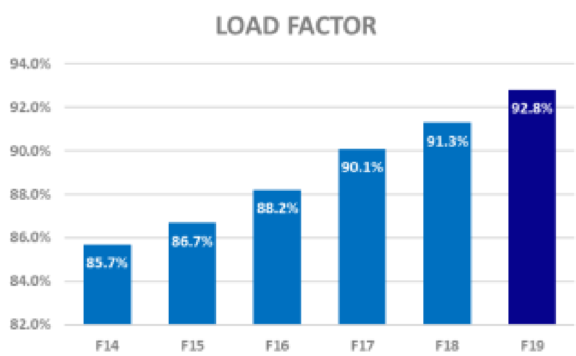


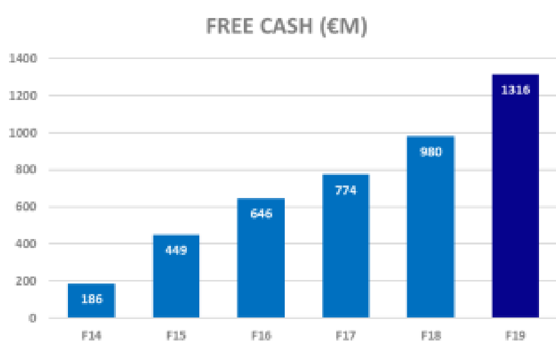






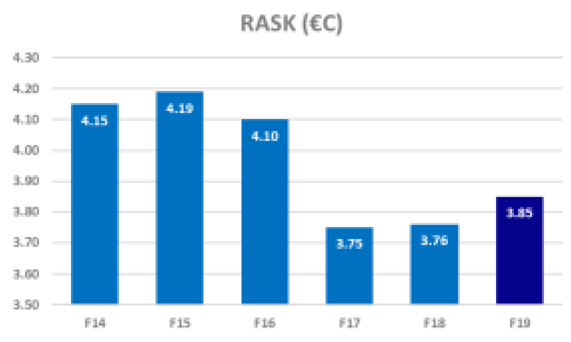


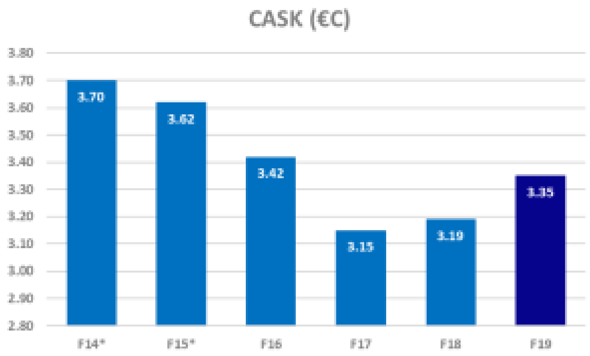


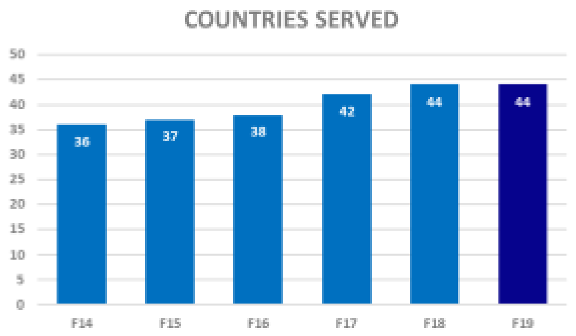


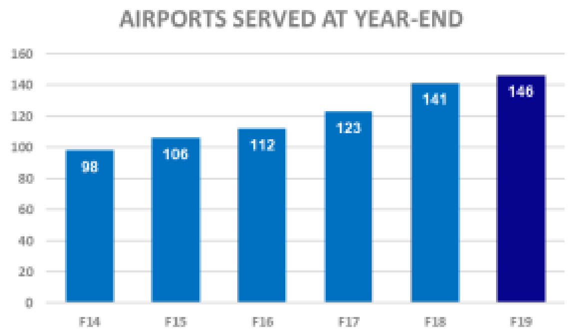
* Years F14-F17 show "underlying net profit", a non-statutory profit measure used by the Company during those years. For further details see the F14-F18 annual reports.

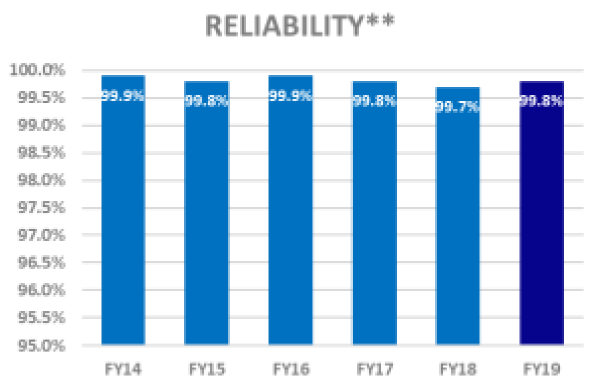
SELECTED STATISTICS CONTINUED

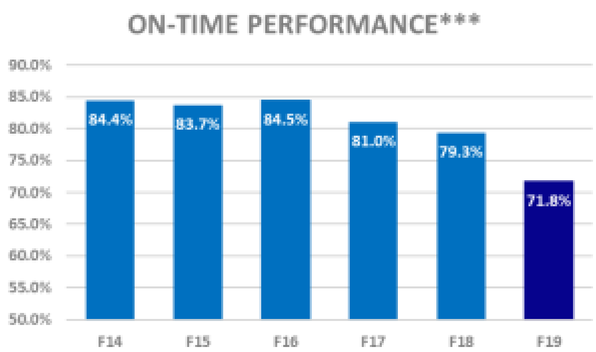


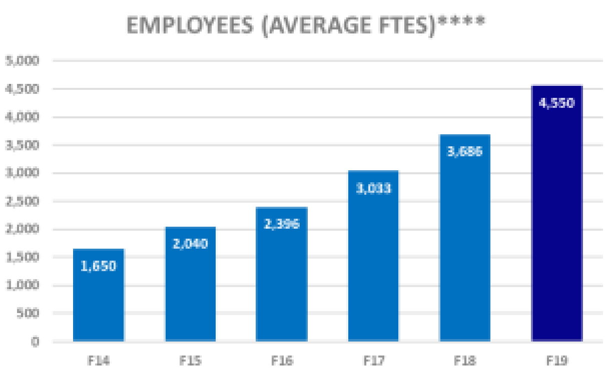












* F14 and F15 CASK include exceptional items.

** 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. Figures represent A15 (arrival within 15 minutes from the scheduled arrival time.

**** Including rented pilots and inactive employees.

FINANCIAL REVIEW

During the 2019 financial year Wizz Air carried 34.6 million passengers, which represents an increase of 16.7 per cent. compared to the previous year. The company grew revenues to €2,319.1 million, an increase of a 19.6 per cent. compared to the previous year. Wizz Air delivered strong capacity growth profitably, despite challenging circumstances: capacity growth measured in terms of available seat kilometres (ASK) increased by 17.0% per cent. and seats of 14.9% per cent while delivering a net profit growth of 6.0 per cent. to €291.6m (the latter including the result of discontinued operation).

The Group achieved an increase in unit revenues measured in terms of ASKs, which rose by 2.3% per cent. to 3.85 Euro cents, while unit costs grew by 4.9 per cent. to 3.35 Euro cents in 2019 from 3.19 Euro cents in 2018. This increase in CASK[1] was principally driven by an increase of 19.0% in fuel CASK. CASK excluding fuel expenses decreased by 0.9% per cent to 2.24 €cents in 2019 from 2.26 €cents in 2018. Net profit margin decreased to 12.7%, down from 14.3% in 2018. (These measures, and all other revenue and expense numbers stated in the Financial Review, are for the continuing operation of the Group unless otherwise indicated. See Note 5 to the financial statements for more details on the results of the discontinued operation.)

Wizz Air continued to make investments during the financial year, which drive efficiencies and lower costs to enable long-term growth. Significant milestones include:

- The delivery of the first two Airbus A321neo aircraft, which will further strengthen Wizz Air's position as Europe's ultimate cost leader.
- Two brand new Airbus A321 aircraft are being deployed in Krakow from summer 2019, operating 12 new routes to nine countries at Wizz Air's 26th base.
- Wizz Air inaugurated its brand new €30 million state-of-the-art pilot and cabin crew training centre in Budapest. The facility currently operates two full motion simulators and can train up to 300 flight and cabin crew members on a daily basis.
- The Company expanded Wizz Air UK with two additional aircraft to be deployed from summer 2019, taking the London Luton based fleet to 11 aircraft.

Profit after tax, including the result of the discontinued operation, increased by 6.0 per cent. to €291.6 million in 2019 from €275.1 million in 2018. Excluding the result (loss) of the discontinued operation profit increased by 6.9 per cent. to €295.3 million in 2019 from €276.4 million in 2018

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

	2019	2018	Change
Average jet fuel price ($/metric ton, including into plane premium and hedge impact)	724	611	+18.4%
Average USD/EUR rate (including hedge impact)	1.18	1.15	+15.9%
Year-end USD/EUR rate	1.12	1.23	-9.0%

1 See definition of RASK and CASK in the Glossary of technical terms.

Financial overview

Summary statement of comprehensive income
€ million

Continuing operation	2019	2018	Change in results
Total revenue	2,319.1	1,939.0	19.6%
Fuel costs	667.9	479.8	39.2%
Operating expenses excluding fuel	1,351.5	1,166.1	15.9%
Total operating expenses	2,019.4	1,645.9	22.7%
Operating profit	299.8	293.0	2.3%
Operating profit margin	*12.9%*	*15.1%*	
Net financing income/(expense)	0.5	(5.7)	
Profit before income tax	300.2	287.3	4.5%
Income tax expense	(4.9)	(11.0)	
Profit from continuing operation	295.3	276.4	6.9%
Loss from discontinued operation	(3.7)	(1.3)	
Profit for the year	291.6	275.1	6.0%

Earnings per share

Earnings per share, EUR (Note 13)	2019	2018	Change
Basic earnings per share from continuing operation	4.06	4.02	0.04
Diluted earnings per share from continuing operation	2.34	2.19	0.15
Basic earnings per share	4.01	4.00	0.01
Diluted earnings per share	2.31	2.18	0.13

Return on capital employed and capital structure

Return on capital employed (ROCE)* is a non-statutory performance measure commonly used to measure the financial returns that a business achieves on the capital it uses. ROCE for the 2019 financial year was 15.6 per cent., a change of 0.6 percentage points compared to the previous year.

The Company's leverage* fell to a ratio of 1.4 (2018: 1.5) at the end of the 2019 financial year.

The year-on-year comparisons of ROCE and leverage were impacted by the translation effect of the stronger US Dollar compared to last year as capitalised aircraft leases, mostly denominated in US Dollar, are translated into a higher Euro value in 2019.

Liquidity* rose from 50.5 per cent. at the end of the 2018 financial year to 56.7 per cent. a year later.

	2019	2018	Change
ROCE*	15.6%	16.2%	0.6 ppts
Leverage*	1.4	1.5	0.1 ppts
Liquidity*	56.7%	50.5%	6.2 ppts

* See the definition of these non-statutory measures and their calculation under Key statistics on page 27.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for 2019 and 2018 and the percentage change in those items:

	2019		2018		
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	1,366.1	58.9%	1,132.2	58.4%	20.7%
Ancillary revenue	953.0	41.1%	806.8	41.6%	18.1%
Total revenue	2,319.1	100%	1,939.0	100%	19.6%

The passenger ticket revenue increase of 20.7 per cent. to €1,366.1 million was primarily driven by increased RASK[1] of 2.3 per cent. as well as 16.7% higher passenger numbers. Ancillary (or "non-ticket") revenue remained strong with an 18.1 per cent. growth to €953.0 million. Its share of the total revenue only decreased slightly, by 0.5 percentage points to 41.1%, despite the fact that the free large cabin bag policy was only removed in Q3 2019.

Average revenue per passenger rose to €67.1 in 2019 from €65.4 in 2018, representing an increase of 2.5 per cent. Average ticket revenue per passenger increased from €38.2 in 2018 to €39.5 (by 3.4 per cent.), while average ancillary revenue per passenger increased to €27.6 from €27.2 (by 1.3 per cent.). The increase in average revenue per passenger was due to the impact of increased customer penetration of existing products such as allocated seating and different checked-in luggage sizes.

In 2019 the Group adopted IFRS 15, 'Revenue from Contracts with Customers', which had immaterial impact (€4.2 million reduction) on total revenues in the year (see more details in Note 2 to the financial statements).

Operating expenses

Total operating expenses increased by 22.7 per cent. to €2,019.4 million in 2019 from €1,645.9 million in 2018. CASK[1] grew by 4.9 per cent. to 3.35 Euro cents in 2019 from 3.19 Euro cents in 2018. The main driver of this was an increase in the average fuel price.

CASK excluding fuel expenses decreased to 2.24 Euro cents in 2019 from 2.26 Euro cents in 2018. Higher staff-related unit costs were offset by lower unit costs on depreciation and on net other expenses.

1 See definition of RASK and CASK in the Glossary of technical terms.

Financial performance continued

Operating expenses continued

The following table sets out the operating expenses for 2019 and 2018 and the percentage changes in those items:

	2019			2018			
	Total (€ million)	Percentage of total operating expenses	Unit Cost (€cts/ASK)	Total (€ million)	Percentage of total operating expenses	Unit Cost (€cts/ASK)	Percentage change of total cost
Staff costs	198.6	9.8%	0.33	147.6	9.0%	0.29	34.6%
Fuel costs	667.9	33.1%	1.11	479.8	29.2%	0.93	39.2%
Distribution and marketing	37.8	1.9%	0.06	33.1	2.0%	0.06	14.4%
Maintenance, materials and repairs	115.1	5.7%	0.19	98.6	6.0%	0.19	16.7%
Aircraft rentals	326.0	16.1%	0.54	276.3	16.8%	0.54	18.0%
Airport, handling and en-route charges	550.3	27.3%	0.91	465.7	28.3%	0.90	18.2%
Depreciation and amortisation	92.7	4.6%	0.15	90.6	5.5%	0.18	2.4%
Net other expenses	30.9	1.5%	0.05	54.2	3.3%	0.11	(43.0)%
Total operating expenses	2,019.4	100%	3.35	1,645.9	100%	3.19	22.7%

Staff costs increased by 34.6 per cent. to €198.6 million in 2019, up from €147.6 million in 2018. The increase in overall staff costs were driven by a significant pilot salary increase, as well as a 14.7 per cent. rise in aircraft block hours.

Fuel expenses increased by 39.2 per cent. to €667.9 million in 2019, up from €479.8 million in 2018. The main driver for this increase was rising average fuel prices, as well as an ASK growth of 17 per cent. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in 2019 was US$724 per ton, an increase of 18.4 per cent. from the previous year's figure of US$611 per ton. The average euro / US dollar exchange rate, including the impact of hedging, was 1.18 in 2019 compared to a rate of 1.15 in 2018.

The increase in distribution and marketing costs of 14.4 per cent. to €37.8 million in 2018 from €33.1 million in 2018 is in line with FY 2019 seat capacity growth of 14.9 per cent.

Maintenance, materials and repair costs rose by 16.7 per cent. to €115.1 million in 2019 from €98.6 million in 2018. This cost increase was the result of the increased numbers of hours flown and the timing of certain maintenance events.

Aircraft rental costs rose 18 per cent. to €326.0 million in 2019, up from €276.3 million in 2018, which is favourable when compared to a higher fleet growth (equivalent aircraft grew by 21 per cent.).

Airport, handling and en-route charges increased by 18.2 per cent. to €550.3 million in 2019 from €465.7 million in 2018. This category comprised €336.5 million of airport and handling fees and €213.7 million of en-route and navigation charges in 2019, compared to €273.9 million of airport and handling fees and €191.8 million of en-route and navigation charges in 2018. The main driver of this cost increase was a 13 per cent. increase in the number of flights, and a 16.7 per cent. rise in passenger numbers.

Depreciation and amortisation charges increased by 2.4 per cent. to €92.7 million in 2019 from €90.6 million in 2018.

Net other expenses include primarily (i) office overhead and crew related costs other than direct staff costs, (ii) passenger welfare and compensation costs, (iii) aviation and other insurance costs, and (iv) credits that do not classify as revenue from customers. The Company's enviable A320neo family aircraft order started to deliver significant value in the fourth quarter of F19 with the delivery of the Company's first two A321 neo aircraft. This milestone event led to a decrease in net other expenses from €54.2 million in 2018 to €30.9 million in 2019. This reduction was driven by credit items in 2019 totalling €44.5m relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations. These items are not expected to recur to the same magnitude in the 2020 financial year. The embedded value in the Company's aircraft order of 254 aircraft is expected to deliver significant financial benefits over the life of the contract.

Financial performance continued

Net financing income and expense

The Group's net financing gain was €0.5 million in 2019 after a loss of €5.7 million in 2018. This aggregate change was driven by improvements both in financial income and expenses and in foreign exchange impacts, as shown in the table below:

€ million	2019	2018	Change
Net financial income/(expenses)	2.0	(2.2)	4.2
Net foreign exchange loss	(1.6)	(3.5)	2.0
Net financing income and expense	0.5	(5.7)	6.2

See also Note 11 to the financial statements.

Taxation

The Group recorded an income tax expense of €4.9 million in 2019 compared to €11.0 million in 2018. The effective tax rate for the Group in 2019 was 1.6 per cent compared to 3.8 per cent. in 2018. The main components of the tax charge are local business tax and innovation tax paid in Hungary, and corporate income tax paid in Switzerland and in the United Kingdom. The lower rate of tax and the lower tax charge in 2019 were driven by a decrease of Swiss tax, partly offset by an increase of Hungarian local taxes. The decrease of Swiss tax charge was caused by the reduction in the Swiss income tax rate applicable to Wizz Air Hungary Kft., resulting in both (i) in a permanent reduction in the current tax for the year, and (ii) in a decrease of deferred tax liability and an adjustment to the current tax of prior periods, which credits were one-off in nature.

Profit for the year

The Group generated a profit for 2019 of €291.6 million, a 6.0 per cent. increase from the net profit of €275.1 million in 2018 (both including the result of discontinued operation).

Other comprehensive income and expenses

In 2019 the Group had other comprehensive expense of €5.7 million compared to €10.0 million income in 2018. This change was driven primarily by the movements in the fair value of open hedge instruments, as reflected in the balance of the cash flow hedging reserve in equity.

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 2019 and 2018:

€ million	2019	2018	Change
Net cash generated by operating activities	407.1	416.9	(9.8)
Net cash used in investing activities	(64.0)	(208.9)	144.9
Net cash used in financing activities	(6.5)	(2.3)	(4.2)
Effect of exchange rate fluctuations on cash and cash equivalents	(0.1)	(0.1)	-
Cash and cash equivalents at the end of the year	1,316.0	979.6	336.4

Cash flow from operating activities

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

Operating cash flows declined from €416.9 million in 2018 to €407.1 million in 2019 primarily due to the following factors:

- Operating cash flows before adjusting for changes in working capital: while profit before tax (including the result of the discontinued operation) increased by €10.5 million year on year, operating cash flows (before working capital impacts) declined by €16.1 million primarily because the 2019 profit included €25.7 million gain from the sale of tangible fixed assets, the cash flow impact of which is taken into account under investing activities.
- Changes in working capital: The movements in working capital items increased 2019 operating cash flows by €53.5 million, which is €9.5 million higher than the impact of the same items in 2018. The cash flows from the regular significant items of working capital for the Group (receivables, restricted cash, payables, deferred income) were all increasing year-on-year broadly in line with the rate of growth of the business.

Cash flows and financial position continued

Cash flow from investing activities

Net cash used in investing activities decreased by €144.9 million from a net cash outflow of €208.9 million in 2018 to a net cash outflow of €64.0 million in 2019. The lower investment in 2019 was the net impact of the following two opposite impacts:

- Advances paid for aircraft (pre-delivery payments, 'PDP'): The net PDP flows (payments paid to Airbus less refunds received) were €71.3 million inflow in 2019 compared to net €124.9 million outflow in 2018, requiring €196.2 million less net cash investment in 2019 than in 2018. This decrease was primarily due to a restructuring of the Company's CY2019 aircraft delivery schedule and associated PDP commitments with Airbus in October 2018.
- Purchase of maintenance assets amounting to €133.0 million in 2019, compared to only €84.1 million in 2018, consisting of heavy maintenance related activities (by amount primarily related to engine life limited parts replacements) as well as advance payments made in relation to engine heavy maintenance scheduled to be performed in the future.

Cash flow from financing activities

Net cash used in financing activities increased by €4.2 million resulting in a €6.5 million outflow in 2019 from a €2.3 million outflow in 2018.

Summary statement of balance sheet

The following table sets out summary statements of financial position of the Group for 2019 and 2018:

€ million	2019	2018	Change
ASSETS			
Property, plant and equipment	**659.3**	684.5	(25.2)
Restricted cash*	**188.9**	162.1	26.8
Derivative financial instruments*	**31.5**	34.1	(2.6)
Trade and other receivables*	**304.2**	239.0	65.2
Cash and cash equivalents	**1,316.0**	979.6	336.4
Other assets*	**57.6**	42.7	14.9
Total assets	**2,557.5**	2,142.1	415.4
EQUITY AND LIABILITIES			
Equity			
Equity	**1,527.7**	1,241.9	285.8
Liabilities			
Trade and other payables	**306.4**	254.7	51.7
Convertible debt and other borrowings*	**29.0**	32.2	(3.2)
Deferred income*	**524.1**	437.4	86.7
Derivative financial instruments*	**18.8**	13.7	5.1
Provisions*	**149.2**	153.0	(3.8)
Other liabilities*	**2.2**	9.2	(7.0)
Total liabilities	**1,029.8**	900.2	129.6
Total equity and liabilities	**2,557.5**	2,142.1	415.4

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

Property, plant and equipment decreased by €25.2 million as at 31 March 2019 compared to 31 March 2018. This was driven by the decrease of PDP held with Airbus, as explained above under cash flows from investing activities.

Restricted cash (current and non-current) increased by €26.8 million as at 31 March 2019 compared to 31 March 2018. These are mainly deposits behind letters of credit issued by Wizz Air's banks, related primarily to lease security deposits and maintenance reserves. The growth was broadly proportional with the increase in the number of aircraft (all leased).

Derivative financial assets (current and non-current) decreased by €2.6 million as at 31 March 2019 compared to 31 March 2018 (see also Notes 3 and 21 to the financial statements).

Trade and other receivables (current and non-current) increased by €65.2 million as at 31 March 2019 compared to 31 March 2018, which is broadly consistent with the rate of increase of the business during the year (see also Note 19 to the financial statements).

FINANCIAL REVIEW CONTINUED

Cash flows and financial position continued

Summary statement of balance sheet continued

Cash and cash equivalents increased by €336.4 million as at 31 March 2019 compared to 31 March 2018.

Trade and other payables increased by €51.7 million as at 31 March 2019 compared to 31 March 2018. This rate of increase is broadly consistent with rate of increase for the Group's business during the year.

Deferred income (current and non-current) increased by €86.7 million as at 31 March 2019 compared to 31 March 2018 (see Note 26 to the financial statements). This was driven by the increase in unearned revenues, including also an impact from the timing of Easter (that fell to the end of March in 2018 but to April in 2019).

Derivative financial liabilities (current and non-current) increased by €5.1 million as at 31 March 2019 compared to 31 March 2018 (see Notes 3 and 20 to the financial statements).

Provisions (current and non-current) decreased by €3.8 million as at 31 March 2019 compared to 31 March 2018 (see Note 29 to the financial statements). The low rate of increase was driven primarily by a decrease in maintenance provisions for engine life limited parts replacements as a high number of these events were performed during the 2019 financial year.

Adoption of IFRS 16

The Group is adopting IFRS 16 from 1 April 2019. This change will have significant impact on the financial statements of the Group. The Group will apply the full retrospective method of transition and will restate the FY 2019 financial statements in the Annual Report and Accounts for FY 2020. The impacts of the change are explained in Note 2 to the financial statements.

The transition involves the recognition of a very significant lease liability under IFRS 16, denominated primarily in US Dollar, which is subject to FX revaluation. This required the implementation of new risk management measures, to protect earnings from FX translation volatility. The Group, starting from 1 April 2019, is mitigating these exposures by holding the majority of its cash balances in US Dollar (thus creating a US Dollar monetary asset to naturally offset most of the lease liability) and by entering into Euro/US Dollar FX forward contracts to cover the residual risk. The balance of the forward contracts will be actively managed in the future on a roll-forward basis to cover the estimated future net US Dollar liability. See more details in Note 3 to the financial statements.

Overall we feel positive about the impacts of IFRS 16 on our business because it will facilitate a fairer and more transparent comparison of the financial performance between airlines, independent from the form of aircraft financing.

Iain Wetherall
Chief Financial Officer
31 May 2019

KEY STATISTICS

	2019	2018	Change*
CAPACITY			
Number of aircraft at end of period	112	93	20.4%
Equivalent aircraft	103.2	85.3	21.0%
Utilisation (block hours per aircraft per day)	12.02	12.68	(5.2)%
Total block hours	452,550	394,624	14.7%
Total flight hours	394,993	343,006	15.2%
Revenue departures	190,019	168,208	13.0%
Average departures per day per aircraft	5.05	5.41	(6.6)%
Seat capacity	37,266,876	32,438,754	14.9%
Average aircraft stage length (km)	1,618	1,589	1.8%
Total ASKs ('000 km)	60,283,961	51,536,986	17.0%
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	55,993,952	47,209,679	18.6%
Load factor (%)	92.8	91.3	1.5ppt
Number of passenger segments	34,566,688	29,632,357	16.7%
Fuel price (US$ per ton, including hedging impact and into-plane premium)	724	611	18.4%
Foreign exchange rate (US$/€ including hedging impact)	1.18	1.15	2.9%
FINANCIAL MEASURES (for the Airline only)			
Yield (revenue per RPK, € cents)	4.14	4.11	0.8%
Average revenue per seat (€)	62.23	59.77	4.1%
Average revenue per passenger (€)	67.1	65.43	2.5%
RASK (€ cents)	3.85	3.76	2.3%
CASK (€ cents)	3.35	3.19	4.9%
Ex-fuel CASK (€ cents)	2.24	2.26	(0.9)%

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

Glossary of technical terms

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

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

CASK: operating expenses per ASK.

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

Ex-fuel CASK: operating expenses net of fuel expenses per ASK.

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

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

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

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

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

RASK: passenger revenue divided by ASK.

Yield: the total revenue per RPK.

KEY STATISTICS CONTINUED

Definition and reconciliation of non-statutory financial performance measures

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

Average capital employed is the sum of annual average equity (excluding convertible debt) and capitalised operating lease obligations, less annual average cash and cash equivalents.

Capitalised operating lease obligations is annual aircraft lease rental expenses multiplied by seven as an estimate of total outstanding obligation.

€ million	2019	2018
Profit for the year	291.6	275.1
Interest element of operating lease payments (being 1/3 of aircraft rentals)	108.7	92.1
Effective tax rate for the year	*1.6%*	*3.8*
Adjusted operating profit after tax	393.9	353.2
Average shareholders' equity	1,385.1	1,123.9
Average cash and cash equivalents	(1,147.8)	(876.8)
Capitalised operating lease obligations	2,282.0	1,934.1
Average capital employed	2,519.3	2,181.2
ROCE (%)	15.6%	16.2%

Leverage: net debt adjusted to include capitalised operating lease obligations divided by EBITDAR.

Net debt is interest bearing borrowings less cash and cash equivalents.

Earnings before interest, tax, depreciation, amortisation and rentals (EBITDAR) is profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals.

€ million	2019	2018
Operating profit	299.8	293.0
Depreciation and amortization	92.7	90.6
Aircraft rentals	326.0	276.3
EBITDAR	718.5	659.9
Borrowings	2.2	5.3
Convertible debt	26.8	26.9
Cash and cash equivalents	(1,316.0)	(979.6)
Net debt	(1,287.0)	(947.4)
Capitalised operating lease obligations	2,282.0	1,934.1
Adjusted net debt	995.0	986.7
Leverage	1.4	1.5

Following the adoption of IFRS 16 capitalised lease obligations as in the calculation above would be replaced by the lease liability determined under IFRS 16. The lease liability at the end of the 2019 financial year is estimated to be €1,815 million (see Note 2). This 20 per cent. reduction in the obligation/liability will cause the leverage ratio to drop to 0.7 for 2019 under IFRS 16.

Liquidity is cash and cash equivalents divided last twelve months' revenue, expressed as a percentage.

€ million	2019	2018
Cash and cash equivalents	1,316.0	979.6
Revenue	2,319.1	1,939.0
Liquidity	56.7%	50.5%

PRINCIPAL RISKS AND UNCERTAINTIES

This section of the annual report sets out our risk management process and provides an overview of some of the principal risks that could, if not appropriately dealt with, affect Wizz Air's future success. Risk management is a dynamic and ever-evolving area and the Company is committed to employing the best risk management practice in order to identify and manage risks effectively.

Our risk management process

The Board is responsible for the Company's risk management and it has delegated to the Audit Committee to monitor the adequacy and effectiveness of the Company's risk management systems. The Company has a comprehensive enterprise risk management (ERM) process to support the achievement of business and strategic goals. As part of our ERM process, risks are identified through a series of meetings with the management team, analysed for likelihood and impact, and quantified. Risk response is determined depending on the risk type and appetite. As part of this process, the internal Risk Council, involving the Company's senior management team and a number of other senior employees, meets regularly, to consider and update the principal risks identified. The resulting principal risk report is then reviewed with the Audit Committee and presented to the Board. These principal risks, many of which have been the subject of regular reporting and discussion between senior management and the Board for some time, are detailed below. The Board is therefore satisfied that it has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

Risks relating to the Group

Introduction

The key risks identified by the Risk Committee fall into seven broad groupings:

- information technology and cyber risk, including website availability, protection of our own and our customers' data and ensuring the availability of operations-critical systems;
- external factors, such as the default of a partner financial institution, fuel cost, foreign exchange rates, competition, general economic trends and geopolitical risk;
- product development, making sure that we are making the best use of our capacity and ensuring that we have access to the right airport infrastructure at the right price so that we can keep on delivering the superior Wizz Air service at low fares across an ever wider network;
- fleet development, ensuring the Company has the right number of aircraft available at the right time to take advantage of commercial opportunities and grow in a disciplined way;
- regulatory risk, making sure that we remain compliant with regulations affecting our business and operations;
- operations, including safety events and terrorist incidents;
- human resources, ensuring we are able to recruit the right quality and the right number of colleagues to support our ambition to grow or, once recruited, that they remain engaged and motivated and that the Company has in place appropriate succession management for key colleagues; and
- climate risk.

Information technology and cyber risk

Wizz Air primarily is an e-business. During the 2019 financial year, 96 per cent. of bookings were made through wizzair.com and mobile applications. We are therefore dependent on our information technology systems to enable and manage ticket reservations, process payments, check in passengers, manage our traffic network, perform flight operations and engage in other critical business tasks. Our website is our shop window and therefore it is critical that it is functional, reliable and secure. While we outsource the hosting and operation of some of these systems to external IT suppliers, we retain an experienced internal team to oversee the operation of these systems and manage service level. We will continue to review our business-critical systems to ensure that the appropriate level of back-up is in place and that there are reliable recovery procedures in place. The Company has employed business continuity processes since its beginning and during the 2018 financial year, the Company's business continuity plan was comprehensively reviewed and updated to ensure that it remained appropriate and sufficient for the Company's continued growth. The up-to-date state and the operability of the business continuity plan is ensured through regular testing and maintenance.

Risks relating to the Group continued

Information technology and cyber risk continued

Cyber risk is a hugely important consideration for our business and is one of the areas closely monitored by the Board. Our systems could be attacked in a number of ways and with varying outcomes – for example, unavailability of wizzair.com or operations-critical systems or theft of our customers' data that could result in considerable loss of customer confidence. In the months leading up to the implementation of the General Data Protection Regulation ("GDPR") in May 2018 we completed a comprehensive review of the Company's data systems architecture and launched a combination of new processes, policies, and technological solutions resulting in an increased data protection at Wizz Air. During the 2019 financial year, we have continued to strengthen such processes, systems and policies and have engaged a Data Protection Officer. Cyber security is a constantly evolving challenge and one of the key issues related to cyber security is our colleagues' awareness of the risk and of the possible ways in which our business could be attacked and, therefore, a comprehensive and compulsory e-learning training programme for all colleagues is maintained. Our in-house IT security department continues to review emerging threats and the Board will be kept up to date on the actions being taken to safeguard our Company.

External risks

We are a truly international business and, while we report in Euros, we transact in over 20 currencies. We also 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 the Board-approved hedging policy. In addition, and recognising the importance of the British Pound as accounting for around 16 per cent. of the Company's total revenues, we also engage in Euro/British Pound hedging, again in accordance with the Board-approved hedging policy. In all cases, hedging transactions are subject to the approval of the Audit Committee.

During the 2019 financial year fuel accounted for 33.1 per cent. of our total Group operating costs and a rise in fuel prices could significantly affect our operating costs. We therefore hedge our aviation fuel cost in accordance with a Board-approved hedging policy. The Audit Committee is involved in and approves each hedging decision.

In the past few years, Wizz Air has seen its cash reserves continue to increase. We believe that a strong cash position is a vital foundation for the Company's continued, aggressive growth and its ability to capture commercial opportunities as they arise. Therefore, we actively manage the safeguarding of our financial assets and monitor the viability of our hedging counterparties. In fact, all of the Company's cash is invested in accordance with a Board-approved counterparty risk policy which assigns investment limits to each counterparty based upon its credit rating.

Competition is one of the key risks to our business. Our competitors continuously strive to protect or gain market share in markets in which we operate, perhaps by offering discounted fares or more attractive schedules. Competition can, however, adversely affect revenues and so we constantly monitor our competitors' actions and the performance of our route network to ensure that we take both reactive and proactive actions in a timely manner. Ultimately, our key competitive strength is our commitment to driving our costs ever lower while delivering a superior service and building a loyal customer base. We firmly believe that in tough market conditions lowest cost ultimately wins and therefore we are relentlessly committed to the strictest cost discipline day in and day out.

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. We are exposed to global political and economic events and trends. An economic downturn could affect demand for air travel. Some of the regions we operate in have in the past experienced, and may also in the future be subject to further potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and local, regional or international conflicts, corruption among governmental officials, social and ethnic unrest and currency instability. We maintain close relationships with local authorities and, as an organisation, we are able to react quickly to adverse events.

The outcome of the Brexit vote continues to cause significant uncertainty for our business because, notwithstanding the agreement-in-principle for an extended transition period, there is still overall uncertainty on how the exit from the EU might happen. To ensure we are able to continue to fly a number of routes from the United Kingdom to destinations outside the EU, as well as to enable the Company to capitalise on any consolidation opportunities that might arise in the United Kingdom we already established Wizz Air UK, an airline licensed in the United Kingdom. We continue a dialogue with various authorities to ensure that there is a general understanding of the need to maintain access to the liberalised market.

Risks relating to the Group continued

External risks continued

Regardless of the outcome of Brexit, we believe diversification of our network and markets is a key part of sustainable business strategy and we remain confident that CEE is a large addressable market which will continue to provide opportunities for profitable growth should our UK business be adversely affected.

Product development

We do not just compete for customers, we compete for access to infrastructure too. Wizz Air enjoys high growth – but to meet our ambitious growth plans, we require additional space in airport terminals, additional take-off, landing and airport slots. Certain airports in 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 are also making sure that we retain the slots we already have and we maintain close working relationships with the relevant airport authorities and slot co-ordinators and we are continuously improving our scheduling and slot management systems and processes.

Fleet development

In order to support our growth plans, we require additional aircraft. We put emphasis on new aircraft – we currently operate one of the youngest fleets in Europe with an average age of just 4.8 years. Having a modern and reliable fleet means we can utilise it for over twelve hours a day. For the business it means lower unit operating costs, and for our customers, lower prices. On 7 March 2019 the Company celebrated the arrival of the first Airbus A321neo 'gamechanger' aircraft, the most efficient narrow body aircraft today and likely to remain that way over the next few years. Our order book with Airbus as at 31 March 2019 was comprised of 3 A321ceo, 72 A320ceo and 182 A321neo aircraft with deliveries schedule to take place between 2019 and 2026.

A large aircraft order is a significant financial commitment and so requires financing. To date, we have financed all of our new aircraft deliveries through sale and leaseback arrangements. This will continue to be the case for the remaining A320ceo-family deliveries through to the end of 2019, for which we already have in place fully committed sale and leaseback financing. On the A321 neo program the combination of the sale and leaseback and JOLCO financing is providing a diversified fleet financing structure on market low rates. We are confident that, given the aircraft's desirability as a result of its superior operating economics and Wizz Air's established strong financial track record, finance will be readily available on competitive terms in 2020 as well.

With the advance of technology, aircraft computer technology intended to make flight operations safer is becoming more sophisticated and may sometimes fail leading to aircraft getting grounded. Similarly, design flaws of aircraft components may lead to costly delays of aircraft delivery. We are in constant dialogue with our key suppliers Airbus and Pratt & Whitney to ensure that we have sufficient capacity to deliver our planned growth and to be sure that crews are trained to the highest standard possible and are adept at using the latest aircraft technology innovations.

Regulatory risks

Even in a liberalised air traffic right environment, aviation remains a highly regulated industry. Wizz Air Hungary relies on an air operator's certificate (AOC) and operating licence issued by Hungary and Wizz Air UK relies on an AOC and operating licence issued by the United Kingdom. In each case, the licences allow the airline to operate air services both within Europe and to and from countries with which Europe has liberalised air traffic agreements. Each operating licence requires the Company to be majority owned and effectively controlled by qualifying nationals, which currently means nationals of the European Economic Area and Switzerland. If the Company ceases to be majority owned and effectively controlled by qualifying nationals, then its operating licence – and, so, its right to operate its business – could be at risk. The Company therefore closely monitors the nationality of its Shareholders. The Board has set a limit (permitted maximum) of 49% of its issued Ordinary Shares for ownership by non-qualifying nationals and the Board has the power to take action in relation to non-qualifying Shareholder shareholdings to protect the Company's operating licences. The Board receives a report at each Board meeting of the level of share ownership by non-qualifying nationals.

In view of the consequences of a no-deal Brexit and as the outcome still remains uncertain, Wizz Air has held discussion with the European Commission and with the Hungarian Civil Aviation Authority and established an ownership and control contingency plan based on a specific EU Aviation Regulation published in March 2019.

A stop notice published by the Company on 17 April 2018 has been in effect since then, and will continue to remain in place, effectively barring any non-Qualifying Nationals (which from Brexit will include UK nationals) from purchasing ordinary shares in the Company. Next to that, an investor relations program aimed at moving the Company's shareholder base to the EU (excluding the UK) has been initiated. Finally, to the extent the increase of Qualifying Nationals' shareholding would remain insufficient, the Company would implement the disenfranchisement of the voting rights of certain Non-Qualifying National holders of Ordinary Shares, such that, Non-Qualifying Nationals would hold fewer than 49% of those ordinary shares to which voting rights are attached.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risks relating to the Group continued

Operational risks

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

At Wizz Air, our number one priority is the safety of our passengers and crew. Our aircraft fleet is young and reliable, we use the services of world-class maintenance organisations and we have a strong safety culture. A cross-functional safety council meets four times a year, involving both senior management as well as operational staff, and reviews any issues which have arisen in the previous three months and the actions taken as a consequence. In addition to this, we collect detailed data from all aspects of our operation in order to identify trends, and relevant personnel from our Operations department meet twice a year to discuss any trends identified in their area of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to enable our flight and cabin crew to report safety issues which are a concern to them. The entry standards for our operating crew are high and our own Approved Training Organisation (ATO) ensures that all of our pilots are trained to the highest standards. Wizz Air is a registered International Air Transport Association's Operational Safety Audit (IOSA) programme operator, which helps us to ensure that we have best-in-class airline safety management and control systems and processes.

Our experienced security team has an ongoing programme to ensure that the security of our operations and the airports which we serve meet high standards. 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 passengers, crew, and aircraft cannot be guaranteed. In December 2015, Wizz Air Hungary Ltd. was named as a company of strategic importance by the Hungarian Parliament and, as such, the Company now enjoys enhanced security information and protection under the auspices of the Hungarian Constitution Protection Office. Wizz Air has also joined the campaign launched by the European Union Aviation Safety Agency's (EASA) aiming to reduce the number of unruly passengers on all European flights and protect the passenger's right to a peaceful travel experience.

In October 2018, Wizz Air was awarded the highest 7-star safety ranking from the world's only one-stop airline safety and product rating agency AirlineRatings.com.

The safety rating for each airline is based on a comprehensive analysis utilizing information from the world's aviation governing body and leading association along with governments and historical data. Evaluation criteria are focusing on such important elements as IOSA certification, FAA endorsement, condition and age of the fleet, accident history, International Civil Aviation Organization (ICAO) safety rating of the country of origin, and other parameters. A 7-star safety rating, like in the case of Wizz Air, is awarded to airlines that meet all the assessment criteria.

During the 2019 financial year we experienced significant challenges and an increased level of flight disruption caused by European air traffic control due to national industrial relations issues. Wizz Air is continuing its campaign for a unified pan-European air traffic management system that would lead to increased capacity and decreasing flight disruption and maintaining a constant dialogue with the relevant European authorities.

Human resources

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

- From time to time, pilots and other personnel 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 November 2018, the opening of our new 3,800-square metre state-of-the-art training centre in Budapest reaffirmed our commitment to training excellence.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risks relating to the Group continued

Human resources 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 know that we need to ensure that we continue to motivate our colleagues. Feedback is an essential part of this process – both giving and receiving – and we consider direct communication between senior management and other employees as the best way of listening to our employees' concerns. Wizz Air People Council initiative regularly brings together employees representing all areas of the business and is designed to facilitate an effective two-way communication between the management and employees and to support the decision-making process on matters that affect all of us within the Company, so that Wizz Air can continue to improve both as an airline and as an employer.
- Our success to date has been driven also by our key personnel. 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, during the 2019 financial year, a completely new talent management programme was rolled-out across the Company's office functions. Succession of key personnel is a matter which we take extremely seriously and we shall continue to develop our succession planning processes to ensure that we have colleagues of the right calibre to lead the Company in the future.

Climate risk

As an airline, we recognise the risk related to oil consumption and CO2 emissions, which are considered a cause of climate change.

Greenhouse gas emissions and their potential impacts relating to climate change is becoming an increasing global regulatory focus. Aviation is already included in the EU Emissions Trading System (EU ETS) and the Company expects to be part of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) when effective. In October 2016, the International Civil Aviation Organization (ICAO) adopted CORSIA with the intention to create a single global market-based measure to achieve carbon-neutral growth for international aviation after 2020, which can be achieved through airline purchases of carbon offset credits. CORSIA is expected to increase operating costs for airlines that operate internationally.

While the precise impact of climate-related requirements continue to evolve, the Company takes its responsibility towards the climate very seriously and is undertaking various measures that are expected to help reduce its CO2 emissions over time, such as improving fuel efficiency through operational measures and fleet renewal.

Until new regulations come into force and/or until pending regulations are finalized, future costs to comply with such regulations remain uncertain but are likely to have a significant financial impact on our operating costs, and the aviation industry as a whole over time. We continue to monitor these developments, however, the precise nature of future requirements and their applicability to the Company are hard to predict.

József Váradi
Chief Executive Officer
31 May 2019

GOVERNANCE

CORPORATE GOVERNANCE REPORT

A COMPANY COMMITTED TO HIGH STANDARDS OF CORPORATE GOVERNANCE

Chairman's statement on corporate governance

Wizz Air grew its business in F19 by close to 20 per cent. in terms of revenues and close to 17 per cent. in terms of the number of customers travelling with the Company. During the course of F19, the value of the Company increased to a point where it was, as at the end of F19, in the top 23% of the FTSE 250.

As the Company continues to grow, so the Directors recognise the importance of ensuring that the Company's corporate governance remains of a high standard, to maintain the trust that our investors have placed in the Company.

As Chairman, I am pleased to see the commitment of our Directors to the Company's business, with a number spending much time outside formal Board meetings interacting with the Company's management. During the course of F19, a certain number of directorate changes occurred. On 1 June 2018, Mr. Barry Eccleston was appointed as Independent Non-Executive Director and member of the Nomination Committee. A British national, Mr. Eccleston had recently retired as Chief Executive Officer of Airbus Americas Inc., where he was responsible for all aspects of Airbus' commercial airplanes business in North America, a position he held since 2005. On 24 July 2018, the Board appointed Mr. Peter Agnefjäll as Independent Non-Executive Director. A Swedish national, Mr. Agnefjäll was the President and Chief Executive Officer of IKEA Group from 2013 to 2017. Mr. Agnefjäll was also appointed as a member of the Audit Committee. At the same time, John McMahon retired from the Board after more than 6 years as an Independent Non-Executive Director. Mr. McMahon was also the Senior Independent Non-Executive Director and a member of the Audit and Nomination Committees. Upon retirement of Mr. McMahon, Simon Duffy was appointed as Senior Independent Non-Executive Director.

Ms. Maria Kyriacou was appointed as an Independent Non-Executive Director with effect from 25th September 2018. At the same time, Thierry de Preux retired from the Board after more than 6 years. A joint British and Cypriot national, Ms. Kyriacou is currently President International ITV Studios, part of ITV plc. Maria oversees ITV Studios' production companies across Europe and Australia, its growing US scripted business, plus international distribution arm ITV Studios Global Entertainment (ITVS GE). Ms. Kyriacou is also a member of the Remuneration Committee.

One of the keys to the Company's success to date has been its agility in responding to opportunities and issues that develop. However, it is important that this agility is matched by a robust governance process over significant decisions. I believe that one of the strengths of the Company's Board is the willingness and ability of the Directors to be involved in strategic discussions and support the Company's management with their decisions in often-challenging timeframes. For example, during F18 the Board has discussed on a number of occasions the possible outcomes of the United Kingdom's decision to exit the European Union, or Brexit. During F18, the Board approved the implementation of an important part of the Company's contingency plan for Brexit, with the establishment of a new airline in the United Kingdom, Wizz Air UK. Wizz Air UK received its Air Operator's Certificate and Operating Licence and started operating on 3 May 2018 further demonstrating Wizz Air's commitment to Europe's single largest aviation market. As well as being part of the Company's Brexit contingency strategy, Wizz Air UK also presents the Company with additional commercial opportunities arising from any future consolidation in the United Kingdom airline market. As at 31 March 2019, Wizz Air UK operated a fleet of 9 aircraft based in London Luton Airport.

During F19, Wizz Air fleet grew past the milestone of 100 aircraft and the first game-changing Airbus A321neo aircraft was delivered, a significant milestone for the Company. The Airbus A321neo is powered by Pratt & Whitney GTF engines, features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and lowest possible operating costs. The Wizz Air fleet was 112 aircraft at the end of March. To sustain this growth, the Wizz Air Pilot Academy programme was rolled out in Hungary, following the successful launch in Poland, Bulgaria and Romania earlier and a state-of-the-art pilot and cabin crew Wizz Training Center was inaugurated in Budapest. The facility currently operates two full motion simulators and can train up to 300 flight and cabin crew members on a daily basis.

Chairman's statement on corporate governance continued

With such significant developments taking place in the Company's business, it is important the Board continues to understand risks that have the potential to affect adversely the achievement of the Company's strategic objectives. The Company's more structured enterprise risk management system has now been in place for a full financial year, under the oversight of the Audit Committee. The Company's Risk Council reports to the Audit Committee on a quarterly basis, with the risk report being updated following meetings, facilitated by Ernst & Young, between the Company's Head of Internal Audit and individual risk owners, with periodic updates then being given to the full Board.

Falling just after the end of F18, the Board took action to ensure that the aggregate shareholdings of a number of shareholders who were not Qualifying Nationals, as defined in the Company's Articles of Association, did not exceed the Permitted Maximum, also as defined in the Company's Articles of Association. Those measures remain in place today but, again, this demonstrates that the Board is prepared to take decisive action to ensure the protection of the Company's interests and ongoing compliance with regulatory requirements. In addition to such measures, based on a sector specific regulation issued by the European Union on 14 March 2019, the Company has also developed a no-deal Brexit contingency plan aiming at ensuring its continuous compliance with the ownership and control requirements should the United Kingdom leave the European Union without a deal.

The Board thanks each and every one of our investors for the faith they have shown in the Company's business and, also, recognises the trust that the Shareholders have placed in the Board and senior management. Over the course of the last year, a large number of meetings with investors were organised by senior management and, in addition, I have also spoken to a number of Shareholders myself. Any concerns or comments raised were fed back to the Board.

The Board has carried out an evaluation of its performance during the financial year ended 31 March 2018 through an internally facilitated process. The performance evaluation for the financial year ending 31 March 2019 has been externally facilitated through the appointment of an adviser.

Once again, I would stress that 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 and in a manner which is appropriate for the Company's continued fast rate of growth.

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 (July 2018) during the 2020 financial year, save as set out below:

- William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code (provision 10), given that he is the managing partner of Indigo. However, given the benefits to the Company of his recognised experience in the airline industry, the Board believes that Mr Franke should continue as Chairman.

The Board considers that it and the Company have, during the financial year ended 31 March 2019, complied with the Corporate Governance Code (April 2016), save as set out in the 2018 Annual Report for the Group. We welcomed the publication by the FRC of its new UK Corporate Governance Code in July 2018 and its focus on the themes of corporate and board culture, stakeholder engagement and sustainability, which are critical factors for us as we partner with our stakeholders to build an enduring business.

The Corporate Governance Code is available for review on the Financial Reporting Council's website: www.frc.org.uk.

Our key Shareholders

As at 31 March 2019, the Company had been notified pursuant to DTR 5 of the Financial Conduct Authority's Disclosure Rules and Transparency Rules (DTRs) that the following Shareholders held more than 3.00 per cent. of the Company's issued Ordinary Shares:

Shareholder	Reported shareholding	Reported number of shares
Indigo Hungary LP	15.83 per cent.	11,515,509
FMR LLC	7.85 per cent.	5,713,122
The Capital Group Companies, Inc.	5.30 per cent.	3,855,647
FIL Investments International	5.29 per cent.	3,850,665
Indigo Maple Hill LP	4.79 per cent.	3,484,491

As at 23 May 2019, being the latest practicable date before the approval of the annual report and accounts, the Company has not been notified of any changes to the interests stated above.

Changes in interests that have been notified to the Company pursuant to DTR 5 of the DTRs since 23 May 2018 can be found in the Regulatory News section of the Investor Relations page of the Company's corporate website: http://corporate.wizzair.com/en-GB/investor_relations/news/press_releases.

Our relationship with Indigo

On 31 March 2019, Indigo (Indigo Hungary LP and Indigo Maple Hill LP together) held 20.61 per cent. of the Company's issued Ordinary Shares, as well as 29,830,503 convertible shares of £0.0001 each in the capital of the Company ("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 terms of these convertible notes are governed by a note purchase agreement dated 24 February 2015 and entered into between the Company, Wizz Air Hungary Ltd. and Indigo. Our Chairman, William A. Franke, is the managing partner of Indigo.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE CONTINUED

Our key Shareholders continued

Our relationship with Indigo continued

According to the Financial Conduct Authority's Listing Rules (the "Listing Rules"), any person who exercises or controls the exercise, on their own or together with any person with whom they are acting in concert, of 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as "controlling shareholders". During its preparation for its initial public offering in February 2015, the Company discussed with the UK Listing Authority that, in the circumstances, Indigo would be treated as a controlling shareholder of the Company for these purposes. The Listing Rules require companies with controlling shareholders to enter into a written and legally binding agreement, which is intended to ensure that the controlling shareholder complies with certain independence provisions. The agreement must contain undertakings that:

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 10 per cent. of the fully converted share capital (each an "Indigo Director"). If Indigo and/or its associates no longer hold at least 30, 20 or 10 per cent., respectively, of the fully converted share capital of the Company, then Indigo has agreed to procure, insofar as it is legally able to do so, that the appropriate number of Indigo Directors resigns from the Board unless a majority of the independent Directors resolve that any Indigo Director should remain on the Board.

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

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 10 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 of association, the Listing Rules and applicable law. The parties have also agreed that at least half of the Board (excluding the Chairman) shall comprise independent Non-Executive Directors, the Nomination 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.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE CONTINUED

Our key Shareholders continued

Our relationship with Indigo continued

Arm's length transactions

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

Provision of information and confidentiality

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

Confirmation regarding compliance

The Board confirms that, since the entry into the relationship agreement, on 24 February 2015, until 30 May 2019, 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 its Shareholders.

Over the course of the past year, the Company's Investor Relations department has arranged a number of roadshows, timed around the release of financial results, as well as other meetings with investors. At the 2018 annual general meeting, attended by all of the Directors, both the Chairman and the Senior Independent Non-Executive Director, along with the Chairmen of the Audit Committee and the Remuneration Committee, were available to answer questions from investors. The Chairman, the Senior Independent Non-Executive Director and the Chairmen of the Audit Committee and the Remuneration Committee will be present at the 2019 annual general meeting and, again, will be available to answer questions from investors.

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.

Reflecting the importance that the Company places on being transparent with its Shareholders, key Shareholders were consulted on certain aspects of the Remuneration Policy set out on pages 58 to 62, following the Shareholder vote and approval at the 2018 annual general meeting.

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 9 Non-Executive Directors, following the resignation of John McMahon and Thierry de Preux and the appointment of Barry Eccleston, Peter Agnefjäll and Maria Kyriacou during F19. Further, on 16 April 2019 John R. Wilson resigned from the Board and Andrew Broderick was appointed. The current Directors bring a wealth of experience from both the worldwide aviation industry as well as other international industries and so together bring to the Company an appropriate breadth, depth and balance of skills, knowledge, experience and expertise. The Directors who have served during the 2019 financial year are:

Name	Position	Committee membership (as at 31 March 2019)
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 Demuynck	Non-Executive Director	Remuneration Committee
Simon Duffy	Non-Executive Director, Senior Independent Director	Audit Committee, Nomination Committee
Susan Hooper	Non-Executive Director	Audit Committee, Remuneration Committee
Stephen L. Johnson	Non-Executive Director	
John McMahon*	Non-Executive Director, Senior Independent Director	Audit Committee, Nomination Committee
John R. Wilson	Non-Executive Director	
Barry Eccleston***	Non-Executive Director	Nomination Committee
Peter Agnefjäll****	Non-Executive Director	Audit Committee
Maria Kyriacou*****	Non-Executive Director	Remuneration Committee

* Resigned effective as of 24 July 2018.

** Resigned effective as of 25 September 2018.

*** Joined effective as of 1 June 2018.

**** Joined effective as of 24 July 2018.

*****Joined effective as of 25 September 2018.

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. He is currently chairman of Frontier Airlines, Inc and JetSMART SpA.. 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 Concesionaria Vuela Compañía de Aviación, S.A. de C.V., a Mexican airline that does business as Volaris and is Chairman of EnerJet, a Canadian start-up airline. 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. Mr Franke was the 2019 recipient of the Excellence in Leadership Award at the 45th ATW Airline Industry Achievement Awards.

The Board of Directors continued

Board membership continued

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 is currently a non-executive director of JetSMART SpA and he also held board memberships with companies such as Lufthansa Technik Budapest (Supervisory Board, 2001–2003) and Mandala Airlines (Board of Commissioners, 2007–2011). Mr Váradi won the Ernst & Young Hungary "Brave Innovator" award in 2007 and the "Entrepreneur Of The Year" award in 2017. 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.

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 the mobile division, at KPN (Koninklijke) N.V. and chief executive of Kroymans Corporation B.V. and Liquavista B.V.. Mr Demuynck was a member of the supervisory board and chairman of the remuneration committee of TomTom N.V. and of Divitel Holding B.V.. He is a member of the board of directors, member of the remuneration committee and chairman of the audit committee of Proximus N.V. (previously Belgacom), a member of the supervisory board of Teleplan International N.V. and Aito B.V.. 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 Ghent.

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 TV Ltd., which is a joint venture between British Telecom, TalkTalk and all the leading broadcasters in the United Kingdom. He is a non-executive director of Modern Times Group AB, one of Europe's largest broadcasting companies listed on the Stockholm Exchange, and of Telit Communications Plc, a leading company in the IoT (internet of things) sector listed in London. He is chairman of the audit committee at both companies. Mr Duffy has a BA in philosophy, politics and economics from Oxford University and an MBA from Harvard Business School.

Susan Hooper, Non-Executive Director

Ms Hooper was appointed to the Board of Directors as a Non-Executive Director in March 2016 and serves on Wizz Air's Audit and Remuneration Committees. A UK national, Ms Hooper was managing director of British Gas Services, leading the service and repair, central heating installations, electrical services and Dyno-Rod business units until November 2014. She joined British Gas from the Acromas Group, where she was chief executive of the travel division, responsible for Saga holidays and hotels, Saga cruises, Spirit of Adventure cruises, Titan Travel and the travel division of the AA. Previously, Ms Hooper held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Company and Saatchi & Saatchi. During her time with PepsiCo International, Ms Hooper spent over five years based in Central and Eastern European countries. She is currently a non-executive director of Affinity Water Ltd. and The Rank Group plc, as well as being an advisory board member of LUISS Business School in Rome. Ms Hooper recently became non-executive board member of the Department for Exiting the European Union (DExEU) of the UK. From 2011 to 2014 she was a non-executive director of Whitbread PLC and has held several other non-executive directorships, including at First Choice plc, Transcom SA, Royal and Sun Alliance Group plc and Courtaulds Textiles Plc. Ms Hooper is currently a non-executive director of Uber UK, Affinity Water Ltd., The Rank Group plc and the Department for Exiting the EU (DExEU).

The Board of Directors continued

Board membership continued

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.

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 Frontier Group Holdings, Inc. Mr. Wilson is also a member of the board of directors of JetSMART SpA.. Prior to joining Indigo 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 in 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. John retired from the board in April 2019.

Peter Agnefjäll, Non-Executive Director

Mr. Agnefjäll joined the Board in July 2018. A Swedish national, Mr. Agnefjäll was the President and Chief Executive Officer of IKEA Group from 2013 to 2017. Following his graduation as a Master of Business Administration from the University of Linköping in 1995, Mr. Agnefjäll joined IKEA's trainee programme in 1995 and he was subsequently promoted a number of times within the group, including to roles acting as the assistant to former Chief Executive Officers as well as the founder of IKEA, Ingvar Kamprad before finally being promoted to President and Chief Executive Officer. Peter serves on the board of directors of Orkla ASA, a leading supplier of branded consumer goods listed on the Oslo Stock Exchange. In addition to that he serves on the advisory board of Deichmann Group, a family owned European footwear retailer, and on the supervisory board of Ahold Delhaize, a Dutch retail group listed on Euronext.

Andrew S. Broderick, Non-Executive Director

Mr. Broderick joined the Board in April 2019. Mr. Broderick has been a Director of Indigo Partners LLC since July 2008. Mr. Broderick has served on the board of directors of Frontier Airlines Holdings, Inc., an airline based in the United States, since January 2018 and JetSMART Airlines SpA, an airline based in Chile, since September 2018. Additionally, he has served as an alternate on the board of directors for Concesionaria Vuela Compañía de Aviación, S.A.B. de C.V., an airline based in Mexico doing business as Volaris, since July 2010. Prior to joining Indigo, Mr. Broderick was employed at a macroeconomic hedge fund and a stock-option valuation firm. Mr. Broderick holds a B.S. in Economics and a B.A. in Spanish from Arizona State University and a Masters of Business Administration from the Stanford Graduate School of Business.

Barry Eccleston, Non-Executive Director

Mr. Eccleston joined the Board in May 2018. A British national, Mr. Eccleston recently retired as Chief Executive Officer of Airbus Americas Inc., where he was responsible for all aspects of Airbus' commercial airplanes business in North America, a position he held since 2005. Prior to this, Mr. Eccleston was VP/GM for Honeywell's Propulsion Systems Enterprise and had earlier served as Honeywell's VP Commercial Aerospace for Europe, Middle East and Africa. Before joining Honeywell in 2002, he was Executive VP of Fairchild Dornier Corporation, a provider of Regional Aircraft. He started his career with Rolls Royce where he held several senior positions, culminating as CEO of International Aero Engines, a joint venture with Pratt & Whitney. Mr Eccleston holds a bachelor's degree in Aeronautical Engineering from Loughborough University and completed the International Executive Program at the IMD in Lausanne, and holds an Honorary Doctorate from Vaughn College of Aeronautics. He past Chairman of the British-American Business Association in Washington DC., past President of The Wings Club of New York, and has served on the Boards of other industry Associations. He is currently an outside director of FLYHT Aerospace Solutions Ltd, a Canadian public company, and a past outside director at Vector Aerospace Corporation in Canada. In Her Majesty The Queen's New Year 2019 Honours List, Mr. Eccleston was appointed an O.B.E.

MANAGEMENT OF THE COMPANY CONTINUED

The Board of Directors continued

Board membership continued

Maria Kyriacou, Non-Executive Director

Ms. Kyriacou joined the board as an independent non-executive member in September 2018 and appointed as an additional member of the Remuneration Committee with effect from 25th September 2018. Ms. Kyriacou started her career with PwC in their audit and advisory division, before joining the finance team at The Walt Disney Company. She held a number of positions with The Walt Disney Company over a 15 year term culminating in the role of Senior Vice President Digital Media Distribution EMEA. In 2010, Ms. Kyriacou was recruited by ITV Studios as Managing Director of Global Entertainment, becoming Managing Director of Global Entertainment and Rest of World Studios before being promoted into her current role in 2016 where she leads a multi-discipline divisional executive team. A joint British and Cypriot national, Ms. Kyriacou is currently President International ITV Studios, part of ITV plc. Maria oversees ITV Studios' production companies across Europe and Australia, its growing US scripted business, plus international distribution arm ITV Studios Global Entertainment (ITVS GE).

Independence

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

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

a) William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code, given that he is the managing partner of Indigo (a significant Shareholder). However, given the benefits to the Company of his recognised experience in the airline industry, the Board believes that it is in the Company's best interest that Mr Franke should continue as Chairman of Wizz Air.

b) Stephen L. Johnson is not considered to be an independent Non-Executive Director given his past position with Indigo.

c) John R. Wilson is not considered to be an independent Non-Executive Director as he is a principal of Indigo. John R. Wilson retired from the Board as of 16 April 2019.

d) Although not relevant for FY19, Andrew Broderick, who was appointed effective from 16 April 2019 is not considered to be an independent Non-Executive Director as he is a director of Indigo.

Other than William A. Franke, John R. Wilson, Andrew Broderick and Stephen L. Johnson, the Company regards all of its Non-Executive Directors, namely, Guido Demuynck, Simon Duffy, Susan Hooper, Barry Eccleston, Peter Agnefjäll, Maria Kyriacou, as independent Non-Executive Directors within the meaning of "independent" as defined in the Corporate Governance Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. Accordingly, as an absolute majority of the Directors are independent Non-Executive Directors, the Company complies with the requirement of the Corporate Governance Code that at least half of the board (excluding the chairman) of a company with a premium listing should comprise independent non-executive directors.

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. After John McMahon retired in July 2018, Simon Duffy has been appointed as the Company's Senior Independent Non-Executive Director.

Independent Non-Executive Director overseeing engagement with employees

In order to strengthen workforce engagement, Wizz Air has decided to appoint an independent non-executive director to oversee engagement with employees. Mr. Barry Eccleston, who joined the Board of Wizz Air Holdings Plc on 1 June 2018, was appointed as independent non-executive director overseeing engagement with employees from 1 January 2019.

In his role, Mr. Eccleston ensures the employee voice reaches the boardroom. As at 31 March 2019, Mr. Eccleston has visited three of the largest bases in Wizz Air network, has attended sessions of the Wizz People Council, has organized a meeting between all Wizz People Council members and the Board, has delivered floor talks to Wizz Air office employees and has reported back to the Board.

Senior management team

To reflect the Company's growth and structural evolution, effective from 1 January 2019, organizational changes took place with the objectives of enhancing the leadership capacity and strengthening the Group's corporate governance structure. In that respect, József Váradi was appointed to Group Chief Executive Officer at Wizz Air Holdings Plc, assuming responsibility for the overall operations of the Company that include Wizz Air Hungary Ltd. and Wizz Air UK Ltd. At the same time, Stephen Jones was appointed Deputy Chief Executive Officer and Managing Director of Wizz Air Hungary Ltd. Owain Jones was appointed as Managing Director of Wizz Air UK Ltd. on 1 September 2018.

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

As at 30 May 2019, the Group's senior management team, in addition to the Group Chief Executive Officer, is:

Wizz Air Holdings Plc:

Name	Position
Diederik Pen	Executive Vice President and Group Chief Operations Officer
Marion Geoffroy	Chief Corporate Officer

Wizz Air Hungary Limited:

Name	Position
Stephen Jones	Deputy Chief Executive Officer and Managing Director
Iain Wetherall	Chief Financial Officer
Johan Eidhagen	Chief People and Marketing Officer
Heiko Holm	Chief Operations Officer
George Michalopoulos	Chief Commercial Officer
Joel Goldberg	Chief Digital Officer
András Sebők	Chief Supply Chain Officer

Wizz Air UK Limited:

Name	Position
Owain Jones	Managing Director

Senior management team continued

Stephen Jones, Deputy Chief Executive Officer and Managing Director

Mr. Jones joined Wizz Air in October 2017 as Deputy Chief Executive Officer and Executive Vice President and was appointed to Deputy Chief Executive Officer and Managing Director as of 1 January 2019. Mr Jones, who is a national of both New Zealand and the United Kingdom, was the Chief Strategy, Network and Alliances Officer at Air New Zealand since 2013 during which time he was responsible for the airline's overall corporate strategy, network development, alliances and sustainability. He oversaw the airline's tightly cost-managed response to significant domestic competition from low cost carriers as well as the turnaround of the airline's international business in the face of severe competition from many Asian, Middle Eastern and low cost carriers in the trans-Tasman market, one of the most competitive markets in the world. Prior to this role, Mr Jones held a number of other roles in Air New Zealand, including general manager of their low cost carrier Freedom Air, general manager of the airline's domestic business unit and Tasman and Pacific Islands business unit as well as general manager of investor relations and financial planning, following the airline's recapitalization in 2003. He also served as Chairman of the Star Alliance Management Board and the Star Alliance Strategy Committee.

Diederik Pen, Executive Vice President and Group Chief Operations Officer

Mr Pen joined Wizz Air in January 2013 as Chief Operations Officer, becoming Accountable Manager in September 2013. He was promoted to Executive Vice President and Chief Operations Officer in April 2017 and to Executive Vice President and Group Chief Operations Officer in January 2019. 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.

Iain Wetherall, Chief Financial Officer

Mr. Wetherall joined Wizz Air in July 2011 as Head of Corporate Finance and, following the Company's initial public offering in 2015, he also led the Company's investor relations function before taking on the Head of Financial Planning & Control and Investor Relations in September 2016. Mr. Wetherall was promoted to Chief Financial Officer with effect from August 2017 responsible for the accounting and tax, financial planning and controlling and corporate finance organizations. He is a chartered accountant, holds an Advanced Treasury Diploma from the Association of Corporate Treasurers, a Securities and Investment Diploma from the Chartered Institute for Securities and Investments and was a Securities Representative authorized by the Securities and Futures Authority (now Financial Conduct Authority). Prior to Wizz Air, Mr. Wetherall gained experience in tax & treasury, corporate finance, mergers & acquisitions, accounting, audit, corporate governance, internal control and consulting in various finance roles for Royal Ahold, PricewaterhouseCoopers, KPMG and Singer & Friedlander Bank Limited.

Johan Eidhagen, Chief People and Marketing Officer

Mr. Eidhagen joined Wizz Air in January 2015 as Head of Brand and Marketing and was appointed Chief Marketing Officer effective 1 February 2016 and Chief People and Marketing Officer effective 1 April 2019. Before joining Wizz Air Mr Eidhagen built an extensive sales and marketing career at Nokia, holding several senior global and regional marketing positions. He joined Nokia in 1998 from a background in retail and was head of marketing for the Nordic region until 2004, when he moved to Nokia HQ in Finland to run global marketing services for the entertainment category. Between 2005 and 2007 he was based in New York as the director of marketing for Nokia Multimedia in North America before returning to Finland where he was director and head of marketing for the Nokia Nseries Category. In 2009 he became country manager for Nokia in Sweden and was appointed as managing director for the Scandinavian region in 2011. Mr Eidhagen is a native of Stockholm and is a DIHM marketing graduate from the IHM Business School in Stockholm.

Heiko Holm, Chief Operations Officer

Mr. Holm joined Wizz Air in 2015 as Head of Technical Services. Mr. Holm graduated from the University of Applied Sciences in Hamburg, Germany as an Engineer specialized in Aircraft Construction and Design and went on to build a successful career with Lufthansa Technik, ultimately becoming the Director of Operations for Lufthansa Technik in Shenzhen, China, from where he joined Wizz Air.

Senior management team continued

Owain Jones, Managing Director, Wizz Air UK

Mr. Jones joined Wizz Air as General Counsel in 2010, was promoted to Chief Corporate Officer in June 2014 and appointed as Managing Director of Wizz Air UK in September 2018. 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 laws degree from University College London.

George Michalopoulos, Chief Commercial Officer

Mr. Michalopoulos joined Wizz Air in 2010 as Head of Pricing and Revenue Management and was then promoted to Head of Network Development, Scheduling and Sales in May 2015. Prior to Wizz Air, Mr Michalopoulos built an extensive commercial and revenue career at Flybaboo and Blu-Express. Mr Michalopoulos holds both Bachelor and Master of Science degrees in Management Science and Engineering from Stanford University.

András Sebők, Chief Supply Chain Officer

Mr. Sebők was one of the first employees of Wizz Air, joining in 2004 as Head of Treasury and Controlling and spending 15 years building an extensive career with the airline, overseeing various financial functions such as Treasury, Financial Planning and Controlling, Fleet Acquisition and Corporate Finance. Mr. Sebők was promoted to Chief Supply Chain Officer with effect from 1 April 2019 responsible for fleet acquisition, airport development, purchasing and facility management. Before joining Wizz Mr. Sebők worked in various positions in finance including being the CFO of Aeroplex Central Europe. Mr. Sebők is Hungarian and holds a degree in Banking, Corporate Finance and Securities Law from Eötvös Loránd University.

Joel Goldberg, Chief Digital Officer

Mr. Goldberg joined Wizz Air in October 2018 as Chief Digital Officer, a newly created position. Mr. Goldberg is responsible for Wizz Air's E-commerce, Data Analytics and Automation, IT Innovation and IT Infrastructure and Services functions reporting to the company's Deputy Chief Executive Officer. Mr. Goldberg was formerly Senior Director Technology, Europe for Nike. Prior to this role, Mr. Goldberg worked in executive IT roles at various multinational companies including G4S, APMaersk and DHL Express.

Marion Geoffroy, Chief Corporate Officer

Ms. Geoffroy joined Wizz Air as Head of Legal and General Counsel in March 2015. Between 2000 and 2011, Ms. Geoffroy held senior leadership roles in the Legal department of Air France-KLM. In 2011, she joined Verlingue Insurance Brokers where she served as General Counsel for 4 years. She was appointed Chief Corporate Officer in September 2018 overseeing the Legal, Data Protection and Health and Safety departments and also assumes the responsibility of Corporate Secretary. Ms. Geoffroy holds a Master of Laws (LL.M.) from Paris XI University (France), a Lawyer-Linguist Master from ISIT (Paris, France), a law degree from Philipps University (Marburg, Germany) and a Master of Laws (LL.M.) from McGill University Institute of Air and Space Law (Montreal, Canada).

Board Committees

The Directors have established an Audit Committee, a Remuneration Committee and a Nomination Committee. 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 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 advising 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 Audit 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 its 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 the rest of the Audit Committee, and is accountable to the Audit Committee;

i) considering and making recommendations to the Board, to be put to Shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditors. The Audit Committee shall oversee the selection process for new auditors and if auditors resign the Audit 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 provision 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;

Board Committees continued

Audit Committee continued

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;

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. During the financial year ended 31 March 2019, the membership of the Company's Audit Committee comprised three members, namely Simon Duffy, Susan Hooper and John McMahon followed by Peter Agnefjäll upon retirement of John McMahon, all of whom 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.

The Company therefore considers that it complies with the Corporate Governance Code recommendation regarding the composition of the Audit Committee.

The Audit Committee formally meets at least three times per year and otherwise as required. The Chief Executive Officer, other Directors and representatives from the Finance function of the Company may attend and speak at meetings of the Audit Committee. The Company's external auditors and the Chief Financial Officer are invited to attend meetings of the Audit Committee on a regular basis. The Company's Head of Internal Audit, along with the retained external firm of internal auditors, also attend the Audit Committee's meetings to report on internal audit matters. 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 eight occasions during the 2019 financial year (including telephonic meetings). 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

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. During the financial year ended 31 March 2019, the membership of the Company's Remuneration Committee comprised three members, namely Guido Demuynck, Susan Hooper and Thierry de Preux followed by Maria Kyriacou upon retirement of Thierry de Preux, all of whom are independent Non-Executive Directors. The Chairman of the Remuneration Committee is Mr Demuynck.

The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee meets formally at least twice each year and otherwise as required. There were seven meetings of the Remuneration Committee during the 2019 financial year.

Board Committees continued

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, and 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 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, Simon Duffy and John McMahon followed by Barry Eccleston upon retirement of John McMahon. 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. The Nomination Committee will work further to ensure that, when the opportunity presents itself, diversity is properly reflected in the Board and in the Company's senior management. The Company believes that this commitment is demonstrated by recent appointments at both Director and senior management level.

The Nomination Committee is scheduled to meet formally at least twice a year and otherwise as required. There were six meetings of the Nomination Committee during the 2019 financial year and, in between these meetings, members of the Nomination Committee advised senior management on the appointment of Non-Executive Directors and on various senior management appointments, including the Chief Digital Officer. Interviews of candidates for each of these positions were also conducted by the members of the Nomination Committee. Candidates for the Non-Executive Directors were interviewed by the members of the Nomination Committee.

Attendance at Board meetings

The following table sets out the attendance by Director at the Board and Committee meetings held during the 2019 financial year.

	Board attended/total	Audit attended/total	Remuneration attended/total	Nomination attended/total
Executive Director				
József Váradi	8/8	8/8*	7/7*	6/6*
Non-Executive Directors				
William A. Franke	8/8	-	-	6/6
Guido Demuynck	8/8	-	7/7	-
Simon Duffy	8/8	8/8	-	6/6
Thierry de Preux*	3/3	-	3/3	-
Susan Hooper	8/8	8/8	7/7	-
Stephen L. Johnson	7/8	-	-	-
John McMahon**	2/2	3/3	-	2/2
John R. Wilson	7/8	-	-	-
Barry Eccleston***	7/7	-	-	5/5
Peter Agnefjäll****	7/7	6/6	-	-
Maria Kyriacou*****	6/6	-	4/5	-

* The Executive Director was invited to attend these various Committee meetings in order to discuss certain matters but did not have a vote. Occasionally also Non-Executive Directors attend meetings of Committees that they are not a member of – these cases are not reflected in this table.

* Resigned effective as of 25 September 2018.

** Resigned effective as of 24 July 2018.

*** Joined effective as of 1 June 2018.

**** Joined effective as of 24 July 2018.

*****Joined effective as of 25 September 2018.

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 and to discuss the Company's strategy. 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 developments 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 outside the scheduled meeting cycle, 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. The Share Dealing Policy was updated to reflect the requirements of the EU Market Abuse Regulation which came into effect on 3 July 2016.

Finally, 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 2019 annual general meeting.

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE

Wizz Air has grown significantly and successfully as a result, in part, of constantly re-examining the way it does things and ensuring that its business is run to the best possible standards. The work of the Audit Committee during the 2019 financial year continued to reflect this philosophy. As well as the continued engagement on day-to-day financial issues, including further discussion on hedging strategy and approval of hedging transactions, the Audit Committee also has oversight of the Company's system for enterprise risk management (ERM), to ensure that the Company's risk management processes continue to provide robust support for its future growth.

Main activities of the Audit Committee during the 2019 financial year

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.

As the framework for risk management activities, the Company's ERM programme was operated during the 2019 financial year in line with the process and standards established in the previous two years. Working with the Company's Internal Audit function during a series of meetings facilitated by Ernst & Young, each risk identified was considered in detail in terms of the inherent risk, existing mitigating measures and residual risk, along with a determination of how that risk should be dealt with in accordance with the Company's risk appetite. The resulting risk register was then used to prepare a principal risk report. Each risk owner is required to review each risk at least once a quarter. The Company's internal Risk Council, comprising the Company's senior management team, reviews the risk register and the principal risk report also at least once a quarter. The Risk Council then reports to the Audit Committee on, among other things, changes to be made to the principal risk report, including any consequent mitigating actions. The principal risk report, once approved by the Audit Committee, is delivered to the Board.

In addition to the ERM program, the Company's Internal Audit function prepares a plan of internal audits for the upcoming year, which is approved by the Audit Committee. Internal audits are performed by Ernst & Young and the Head of Internal Audit, who has direct responsibility to the Chairman of the Audit Committee as well as an administrative reporting line to the Company's Chief Financial 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 verifies that actions have been taken and controls implemented and reports back to the Audit Committee on the status. The Audit Committee will work to ensure that the Company continues to develop effective risk assessment and management processes.

More information on risk management within the Company is set out on pages 28-32 of this annual report.

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 also reviews and approves any regulatory announcements that are 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.

Relationship with external auditors

The Audit Committee has approved the fees to be paid and the external audit plan for the 2019 financial year and reviewed the reports of the auditors on the half-year review and the annual audit performed. The Audit Committee was satisfied with the performance of the external auditors and with the effectiveness of the external audit process. The audit of the 2019 financial statements and of this annual report, and the review of the half-year financial report, were all completed in time and to high standard, addressing the key issues.

With the completion of the 2019 audit PricewaterhouseCoopers have been the auditors of the company for 13 years uninterrupted, covering the years ended 31 March 2007 to 31 March 2019.

The Audit Committee will consider the appointment of external auditors for the financial year ending 31 March 2020 and the Directors will propose a resolution in this respect for the forthcoming annual general meeting of the Company. Should the Directors later decide to appoint a firm other than the current auditor PricewaterhouseCoopers, the Directors would ask the shareholders to ratify the appointment of the new auditor at the 2020 annual general meeting.

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE CONTINUED

Main activities of the Audit Committee during the 2019 financial year continued

Relationship with external auditors continued

The Audit Committee ensures the independence of the Company's external auditors. The Audit Committee reviewed the independence letter of the auditors and considered in particular the non-audit fees paid to the external auditors during the year (see Note 8 to the financial statements). While fees paid on tax and other advisory services were close to the audit fees, the Audit Committee was satisfied that this did not compromise the objectivity and independence of the auditors, mainly because: (i) the engagement leaders from the relevant advisory departments are not part of the audit team; and (ii) no such services were ordered by the Company that carried self-review threat for the auditor. Until late in the 2018 financial year PricewaterhouseCoopers were also the principal tax adviser of the Group but were then replaced by Deloitte following a competitive tender. From this point onwards the fees paid to PricewaterhouseCoopers for non-audit services started to decline; however, the total amount in the year was still significant, primarily due to tax-related engagements started earlier the completion of which was extending into the 2019 financial year. In February 2019 PricewaterhouseCoopers informed the Company that, in response to UK corporate governance developments for audit services, they would stop providing non-audit services to the Company, except the completion of in-progress engagements until December 2019 the latest. Therefore, non-audit fees earned by PricewaterhouseCoopers in the 2020 financial year will be materially less than the audit fees.

Significant matters relating to the annual report

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

- Maintenance accounting: As part of reviewing the reports from management and the auditor on the half-year and the year-end accounts, the Audit Committee satisfied itself that the policy and the procedures applicable to this complex area were followed in the year consistently.
- Revenue accounting: The Audit Committee reviewed the reports from management and the auditor on the half-year and the year-end accounts in relation to the adoption of IFRS 15 in the financial year, including its financial implications, and satisfied itself that the requirements of the new standard were applied properly. The Audit Committee supported management's recommendation to apply the 'Cumulative Effect Method' of transition for adopting the standard.
- Asset transactions with significant earnings impact: The Audit Committee reviewed the reports from management and the auditor on the year-end accounts in relation to asset sale and leaseback transactions and to certain supplier negotiations that, particularly for new technology aircraft and engines, resulted in significant one-off gains that are not expected to recur to the same magnitude in the future. The Audit Committee satisfied itself that the accounting treatment was in line with applicable standards and that the impact of the transactions was disclosed in the annual report appropriately.

At the request of the Board, the Audit Committee also considered whether the annual report taken as a whole was fair, balanced and understandable and whether it provided the necessary information for Shareholders to assess the Group's position and performance, business model and strategy. The Committee is satisfied that the annual report meets these criteria.

Other matters considered during the year

- IFRS 16 Leases: With respect to adoption of IFRS 16 by the Group with the initial application date of 1 April 2019, the Audit Committee reviewed the accounting implications of the standard and the Company's preparations for its adoption. The Audit Committee supported management's recommendations for the accounting policy choices to be made under IFRS 16, in particular to select the 'full retrospective' method of transition (see Note 2 to the financial statements). The Audit Committee also reviewed the FX risk implications of the adoption of IFRS 16, particularly the FX translation risk from the revaluation of the lease liability. The Audit Committee supported management's recommendations for mitigating this new risk primarily by holding US Dollar deposits instead of Euro deposits from 1 April 2019, and for the remaining exposure by entering into EUR/USD FX forward deals meaning also a change to the Company's risk management policy (see Note 3 to the financial statements).

REPORT OF THE CHAIRMAN OF THE AUDIT COMMITTEE CONTINUED

Main activities of the Audit Committee during the 2019 financial year continued

Other matters considered during the year continued

- FRC review of the 2017 accounts: In January 2018 the Company received notice from the Conduct Committee of the Financial Reporting Council (UK) ('FRC') that the Group's annual report and accounts to 31 March 2017 have been reviewed. The first round of the review took place during January-March 2018 and covered accounting for heavy maintenance and for hedges. The FRC made some recommendations of relatively smaller significance, and the Company took account of some of the recommendations and extended its disclosures in the areas of heavy maintenance accounting and hedge accounting already in its 2018 annual report, i.e. prior to the closure of the review. The second round of the review, during May-July 2018, focused on the remaining more detailed and sophisticated issues around maintenance accounting. In July the FRC issued its final letter and confirmed that based on the responses received from the Company their inquiry was closed, with no change required to the accounting policies of the Group. The Audit Committee closely followed the developments during the review and was satisfied to see that there was no significant recommendation made by the FRC.
- Corporate and tax matters: Deloitte, the Group's new principal tax adviser, was engaged in 2018 to analyse the alternative future corporate structure of the Group, including tax implications, as a result of the Group creating multiple airlines, to position the group for other potential business developments and also potential changes in the international tax environment. The reports from Deloitte and from management were reviewed during 2018 by the Board of Directors. The key changes approved by the Directors related primarily to corporate governance, whereby (i) selected executive roles were moved from operating entity level to holding entity level (in response to the new multi-airline setup of the Group); and (ii) the corporate form of Wizz Air Hungary was changed to Kft. to Zrt. (creating a platform for more robust corporate governance processes at subsidiary level).
- GDPR: In May 2018 the Audit Committee reviewed the report from management on the preparedness of the Company for GDPR, and was satisfied that the newly implemented processes, both internally and in relation to business partners, shall ensure compliance of the Company with the GDPR requirements.

Simon Duffy
Chairman of the Audit Committee

REPORT OF THE CHAIRMAN OF THE NOMINATION COMMITTEE

Wizz Air's Nomination Committee is comprised of three members, namely Simon Duffy, our Senior Independent Non-Executive Director, Barry Eccleston and me.

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, and retirements and appointments of additional and replacement Directors, and will make appropriate recommendations to the Board on such matters.

The Company's success to date has been achieved by ensuring that it appoints people of the highest calibre, whether as Directors, management or employees. While the key selection criterion is to ensure that people are appointed on their ability to do their jobs, the Company and the Nomination Committee recognise the importance to the Company of diversity, including gender equality.

The 2019 financial year marked the sixth anniversary of the appointments of a number of our non-executive directors and the Nomination Committee had particular regard to the need for refreshment of the Board.

On 1 June 2018, Barry Eccleston was appointed as Independent Non-Executive Director and member of the Nomination Committee. A British national, Mr. Eccleston had recently retired as Chief Executive Officer of Airbus Americas Inc., where he was responsible for all aspects of Airbus' commercial airplanes business in North America, a position he held since 2005. On 24 July 2018, the Board appointed Mr. Peter Agnefjäll as Independent Non-Executive Director. A Swedish national, Mr. Agnefjäll was the President and Chief Executive Officer of IKEA Group from 2013 to 2017. Mr. Agnefjäll was also appointed as a member of the Audit Committee. At the same time, John McMahon retired from the Board after more than six years as an Independent Non-Executive Director. Mr. McMahon was also the Senior Independent Non-Executive Director and a member of the Audit and Nomination Committees. Upon retirement of Mr. McMahon, Simon Duffy was appointed as Senior Independent Non-Executive Director.

On 1 January 2019, Mr. Barry Eccleston was appointed as independent non-executive director overseeing engagement with employees. In his role, Mr. Eccleston ensures the employee voice reaches the boardroom.

Ms. Maria Kyriacou was appointed as an Independent Non-Executive Director with effect from 25th September 2018. At the same time, Thierry de Preux retired from the Board after more than six years. A joint British and Cypriot national, Ms. Kyriacou is currently President International ITV Studios, part of ITV plc. Maria oversees ITV Studios' production companies across Europe and Australia, its growing US scripted business, plus international distribution arm ITV Studios Global Entertainment (ITVS GE). Ms. Kyriacou is also a member of the Remuneration Committee.

On 1 March 2019, Ms. Hooper was re-appointed for a further three-year period. Ms. Hooper is also a member of the Audit Committee and the Remuneration Committee.

Main activities of the Nomination Committee during the 2019 financial year

During the 2019 financial year, the Nomination Committee worked on a number of key appointments for the Company.

The Nomination Committee, along with other Directors, assisted senior management and the Board with a review of the structure of the Company's organizational design.

As Wizz Air's commitment to the United Kingdom continued, Owain Jones, Chief Corporate Officer, became the Managing Director of Wizz Air UK with effect from 1 September 2018, reporting to József Váradi, Group Chief Executive Officer. Marion Geoffroy, Head of Legal, was promoted to Chief Corporate Officer also with effect from 1 September 2018, reporting to the Group's Chief Executive Officer.

On 1 October 2018, Joel Goldberg, Senior Director Technology, Europe for Nike, was appointed to the newly-created position of Chief Digital Officer, reporting to Stephen Jones, Deputy Chief Executive Officer and Managing Director of Wizz Air Hungary. Joel Goldberg is responsible for the Group's E-commerce, Data Analytics and Automation, IT Innovation and IT infrastructure and Services functions.

REPORT OF THE CHAIRMAN OF THE NOMINATION COMMITTEE

Main activities of the Nomination Committee during the 2019 financial year continued

On 1 April 2019, András Sebők was promoted to the newly created Chief Supply Chain Officer position reporting to Stephen Jones, Deputy Chief Executive Officer and Managing Director of Wizz Air Hungary. In his new position, András Sebők assumes responsibility for Fleet Acquisition, Purchasing, Facility Management and Airport Development functions. The objective of this new structure is to enhance the Company's supply chain management capabilities by synergizing procurement processes and supplier management approaches. The new organizational design will deliver a more efficient and lower cost operation of the Company.

As already noted above, the Nomination Committee has also been reviewing the composition of the Board in the context of certain Non-Executive Directors reaching the sixth anniversary of their appointments in the coming year and also the need to ensure the periodic refreshment of the Board. As a result, John McMahon and Thierry de Preux retired from the Board while Barry Eccleston, Peter Agnefjäll and Maria Kyriacou were appointed as Independent Non-Executive Directors during the course of F19 and Barry Eccleston was also appointed as independent non-executive director overseeing engagement with employees.

The Nomination Committee's ongoing work

The Nomination Committee will continue to work with the Board to ensure that it has the appropriate balance of skills, knowledge and experience and that, where the opportunity presents itself, appointments are made which reflect not only the Company's requirement to retain the best people for a particular role but also the Company's values, including ensuring diversity within the Board and the Company's senior management.

The Nomination Committee and the Board also recognise the importance of ensuring that succession of Directors and senior management is properly managed, to ensure that the Company has the right people available as needed. The Nomination Committee will continue to work with the Board and the Company's senior management to develop and refine succession plans, encouraging and facilitating internal talent development where necessary.

William A. Franke
Chairman of the Nomination Committee

DIRECTORS' REMUNERATION REPORT

Report of the Chairman of the Remuneration Committee

On behalf of the Board I am pleased to present the Directors' Remuneration Report for the financial year ended 31 March 2019.

It is worth noting that the composition of the Remuneration Committee was refreshed during the financial year ended 31 March 2019. Ms. Maria Kyriacou became a member on 25 September 2018 upon the retirement of Mr. Thierry de Preux.

Consistent with the principles set out in the 2018 UK Corporate Governance Code, in order to strengthen workforce engagement, Wizz Air has decided to appoint an independent non-executive director to oversee engagement with employees. Mr. Barry Eccleston, who joined the Board of Wizz Air Holdings Plc on 1 June 2018, was appointed as independent non-executive director overseeing engagement with employees from 1 January 2019. In his role, Mr. Eccleston ensures the employee voice reaches the boardroom. As at 31 March 2019, Mr. Eccleston has visited three of the largest bases in Wizz Air network, has attended sessions of the Wizz People Council, has organized a meeting between all Wizz People Council members and the Board, has delivered floor talks to Wizz Air office employees and has reported back to the Board.

The 2019 financial year was another year of strong growth for Wizz Air. Once again, we have delivered industry-leading passenger growth, with passenger numbers increasing by 17 per cent and total revenue increasing by 20 per cent. Although the first half of the financial year was particularly challenging for all European carriers with unprecedented disruptions caused by ATC strikes, slot constraints as well as heavily congested airports, the Company continued to drive its cost base lower and profitably stimulate traffic. During the year, the Company successfully launched the operation of our UK airline, Wizz air UK, which was part of the Company's Brexit contingency planning and went through an extensive delivery program of 17 aircraft in 17 weeks. On the back of the rising fuel price, the Company trimmed second half capacity growth to 14% (previously 18%) and as a result second half yields responded well. The Company also started to enjoy further cost improvements from its investment graded credit rated balance sheet with over EUR 1.1 billion of free cash and the Company signed letters of intent to finance 10 A321 NEO aircraft at rates significantly better than the Company's previous best deals. The arrival of game-changing, well-priced A321 NEO aircraft into our fleet in the fourth quarter enabled Wizz Air to increase its cost advantage even further.

The strong leadership during the 2019 financial year of the Board, the Chief Executive Officer and management team has seen the Company deliver record profitability of €291 million, even as the Company dealt with these headwinds and significant developments. At the same time, the Company remained extremely cost-focused, with its ex-fuel operating unit cost remaining materially flat (0.9 per cent. decrease year on year). The relative strength of Wizz Air's performance against its peers was reflected in a share price which, as at 31 March 2019, remained some 162 per cent. higher than the offering price in the Company's initial public offering. Over the year, therefore, the Directors and senior management have ensured that the Company's business has continued to deliver results that have significantly increased Shareholder value, as well as further strengthening the foundations for the Company's future growth.

The Company's Remuneration Policy is designed to incentivise the Chief Executive Officer, currently the Company's sole Executive Director, not only to deliver profitability, but also to continue to drive the Company's unit costs even lower at the same time as delivering a good customer experience. By way of reminder, the amount of a payment under the Company's short-term incentive plan for 2019 depended on three factors, being profit after tax (80%), on-time performance (10%) and ex-fuel cost per available seat kilometer (10%). The outcome of the short term incentive plan for the 2019 financial year reflects the Company's performance: profitability was below target (but marginally above the threshold), ex-fuel CASK was on target, and on-time performance fell below the threshold for any payment, even though this was mainly a consequence of a number of events beyond the Company's control (unprecedented disruptions due to ATC strikes, slot constraints and heavily congested airports in the first half of the financial year). Taking these factors into account, the Chief Executive Officer's payment under the short-term incentive plan for the financial year 2019 was EUR 345,321, being 52.3 per cent. of annual base salary (and therefore of target bonus) against a maximum bonus opportunity of 200 per cent. of annual base salary.

Report of the Chairman of the Remuneration Committee continued

The first award under the approved Long-term incentive Plan was made to officers and to heads of functions in July 2015 and vested in July 2018. 50 percent of the award was based on relative total shareholder return (TSR) compared to selected European airlines and the other 50 percent on fully diluted earnings per share growth. The awards for the Chief Executive Officer vested in full, being 73,805 options. The total market value of the shares on the day of vesting (9 July 2018) was GBP 2,708,644, equivalent to EUR 3,069,706 at the prevailing FX rate. While technically the value of the options crystallized on the date of vesting, the right to this benefit was earned via the Group delivering good financial performance during the F16-F18 financial years.

Therefore, total remuneration of the Chief Executive Officer for the year was EUR 4,056,437. The Remuneration Committee believes that this demonstrates that not only are the targets set for management very ambitious, but also that the Company's current Remuneration Policy is appropriate with the outcome properly reflecting the Company's performance during the year.

The Chief Executive Officer's base salary was last revised in 2018 following a comprehensive market review upon which the Remuneration Committee concluded that the Chief Executive Officer's base salary should be increased by 10 per cent. to CHF 750.000 with retrospective effect from 1 April 2018. The Committee has determined that the CEO's base salary remains competitive and therefore no changes are proposed for the 2020 financial year. In 2018, we have reorganised our group structure, which enables us to deliver further value to our shareholders in the long term. The net pay of some executives, including the Chief Executive Officer, has been adversely affected by this. The Committee is aware of the impact of these changes and is considering how best to respond with a view to keeping the original pay package intact, which might entail a change to the basic salary.

The Remuneration Committee remains committed to ensuring that the Company's Remuneration Policy is an effective way to align the interests of the Directors and senior management with those of the Company's Shareholders and that it provides appropriate incentivisation to continue to deliver Shareholder value. However, the Remuneration Committee also remains focused on the Company's ultra-low-cost business model, and the governing principle that will continue to be applied is that remuneration must be competitive whilst not being more than is necessary to attract, retain and motivate executive management of the quality required to continue to run the Company successfully, and that a significant proportion of remuneration remains performance based. Indeed, this is a principle which is applied consistently throughout the Company for almost all employees. In addition the Remuneration Committee considers that the policy should not only be easy to understand, but also straightforward and simple to implement and administer in line with our approach to business which seeks to keep processes and procedures as streamlined and as simple as possible.

Whilst 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 in respect of the Directors' Remuneration Report and Remuneration Policy, underlining the Company's commitment to adopt UK corporate governance best practice. The Directors' Remuneration Policy was put forward to a binding Shareholder vote at the 2018 annual general meeting with the intention that it should apply for three years. The Remuneration Committee is of the view that the Policy continues to achieve the aims set out above. Therefore, we will not be asking Shareholders to vote on the Policy at this year's annual general meeting, although there will be an advisory vote on the Annual Report on Remuneration. In the context of the Company's particular structure in which the company's only Executive Director is a co-founder of the Company and has maintained a significant shareholding, the Committee is of the view that there remains to be a strong alignment with shareholders. However, it is reminded that under our policy the Remuneration Committee has the power to increase this alignment through the implementation of shareholding guidelines, mandatory bonus deferral or an additional LTIP post-vesting holding period, over the course of the policy period, should it be considered desirable to do so.

The Committee welcomes changes introduced by the July 2018 UK Corporate Governance Code and updated remuneration reporting regulations. The Committee has reviewed its current practices against the revised Code and will report further on our response in the annual remuneration report next year.

Report of the Chairman of the Remuneration Committee continued

The Committee notes the significant minority vote against the resolution to approve our Remuneration Policy in the last annual general meeting. The Committee has engaged extensively with shareholders and proxy advisors and gained a clear insight into the reasons for the number of votes registered against our Remuneration Policy, which primarily relate to the absence of the structural features including bonus deferral, LTI holding period and shareholding requirements.

In our policy, the Committee has adopted powers to introduce the features outlined during the policy period. The Committee recognises that, at certain companies, the absence of those features may be a cause for some concern, as executive directors may not be as aligned with shareholders as otherwise would be the case. However, at Wizz Air, the sole executive director – the CEO and co-founder – is already significantly aligned to the long-term interests of the company and shareholder experience through current share ownership valued at approximately EUR 66.5 million (circa 100 times his present basic annual salary)

This holding far exceeds the level commonly imposed by having the conventional structural safeguarding mechanics outlined above and his large shareholding ensures an extremely strong alignment between the interests of the CEO and those of shareholders. The Remuneration Committee will, as a matter of course, continue to keep such features and all shareholder feedback under close review.

In conclusion, I would reiterate that Wizz Air continues to be proud of the strong results delivered in the 2019 financial year against a challenging industry background. We remain committed to ensuring that our Remuneration Policy continues to incentivise delivery of outstanding results in the future, but in a way that appropriately aligns the interests of the Directors and senior management with those of the Company's Shareholders. We believe that the approved Directors' Remuneration Policy does this in a way which is consistent with the Company's current growth phase and its desire to bring simplicity to all areas of its operation. Simplicity of process and practice reflects the Company's strategy to focus on achieving the lowest possible unit operating cost while improving customers' experience.

We look forward to the continued support of our Shareholders and welcome any questions or suggestions that you may have to further align our Remuneration Policy with the interests of our investors.

Guido Demuynck
Chairman of the Remuneration Committee

Introduction

The Directors' Remuneration Policy was approved by Shareholders at the annual general meeting held on 24 July 2018 and will apply until the annual general meeting to be held in 2021. This Directors' Remuneration Report sets out the remuneration earned for the 2019 financial year in accordance with the approved Directors' Remuneration Policy and the planned application of our Remuneration Policy for the 2020 financial year.

The 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.

For transparency, we have included the approved Directors' Remuneration Policy in full in this report although there will not be a vote on the Directors' Remuneration Policy at this year's annual general meeting. The Remuneration Policy is also available to view at corporate.wizzair.com.

Remuneration Policy

Introduction

Our principal 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 the Long-term Incentive Plan the Remuneration 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 Remuneration Committee also takes into account analysts' forecasts, economic conditions and the Remuneration Committee's expectation of performance over the relevant period.

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.

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 customers' 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 and a long-term incentive award of up to 250 per cent. of base salary, with payments depending 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 as well as selected fast-growing listed companies across Europe of a similar size.

Remuneration Policy continued

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 are reviewed annually, with any increase being awarded at the discretion of the Remuneration Committee. The Executive Director's salary for the 2019 financial year is detailed in the Annual Report on Remuneration. The Remuneration Committee may take into account a number of factors in deciding whether an increase should be made, including benchmarking against selected airlines and selected fast-growing listed companies across Europe of a similar size.	The Remuneration Committee will consider the individual salary 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). Free return tickets usable on the route network of the Group, consistent with the number of free tickets made available for all employees.	There are no provisions for the recovery of sums paid or the withholding of any payments relating to benefits.
Pension	Not applicable.	Not applicable. The Company does not provide a pension scheme for the Executive Directors (unless contributions are required by law).	Not applicable.
Short-term Incentive Plan	To incentivise the successful execution of the Company's business strategy. To 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 the Chief Executive Officer is 200 per cent. of base salary. These performance requirements so far (depending on the year) related to Company profitability, on-time performance, operating cost and personal performance.	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 incentivise the Executive Directors to focus on cost control to achieve profitability targets, while delivering a reliable service to customers. The annual bonus is subject to malus and/or clawback in the event of serious misconduct which could have served as a reason for termination of the employment for cause, or the employee was involved in fraud, dishonesty or other type of illegal activity.

Remuneration Policy continued

Executive Director remuneration continued

Future policy table: Executive Directors continued

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. To reward strong financial performance and sustained increase in Shareholder value.	Each year, performance shares may be granted. Awards vest over a three-year period, subject to the achievement of performance targets. The maximum face value of annual awards will be 250 per cent. of base 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 Remun. 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. Long-term incentive awards are subject to malus and/or clawback in the event of serious misconduct which could have served as a reason for termination of the employment for cause, or the employee was involved in fraud, dishonesty or other type of illegal activity.

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. During the 2019 financial year, the Remuneration Committee has also spent quality time to ensure that the remuneration of senior management was well aligned within the Company and that performance criteria were consistent and aligned with the overall strategy of the Company.

Non-Executive Director remuneration

The Non-Executive Directors are only paid fees.

Element	Purpose and link to strategy	Operation and opportunity	Framework used to assess performance and provisions for the recovery of sums paid
Fees	To remunerate Non-Executive Directors to reflect their level of responsibility.	Non-Executive Directors are paid a basic fee, plus an additional amount for each Board meeting attended. Additional fees are paid for the roles of Chairman of the Audit Committee, the Remuneration Committee, the Board and, with effect from 2019, the Senior Independent Director. Fees for Non-Executive Directors, other than the Chairman, are determined by the Board. Fees for the Chairman are determined by the Remun. Committee without the Chairman being present. 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 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 2019 financial year are set out in the Annual Report on Remuneration.	Not applicable; there are no provisions for the recovery of sums paid or the withholding of any payment relating to fees.

Remuneration Policy continued

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):

The remuneration receivable under the LTIP as shown in the table (i) does not assume any share price movement between grant and vesting; and (ii) for the sake of illustration it assumes that no shares would vest in the minimum scenario, 50 per cent. of shares would vest in the expected scenario and all shares would vest in the maximum scenario.

Fixed remuneration is base salary (May 2019 level annualised, being €664,050). The annual bonus amount is zero at minimum, €664,050 at the expected level (50 per cent. of maximum opportunity of 200 per cent.) and €1,328,100 at maximum (200 per cent. of base salary). The long-term incentive amount is zero at minimum, €830.063 at the expected level (50 per cent. of maximum opportunity of 250 per cent.) and €1,660,125 at maximum (250 per cent. of base salary).

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 requiring relocation 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 payment for loss of office

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

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

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

No such payment for loss of office was made by the Group in the year or the prior year. No payments of any nature were made to past directors.

Remuneration Policy continued

Discretion, flexibility and judgment of the Remuneration Committee

The Remuneration Committee operates the Short-term Incentive Plan and the 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 the Long-term Incentive Plan from year to year;
- the performance conditions, performance periods and vesting periods for awards under the Long-term Incentive Plan from year to year;
- the assessment of whether performance requirements and/or conditions have been met;
- the treatment to be applied for a change of control or significant restructuring of the Group;
- the determination of a good/bad leaver for incentive plan purposes and the treatment of awards thereof; and
- the adjustments, if any, required in certain circumstances (e.g. rights issues, corporate restructuring, corporate events and special dividends).

In addition, the Remuneration Committee retains the power to adopt shareholding guidelines, mandatory bonus deferral or an additional post-vesting holding period with respect to the LTIP, over the course of the policy period should any or all of these features be considered desirable.

Legacy arrangements

In approving this policy, authority will 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 and (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.

Shareholder approval of share plans

This policy includes any new employee share plans or amendments to existing share plans approved by shareholders which may be applicable to this policy period.

Consideration of Shareholder views

The Remuneration Committee and the Board will consider Shareholder feedback received in relation to the annual general meeting each year at a meeting immediately following the annual general meeting 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.

Annual Report on Remuneration

The members of the Remuneration Committee were Guido Demuynck (Chairman), Susan Hooper, Thierry de Preux and Maria Kyriacou following the retirement of Thierry de Preux as of 25 September 2018.

The Remuneration Committee is responsible for setting the Remuneration Policy for all Executive Directors and the Chairman, including pension rights and any compensation payments, and recommending and monitoring the remuneration of the senior managers. Non-Executive Directors' fees are determined by the full Board. A summary of the Remuneration Committee's terms of reference can be found on our corporate website, corporate.wizzair.com. Further details about the Remuneration Committee are set out on pages 55 to 58 of the Corporate Governance Report.

József Váradi, the Chief Executive Officer, and Marion Geoffroy, the Chief Corporate Officer, attend meetings by invitation and assist the Remuneration Committee in its deliberations as appropriate, though they are not present when their own compensation is discussed.

Annual Report on Remuneration continued

The Remuneration Committee is advised by Willis Towers Watson, which was selected following a competitive tender process led by the Chairman of the Remuneration Committee in 2015. Willis Towers Watson attends Committee meetings as and when required. During the 2019 financial year, Willis Towers Watson received fees totalling GBP 94,289 for advice related to Remuneration Policy, governance, developments in executive pay, benchmarking and performance analysis.

Willis Towers Watson is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Remuneration Consultants Group Code of Conduct in relation to executive remuneration consulting in the UK. The Remuneration Committee is satisfied that Willis Towers Watson offers impartial and objective advice and brings a high degree of expertise to the Remuneration Committee's discussions.

Shareholders' vote on remuneration

At the 2018 annual general meeting the Annual Report on Remuneration was put forward for an advisory vote. Details of the voting outcomes are provided in the table below:

	Remuneration Policy (2018 AGM)		Annual Report on Remuneration (2018 AGM)	
Votes for	34,989,350	74.10%	50,533,946	93.38%
Votes against	12,230,322	25.90%	3,581,402	6.62%
Total votes	47,219,672		54,115,348	
Votes withheld	7,052,976		157,300	

Executive Director's remuneration

Full details of the Chief Executive Officer's remuneration for 2019 are set out below (in Euros):

Single total figure of remuneration table – audited

	2019					
	Fees and salary	Benefits	Bonus	LTIP	Pension	Total
József Váradi	641,411	-	345,321	3,069,706	-	4,056,437

	2018					
	Fees and salary	Benefits	Bonus	LTIP	Pension	Total
József Váradi	600,762	-	680,543	-	-	1,281,304

Salary and bonus were determined in Swiss Francs until December 2018 and were converted into Euros at the rate applicable for the year (salary) or the rate applicable at the end of the financial year (2018 bonus).

Although the Chief Executive Officer was appointed Group Chief Executive Officer as of 1 January 2019, his base salary remained unchanged throughout financial year 2019. The previous base salary of CHF 750,000 was from 1 January 2019 translated into Euro 664,050.

There were no benefits provided to the Chief Executive Officer other than twelve free return tickets usable on the route network of the Group, the value of which is estimated to be €1600 altogether.

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 2019 were the following:

		Target performance				
Measures	Weight	Threshold*	Target**	Maximum***	Actual performance	Payout
Profit (€m)	80%	288.7	339.7	390.6	291.6	42.3%
CASK ex-fuel (€c/ASK)	10%	2.35	2.24	2.13	2.24	10%
On-time performance (delay <15 mins)	10%	76.0%	80.0%	84.0%	72.0%	0%
Aggregate payout ratio	100%					52.3%

* There is no payment if the performance is worse than the "Threshold". At "Threshold" there is 50 per cent. payment of the target.

** At "Target" there is 100 per cent. payment (being equal to twelve months' salary in the case of the CEO).

*** If the "Maximum" is reached or exceeded then there is 200 per cent. payment of the target.

Annual Report on Remuneration continued

Executive Director's remuneration continued

The evaluation of the Chief Executive Officer's personal performance during the 2019 financial year took into account factors common with those applied to all employees as part of Wizz Air's People Cycle, namely leadership, execution, cooperation, innovation and expertise. In the case of the Chief Executive Officer, these factors were considered in the context of two broad categories - building the business and building the organization. During the 2019 financial year, the business delivered 17% capacity growth (in terms of ASKs) and 17% passenger growth to 345 million PAX, 20% revenue growth to €2.3 billion and 6% net profit growth to €291.6 million. Wizz Air UK was established, obtained its air operator's certificate and operating license in May 2018 and started commercial operations in October 2018. The Company received its first two A321neo aircraft. Reflecting the Company's planned growth, the Chief Executive Officer enhanced the Company's leadership capacity by creating the Chief Digital Officer and the Chief Supply Chain Officer positions. Effective from 1 January 2019, organizational changes took place with the objectives of strengthening the Group's Corporate Governance structure. In that respect, József Váradi was appointed to Group Chief Executive Officer at Wizz Air Holdings Plc, assuming responsibility for the overall operations of the Company that includes Wizz Air Hungary Ltd and Wizz Air UK Ltd. At the same time, Stephen Jones was appointed Deputy Chief Executive Officer and Managing Director of Wizz Air Hungary Ltd. Owain Jones had been appointed as Managing Director of Wizz Air UK on 1 September 2018.

As outlined earlier, the first award under the LTIP (of 250 per cent. of base salary) was made to the Chief Executive Officer during the 2016 financial year (July 2015). The award included 73,805 Performance Options, valued at GBP 15.72 per option share, that was the market price of the Company's shares at the date of grant. The exercise price of the options is nil.

Vesting occurred in July 2018 in line with the following performance criteria:

a) relative total shareholder return (TSR) growth versus selected European airlines (50 per cent. weighting); and

b) absolute fully diluted earnings per share (EPS) growth of the Company (50 per cent. weighting).

The TSR group consisted of the following entities: Ryanair and Easyjet (50 per cent. weighting); Air France-KLM, Air Berlin, Deutsche Lufthansa, Finnair, Flybe, IAG and SAS (50 per cent. weighting). Aer Lingus has been removed from the group following acquisition by IAG and subsequent delisting in September 2015. The targets were met with respect to both performance criteria and therefore all the 73,805 options vested in July 2018.

The second award under the LTIP (of 250 per cent. of base salary) was made to the Chief Executive Officer during the 2017 financial year (June 2016). This award included 85,270 Performance Options, valued at GBP 14.80 per option share at the date of grant. Vesting is due in June 2019 and is subject to the same performance criteria as the first award. However, the EPS threshold, target and maximum average annual growth rates were revised slightly versus the July 2015 grant to 14.2 per cent., 17.2 per cent. and 20.2 per cent., respectively.

The third award under the LTIP (of 250 per cent. of base salary) was made to the Chief Executive Officer during the 2018 financial year (June 2017). This award included 70,698 Performance Options, valued at GBP 22.00 per option share at the date of grant. Vesting is due in June 2020 and is subject to the same performance criteria as the first and second award. However, the EPS threshold, target and maximum average annual growth rates were revised versus the June 2016 grant to 25 per cent., 28 per cent. and 31 per cent., respectively.

The fourth award under the LTIP (of 250 per cent. of base salary) was made to the Chief Executive Officer during the 2019 financial year (May 2018). This award included 40,103 Performance Options, valued at GBP 31.44 per option share at the date of grant. Vesting is due in May 2021 and is subject to the same performance criteria as the previous awards. However, the EPS threshold, target and maximum average annual growth rates were set to 11 per cent., 19 per cent. and 26 per cent., respectively.

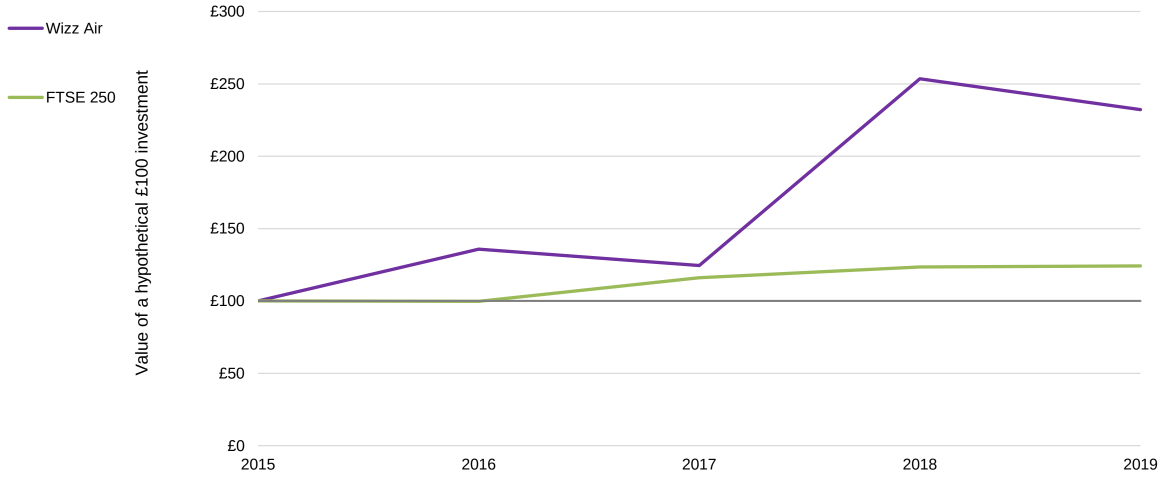
The first LTIP award made in the 2016 financial year (July 2015), and which vested in the 2019 financial year (July 2018), is hereby disclosed as part of the single total figure of remuneration for the 2019 financial year.

The Chief Executive Officer does not any longer hold options from the Company's previous employee share option plan (ESOP) under which options were issued during the 2005-2011 calendar years.

Annual Report on Remuneration continued

Executive Director's remuneration continued

The following performance graph shows the Company's total shareholder return compared to the FTSE 250 index for the last two financial years following IPO. TSR is defined as share price growth plus reinvested dividends.



Source: DataStream Return Index

1 Growth in the value of a hypothetical £100 holding over three years FTSE 250 comparison based on one-month average of trading day values. Source: DataStream.

In the tables below we provide a five-year overview of the Chief Executive Officer's remuneration and the change in the Chief Executive Officer's remuneration compared to that of all employees.

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*
2015	1,607,587	91%	N/A
2016	1,812,883	95%	N/A
2017	1,240,812	48%	N/A
2018	1,281,304	58%	N/A
2019	4,056,437	52%	100%

* Share options under the previous 'ESOP' plan were last issued to the CEO in the 2012 financial year. The vesting period was three years (i.e. vesting in the 2015 financial year) but there were no performance conditions other than being in employment during the vesting period, hence not reflected in the single total figure for 2015. There were no options vesting in the 2016-2018 financial years under either the old (ESOP) or the new (LTIP) share option plan.

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

	Chief Executive Officer			Total employees
	2019 (euro)	2018 (euro)	Change	Change**
Salary and fees	641,411	600,762	+6.8%	+16.6%
Benefits*	-	-	-	-2.5%
Bonus	345,321	680,543	-49.3%	-43.3%
Total remuneration	986,731	1,281,304	-23.0%	14.3%

* Benefits represented an insignificant part, approximately only 1 per cent., of the employee pay in these two years.

** Per employee, excluding the Chief Executive Officer.

The increase in the Chief Executive Officer's base salary in euro terms was attributable to the 10.0% increase from July 2018 and exchange rate differences between the 2019 and the 2018 financial years. In 2019 the relatively lower level of payout on the bonus (Short-term Incentive Plan) caused the decrease in the total remuneration for the Chief Executive Officer. The lower bonus payout in 2019 had a smaller impact on the total employee group than on the Chief Executive Officer as most employees are not entitled for bonus. Salary and fees increased at a relatively high rate due to adjustments made to crew salaries during 2019. Total employee remuneration changed from €106.6 million in the 2018 financial year to €152.7 million in the 2019 financial year (see Note 9 to the financial statements), being a 43.2 per cent. increase year-on-year. This was driven also by the 25.9 per cent. increase in employee numbers (excluding rented pilots).

There were no dividends or share buybacks in the 2019 financial year or the 2018 financial year, and therefore disclosure of 'relative importance of spend on pay' has not been included.

Annual Report on Remuneration continued

Non-Executive Director remuneration

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

Single total figure of remuneration table – audited

	2019					
	Fees and salary €	Benefits	Bonus	LTIP	Pension	Total €
William A. Franke	235,000	-	-	-	-	235,000
Stephen L. Johnson	60,000	-	-	-	-	60,000
John R. Wilson	60,000	-	-	-	-	60,000
Thierry De Preux*****	29,583	-	-	-	-	29,583
John McMahon***	22,581	-	-	-	-	22,581
Simon Duffy	90,605	-	-	-	-	90,605
Guido Demuynck	77,500	-	-	-	-	77,500
Susan Hooper	65,000	-	-	-	-	65,000
Barry Eccleston*	60,000	-	-	-	-	60,000
Peter Agnefjäll**	50,645	-	-	-	-	50,645
Maria Kyriacou****	40,500	-	-	-	-	40,500
Total	791,414	-	-	-	-	791,414

* Joined as of 1 June 2018.

** Joined as of 24 July 2018.

**** Resigned as of 24 July 2018.

**** Joined as of 25 September 2018.

***** Resigned as of 25 September 2018.

	2018					
	Fees and salary €	Benefits	Bonus	LTIP	Pension	Total €
William A. Franke	72,500	-	-	-	-	72,500
Stephen L. Johnson	47,500	-	-	-	-	47,500
John R. Wilson	47,500	-	-	-	-	47,500
Thierry De Preux	47,500	-	-	-	-	47,500
John McMahon	45,000	-	-	-	-	45,000
Simon Duffy	66,250	-	-	-	-	66,250
Guido Demuynck	60,000	-	-	-	-	60,000
Susan Hooper	47,500	-	-	-	-	47,500
Wioletta Rosolowksa	36,429	-	-	-	-	36,429
Total	470,179	-	-	-	-	470,179

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

Total remuneration of Directors for the period was €4,847,851 (2018: €1,751,483). This is the sum of the two single figure tables set out above. The significant increase versus 2018 was driven primarily by the 2015 LTIP options of the Chief Executive Officer vesting in 2019.

Our Conflict of Interest policy prohibits any other employment (for all employees) on top of the employment at Wizz. Therefore in case of the Chief Executive Officer any additional directorship would require specific permission of the Chairman of the Board. The Chief Executive Officer joined the board of JetSMART SpA in March 2018 as a non-executive director, with the approval of the Board. The Chief Executive Officer does not receive any fee for his role as a non-executive director of JetSMART.

Annual Report on Remuneration continued

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, other than Susan Hooper, Peter Agnefjäll and Maria Kyriacou, 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 2019 are set out below:

Directors and connected persons' interests in shares – audited

	Direct ownership	Interests		
Director	Number of Ordinary Shares	Number of Ordinary Shares	Number of Convertible Shares	Total Ordinary Share interests
William A. Franke[1]	52,750	15,004,750	29,830,503	15,057,500
József Váradi[2]	10,500	1,844,144	-	1,854,644
Thierry de Preux	51,384	-	-	51,384
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
Barry Eccleston	2,500	-	-	2,500

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 Financial Services and Markets Act 2000. Indigo Hungary LP and Indigo Maple Hill LP also hold Convertible Notes that, subject to certain conditions, are convertible to Ordinary Shares of the Company.

2 Mr Váradi is deemed to be interested in the Ordinary Shares held by his family trust companies.

There has been no change to the interests of each of the Directors set out above since 31 March 2019 to the date of the notice of the 2019 annual general meeting.

Application of the Remuneration Policy in the 2020 financial year

a) Chief Executive **Officer's** base salary

The Chief Executive Officer's salary was last increased in 2018 following a detailed review of his remuneration package relative to pay benchmark peer groups and considering his exceptional performance since the IPO which has seen the Company deliver record profitability and share price growth. The Committee considered an increase in base salary of 10% from CHF 682,000 to CHF 750,000 to be appropriate. In 2018, we have reorganised our group structure, which enables us to deliver further value to our shareholders in the long term. Some executives, including the Chief Executive Officer, have been adversely affected by this. The Committee is aware of the impact of these changes and is considering how best to respond with a view to keeping the original pay package intact, which might entail a change to the basic salary.

b) Short-term Incentive Plan

The Chief Executive Officer is eligible to receive a cash bonus of up to 200 per cent. of base salary in respect of the 2020 financial year. The actual cash bonus received will depend on the achievement level of profit after tax achieved, as the single criteria.

The Remuneration Committee believes that the specified performance criteria are sufficiently challenging compared to the Company's business plan. The annual bonus target with respect to profit is commercially sensitive and therefore will be disclosed in the 2019 Remuneration Report following the completion of the financial year provided that the information is no longer commercially sensitive.

Application of the Remuneration Policy in the 2020 financial year continued

c) Long-term Incentive Plan

An award of performance shares of up to 250 per cent. of base salary will be made to the Chief Executive Officer following approval of policy at the 2019 annual general meeting. Awards will vest following a three-year performance period and be subject to the same type of performance criteria as the 2018 award as follows:

a) relative total shareholder return (TSR) growth versus selected European airlines (50 per cent. weighting); and

b) absolute fully diluted earnings per share (EPS) growth of the Company (50 per cent. weighting).

The TSR group will consist of the following entities: Ryanair and Easyjet (50 per cent. weighting); AirFrance-KLM, Deutsche Lufthansa, Finnair, IAG and SAS (50 per cent. weighting). 25 per cent. of the award will vest for median performance and 100 per cent. of the award will vest for performance equal to or exceeding the upper quartile. There will be no vesting for performance below median and linear interpolation will apply for performance between the median and upper quartile.

With respect to the EPS growth measure, 25 per cent. of the award will vest for threshold average annual growth of 12 per cent. and 100 per cent. will vest for maximum average annual growth of 27 per cent. Linear interpolation applies for performance between threshold and maximum.

d) Chairman and Non-Executive Directors' fees

Following a review of Non-Executive Director and Chairman fee levels against external pay benchmarks and noting that Non-Executive Director and Chairman fees have remain unchanged since before Wizz Air's initial public offering in 2015, the Board deemed it appropriate to increase the Non-Executive Directorship fee from €25,000 to €30,000 per annum and the Board attendance fee from €2,500 to €5,000 for each full Board meeting attended, for the financial year ending 31 March 2019.

Simon Duffy, as Chairman of the Audit Committee, will continue to receive an additional fee of €18,750 per annum for taking on that role. Guido Demuynck, as Chairman of the Remuneration Committee will continue to receive an additional fee of €12,500 per annum for taking on that role. Simon Duffy, as Senior Independent Director will receive an additional fee of €10,000. Barry Eccleston, as Independent Non-Executive Director overseeing engagement with employees will receive an additional fee of €2,500 per event attended.

In addition, William A. Franke, as Chairman, will continue to receive a fee of €235,000 (all inclusive) per annum for taking on that role. As noted in the F19 report, the previous Chairman's fee of €75,000 (which comprised of the Non-Executive Directorship fee of €25,000, an additional €25,000 for taking on that role plus meeting attendance fees) had remained unchanged since before Wizz Air's initial public offering in 2015 and, following the benchmarking exercise by WillisTowersWatson, was found to be significantly below even the lowest non-executive Chairman's fee for FTSE 250 companies. Given the significantly greater size, complexity and value of the Company since that date and the increased time commitment of the Chairman to the Company, the increase brought the Chairman's fee in line with the median, which is consistent with the Company's general policy on pay.

The Non-Executive Directors will also be reimbursed for all proper and reasonable expenses incurred in performing their duties.

Other disclosures

Directors' service agreement and letters of appointment

Executive Director

The Chief Executive Officer entered into a new service agreement with the Geneva branch of Wizz Air Hungary Ltd. (WAHL) on 15 December 2015, for a period of five years, subject to earlier termination upon six 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 contained 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 in addition to any notice pay or payment in lieu of notice. Upon a group re-organization effective from 1 January 2019, the Chief Executive Officer ceased to have a service agreement with WAHL. Mr Váradi became Group Chief Executive Officer and entered into a service agreement with the Geneva branch of the Company. The terms and conditions that applied to the service agreement entered into with WAHL have been restated in his service agreement entered into with the Geneva branch of the Company.

Non-Executive Directors

The Company entered into letters of appointment with each of its Non-Executive Directors on 4 June 2014, other than Ms. Susan Hooper, Mr. Barry Eccleston, Mr. Peter Agnefjäll and Ms. Maria Kyriacou, which became effective on completion of the IPO for a term of three years. This term was extended for a further three years, effective from 2 March 2018. Ms. Susan Hooper was appointed on 1 March 2016 and her appointment was extended for a further three years on 1 March 2019. Mr. Barry Eccleston, Mr. Peter Agnefjäll and Ms. Maria Kyriacou were respectively appointed on 1 June 2018, 24 July 2018 and 25 September 2018. Each Non-Executive Director's appointment may be terminated by the Company or the Non-Executive Director with one month's written notice. Continuation of the appointment is contingent on continued satisfactory performance and re-election at the Company's annual general meetings and the appointment will terminate automatically on the termination of the appointment by the Shareholders or, where Shareholder approval is required for the appointment to continue, the withholding of approval by the Shareholders. Re-appointment will be reviewed annually.

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

On behalf of the Board

Guido Demuynck
Chairman of the Remuneration Committee
31 May 2019

CORPORATE RESPONSIBILITY

Strong corporate culture supporting our growth

Wizz Air's culture is something of which we are very proud. At its very heart is a common understanding of Wizz Air's mission:

> We believe that travel provides opportunities that can make life and the world around us better. That's why, at WIZZ, we're committed to making sure that everyone, everywhere can benefit from travel at the lowest prices possible, and to setting high benchmarks in safety and reliability.

This mission reflects the engagement of every colleague in the Wizz Air team and the pride they feel to be working at Wizz Air. It is a mission that everyone is working towards every day and is supported by Wizz Air's four corporate values:

- Inclusivity: we collaborate together to achieve our goals
- Positivity: we are an optimistic, happy, inspired and inspiring team
- Dedication: we have an entrepreneurial 'can do' attitude: we take individual and collective ownership and are accountable for everything we do.
- Integrity: we hold ourselves to the highest possible standards of business ethics in everything we do

These values underpin Wizz Air's identity and ambition, as well as those of the WIZZ team. We strive to embed them into every layer of our organization. Wizz Air is different, Wizz Air is special and, now more than ever, as we continue to grow at an exceptional rate, maintaining our unique culture is something that we all want to see continue.

Our Approach

As one of the fastest growing airlines in Europe and the largest low-cost airline in Central and Eastern Europe, Wizz Air's ultra low cost business model means that we are able to offer the lowest fares to our customers and that, in turn, makes flying affordable for more people than ever before and offers the opportunity to travel to as many people as possible. At the same time, we are also conscious of the many economic, social and environmental developments impacting our communities and have a number of initiatives. Our initiatives can be summed up in four pillars: Safety, Environment, People and Economy.

WIZZ cares for your Safety

Since its first flight in 2004, Wizz Air's number one priority has been the safety and security of its operations. We have devoted time and resources to ensure that our safety culture and safety procedures are world-class and we continuously develop our processes, training programmes and monitoring systems to ensure that they remain so.

Managing safety

Our Safety and Security teams are embedded in our business to ensure the robust management of Wizz Air's safety management system and to maintain constant and open dialogue with our regulatory authorities.

Wizz Air has been registered under the International Air Transport Association (IATA), Operational Safety Audit (IOSA), the global benchmark in airline safety recognition since May 2016. The IOSA program is an internationally recognised and accepted evaluation system which assesses the operational management and control systems of an airline, using over 900 standard criteria. The 15-month IOSA certification period includes training sessions, internal gap analyses and rectifications and an independent audit by an IATA-certified organization.

Reducing fatigue risks

Wizz Air continuously monitors and assesses the risk of fatigue to guarantee safe flight operations. Its Crew Management system incorporates fatigue-related information into its decision-making to improve the identification of fatigue risk. It also generates continuous reports allowing Wizz Air to track and control fatigue in its operations. Fatigue reports are evaluated on a monthly basis by the Safety Action Group and Fatigue Team.

WIZZ cares for your Safety continued

Dealing with unruly passengers

Wizz Air has a very strict policy against disruptive behaviour on board. Its Unruly Passenger Policy is included in the Cabin Attendant Manual and all crew members are trained to monitor passenger behaviour in order to detect and prevent possible unruly behaviour and ensure a safe flight. They also receive extensive conflict management and self-defence training. Partnering airport handlers are educated on the relevant parts of the policy and are encouraged to filter people displaying potentially disruptive behaviour in the check-in or at the gate. Passengers who were involved in disruptive behaviour are put on a no-fly list. Wizz Air's Unruly Passenger Policy is regularly revised based on evaluation of the most common issues. In an effort to further discourage unruly behaviour, in particular smoking on board. Earlier this year Wizz Air has also has joined the "Not on my Flight" campaign – a new campaign launched by the European Union Aviation Safety Agency's (EASA) in order to reduce the number of unruly passengers on all European flights and protect the passenger's right to a peaceful travel experience.

WIZZ cares for the Environment

WIZZ knows that the aviation industry has a responsibility to take steps to minimise its effects on the environment. Our business model, which continuously assesses and implements innovative technologies, decreases our environmental footprint and, with our order of the 256 ultra-efficient Airbus A320neo Family aircraft that started delivery in March 2019, our environmental footprint will continue to decrease.

Wizz Air's ultimate goal is to ensure that by choosing to fly with Wizz Air, our customers are making the greenest choice of air travel available.

Maintaining a young and efficient fleet

Since its very first flight in 2004, Wizz Air has always operated the Airbus A320 family of aircraft and currently owns one of the youngest fleets in Europe with an average age of 4.8 years[1]. WIZZ doesn't only have one of the youngest fleets, but also one of the most efficient. The Airbus A321neo, which WIZZ introduced in March 2019, is the most efficient single aisle aircraft with the lowest fuel consumption per seat in its category. The new generation Airbus A321neo aircraft is powered by two Pratt & Whitney geared turbofan engines and features the widest single-aisle cabin with 239 seats in a single class configuration, offering Wizz Air maximum flexibility, fuel efficiency and low operating costs. The A321neo delivers exceptional fuel economics by reducing fuel consumption by 10% compared to the A321ceo, which further translates to a 20% fuel savings compared to the A320ceo aircraft. The A321neo also offers significant environmental benefits with nearly 50 per cent. reduction in noise footprint as well as 50 per cent. reduction in nitrogen oxide emissions compared to previous generation aircraft.

Our policy of operating the newest, most efficient aircraft will remain as we continue to grow – fuel efficiency is good for our business, good for the environment and good for our customers, as it means we can continue to offer our lowest fares whilst minimizing environmental impact.

Implementing fuel saving initiatives

Wizz Air is flying one of the most efficient fleets in Europe today. Efficiency means lower unit operating costs and this ensures that customers are offered the lowest fares. One of the ways that we can reduce each customer's environmental footprint is to ensure that, by offering the lowest prices, our aircraft fly with as many passengers on board as possible. This is referred to as the "load factor" and we have seen our load factor continuously improving over the past few years. The average load factor of Wizz Air in the 2019 financial year was 92.8%, increasing from 91.3% in 2018. We aim to increase this by 1% during the 2020 financial year.

WIZZ is currently implementing over 65 various fuel saving initiatives to make sure that we minimise our fuel consumption. While undeniably good for business, it also means that we operate in as environmentally friendly a way as possible. Since 2012 we implemented several projects and initiatives, including the improvement of economic flying speed, descent optimization and zonal drying, which add up nearly 100,000 tons reduction of CO2 emissions per year, or over 3% per aircraft per year.

1 Data of 31 March 2019

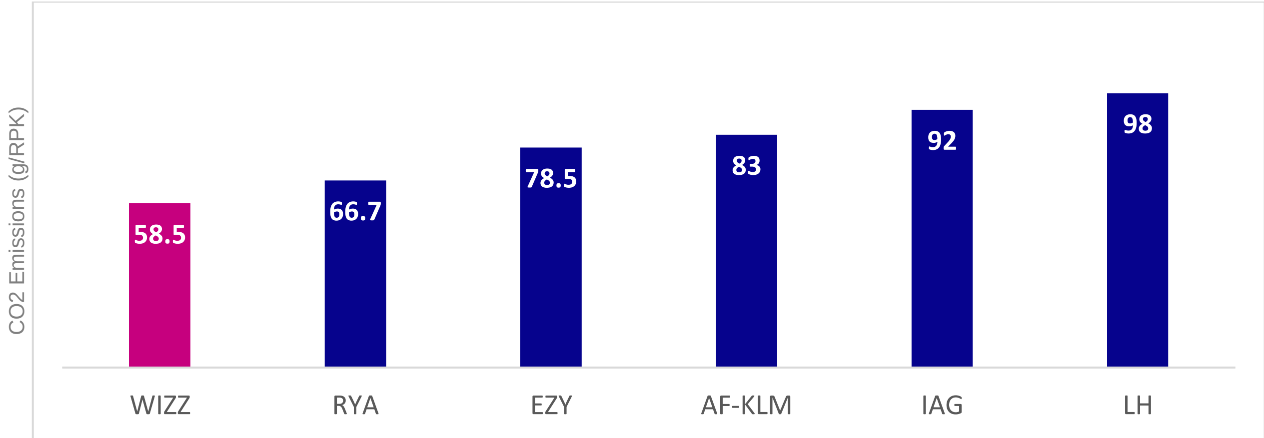
WIZZ cares for the Environment continued

Implementing fuel saving initiatives continued

A major initiative is the use of sharklets a type of Airbus blended winglet devices, intended to improve the efficiency of an aircraft and reduce interference drag at the wing. On average, sharklets can reduce the fuel burn by up to 4% when compared to wingtip fences, which may correspond to an annual saving of 900 tonnes of CO_2 per aircraft according to Airbus[2]. At the end of FY19, almost 70% of Wizz Air's fleet was equipped with sharklets. This number will grow as we phase out older aircraft and, as all of our brand-new Airbus A321ceo and A320neo Family aircraft will be delivered with sharklets, 100% of our fleet will be equipped with sharklets by 2024. Furthermore, as the saving potential of sharklets is higher on longer routes, Wizz Air always deploys aircraft equipped with sharklets for long distances.

As a result of the numerous fuel-saving initiatives, Wizz Air is proud to have one of the lowest emission rates in European airline industry. In the 2019 Financial Year, our carbon emissions per passenger kilometre were 58.5 grams, down from 59.9 grams in the prior financial year.

Reported CO2 emissions by airline[4]



Limiting our paper use

The Wizz Air Electronic Flight Bag (EFB) project aims to minimize the amount of paper-based documents and increase efficiency in the cockpits of our aircraft. Before we started using EFB, every flight deck of every aircraft in our fleet contained over 25.000 pages of documentation, of which several pages needed to be updated on a regular basis. Now, they are now equipped with two Panasonic FZ-G1 Touchpad tablets, containing all mandatory manuals, as well as some informational materials and company-issued documents.

The long-term EFB project also includes the development of an e-loadsheet, as well as connectivity between aircraft avionics and the tablets, which will further reduce paper use. Wizz Air also plans to introduce an electronic quick reference handbook and checklists and to replace the hard copy operational flight plan and operational logs and forms with electronic versions as well.

WIZZ cares for the People around us

Wizz Air's operations can affect many people's lives – those of our colleagues, our passengers and residents of the communities we serve. We stay loyal to our mission that *"We will break down every barrier between people and air travel".*

We are continuously developing our services to enhance our customer experience and to support the communities where we operate, but we also work hard to offer new and outstanding career development support and opportunities for both current and potential WIZZ employees. We believe that our diverse team is the company's greatest asset, therefore, we are committed engaging with our colleagues and increase our already high employee satisfaction rate.

2 http://www.airbus.com/newsroom/press-releases/en/2013/10/airbus-launches-sharklet-retrofit-for-in-service-a320-family-aircraft.html

WIZZ cares for the People around us continued

Engaging our employees

We want Wizz Air to be not just a great airline, but a great airline to work for. As at 31 March 2019, Wizz Air employs over 4500 employees across its network, consisting of approximately 2800 cabin crew, 1400 pilots and 320 office employees. In order to measure the satisfaction level of our employees, we conduct a regular employee engagement survey, asking for their feedback on major employment topics. The Employee Feedback Survey carried out in January 2018 had a participation rate of over 70%, and showed that our employees are highly engaged and that Wizz Air is their employer of choice. The general satisfaction within the WIZZ Team was 79%, which is 19% higher than the average engagement rate measured in Europe and 14% higher compared to global results[3]. Overall, 89% of the WIZZ Team is optimistic about the future of our company. Wizz Air has also established the WIZZ People Council, a community of WIZZ staff that facilitates an effective two-way communication between the management and employees, to support the decision-making process on matters which affect all within the company

In order to strengthen workforce engagement, Wizz Air has decided to appoint an independent non-executive director to oversee engagement with employees. Mr. Barry Eccleston, who joined the Board of Wizz Air Holdings Plc on 1 June 2018, was appointed as independent non-executive director overseeing engagement with employees from 1 January 2019. In his role, Mr. Eccleston ensures the employee voice reaches the boardroom. As at 31 March 2019, Mr. Eccleston has visited three of the largest bases in Wizz Air network, has attended sessions of the Wizz People Council, has organized a meeting between all Wizz People Council members and the Board, has delivered floor talks to Wizz Air office employees and has reported back to the Board.

Wizz Air offers a competitive salary and rewards the exceptional performance of a number of employees with its annual Leadership Awards. The winners of the awards receive a number of zero-cost share options which can be exercised after a three year vesting period. From time to time, employees may receive free tickets for use throughout Wizz Air's network, to celebrate exceptional company performance or milestones.

As the company continues to grow and the number of operational bases and countries increases, the importance of internal communication increases as well. A regular bi-weekly electronic newsletter is distributed to all employees, containing business updates as well as news about local team events and individual accomplishments of our team members.

As people are Wizz Air's most important asset, we are continuously looking to implement new initiatives to further engage our team and enhance their work experience. Over the course of the past years, the company introduced a bigger variety in roster patterns for the Flight Crew, a WIZZ Star Crew recognition program for Cabin Crew and more transparency on open vacancies within the company, amongst many other improvement projects. We are keen that the talented people who make up the WIZZ Team are able to develop their careers at Wizz Air and it is gratifying to see a number of colleagues developing their careers by moving between the operations department and office and vice versa.

Recruiting and developing talents

Wizz Air is continuously recruiting people who are passionate about the aviation industry. The company recruited 1,200 new employees in the 2019 financial year – which results in an impressive figure of 3.3 new colleagues joining the company daily.

We strongly invest in the recruitment of talented pilots, via the Wizz Air Cadet Program, a partnership with BAA Training, which offers young, passionate candidates the required training and a letter of engagement after successful completion. Wizz Air has also launched and is successfully running its own Pilot Academy in Poland, Romania, Bulgaria and Hungary which provides financial support, including partial sponsorship, to motivated cadets during their initial training. Pilot Academy cadets who successfully graduate from the program can begin their employment at Wizz Air as Pilot Trainees.

Wizz Air recently implemented a new standardized Training & Development program and Talent Management process for its office employees, allowing for an improved formal, systematic evaluation based on agreed performance goals and a greater focus on each employee's potential to develop their career with Wizz Air. In the past 12 months, there have been several examples of internal career progression at both an employee and management level. These promotions reflect Wizz Air's principle that talent, commitment and results should result in career progression. In November 2018, Wizz Air introduced its WIZZdom Journey Training Program which offers a number of leadership and skills trainings to both office employees and crew stepping into managerial and office positions. The aim of the program is to provide our employees with the right tools and development opportunities to excel in their career.

3 Based on the 2017 TRENDS IN GLOBAL EMPLOYEE ENGAGEMENT report by Aon: http://www.aon.com/engagement18

4 Source: Latest available public data: WIZZ FY19; RY FY18; EZY FY19; KLM, IAG CY2018, LH CY2017

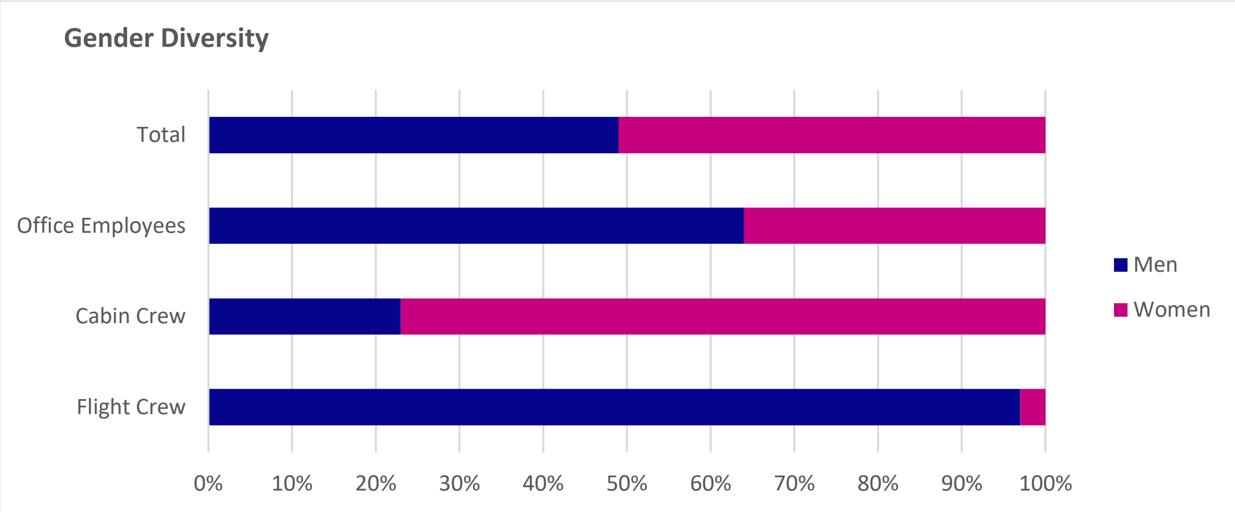
WIZZ cares for the People around us continued

Committing to diversity and equal opportunities

Since Wizz Air's foundation in 2003, the company has treated existing and potential employees fairly, regardless of anything not related to their professional abilities and irrespective of their race, gender or age. During the recruitment and selection process, we evaluate professional factors including experience and qualifications in the light of the relevant job requirements and this principle remains throughout employment with Wizz Air. We expect all of our colleagues to adhere to these same principles, which are set out in The Wizz Way, our Code of Ethics, along with the expected standards of behaviour for every member of the WIZZ team.

We value diversity: our international team of over 4500 colleagues brings together more than 51 different nationalities. At Board level, the ten current Directors are from six different countries and the Company's Leadership Team of eleven Officers are from nine different countries.

Within Wizz Air, the overall male to female ratio is balanced, with 51% women working at Wizz Air.



Wizz Air's continues to strive for equal and non-discriminatory opportunities for all, and is committed to recruiting both women and men to key positions within its organization. In this past financial year, in a total of 100 office hires, 36% were women and recruitment advisers are instructed to ensure that there is always at least one female candidate in the short list for senior management positions.

On Officer level the female ratio is 9% with a female Chief Corporate Officer, while two of our ten current Directors are female and, as the Board searches for additional Directors, it pays particular attention to ensuring its increased gender diversity.

WIZZ Foundation and WIZZ Aid

During the 2018 financial year, Wizz Air decided to open the WIZZ Foundation, an official funding entity set up in Hungary, with the aim of supporting the broader community in four different areas: Health, Education, Child Care and Emergency Aid. The board of trustees consists of four members drawn from Cabin Crew, Flight Crew and Office. In addition to WIZZ Foundation, Wizz Air also introduced WIZZ Aid, an Employee Emergency Fund which is designed to provide financial support to colleagues who need urgent medical treatment or suffer from natural or man-made disasters.

Supporting our communities

Wizz Air understands that affordable air travel is not enough to change the world. That is why we support our colleagues' efforts to work with a variety of charitable activities to help local communities in the WIZZ network. These activities range from collecting donations to help families in Poland, supporting children's medical services or donating blood in Hungary, creating better education conditions in Romania or giving presents to orphans in Macedonia.

WIZZ cares for the People around us continued

Supporting our communities continued

Wizz Air also aims to support the personal development of young graduates via its annual Wizz Youth Challenge, organised for two consecutive years already since 2017. This case study competition offers an interesting challenge to young graduates all over Europe, giving them a chance to develop a project or idea in a real business environment, and present their cases in front of a jury of industry professionals, gaining useful feedback and valuable experiences for their further development. The third WIZZ Youth Challenge will be held in October 2019. Each member of the winning team receives unlimited travel on the Wizz Air network for a period of one year.

As a company, we keep ourselves lean and efficient – and we strive to give people across our network the chance to do the same. Because we believe that, just like affordable travel, a healthy and active lifestyle should be available to everyone. We are proud to sponsor several Central and Eastern European running events, including the Budapest Half Marathon, our flagship event, and races in Cluj-Napoca, Sofia, Skopje, Kyiv and Katowice. We also actively promote this healthy lifestyle amongst our employees, by offering them the chance to join these events to represent Team WIZZ across Central and Eastern Europe. WIZZ cares for the Economy

WIZZ knows affordable air travel can improve the lives of many travellers. But it's easy to forget how it can change a destination too. Few things are as good for an economy as direct air links – particularly when those air links are at Wizz Air's lowest fares and sustainable operations. And as more and more people have access to affordable air travel, these travellers boost the economy of the places they visit.

Creating job opportunities

Wizz Air not only provides job opportunities to over 4,500 aviation professionals inside its organisation, but, through our ever-growing network and operations, we also create numerous new jobs at more than 140 destinations. ACI guidelines suggest that 750 on-site jobs need to be created for every 1 million passengers carried per year. Based on this, WIZZ supported the creation of 26.000 local jobs in financial year 2019, carrying 34.6 million passengers on its low-fare routes.

Furthermore, in accordance to its ULCC model, Wizz Air chooses to outsource many supporting tasks at all levels of the organisation to local, external partners, working in close collaboration with over 5,000 contracted service providers across its network.

Boosting traffic and tourism

Across Wizz Air's network, there are several locations where there were no regular air services before Wizz Air, or where Wizz Air made a significant difference in traffic numbers. After Wizz Air opened its base in Varna, Bulgaria in 2017, the airport saw a double-digit rise in passengers' traffic, reaching a record traffic of 2.3 million passengers in 2018. In Macedonia, largely thanks to Wizz Air's continued investments, passenger numbers have tripled in the last ten years and flying interest has boosted. Another example is the Kutaisi International Airport in Georgia, where in 2018 more than 95% of all passengers were served by Wizz Air. Since the company opened its base in Kutaisi in September 2016, the airport's traffic numbers have almost quadrupled, from 182,000 passengers in 2015 to 650,000 in 2018.

Protecting honest and fair business

Wizz Air has implemented internal procedures and measures designed to ensure compliance with all relevant anti-corruption regulations. The Company's Anti-Corruption Policy sets out the company's principles, prohibitions and practical guidelines relating to bribery or corrupt practices, in order to avoid any corrupt or improper business practice, for which there is policy of zero tolerance, as well as the avoidance of conflicts of interest for employees. These policies are part of the mandatory annual training for all WIZZ employees, ensuring that all employees are up to date.

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 2019.

Results and dividend

The results for the year are shown on page 88.

The Directors do not recommend the payment of a dividend (2018: nil). The directors consider that currently the existing reserves of the Group can be best utilised in supporting the significant planned future growth of the Group.

Directors

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

- József Váradi
- William A. Franke
- Stephen L. Johnson
- Simon Duffy
- Guido Demuynck
- Susan Hooper
- Barry Eccleston (appointed with effect from 1 June 2018)
- Peter Agnefjäll (appointed with effect from 24 July 2018)
- Maria Kyriacou (appointed with effect from 25 September 2018)
- Andrew S. Broderick (appointed with effect from 16 April 2019)
- John McMahon (resigned with effect from 24 July 2018)
- Thierry de Preux (resigned with effect from 25 September 2018 2018)
- John R. Wilson (resigned with effect from 16 April 2019)

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 32. 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 2019, the Group held cash and cash equivalents of €1,316.0 million while net current assets were €842.2 million. Other than convertible debt with a balance of €26.8 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 is expected to be able to meet its commitments and obligations for at least the next twelve months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Viability

In accordance with provision C.2.2 of the UK Corporate Governance Code (2016), the Directors have assessed the prospects and the viability of the Group over a three-year period to March 2022. The Directors have determined that the three-year period was the appropriate period because (i) Wizz Air has a fast-expanding business which gives less certainty of certain key forecasting assumptions over a longer period; and (ii) the Group's strategic planning process traditionally covers three years.

Assessment of prospects

The Group's prospects are assessed by management and the Board primarily through the strategic planning process. This three-year plan takes into account the current position of the Group, includes the fully detailed annual operating plan for the financial year starting (in this case for the year ending March 2020) and then, building on it, a sufficiently detailed bottom-up forecast for further two financial years. The Board participates fully in the process by aligning the key assumptions and the topline financial targets, reviewing and approving the annual operating plan, and reviewing and acknowledging the three-year plan.

Viability continued

Assessment of viability

The plan takes into account the existing aircraft order book of the Group that defines a programmed growth for several years ahead. Financing of future aircraft deliveries is already secured with lease contracts until the end of 2019. The Directors believe that the growth assumptions are justified also from the demand side, as the Group continues to execute its core strategy that is to have lower cost than any of its competitors, and with low prices stimulate further demand for its services both in existing and new markets.

Although the strategic plan reflects management and the Directors' best estimate of the future prospects of the business, they have also tested the resilience of the business to unfavorable deviations of certain key variables from the base case scenario. In defining these scenarios the Directors took into account the principal risks that could prevent the Group from delivering on its strategy and financial targets, as summarised on pages 28 to 32 in the Strategic Report.

As part of this assessment, the Directors made the following key assumptions / caveats:

- there will not be a prolonged grounding of a substantial portion of the aircraft fleet; and
- with regards to the expected departure of the UK from the European Union, the terms of exit will be such that will allow the Group to continue to operate broadly the same network to/from the UK as at present (due also to the new UK airline entity that started operating during 2018).

The Directors assessed the potential financial impacts of severe but plausible scenarios that the Group could experience. The scenarios included significant increase in jet fuel prices, significant strengthening of the US Dollar and weakening of the British Pound to the Euro, decreasing unit revenues, increasing crew costs, and a combination of these factors. While several risks can impact revenues, increased competition in key markets was considered the most important risk both in terms of likelihood and potential impact.

The results of the testing showed that, due to the strong competitive position, operating cash flows and existing reserves of the Group, it would be able to withstand the impact of these scenarios over the period of the financial forecasts.

Viability statement

Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2022.

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 2020 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.

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 2019, the Company had 72,787,170 Ordinary Shares of £0.0001 each in issue, each with one vote, and 29,830,503 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;

Capital structure continued

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 2019 financial year 40,999 new Ordinary Shares were allotted for cash, all on a non-pre-emptive basis. These were allotted pursuant to the exercise of share options by the employees of the Group.

The aggregate nominal value of the Ordinary Shares allotted for cash in the 2019 financial year was £4.1. The aggregate cash consideration received by the Company for the allotment of the Ordinary Shares was £ nil.

Corporate governance statement

The corporate governance statement, prepared in accordance with rule 7.2 of the UK Listing Authority's Disclosure Guidance and Transparency Rules sourcebook, can be found in the Wizz Air Holdings Plc Corporate Governance Report on page 36. The Wizz Air Holdings plc Corporate Governance Report forms part of this Wizz Air Holdings plc Directors' Report and is incorporated into it by this reference.

Information required by Listing Rule 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 interim management statements (for Q1 and Q3) and in its half-year results. There have been no changes to the unaudited information previously published.
9.8.4(4)	Long-term incentive plans (LR 9.4.3)	See Directors' Remuneration Report.
9.8.4(5)	Directors' waivers of emoluments	N/A
9.8.4(6)	Directors' 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
31 May 2019

COMPANY INFORMATION

Registered number
103356

Registered office
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St Helier

Jersey

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Secretary
Elian Corporate Services (Jersey) Limited

44 The Esplanade

St Helier

Jersey

JE4 9WG

Independent auditors
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WC2N 6RH

United Kingdom

Principal bankers
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Citigroup Centre

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Canary Wharf

London

E14 5LB

United Kingdom

Share registrar
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St Helier

Jersey

JE1 1ES

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United Kingdom

Principal legal advisers
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EC2M 3XF

United Kingdom

Joint corporate brokers
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United Kingdom

J.P. Morgan Cazenove

25 Bank Street

Canary Wharf

London

E14 5JP

United Kingdom

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 pages 39 to 42 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, balanced and understandable review of the position 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
31 May 2019

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 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated statement of financial position as at 31 March 2019; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- Overall group materiality: €15.0 million (2018: €14.3 million), based on 5% of profit before tax.

Audit scope

- The group financial statements are a consolidation of Wizz Air Holdings plc, the trading subsidiaries Wizz Air Hungary Kft, Wizz Air UK Limited and Wizz Tours Kft and a number of insignificant intermediate holding, small trading, and dormant and ceased operation companies.
- The accounting for these entities and the group consolidation is largely centralised in Hungary where the majority of our audit work was performed.
- Our audit scope comprised an audit of Wizz Air Holdings plc and the complete financial information of Wizz Air Hungary Kft and Wizz Air UK Limited, being the significant components.

Key audit matters

- Aircraft maintenance provisioning.
- Hedge and derivative accounting.
- Accounting for and presentation of one-off items

The scope of our audit and our key audit matters

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 testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Report on the group financial statements continued

Our audit approach continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Aircraft maintenance provisioning	
The group operates aircraft, which are held under operating lease arrangements, and incurs liabilities for maintenance during the term of the lease. Provisions arise from legal and contractual obligations relating to the condition of the aircraft when it is returned to the lessor. The risk is that with the inherent level of management judgement required in calculating the amount of provision together with the complexity of the calculation and the number of variable factors and assumptions, the provision may be inaccurate, incomplete and misstated. Maintenance provisions of €138.3 million for aircraft maintenance costs in respect of operating leased aircraft are recorded in the financial statements at 31 March 2019 (refer to Note 29 to the financial statements). 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. Commonly there is a warranty period for components at the start, during which no obligation arises; provisioning only commences after this warranty period. At each balance sheet date, the calculation of the maintenance provision, derived from the maintenance provision system (MPS), 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.	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 re-performing calculations. We found no significant issues in the MPS input data or the calculated maintenance assets and provisions. The basis for these calculations was found to be consistent with prior periods and in line with the detailed accounting policy set out in Note 2. We compared the cost assumptions in the MPS with recent invoices, inspected and approved maintenance plans as well as validated current flight hours and flight cycles to non-financial data sources. We found no material exceptions from these procedures and estimates. We obtained new or amended aircraft lease contracts and validated the updated MPS input data. We found no material exceptions from these procedures.

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

Report on the group financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Hedge and derivative accounting	
The group uses derivative and non-derivative (natural hedges) financial instruments to hedge transaction currency and jet fuel price risks. The risk is that because of their materiality to the financial position of the group, the level of manual input in monitoring 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), an error could result in a material misstatement to the financial statements. At 31 March 2019, derivative financial assets amounted to €31.5 million and derivative financial liabilities were €18.8 million. Further details are set out in Notes 2, 3 and 20 to the financial statements.	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. We independently obtained direct confirmations from each of the counterparties to test the cut-off at the year end. We found no material exceptions from these confirmations. We assessed the appropriateness of hedge accounting for the derivative financial instruments and performed testing procedures over the hedge documentation and effectiveness testing and noted no significant exceptions. We tested, using independent data-feeds, the fair values being ascribed to those instruments at the year end and noted no significant exceptions. We also assessed the appropriateness of the disclosures in the financial statements in respect of derivative financial instruments. We did not identify any significant issues with the measurement or presentation of the group's derivative financial instruments and hedge accounting.
Accounting for and presentation of one-off items	
As disclosed in Note 8 'Operating profit', the group's profit before tax has benefitted by €44.5m from a number of aircraft and engine sale and lease back transactions and certain supplier contract negotiations. The overall amount is material to the financial statements and the accounting measurement includes judgements made by management. Consequently, there is inherent risk of material misstatement with respect to these transactions. In addition, disclosure of the impact of these transactions on the group's profit before tax needs to be appropriately prominent to ensure the financial statements overall are reported as fair, balanced and understandable.	We obtained and reviewed the contracts relevant to each of the transactions and agreed that purchase and sale price amounts in respect of sale and lease back transactions are accurate. We considered qualitative aspects of each contract, including the existence of any linkage of purchase and maintenance contracts and whether lease back contracts are at fair value. In addition, we used our valuation experts to conclude on whether sales prices for sale and lease back items are at fair value or below. With respect to supplier contract negotiations, we obtained and audited the underlying contract and agreed the accuracy of the amounts being recorded. We found no material misstatements in the accounting measurement and treatment of the above items. In addition, we are satisfied that the disclosure as presented is appropriate.

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.

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

Report on the group financial statements continued

Our audit approach continued

How we tailored the audit scope continued

The Group has two reporting segments which comprise the airline and tour operator businesses. The airline segment consists of Wizz Air Holdings plc and its trading subsidiaries Wizz Air Hungary Kft and Wizz Air UK Limited, which include branch operations in base countries. The Tour reporting segment consists of the Wizz Tours Kft operations which sells travel packages to external customers. Wizz Tours was closed during the year. The airline segment contributes over 98% of revenues and substantially the entire profit before income tax of the group. Therefore, our audit scope comprised an audit of Wizz Air Holdings plc and the complete financial information of Wizz Air Hungary Kft and Wizz Air UK Limited, being the only significant components. The accounting for these entities and the group consolidation is centralised in Hungary.

The audit was performed by a single engagement team comprising individuals based in the UK and in Hungary. The operations were audited by applying their collective knowledge and understanding of the group and its financial reporting processes and controls.

In addition to the audit work performed by the engagement team based in Hungary, the UK team members visited the team in Hungary five times during the audit cycle. These visits involved discussing the audit approach, key audit matters and issues arising from our work. The UK team members also attended the local clearance meeting in Hungary and all Audit Committee meetings in Switzerland, either in person or via telephone call. This gave us the evidence we required for our opinion on the 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 on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall group materiality	€15.0 million (2018: €14.3 million).
How we determined it	5% of profit before income tax.
Rationale for benchmark applied	We believe that profit before income tax is the primary measure used by shareholders in assessing the performance of the group.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.75 million (2018: €0.70 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We agreed to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit as if the Company were a UK registered company.	We have nothing to report.

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

Report on the group financial statements continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

As a result of the directors' voluntary reporting on how they have applied the UK Corporate Governance Code (the "Code"), we are required to report to you if we have anything material to add or draw attention to regarding:

- The directors' confirmation on page 28 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on pages 76 and 77 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report in respect of this responsibility.

We agreed to review the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group in accordance with Listing Rule 9.8.6R(3). Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and its environment obtained in the course of the audit. We have nothing to report.

Other Code Provisions

We are required to report to you if, in our opinion:

- The statement given by the directors, on page 80, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report on pages 50 to 52 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

We have nothing to report in respect of this responsibility.

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

Report on the group financial statements continued

Reporting on other information continued

Strategic Report and Directors' Report

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.

Directors' Remuneration Report

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the UK Companies Act 2006. The directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a UK Registered quoted company. In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 80, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies (Jersey) Law 1991 exception reporting

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

Richard Porter
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London, United Kingdom
31 May 2019

ACCOUNTS AND OTHER INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Continuing operations	Note	2019 **€ million**	2018 € million
Passenger ticket revenue	6,7	1,366.1	1,132.2
Ancillary revenue	6,7	953.0	806.8
Total revenue	6	2,319.1	1,939.0
Staff costs		(198.6)	(147.6)
Fuel costs		(667.9)	(479.8)
Distribution and marketing		(37.8)	(33.1)
Maintenance materials and repairs		(115.1)	(98.6)
Aircraft rentals		(326.0)	(276.3)
Airport, handling and en-route charges		(550.3)	(465.7)
Depreciation and amortisation		(92.7)	(90.6)
Net other expenses	8	(30.9)	(54.2)
Total operating expenses		(2,019.4)	(1,645.9)
Operating profit	8	299.8	293.0
Financial income	11	6.2	2.8
Financial expenses	11	(4.1)	(5.0)
Net foreign exchange loss	11	(1.6)	(3.5)
Net financing income/(expense)	11	0.5	(5.7)
Profit before income tax		300.2	287.3
Income tax expense	12	(4.9)	(11.0)
Profit from continuing operation	5	295.3	276.4
Loss from discontinued operation	5	(3.7)	(1.3)
Profit for the year	5	291.6	275.1
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		(6.2)	10.0
Currency translation differences		0.5	-
Other comprehensive income/(expense) for the year, net of tax from continuing operation		(5.7)	10.0
Total comprehensive income/(expense) for the year		285.9	285.1
from continuing operation		289.6	286.4
from discontinued operation		(3.7)	(1.3)
Earnings per share from continuing operation (Euro/share)	13	4.06	4.02
Diluted earnings per share from continuing operation (Euro/share)	13	2.34	2.19
Earnings per share (Euro/share)	13	4.01	4.00
Diluted earnings per share (Euro/share)	13	2.31	2.18

The Notes on pages 93 to 134 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Note	2019 € million	2018 € million
ASSETS			
Non-current assets			
Property, plant and equipment	14	659.3	684.5
Intangible assets	15	20.5	17.6
Restricted cash	22	165.8	159.4
Deferred tax assets	16	0.1	-
Deferred interest	21	2.3	3.4
Derivative financial instruments	20	3.0	2.5
Trade and other receivables	19	17.0	43.7
Total non-current assets		867.9	910.9
Current assets			
Inventories	18	31.7	21.6
Trade and other receivables	19	287.3	195.4
Current tax prepaid		2.4	-
Derivative financial instruments	20	28.5	31.7
Deferred interest	21	0.6	0.2
Restricted cash	22	23.1	2.8
Cash and cash equivalents		1,316.0	979.6
Total current assets		1.689.5	1,231.1
Total assets		2,557.5	2,142.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	28	-	-
Share premium	28	379.1	379.1
Reorganisation reserve	28	(193.0)	(193.0)
Equity part of convertible debt	28	8.3	8.3
Cash flow hedging reserve	28	12.5	18.7
Cumulated translation adjustments		0.5	-
Retained earnings		1,320.2	1,028.7
Total equity		1,527.7	1,241.9
Non-current liabilities			
Borrowings	23	2.1	4.7
Convertible debt	24	26.6	26.6
Deferred income	26	104.2	107.3
Deferred tax liabilities	16	2.2	7.4
Derivative financial instruments	20	1.5	0.9
Provisions for other liabilities and charges	29	45.9	94.8
Total non-current liabilities		182.5	241.7
Current liabilities			
Trade and other payables	25	306.4	249.1
Current tax liabilities		-	1.8
Borrowings	23	0.1	0.6
Convertible debt	24	0.2	0.3
Derivative financial instruments	20	17.3	12.8
Deferred income	26	420.0	330.1
Provisions for other liabilities and charges	29	103.3	63.8
Total current liabilities		847.3	658.5
Total liabilities		1,029.8	900.2
Total equity and liabilities		2,557.5	2,142.1

The Notes on pages 93 to 134 are integral part of these financial statements.

The financial statements on pages 88 to 134 were approved by the Board of Directors and authorised for issue on 31 May 2019 and were signed on behalf of the Board.

József Váradi
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustment € million	Retained earnings € million	Total equity € million
Note	28	28	28	28	28	28	28	
Balance at 1 April 2018 as stated before	-	379.1	(193.0)	8.3	18.7	-	1,028.7	1,241.9
IFRS 15 adjustment*	-	-	-	-			(3.1)	(3.1)
Balance at 1 April 2018 (restated)	-	379.1	(193.0)	8.3	18.7	-	1,025.6	1,238.8
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	291.6	291.6
Other comprehensive income:								
Hedging reserve	-	-	-	-	(6.2)	-	-	(6.2)
Currency translation differences	-	-	-	-	-	0.5	-	0.5
Total other comprehensive income	-	-	-	-	(6.2)	0.5	-	(5.7)
Total comprehensive income for the year	-	-	-	-	(6.2)	0.5	291.6	285.9
Transactions with owners:								
Proceeds from shares issued (Note 28)	-	-	-	-	-	-	-	-
Share-based payment charge (Note 27)	-	-	-	-	-	-	3.0	3.0
Total transactions with owners	-	-	-	-	-	-	3.0	3.0
Balance at 31 March 2019	-	379.1	(193.0)	8.3	12.5	0.5	1,320.2	1 527.7

* The Company adopted IFRS 15 on 1 April 2018 using the 'cumulative effect method'. The impact of the transition to IFRS 15 was a reduction in retained earnings (net of tax) of €3.1 million offsetting (i) an increase of €4.7 million in contract liabilities (unearned revenues) reported as part of deferred income and (ii) an increase of €1.6million in contract assets reported as part of trade and other receivables in the consolidated statement of financial position as at 1 April 2018. For more details, please refer to Note 2.

The Notes on pages 93 to 134 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 31 MARCH 2018

Note	Share capital € million 28	Share premium € million 28	Reorganisation reserve € million 28	Equity part of convertible debt € million 28	Cash flow hedging reserve € million 28	Retained earnings € million 28	Total equity € million
Balance at 1 April 2017 as stated before	-	378.2	(193.0)	8.3	2.6	756.4	952.5
Hedge time value reclassification*	-	-	-	-	6.1	(6.1)	-
Balance at 1 April 2017 (restated)	-	378.2	(193.0)	8.3	8.7	750.3	952.5
Comprehensive income:							
Profit for the year	-	-	-	-	-	275.1	275.1
Other comprehensive income:							
Hedging reserve	-	-	-	-	10.0	-	10.0
Total other comprehensive income	-	-	-	-	10.0	-	10.0
Total comprehensive income for the year	-	-	-	-	10.0	275.1	285.1
Transactions with owners:							
Proceeds from shares issued (Note 28)	-	0.9	-	-	-	-	0.9
Share-based payment charge (Note 27)	-	-	-	-	-	3.3	3.3
Total transactions with owners	-	0.9	-	-	-	3.3	4.2
Balance at 31 March 2018	**-**	**379.1**	**(193.0)**	**8.3**	**18.7**	**1,028.7**	**1,241.9**

* The Group adopted IFRS 9 by restating the opening balances of reserves on 1 April 2017. The €6.1 million gain that related to the time value of open hedge instruments was reclassified from retained earnings into the cash flow hedging reserve. This is presented separately from the other movements in reserves in the year.

The Notes on pages 93 to 134 are integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 **€ million**	2018 € million
Cash flows from operating activities			
Profit before income tax		296.6	286.1
Adjustments for:			
Depreciation	14	87.4	86.9
Amortisation	15	6.8	3.8
Write-off of intangibles		0.1	-
Financial income		(6.4)	(2.8)
Financial expense		5.9	8.8
Gain on sale of PPE		(25.7)	(2.2)
Share-based payment charges	27	3.0	3.2
		367.7	383.8
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Increase in trade and other receivables		(57.5)	(38.3)
Increase in restricted cash		(23.8)	(10.6)
Decrease in deferred interest		0.7	2.3
(Increase)/decrease in inventory		(10.1)	3.3
Increase in provisions		3.0	0.4
Increase in trade and other payables		62.2	49.5
Increase in deferred income		79.0	37.4
Cash generated by operating activities before tax		421.2	427.8
Income tax paid		(14.1)	(10.9)
Net cash generated by operating activities		407.1	416.9
Cash flows from investing activities			
Purchase of aircraft maintenance assets		(133.0)	(84.1)
Proceeds from the sale of available for sale financial assets		-	1.0
Purchases of tangible and intangible assets		(61.9)	(25.6)
Proceeds from the sale of tangible assets		57.4	23.8
Advances paid for aircraft	14	0.0	(219.8)
Refund of advances paid for aircraft	14	71.3	94.9
Interest received		2.2	0.9
Net cash used in investing activities		(64.0)	(208.9)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	1.0
Interest paid		(3.5)	(2.8)
Commercial loan repaid		(3.1)	(0.6)
Net cash used in financing activities		(6.5)	(2.3)
Net increase in cash and cash equivalents		336.6	205.6
Cash and cash equivalents at the beginning of the year		979.6	774.0
Effect of exchange rate fluctuations on cash and cash equivalents		(0.1)	(0.1)
Cash and cash equivalents at the end of the year		1,316.0	979.6

The Notes on pages 93 to 134 are integral part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General information

Wizz Air Holdings plc ("the Company") is a public 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 other than Wizz Air UK Limited and two dormant entities, Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC.

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

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgments in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Change in presentation

The Group's liabilities for EU 261 passenger compensation were previously presented as accruals under trade and other payables in the statement of financial position. However, management considered it to be more appropriate to present this liability under provisions and applied this presentation in 2019.

Prior year comparatives as at 31 March 2018 have been re-presented by reclassifying €5.5 million from trade and other payables to current provisions (€3.2 million as at 1 April 2017).

New standards and interpretations

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

IFRS 15, 'Revenue from Contracts with Customers'

The Group adopted IFRS 15 as of 1 April 2018 that had the following implications for the Group:

a) Under IFRS 15 revenue is recognised as a result of an entity satisfying its promise to transfer goods or services in a contract with a customer. The Group recognises revenue to depict the transfer of promised passenger transport service to its customers at a transaction price that the Group expects to be entitled to in exchange for the service. The Group analysed each of its contractual obligations to its customers and reviewed if the different services provided by the Group to the passengers and other partners qualify as a distinct performance obligation. The Group considers a service to be distinct from the passenger transport service if the customers can benefit from the service on its own without the purchase of a flight ticket.

   As a result of applying the standard, the recognition of certain ancillary revenue items are deferred to the flight date while they were recognised previously on the date of sales. For the majority of revenue items, the date of recognition remained unchanged compared to IAS 18 Revenue.

b) The Group also changed the recognition of part of the card acquirer charges which under IFRS 15 is considered to be an incremental cost of obtaining a contract resulting in the capitalisation of such costs as a contract asset.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

New standards and interpretations continued

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

c) The Group adopted IFRS 15 using the 'cumulative effect method' (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the prior period financial statements have not been restated – i.e. they are presented as previously reported under IAS 18. The impact on transition to IFRS 15 was a reduction in retained earnings (net of tax) of €3.1 million at 1 April 2018.

d) The above changes resulted in (i) an increase of €4.7 million in contract liabilities (unearned revenues) reported as part of deferred income and (ii) an increase of €1.6 million in contract assets reported as part of trade and other receivables in the consolidated statement of financial position as at 1 April 2018.

e) Compared with the amount that would have been recognised under IAS 18 Revenue, total revenue under IFRS 15 is lower by €4.2 million in 2019. This €4.2 million change is an aggregate change, being the sum of the following two impacts: (i) €0.6 million less revenue due to recognizing certain revenues on flight date as opposed to sales date (see paragraph a. above); and (ii) €3.6 million less revenue due to netting certain passenger compensation payments (primarily EU 261 compensations) with revenues.

The Group applied 'Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2' for the first time for the financial year commencing 1 April 2018. The impact was immaterial on the Group's financial statements and it is not expected that it will significantly affect future periods either.

b) Standards early adopted by the Group

There are no standards early adopted by the Group.

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

IFRS 16, **'**Leases**'** (effective for the accounting periods beginning on or after 1 January 2019)

IFRS 16 addresses the classification, measurement and recognition of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard supersedes IAS 17, Leases and was endorsed by the EU in 2017.

The Group currently leases all of its aircraft under operating leases; therefore, IFRS 16 materially impacts the Group as these leases are now required to be recognised on the balance sheet. An assessment of the estimated impacts of IFRS 16 has been performed by management and is explained below.

The following key issues were considered for the modelling:

Year of adoption:

The date of application is 1 April 2019, the date required by the standard.

Existing leases and transition:

All of the Group's aircraft and spare engine operating leases that exist at the date of initial application will come on balance sheet under the new rules. Other smaller value operating leases (e.g. offices) were considered as being immaterial for the purposes of this analysis.

The Group chose the full retrospective method of transition, as per the standard, and therefore this method was applied in the modelling for existing leases. Consequently, the Company will restate its financial statements for the financial year starting 1 April 2018 in the Annual Report and Accounts for the period ending 31 March 2020.

Future aircraft and leases:

New aircraft scheduled to arrive through March 2020 are all financed, except for two contracts for Airbus A320neo family aircraft in February-March 2020. For the purposes of this modelling, for these two aircraft it was assumed that they will be leased in the form of operating leases and under terms similar to those that the Group most recently entered into.

Among the sale and leaseback contracts entered into for aircraft scheduled to arrive from 1 April 2019 there are a few that include a repurchase option for the Group. Such contracts do not meet the definition of a sale under IFRS 15 Revenue from Contracts with Customers, and therefore will not be accounted for as a lease contract under IFRS 16. As a result, the treatment of such contracts for the lessee is to (i) retain the asset as PP&E (as if there was no sale at all) and (ii) recognise a liability under IFRS 9 (as if the sale proceeds received from the lessor were receipts from debt financing).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

New standards and interpretations continued

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

Foreign exchange:

The EUR/USD FX rate was 1.12 on the date of initial application. No change was assumed to this rate for the lease liability going forward therefore potential foreign exchange gains and losses were not included in the calculation for the 2020 financial year. However, in reality the lease liability (being a monetary liability) will in the future be regularly revalued to reflect the changes in currency exchange rates where the currency of the future lease payments differs from the functional currency of the legal entity having the lease liability. In this respect the most relevant currency pair for the Group is the US Dollar to Euro, as most future payments under the aircraft lease contracts of the Group are defined in US Dollar while the functional currency of Wizz Air Hungary Ltd., that holds most of these contracts, is the Euro. The impact of the movements in this currency pair is well demonstrated on the re-statement of the 2019 financial year, where the strengthening of the USD versus the EUR resulted in a significant unrealised FX loss from the revaluation of the lease liability under IFRS 16.

Other important considerations:

Only those payments meet the definition of lease payments under IFRS 16 that are made to lessors and are certain at the inception of the lease.

With respect to depreciation, the requirements of IAS 16 Property, Plant and Equipment are applicable also to the right-of-use assets recognised under IFRS 16. Therefore, component accounting is required for the right-of-use assets similar to that applicable to owned aircraft or spare engine assets.

The Group's policy for heavy maintenance accounting for aircraft held under operating lease agreements is not impacted by IFRS 16.

Discount rate:

The Group is not able to readily determine the interest rate implicit in its lease contracts, therefore the Group applied its incremental borrowing rate for discounting lease liabilities, as required by para 26 of the standard. The incremental borrowing rate, in turn, was determined with reference to the market rate of interest observable on financial instruments with appropriate value, term, and currency, and adjusted, as required, to reflect risks specific to the leased asset as well as the risk specific to the entity in the Group leasing the asset.

Results of the analysis:

Based on the Group's provisional estimates, it anticipates that it will recognise the following impacts of IFRS 16 in the 2019 (as restated) and 2020 financial years:

Changes for statements of financial position:

€ million, balance increase / (decrease)	1 April 2018	31 March 2019	31 March 2020
Property, plant and equipment	1,173 (Dr)	1,418 (Dr)	1,252 (Dr)
Retained earnings	(114) (Dr)	(280) (Dr)	(266) (Dr)
Deferred credit (current and non-current)	(123) (Dr)	(116) (Dr)	(108) (Dr)
Lease liabilities (current and non-current)	1,410 (Cr)	1,815 (Cr)	1,626 (Cr)

Changes for statements of comprehensive impact:

€ million, cost decrease / (cost increase)	2019	2020
Aircraft rentals (lease expense)	326	400
Depreciation	(244)	(278)
Other operating expenses	(19)	(26)
Financial expenses (interest expense)	(89)	(82)
Foreign exchange impacts	(140)	-
Profit before tax	(166)	14

IFRS 16 is not expected to impact current tax because the tax books of the relevant subsidiaries of the Group will continue to be prepared on the current (non IFRS 16) basis. IFRS 16 will have deferred tax effects but these will not be material in the 2019-2020 financial years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Basis of consolidation

The Company controls an entity when the Company is exposed, or it has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company controls an entity if the Company has all of the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity;
- the ability to use its power over the entity to affect the amount of its returns from the entity.

Subsidiaries are all entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date when control ceases. The results of all the subsidiaries are consolidated up to 31 March, which is the financial year end of the Company. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Going concern

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, Wizz Air Ukraine Airlines LLC and Wizz Air UK Limited 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 net foreign exchange gain/loss within net financing income/expense. Non-monetary assets and liabilities denominated in foreign currencies and which are recognised at their historical cost are translated into 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) while the functional currency of Wizz Air UK Limited is the British Pound (GBP).

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 of UAH into Euros in the respective financial years:

	2019	2018
Closing rate	30.57	32.66
Average rate for the year	31.50	32.42

The below exchange rates were used for the translation of GBP into Euros in the respective financial years:

	2019	2018
Closing rate	0.862	0.876
Average rate for the year	0.858	0.883

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities

The Group classifies its financial assets and liabilities – in line with IFRS 9, 'Financial Instruments' -– into the following categories:

Description in the statement of financial position	IFRS 9 Category
Non-current assets	
Restricted cash	Financial assets measured at amortised cost
Trade and other receivables	Financial assets measured at amortised cost
Current assets	
Trade and other receivables	Financial assets measured at amortised cost
Financial assets available for sale	Fair value through other comprehensive income
Derivative financial instruments	Fair value through profit or loss
Restricted cash	Financial assets measured at amortised cost
Cash and cash equivalents	Financial assets measured at amortised cost
Non-current liabilities	
Borrowings	Financial liabilities measured at amortised cost
Convertible debts	Financial liabilities measured at amortised cost
Current liabilities	
Trade and other payables	Financial liabilities measured at amortised cost
Borrowings	Financial liabilities measured at amortised cost
Convertible debt	Financial liabilities measured at amortised cost
Derivative financial instruments	Fair value through profit or loss

The classification of financial assets depends on the business model for managing the financial assets and contractual cash flow characteristics of the financial assets determined by the management at initial recognition.

a) Financial assets measured at amortised cost

These are non-derivative financial assets held by the Group in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and restricted cash in the statement of financial position. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets.

The Group invests excess cash primarily in short-term time deposits. Management does not, in the short term, plan to have held-to-maturity investments.

b) Financial assets measured at fair value through other comprehensive income

These are non-derivative financial assets held by the Group in order both to collect contractual cash flows and sell the financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets measured at fair value through profit or loss

Financial assets not valued either at amortised cost or at fair value through other comprehensive income are valued at fair value through profit or loss. Derivatives are measured at fair value through profit or loss.

d) Financial liabilities measured at amortised cost

All financial liabilities are measured at amortised cost unless they are measured at fair value through profit or loss. The Group's other financial liabilities comprise trade and other payables and interest-bearing loans and borrowings (including convertible debt) in the statement of financial position. They are included in current liabilities, except for maturities greater than twelve months after the statement of financial position date that are classified as non-current liabilities.

e) Financial liabilities measured at fair value through profit or loss

Derivatives are measured at fair value through profit and loss by the Group.

The recognition and measurement criteria for each class of asset and liability are described in the relevant accounting policy section.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities continued

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 IFRS 9.

Cash flow hedges

The Group uses zero cost collar and outright forward contracts to hedge commodity and foreign exchange risks. Derivatives can only be entered into with counterparties with investment-grade credit rating. The spot and forward elements of forward contracts and the entire value (intrinsic and time value) of options are designated as the hedging instrument.

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.

The Group considers a hedge relationship to be effective if

- an economic relationship exists between the hedged item and the hedging instrument, and there is an expectation that the value of the hedging instrument and the value of the hedged item would move in the opposite direction as a result of the common underlying or hedged risk, and
- the effect of credit risk does not dominate the value changes associated with the hedged risk, and
- the hedge ratio is aligned with the requirements of the Group's risk management strategy.

The Group does not de-designate and thereby discontinue a hedging relationship that still meets the risk management objective; and continues to meet all other qualifying criteria (after taking into account any rebalancing, if applicable).

The hedge ratio applied by the Group is always 100%. The hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item.

When a hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the hedged transaction is recognised in the statement of comprehensive income. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in the statement of comprehensive income immediately.

Before expiry, the fair value of an option comprises: i) its intrinsic value, being a function of the difference between contracted and market (or spot) prices; and ii) its time value, being the difference between the fair value and the intrinsic value at any point in time. Subject to hedge effectiveness, any increase or decrease in the fair value of the hedging instrument is taken to equity within other comprehensive income or expense.

2. Accounting policies continued

Financial assets and liabilities continued

Derivative financial instruments and hedging continued

Cash flow hedges continued

Accordingly:

- Initial recognition: the open position on the derivative hedging instrument is recorded as an asset or liability in the statement of financial position at fair value.
- Subsequent remeasurement of unexpired options: (i) the effective portion of changes in the fair value is recorded in other comprehensive income, (ii) the ineffective portion, if any, are recorded as financial income or expense in the statement of comprehensive income.
- 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 calculation method of hedge effectiveness is critical terms match. Hedge effectiveness testing is performed at inception, at each reporting date, and upon a significant change in the circumstances affecting the hedge effectiveness requirements. Such significant change can occur as follows:

- changes in timing of the payment of the hedged item;
- reduction in the total amount or price of the hedged item;
- location differences; and
- a significant change in the credit risk of either party to the hedging relationship.

The ineffective part of changes in fair value, if any, is recorded as financial income or expense in the statement of comprehensive income.

Hedging with non-derivatives

The Group uses its selected financial assets denominated in US Dollars to hedge highly probable future expenses in US Dollar. The Group applies hedge accounting to part of its non-derivate financial assets, in the interest of reducing the amount of unrealised foreign exchange gains or losses resulting from the periodic revaluation of these assets.

The accounting treatment of non-derivatives designated as hedging instruments is identical to the accounting treatment of derivatives in the sense that:

- the unrealised gains or losses on hedging instruments are 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 instruments are recorded against the respective expense line(s) in the statement of comprehensive income.

Trade and other receivables

- Trade and other receivables are initially recognised when the Group becomes party to the contractual provisions of the instrument and subsequently measured at their amortised cost using the effective interest rate method less impairment losses.
- The carrying amount of the asset is reduced through recognising the loss in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.
- Other receivables include amounts receivable from aircraft and spare engine lessors (in the form of security deposits and maintenance reserves paid) and also prepayments, deferred expenses and accrued income (see Note 19). The accrued income within other receivables also comprises insurance claims related to events that are covered by insurance contracts. The Group recognises the income in the financial statements only from those insurance claims which, based on management's judgment, are virtually certain to be received by the Group.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Financial assets and liabilities continued

Impairment policy of trade and other receivables

Management reviewed the Group's different customer payment channels and the receivables from these channels. The most significant business case is ticket sales and the various forms of payment for tickets. The vast majority of tickets are paid either by bank cards or with bank transfer, in any case prior to flight. Based on their nature, in practice there is no impairment required for these. The other, less significant business cases involving credit risk are commissions receivable from non-ticket revenue partners and marketing support receivable from airports and other parties. Management reviewed the historic payment and impairment statistics for the transactions in these channels and considered the future plans of the Group and concluded that the impairment of receivables in these channels does not have a material impact on the financial statements of 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. 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 initially recognised when the Group becomes party to the contractual provisions of the instrument and subsequently stated at amortised cost using the effective interest rate method. Trade and other payables comprise balances payable to suppliers, authorities and employees.

Interest-bearing borrowings

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

Convertible debt

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

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 measured at amortised cost. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

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

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

Impairment of financial assets

A loss allowance is recognised on financial assets carried at amortised cost or fair value through other comprehensive income for expected credit losses.

At each reporting date the Group measure the loss allowance for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on a financial asset has increased significantly since initial recognition.

If at the reporting date the credit risk on a financial asset has not increased significantly since initial recognition, the Group measure the loss allowance for that asset at an amount equal to 12-month expected credit losses.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has not increased significantly since initial recognition, the Group measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

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

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

Non-financial assets and liabilities

Property, plant and equipment

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Non-financial assets and liabilities continued

Property, plant and equipment continued

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

Land and buildings (or investments made on these)	three to five years, being the shorter of useful economic life and the lease term
Aircraft maintenance assets (for leased aircraft or spare engine)	one to ten years, or 2,000-10,000 flight cycles in case of aircraft engines, being the shorter of useful economic life and the lease term
Aircraft parts	seven years
Fixtures and fittings	three years

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

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.

Component accounting

For spare engines purchased, on acquisition, an element of the cost of the engine is attributed to its service potential, reflecting its maintenance condition, and is depreciated over the period until the engine's next major overhaul. The residual cost, representing the part of the engine's value that is independent from its service condition, is depreciated until the end of the engine's estimated useful economic life (currently 20 years).

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.

Advances paid for aircraft maintenance assets – engine fleet hour agreements (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). Such advance payments are recognised at cost and classified as property, plant and equipment in the statement of financial position. The amount is not depreciated.

The balance of such assets is re-categorised into aircraft maintenance assets within property, plant and equipment at the time when the aircraft maintenance asset is recognised in respect of the same component and the same heavy maintenance event. This is when the component no longer meets the conditions set out in the lease agreement. Advances paid for aircraft maintenance are not depreciated.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Non-financial assets and liabilities continued

Intangible assets

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

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

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

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

Software licences	three to eight years
Web and other software development costs	three to five years
Airport landing rights	indefinite

Inventories

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

Emissions Trading Scheme

As of 2012 the scope of the EU Emissions Trading Scheme 2008/101/EC (EU ETS) covers airlines. The Group is required to formally report its annual actual emissions to the relevant authorities and surrender emission allowances (EUAs) equivalent to the emissions made during the year. Surrendered allowances are a combination of the free allowances granted by the authorities and allowances purchased by the Group from other parties. The Group follows the "cost method" of booking the allowances: the free allowances have nil-cost value so therefore are not recognised as an asset; and 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 purchase prices as a cost. The amount of the shortfall is determined in line with the Group's plans with respect to the utilisation of free allowances. In this respect there was a change in the Group's practice during the 2019 financial year: in the submission for calendar year 2017 the Group utilised only the free allowances received for that year, while in the submission for calendar year 2018 it utilised the free allowances received for both 2018 and 2019 (as the latter were also received before the submission for 2018).

The application of this accounting treatment means that the statement of comprehensive income and the statement of financial position reflect the net economic impact and are not grossed up to reflect the full obligation for the allowances that the Group will have to surrender.

The Group applies the "own usage" exemption under IFRS 9 meaning that ETS forward contracts are not considered to be financial derivatives for accounting purposes. As a result, the fair value of open ETS forward contracts at year end is not recorded in the Consolidated Statement of Financial Position.

Deferred interest

The Group enters into sale and leaseback agreements to finance future aircraft or spare engine deliveries. In some cases in the past it also entered into arrangements to finance the PDPs of such deliveries. Interest accrued on loans to finance the PDPs on aircraft or spare engines was initially recognised under property plant and equipment (advances paid for aircraft). When the leased aircraft or spare engine was delivered, the PDP interest balance was reclassified within the statement of financial position from property, plant and equipment into deferred interest. The interest is then 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.

2. Accounting policies continued

Non-financial assets and liabilities continued

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 dispose and value in use. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Employee benefits

Share-based payment transactions

The Group operates an equity-settled share option programme that allows Group employees to acquire shares in the Company. The options are granted by the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted at any measurement date so that the cumulative expense to date reflects the actual number of share options that are expected to vest (except where the number of shares to vest depends on the share price performance of the Company, which is a market condition under IFRS 2 and is therefore not updated).

Provisions

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

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

Revenue

Revenues are disaggregated differently under IAS 18 and IFRS 15.

Revenue under IAS 18 comprises passenger ticket revenues (being 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. Where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted between revenue and airport, handling and en-route charges lines). Unearned revenue represents flight seats sold but not yet flown and is included in deferred income. Refunds made to passengers are recorded as reductions in revenue.

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 and reserved seats) 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 when performance obligations have been satisfied (i.e. all the benefits associated with the performance obligation have been transferred to the customer). This, depending on the type of service, might be either the date of sale, the date of flight or (in the case of membership fees) over the period when customers take benefit of a paid membership.

The disaggregation of revenues into passenger ticket revenues and ancillary revenues, as applied in the statement of comprehensive income, is a non-GAAP measure (or Alternative Performance Measure). The Group did not change the disaggregation of revenue, as applied under IAS 18, to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because (i) it mirrors disclosures presented outside of the financial statements and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance.

Revenues under IFRS 15 are disaggregated into revenues from contracts with passengers and with other business partners, respectively. These two categories represent revenues that are distinct from a nature, timing and risks point of view. This split, as required under IFRS 15, is presented in Note 7.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

2. Accounting policies continued

Revenue continued

Accounting for membership fees

The Group operates the Wizz Discount Club ("WDC") loyalty program for its customers. Under this program customers can pay an annual membership fee, with the key benefit that during most of the twelve-month membership period they get access to special fares that are lower than the standard ticket prices.

The Group recognises the revenue from the membership fees following the pattern of customers taking benefits from the program. This pattern is determined by management once a year, on the basis of the actual distribution of member flights in the preceding twelve months, and then applied prospectively as an estimate for the future. It is unlikely that there would be a material change in the pattern within one year, because the underlying fact patterns (for customers to buy membership, to buy tickets and then to fly those tickets) are reasonably stable.

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 following five criteria can indicate such situation:

- there is transfer of ownership of the asset at the end of lease term;
- there is an option to purchase the asset at sufficiently below fair value; therefore, it is reasonably certain that the option will be exercised;
- the lessee holds the assets for the major part of the assets' economic life;
- the asset is so special that it can be used only by the lessee; and
- the 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, to the extent the price that the aircraft or spare engine is sold for is above fair value, is recognised initially in deferred income and then amortised on a straight-line basis over the lease term of the asset. Any other gain, as long as there is sufficient comfort on the reliability of the fair value, is recognised immediately in the statement of comprehensive income under net other expenses.

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 (FHAs) for aircraft engines. Such FHAs cover the cost of both scheduled and unscheduled engine overhauls. FHA payments are accounted for as follows:

- Payments for scheduled maintenance work are recognised as advances paid for aircraft maintenance assets until the maintenance asset for the respective engine overhaul is created. After this point any further FHA payments are either used to settle previously established aircraft maintenance provisions (to the extent a provision for the respective FHA contract exists) or, in the absence of a provision, are added to the amount previously capitalised within property, plant and equipment as advances paid for aircraft maintenance assets.
- 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 (cash contributions or aircraft spares) for nil consideration in connection with its acquisition of aircraft and of major aircraft parts.

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

In certain cases the concessions receivable from a component manufacturer are linked to the Group's commitment to purchase a number of new aircraft with the manufacturer's components installed on those. In such case, in substance, the right to the concessions is earned by the Group through the delivery of the respective aircraft. In certain cases the concessions might be delivered by the component manufacturer later than the date when the respective aircraft is taken by the Group. If so, then the right earned for the concession is recognised at the date of the aircraft delivery as part of trade and other receivables, with a corresponding credit to deferred income. Following this, the credits are amortised on a straight-line basis over the lease term of the respective asset, decreasing aircraft rental expenses.

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.

Segment reporting

Operating and reportable segments

The Group 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 Group has only one reportable segment being its entire route network. The online tour operator business of the Group, marketed under the name Wizz Tours, was discontinued during the year, therefore it is no longer being presented as a separate business segment.

Management information is provided to the senior management team, which (in the context of IFRS 8 'Operating segments') is the Group's Chief Operating Decision Maker (CODM). Resource allocation decisions are made by the CODM for the benefit of the route network as a whole, rather than for individual routes within the network. The performance of the network is assessed primarily based on the operating profit or loss for the period.

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 foreign currency exposure of the Group is significant for two reasons: (i) only a small portion of the Group's revenues are denominated in or linked to the US Dollar while a significant portion of the Group's expenses are US Dollar denominated, including fuel, aircraft leases, maintenance reserves and aviation insurance; and (ii) there are various currencies in which the Group has significantly more revenues than expenses, primarily the British Pound (GBP) and – to a smaller extent – the Polish Zloty (PLN).

The Group chooses the Euro/US Dollar foreign currency rate as the major underlying foreign currency pair in its foreign currency rate hedging strategies. The main objective is to cover the Group's ongoing US Dollar cash flow requirements. The Group's maximum hedge coverage level is 85%. of the total anticipated US Dollar purchases hedged by the time the respective quarter on a monthly rolling forward basis is reached. This level was not always reached during the current or prior years.

Looking forward, a new type of foreign currency exposure is created for the Group by the adoption of IFRS 16 (See also Note 3). The lease liability recognised under IFRS 16 is a monetary liability and most of the future lease payments of the Group behind this liability are denominated in US Dollar. The periodic revaluation of this liability against the Euro, if not managed, could result in very significant foreign exchange gains and losses, and hence in significant volatility to earnings. The Group, starting from 1 April 2019 is mitigating these exposures through the implementation of the following risk measures: (i) conversion of Euro bank deposits into US Dollar deposits, thus creating a US Dollar monetary asset offsetting part of the lease liability; and (ii) the entry into Euro/US Dollar FX forwards to cover the residual risk. The amount of such new deposits was US$1,235 million and the notional amount of the FX instruments was US$676 million at the beginning of April 2019, altogether creating the required coverage of US$ 1,911 million. The balance of the forward contracts will be actively managed in the future on a roll-forward basis to cover the estimated future net US Dollar liability.

The Hedging Policy defines also the hedging of the GBP/Euro foreign currency rate net exposure in order to mitigate FX risk on the Group's second largest revenue currency. The Group's maximum target coverage on this currency pair is 60% on a rolling twelve-month basis, and at year-end had coverage only for the April-June 2019 quarter.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Risk analysis continued

Market risks continued

Foreign currency risk continued

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

At 31 March 2019	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	74.1	116.8	37.9	225.8
Derivative financial assets	-	31.5	-	31.5
Cash	1,228.0	40.0	48.0	1,316.0
Restricted cash	188.8	-	0.1	188.9
Total financial assets	1,487.9	188.3	86.0	1,762.2
Financial liabilities				
Borrowings	2.2	-	-	2.2
Convertible debt	26.8	-	-	26.8
Trade and other payables	43.4	15.5	20.2	79.1
Derivative financial liabilities	-	18.8	-	18.8
Total financial liabilities	72.4	34.3	20.2	126.9

At 31 March 2018	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	59.3	95.1	21.5	176.0
Derivative financial assets	-	34.2	-	34.2
Cash	889.4	62.7	27.5	979.6
Restricted cash	161.3	0.7	0.2	162.2
Total financial assets	1,110.0	192.7	49.2	1,352.0
Financial liabilities				
Borrowings	5.3	-	-	5.3
Convertible debt	26.9	-	-	26.9
Trade and other payables	32.7	13.4	14.0	60.1
Derivative financial liabilities	-	13.7	-	13.7
Total financial liabilities	64.9	27.1	14.0	106.0

As explained earlier in this Note, most of the Group's non US Dollar cash deposits were converted into US Dollar deposits by early April 2019. €1,102 million was converted into US$1,235 million. Thus, going forward, the distribution of the financial assets of the Group by currency looks substantially different from how it is shown in the table above.

Trade and other receivables in this table, and also in the other disclosures in this Note 3, exclude balances that are not financial instruments, being prepayments, deferred expenses, accrued income, and part of other receivables (see Note 19). Similarly, trade and other payables in this table, and also in the other disclosures in this Note 3, exclude balances that are not financial instruments, being accruals and other payables (see Note 25). These exclusions were not made in the 2018 annual report and therefore the 2018 balances in Note 3 were now re-stated, where applicable.

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 23 and 24.

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 earnings volatility arising from fluctuations in interest rates.

3. Financial risk management continued

Risk analysis continued

Market risks continued

Commodity risks

One of the most significant costs for the Group is jet fuel. The price of jet fuel can be volatile and can directly impact the Group's financial performance. The Group's maximum hedge coverage is 70% on a rolling twelve-month basis and 60% on a rolling 18-month basis. The average hedge coverage in F19 was 58% and 45%, respectively.

Hedge transactions during the periods

The Group uses non-derivatives, zero-cost collar instruments and outright forward contracts to hedge its foreign exchange exposures, and uses zero-cost collar instruments to hedge its jet fuel exposures. The time horizon of the hedging programme with derivatives is usually up to a maximum of 18 months; however, this horizon can be exceeded at the Board's discretion.

The volume of hedge transactions that expired during the periods was as follows:

a) Foreign exchange hedge (USD versus EUR):

US$762 million (2018: US$517 million).

b) Foreign exchange hedge (GBP versus EUR):

£44.8 million (2018: £48.0 million).

c) Fuel hedge:

821,000 metric tons (2018: 703,000 metric tons).

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

a) Foreign exchange hedge (USD versus EUR):

€18.8 million gain (2018: €10.7 million loss). Out of this, €10.1 million gain related to fuel cost (2018: €7.4 million loss) and €8.7 million gain related to lease rental cost (2018: €3.3 million loss).

b) Foreign exchange hedge (GBP versus EUR):

€0.2 million loss (2018: €1.9 million gain). GBP foreign exchange hedge affects revenue.

c) Fuel hedge:

€43.5 million gain (2018: €24.4 million gain).

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 a €18.0 million gain (2018: €12.8 million loss) recognised within other comprehensive income, corresponding to assets of €19.7 million (2018: €0.8 million in 2018) and liabilities of €1.7 million (2018: €13.7 million), respectively. The €18.0 million gain can be analysed further (i) into €23.7 million intrinsic value gain and €5.7 million time value loss components, or (ii) as €19.0 million gain incurred on zero-cost collar instruments and €1.0 million loss on outright forward contracts.

The notional amount of the open positions was US$463.0 million on EUR/USD zero-cost collar instruments (2018: US$726.0 million), US$676.0 million on EUR/USD forward contracts (2018: nil) and £24.1 million on GBP/EUR zero-cost collar instruments at the end of the current year (2018: nil).

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

Euro/US Dollar foreign exchange hedge:

At 31 March 2019	F20 12 months	F21 6 months
Maturity profile of notional amount (million)	$444	$19
Weighted average ceiling	$1.24	$1.21
Weighted average floor	$1.19	$1.16

At 31 March 2018	F19 12 months	F20 6 months
Maturity profile of notional amount (million)	$599	$127
Weighted average ceiling	$1.23	$1.29
Weighted average floor	$1.18	$1.24

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

Euro/British Pound foreign exchange hedge:

At 31 March 2019	F20 3 months	F21
Maturity profile of notional amount (million)	£24	-
Weighted average ceiling	£0.92	-
Weighted average floor	£0.88	-

There were no open positions on GBP hedges at 31 March 2018.

b) Foreign exchange hedge with non-derivatives:

Non-derivatives are existing financial assets that hedge highly probable foreign currency cash flows in the future and therefore act as a natural hedge. At the end of the year out of its non-derivative financial assets position the Group had US$6.7 million designated for hedge accounting (2018: US$13.5 million). This amount is part of trade and other receivables on the consolidated statement of financial position.

c) Fuel hedge:

The fair value of the open positions was a €5.3 million loss (2018: €33.3 million gain) recognised within other comprehensive income corresponding to assets (€11.8 million in 2019 and €33.3 million in 2018) and liabilities (€17.1 million in 2019 and nil in 2018), respectively. The €5.3 million loss can be analysed further into €13.4 million intrinsic value loss and €8.1 million time value gain components.

The notional amount of the open positions was 712,000 metric tons (2018: 626,000 metric tons).

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

At 31 March 2019	F20 12 months	F21 6 months
Maturity profile (‘000 metric tons)	624	88
Blended capped rate	$700	$670
Blended floor rate	$639	$613

At 31 March 2018	F19 12 months	F20 6 months
Maturity profile (‘000 metric tons)	517	109
Blended capped rate	$593	$636
Blended floor rate	$533	$580

During the year, until 28 March 2019, the Group had only cash flow hedges. Additionally, on 29 March 2019 (being the last banking day of the financial year) the Group also entered into FX forward contracts in preparation for the adoption of IFRS 16 on 1 April 2019. These forward contracts were not in hedge relationship on 31 March 2019.

The amounts removed from equity during the year were all recycled to the statement of comprehensive income.

During the year the Group realised €6.2 million loss in other comprehensive income in relation to change in the fair value of cash flow hedge open positions. The change in 2018 was €10.0 million gain coming from movements in intrinsic value, and additionally as of 1 April 2017 €6.1 million time value gain was reclassified from retained earnings to the hedge reserve as a result of adoption of IFRS 9.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Risk analysis continued

Market risks continued

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 IFRS 9. 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, excluding any hedge impacts. The interest rate and FX rate sensitivities for 2018 have been restated.

	2019 Difference in profit after tax **(in € million)**	2018 Difference in profit after tax (in € million)
Fuel price sensitivity		
Fuel price $100 higher per metric ton	-90.0	-77.0
Fuel price $100 lower per metric ton	+90.0	+77.0
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+38.1	+29.0
FX rate 0.05 lower	-41.6	-31.5
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	-9.6	-9.7
FX rate 0.03 lower	+10.3	+10.4
FX rate sensitivity (PLN/EUR)		
FX rate 0.15 higher (meaning EUR stronger)	-5.9	-4.9
FX rate 0.15 lower	+6.3	+5.3
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	+10.0	+8.1
Interest rate is lower by 100 bps	-10.0	-8.1

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.

3. Financial risk management continued

Risk analysis 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 invested excess cash primarily in EUR and USD denominated short-term time deposits with high quality bank counterparties.

The table below analyses the Group's financial assets and liabilities (receivable or payable either 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 2019	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	176.3	34.3	10.0	5.20	225.8
Derivative financial assets	10.9	17.6	3.0	-	31.5
Cash	1,316.0	-	-	-	1,316.0
Restricted cash	21.0	2.2	117.7	48.0	188.9
Total financial assets	1,524.2	54.1	130.7	53.2	1,762.2
Financial liabilities					
Borrowings	0.1	0.2	1.2	1.9	3.4
Convertible debt	-	2.1	30.9	-	33.0
Trade and other payables	79.1	-	-	-	79.1
Derivative financial liabilities	3.3	14.0	1.5	-	18.8
Financial guarantees	1,057.0	-	-	-	1,057.0
Total financial liabilities	1,139.5	16.3	33.6	1.9	1,191.3

At 31 March 2018	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	101.4	29.9	42.1	2.6	176.0
Derivative financial assets	15.0	16.7	2.5	-	34.2
Cash	979.6	-	-	-	979.6
Restricted cash	0.1	2.6	105.2	54.3	162.2
Total financial assets	1,096.1	49.2	149.8	56.9	1,352.0
Financial liabilities					
Borrowings	0.3	0.8	4.0	2.2	7.3
Convertible debt	-	2.1	33.0	-	35.1
Trade and other payables	60.1	-	-	-	60.1
Derivative financial liabilities	2.0	10.8	0.9	-	13.7
Financial guarantees	1,004.3	-	-	-	1,004.3
Total financial liabilities	1,066.7	13.7	37.9	2.2	1,120.5

The Group has obligations under financial guarantee contracts as detailed in Note 31.

The Company provided guarantees to third parties to guarantee the performance of its airline subsidiary in relation to aircraft lease contracts on a regular basis, and from 2017 also in relation to a contract for the provision of public services in Hungary. 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 by the Company.

Other financial guarantee contracts relate to hedging, and convertible 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Risk analysis continued

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.

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

At 31 March 2019	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Trade and other receivables	8.2	-	-	217.6	225.8
Derivative financial assets	20.7	10.8	-	-	31.5
Cash and cash equivalents	1,313.3	-	2.4	0.2	1,316.0
Restricted cash	188.7	-	0.1	-	188.9
Total financial assets	1,530.9	10.8	2.6	217.9	1,762.2

At 31 March 2018	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Trade and other receivables	3.3	-	2.5	170.2	176.0
Derivative financial assets	20.2	4.3	9.7	-	34.2
Cash and cash equivalents	926.5	-	51.7	1.3	979.6
Restricted cash	162.2	-	-	-	162.2
Total financial assets	1,112.0	4.3	63.9	171.5	1,352.0

The "Other" column in 2018 included €52.2 million balance (out of which €50.0 million was bank deposit) with one of the banking partners of the Group, that had BBB rating.

From the unrated category within trade and other receivables the Group has €100.0 million (2018: €91.4 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 32), management does not consider the credit risk on maintenance reserve receivables to be material. Most of the remaining balance in this category in both years relate to ticket sales receivables from customers, non-ticket revenue receivables from business partners, prepayments made to vendors and accrued revenues. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically been good.

Based on the information above management does not consider the counterparty risk of 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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2019.

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Assets				
Derivative financial instruments	-	31.5	-	31.5
	-	31.5	-	31.5
Liabilities				
Derivative financial instruments	-	18.8	-	18.8
	-	18.8	-	18.8

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management continued

Fair value estimation continued

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, to provide 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 finance leases and convertible debt as disclosed in Notes 23 and 24, respectively. Equity comprises issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. The overall capital risk management strategy of the Group 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 an "aircraft maintenance asset") at the earlier of: (a) the time the lease re-delivery condition is no longer met; or (b) when maintenance, including enhancement, is carried out.

The calculation of the depreciation charge on such assets involves making estimates for the future utilisation of the aircraft and in the case of engines also of the future operating conditions of the engine.

The policy adopted by the Company, as summarized above, is only one of the policies available under IFRS in accounting for heavy maintenance for aircraft held under operating lease agreements. A principal alternative policy involves recognising provisions for future maintenance obligations in accordance with hours flown or similar measure, and not only when lease re-delivery conditions are not met. The directors believe the policy adopted by the Company provides the most reliable and relevant information about the Company's obligations to incur major maintenance expenditure on leased aircraft and at the same time it best reflects the fact that an aircraft has lower maintenance requirements in the early years of its operation.

b) Hedge and derivative accounting

The fair value of derivatives (namely the open position of cash flow hedges) is estimated by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. Further, the effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses.

c) Net presentation of government taxes and other similar levies

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

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

d) Cost and fair value of aircraft and spare engine assets

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

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

What regards gains and losses coming from sale and leaseback agreements for aircraft and spare engines, the determination of the amounts to be deferred and to be recognised immediately, respectively, requires estimating the fair value of these assets at the date of the transaction. In determining fair values the Group relies on independent third party valuation reports prepared by specialist aircraft and engine valuation experts.

5. Discontinued operation

In October 2018 the Group decided to cease its online tour operator business line and thus the activity of Wizz Tours Kft. effective from 31 December 2018. This business line was in the past presented as a separate operating segment of the Group (see Note 6) and for the purposes of the current financial statements was classified as discontinued operation under IFRS 5. The results of the discontinued operation are presented as a single loss figure in the statement of comprehensive income. The 2018 statement of comprehensive income was re-presented accordingly, which impacted revenues and certain expense lines. The other financial statements include balances and cash flows for the full Group, including those of the discontinued operation.

The financial information relating to the discontinued operation is set below:

	2019 **€ million**	2018 € million
Revenue	7.6	9.1
Expenses	(11.3)	(10.3)
Loss before income tax	(3.7)	(1.3)
Income tax expense	-	-
Loss from discontinued operation	(3.7)	(1.3)
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:		
Other comprehensive income/(expense) for the year, net of tax from discontinued operation	-	-
Total comprehensive expense for the year from discontinued operation	(3.7)	(1.3)

The 2019 expenses and the post-tax loss include €1.9 million loss recognised on the disposal of the assets of the discontinued operation. No assets were sold. Earnings per share for the discontinued operation was antidilutive and for this reason it is not being disclosed.

	2019 € million	2018 € million
Net cash generated by operating activities	(4.7)	(0.4)
Net cash used in investing activities	(0.5)	(0.3)
Net cash from financing activities	5.0	-
Net decrease in cash and cash equivalents generated by the discontinued operation	(0.2)	(0.7)
Cash and cash equivalents at the beginning of the year	0.8	1.5
Cash and cash equivalents at the end of the year	0.6	0.8

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

6. Segment information

Reportable segment information

The Chief Operating Decision Maker' of the Group, as defined in IFRS 8 'Operating segments' is the senior management team of the Group.

The Group had two reportable segments: the airline and the tour operator business units, marketed under the Wizz Air and Wizz Tours brand names, respectively. In October 2018 the Group decided to cease operating Wizz Tours Kft. as of 31 December 2018. Following this closure (i) the Group has only one reportable segment being its entire route network; (ii) all segment revenue is derived wholly from external customers and, as the Group has a single reportable segment, inter-segment revenue is zero.

Wizz Air sells flight tickets and related services to external customers and, to a small extent (until 31 December 2018), to Wizz Tours. Wizz Tours sold travel packages to external customers, such packages including flight tickets from the network of Wizz Air. The intra-group revenue of Wizz Air was €9.0 million in 2018 and €6.7 million in 2019 (until the closure of the tour operator business). The Group estimates that the revenues of Wizz Air from the sale of flight tickets will not be negatively impacted by the closure of Wizz Tours as tickets in broadly the same amount and value will be purchased in the future by its passengers either directly or through other tour operators and agents. For more details on the discontinued operation, please refer to Note 5.

Reconciliation of reportable segment revenue and operating profit to consolidated profit after income tax:

	2019 **€ million**	2018 € million
Segment revenue	2,319.1	1,939.0
Segment operating expenses	(2,019.4)	(1,645.9)
Segment operating profit	299.8	293.0
Net financing income/(expense)	0.5	(5.7)
Income tax expense	(4.9)	(11.0)
Profit from continuing operation	295.3	276.4

Entity-wide disclosures

Products and services

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

	2019 **€ million**	2018 € million
Airline passenger ticket revenue	1,366.1	1,132.2
Airline ancillary revenue	953.0	806.8
Total segment revenue	2,319.1	1,939.0

These categories are non-GAAP categories meaning that they are not necessarily distinct from a nature, timing and risks point of view; however, management believes that these categories provide clarity over the revenue profile of the Group to the readers of the financial statements and are in line with airline industry practice. The categories as per the definition of IFRS 15 are disclosed in Note 7.

Airline 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.

Geographic areas

Segment revenue can be analysed by geographic area as follows:

	2019 **€ million**	2018 € million
EU	2,014.7	1,713.2
Other (non-EU)	304.4	225.8
Total revenue from external customers	2,319.1	1,939.0

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

The location of non-current assets is not tracked by the Group and is therefore not disclosed by geographic area. This is because (i) by value most assets are associated either with aircraft not yet received (pre-delivery payments) or with existing leased aircraft (maintenance assets) and spare engines, the location of which changes regularly following aircraft capacity allocation decisions; and (ii) the value of the remaining asset categories (land and buildings, fixtures and fittings) is not material within the total non-current assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

6. Segment information continued

Entity-wide disclosures continued

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).

7. Revenue

The split of total revenue presented in the statement of comprehensive income, being passenger ticket revenue and ancillary revenue, is a non-GAAP measure (or Alternative Performance Measure). The Group did not change the disaggregation of revenue, as applied under IAS 18, to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because (i) it mirrors disclosures presented outside of the financial statements and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance of the (now only one) operating segment.

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

	2019 **€'000**	2018 €'000
Revenue from contracts with passengers	2,296.4	1,925.5
Revenue from contracts with other partners	22.7	13.5
Total revenue from contracts with customers	2,319.1	1,939.0

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

The contract assets reported in 2019 as part of trade and other receivables amounted to €2.2 million and the contract liabilities (unearned revenues) reported as part of deferred income were €395.1 million. Of the €2,319.1 million revenue recognised in 2019, €304.4 million was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 26). For 2018 the same amount was €260.0 million.

8. Operating profit

Net other expenses

Net other expenses decreased from €54.2 million in 2018 to €30.9 million in 2019. This reduction was driven by credit items in 2019 totalling €44.5m relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations. These items are not expected to recur to the same magnitude in the 2020 financial year.

Auditors' remuneration

	2019 **€'000**	2018 €'000
Fees payable to Company's auditors for the audit of the consolidated financial statements	318	242
Fees payable to the Company's auditors and their associates for other services		
Audit of financial statements of subsidiaries pursuant to legislation	51	23
Other services relating to taxation	293	417
Audit-related assurance and transaction services	65	-
All other services	-	19
Total remuneration of auditors	727	701

Inventories

Inventories totalling €7.9 million were recognised as an expense in the year (2018: €5.1 million).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

9. Staff numbers and costs

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

	Number of persons	
	2019	2018
Non-Executive Directors	9	9
Crew and pilots	3,931	3,113
Administration and other staff	321	265
Total staff number	4,261	3,387

The aggregate compensation of these persons was as follows:

	2019 **€ million**	2018 € million
Wages and salaries	152.7	106.6
Pension costs	6.6	5.6
Social security costs other than pension	14.1	12.7
Share-based payments	3.0	3.2
Subtotal	176.4	128.1
Subcontracted staff costs (rented pilots)	22.2	19.5
Total staff costs	198.6	147.6

10. Directors' emoluments

	2019 **€ million**	2018 € million
Salaries and other short-term benefits	1.5	1.6
Social security costs	0.2	0.2
Share-based payments	0.6	1.1
Directors' services and related expenses	0.4	0.2
Total Directors' emoluments	2.7	3.1

	2019	2018
Directors receiving emoluments	12	10
The number of Directors who in respect of their services received LTIP share options under long-term incentive schemes during the year	1	1

11. Net financing income and expense

	2019 **€ million**	2018 € million
Interest income	2.8	2.8
Other	3.4	-
Financial income	6.2	2.8
Interest expenses:		
Convertible debt	(2.0)	(1.8)
Finance lease	(0.3)	(0.5)
Other	(1.8)	(2.7)
Financial expenses	(4.1)	(5.0)
Foreign exchange gains/(losses):		
Realised	(3.9)	0.2
Unrealised	2.3	(3.7)
Net foreign exchange loss	(1.6)	(3.5)
Net financing income/(expense)	0.5	(5.7)

Interest income and expense include interest on financial instruments and, under the 'Other' category the effect of the initial discounting of long-term deposits and the later unwinding of such discounting.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

12. Income tax expense

Recognised in the statement of comprehensive income

	2019 € million	2018 € million
Current tax on profits for the year	1.4	3.9
Adjustment for current tax of prior periods	(2.9)	-
Other income-based taxes for the year	10.4	6.4
Adjustment for income-based taxes of prior periods	1.0	-
Total current tax expense	9.9	10.3
Deferred tax – decrease in deferred tax liabilities	(4.9)	0.7
Deferred tax – increase in deferred tax assets	(0.1)	-
Total deferred tax (benefit)/expense	(5.0)	0.7
Total tax charge	4.9	11.0

The Company, that is Wizz Air Holdings Plc, has a tax rate of 7.8% (2018: 7.8%). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations. The adjustment for current tax of prior periods and the decrease in deferred tax liabilities are caused by the reduction in the Swiss income tax rate applicable to Wizz Air Hungary Kft., and as such are one-off in nature.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 7.8% (2018: 7.8%). The difference is explained below.

	2019 € million	2018 € million
Profit before tax	300.2	287.3
Tax at the corporation tax rate of 7.8% (2018: 7.8%)	23.4	22.4
Adjustment for taxes of prior periods	(1.9)	-
Decrease in deferred tax liabilities due to reduced Swiss tax rate	(5.3)	-
Effect of different tax rate of subsidiaries versus the parent company	(22.7)	(17.8)
Other income based foreign tax	11.4	6.4
Total tax charge	4.9	11.0
Effective tax rate	1.6%	3.8%

The Company paid €0.2 million tax in the year (2018: €0.2 million). Substantially all the profits of the Group in 2019 and 2018 were made by the airline subsidiaries of the Group (being Wizz Air Hungary Kft, in 2018, and in 2019 also Wizz Air UK Limited), and substantially all the tax charges presented in this Note were incurred by these two entities.

Other income based foreign tax represents the "innovation contribution" and the local business tax payable in Hungary in 2019 and 2018 by the Hungarian subsidiaries of the Group, primarily Wizz Air Hungary Kft. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

Recognised in the statement of other comprehensive income

	2019 € million	2018 € million
Deferred tax	(0.3)	0.2
Total tax charge	(0.3)	0.2

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.

	2019	2018
Profit from the year from continuing operation, € million	295.3	276.4
Profit from the year, € million	291.6	275.1
Weighted average number of Ordinary Shares in issue	72,753,686	68,739,736
Basic earnings per share from continuing operation, €	4.06	4.02
Basic earnings per share, €	4.01	4.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

13. Earnings per share continued

Basic earnings per share continued

There were also 29,830,503 Convertible Shares in issue at 31 March 2019 (see Note 28). These shares are non-participating, i.e. the profit attributable to them is nil. These shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

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

- Convertible Shares (see Note 28);
- Convertible Notes (see Note 24); and
- employee share options (see Note 27) (vested share options are included in the calculation).

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

	2019	2018
Profit for the year from continuing operation, € million	295.3	276.4
Profit for the year, € million	291.6	275.1
Interest expense on convertible debt (net of tax), € million	2.0	1.8
Profit used to determine diluted earnings per share from continuing operation**, € million**	297.3	278.2
Profit used to **determine diluted earnings per share, € million**	293.6	276.9
Weighted average number of Ordinary Shares in issue	72,753,686	68,739,736
Adjustment for assumed conversion of convertible instruments	54,372,732	58,111,974
Weighted average number of Ordinary Shares for diluted earnings per share	127,126,418	126,851,711
Diluted earnings per share from continuing operation, **€**	2.34	2.19
Diluted earnings per share, **€**	2.31	2.18

Interest expense on convertible debt was all related to the continuing operation. The dilution effect of each class of convertible instrument from the total 54,372,732 dilutive shares in 2018 was the following: Convertible Shares: 29,830,503 shares; convertible debt: 24,246,715 shares and employee share options: 295,514 shares.

14. Property, plant and equipment

	Land and buildings € million	Aircraft maintenance assets € million	Aircraft parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenance assets € million	Total € million
Cost							
At 1 April 2017	9.6	256.0	69.5	6.2	206.3	74.7	622.3
Additions	-	88.2	17.8	6.7	219.8	58.8	391.3
Disposals	(0.1)	(18.3)	(23.0)	(0.3)	(94.8)	(4.5)	(141.0)
Transfers	-	25.5	-	-	-	(25.5)	-
Foreign exchange differences	-	-	(0.1)	-	-	-	(0.1)
At 31 March 2018	9.5	351.4	64.2	12.6	331.3	103.5	872.5
Additions	15.8	44.5	31.6	0.8	102.7	76.2	271.5
Disposals	(4.8)	(12.1)	(26.7)	(0.1)	(174.0)	(10.3)	(228.1)
Transfers	-	30.9	5.0	(5.0)	-	(30.9)	-
At 31 March 2019	20.5	414.3	74.1	8.3	259.9	138.6	915.7
Accumulated depreciation							
At 1 April 2017	2.0	95.9	14.9	3.8	-	-	116.6
Depreciation charge for the year	0.8	77.2	8.3	0.6	-	-	86.9
Disposals	(0.1)	(12.6)	(2.5)	(0.3)	-	-	(15.5)
At 31 March 2018	2.7	160.5	20.7	4.1	-	-	188.0
Depreciation charge for the year	1.0	75.3	10.3	0.8	-	-	87.4
Disposals	(2.1)	(11.9)	(4.6)	(0.1)	-	-	(18.8)
At 31 March 2019	1.6	223.7	26.3	4.8	-	-	256.4
Net book amount							
At 31 March 2019	19.0	190.6	47.8	3.5	259.9	138.6	659.3
At 31 March 2018	6.8	190.9	43.5	8.5	331.3	103.5	684.5

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

14. Property, plant and equipment continued

Additions to aircraft parts were €31.6 million (2018: €17.8 million) primarily related to the delivery of spare engines from the engine manufacturer.

Additions to aircraft maintenance assets (€44.5 million in 2019 and €88.2 million in 2018) were fixed assets created primarily against provision, as the Group's aircraft or their main components did not any longer meet the relevant return conditions under lease contracts. The additions in 2019 were related primarily to future required airframe checks and engine LLP (life limited part) replacements, while the additions in 2018 related almost exclusively to future LLP replacements.

Additions to 'advances paid to aircraft maintenance assets' reflect primarily the advance payments made by the Group to the engine maintenance service provider under fleet hour agreements (FHA).

Additions to 'advances paid for aircraft' represent pre-delivery payments (PDP) made in the period, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During 2018 the Group accumulated a PDP balance with Airbus that was above the contractual obligation. During 2019 the balance was reduced and there were no PDP payments made by the Group during the year – hence in the statement of cash flows there is only cash inflow (€71.3 million 'refund of advances paid for aircraft') but there is no cash outflow. The additions in this table for 2019 (€102.7 million) represent the new PDP obligations in the year, even though in the cash flows these were fully netted with the refunds receivable.

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

	2019 **€ million**	2018 € million
Cost from capitalised finance lease	2.6	7.5
Accumulated depreciation	(0.6)	(2.5)
Net book amount	2.0	5.0

15. Intangible assets

	Software € million	Licences € million	Total € million
Cost			
At 1 April 2017	18.7	0.1	18.8
Additions	6.5	4.6	11.1
At 31 March 2018	25.2	4.7	29.9
Additions	9.9	-	9.9
Disposals	(1.9)	-	(1.9)
At 31 March 2019	33.2	4.7	37.9
Accumulated amortisation			
At 1 April 2017	8.5	-	8.5
Amortisation charge for the year	3.7	0.1	3.8
At 31 March 2018	12.2	0.1	12.3
Amortisation charge for the year	6.7	0.1	6.8
Disposals	(1.8)	-	(1.8)
At 31 March 2019	17.2	0.2	17.4
Net book amount			
At 31 March 2019	16.0	4.5	20.5
At 31 March 2018	13.0	4.6	17.6

Of the €4.6 million additions during 2018 to licenses €4.5 million relates to landing slots at London Luton airport, purchased from Monarch Airlines. As these landing slots have no expiry date and are expected to be used in perpetuity, they are considered to have indefinite life and accordingly are not amortized. There was no indication of a need for impairment.

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	Other € million	Total € million
At 1 April 2017	2.2	2.5	1.2	0.6	6.5
Charged/(credited) to:					
Profit or loss	(0.3)	0.5	0.4	0.1	0.7
Other comprehensive income	-	-	-	0.2	0.2
At 31 March 2018	1.9	3.0	1.6	0.9	7.4
Charged/(credited) to:					
Profit or loss	(1.4)	(2.1)	(1.0)	(0.4)	(4.9)
Other comprehensive income	-	-	-	(0.3)	(0.3)
At 31 March 2019	0.5	0.9	0.6	0.2	2.2
Less than one year	-	-	-	0.2	0.2
Greater than one year	0.5	0.9	0.6	-	2.0

Deferred tax assets recognised

The balance of deferred tax assets was €0.1 million (current) in 2019 (2018: nil), charged to profit or loss. It belongs to Wizz Air UK Limited in connection mainly with provisions for employee pensions and unused holidays.

Unrecognised deferred tax assets

Until 31 March 2010 Wizz Air Hungary Kft. was Hungarian tax resident and up to this date had accumulated a €30.0 million tax loss in Hungary. This balance remained unchanged at 31 March 2019. This loss can be utilised only to offset profits generated under Hungarian tax residency latest in tax year 2025. The Group does not expect to have profit of this magnitude being generated under Hungarian tax residency in the foreseeable future and therefore no deferred tax asset is recognised in relation to these tax losses.

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
Cabin Crew Professionals Sp. z o.o.	Poland	Dormant	Ordinary	100	31 December
Wizz Air Bosnia	Bosnia and Herzegovina	Crew company	Ordinary	100	31 December
Wizz Air Netherland Holding B.V.	Netherlands	Dormant	Ordinary	100	31 March
Dnieper Aviation LLC	Ukraine	Dormant	Ordinary	100	31 December
Wizz Air Ukraine Airlines LLC	Ukraine	Dormant	Ordinary	100	31 December
Wizz Tours Kft.	Hungary	Dormant	Ordinary	100	31 March
Wizz Aviation Professionals	Moldova	Crew company	Ordinary	100	31 December
WA Pilot Academy Sp. z.o.o.	Poland	Special purpose company	Ordinary	100	31 December
Wizz Air UK Limited	UK	Airline operator	Ordinary	100	31 March

As of 31 March 2019 the company form of Wizz Air Hungary was changed from 'Kft.' to 'Zrt.', a corporate form under Hungarian law that can be described as 'private company limited by shares'. The change of corporate form did not impact the rights and obligations of the entity.

Wizz Tours Kft, was an online tour operator business that stopped trading operations during the year (see Note 5 Discontinued operations).

Wizz Air UK Limited is an airline licensed by the UK Civil Aviation Authority, that started its trading operations during the 2019 financial year.

Certain subsidiaries have a financial year end different from the Group's financial year end due to the requirements of local legislation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

18. Inventories

	2019 € million	2018 € million
Aircraft consumables	16.8	13.6
Emissions trading scheme ('EU ETS') purchased allowances	14.9	8.0
Total inventories	31.7	21.6

During the year remnant stock with the book value of €0.1 million was written off to maintenance expenses (2018: €0.1 million). There was no write back in either period of any write down of inventory made previously.

19. Trade and other receivables

	2019 € million	2018 € million
Non-current		
Receivables from lessors	13.7	43.7
Other receivables	3.3	-
Non-current trade and other receivables	17.0	43.7
Current		
Trade receivables	124.1	81.7
Receivables from lessors	87.0	50.6
Other receivables	6.6	2.4
Total current other receivables	93.6	53.0
Less: provision for impairment of other receivables	-	-
Other current receivables net	93.6	53.0
Prepayments, deferred expenses and accrued income	69.6	60.7
Current trade and other receivables	287.3	195.4
Total trade and other receivables	304.3	239.0

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.

Trade receivables included €64.8 million receivables from contracts with customers (2018: €46.1 million). The increase in contract assets was driven by ticket sales receivables that increased by €17.7 million year on year. This was due to general business growth and to higher than average growth in tour operator contract volume.

Impairment of trade and other receivables

	2019 € million	2018 € million
Impaired receivables		
– other receivables	2.6	2.8
Allowances on impaired receivables		
– other receivables	-	-

The Group previously recorded €2.1 million receivables from Warsaw Modlin airport as compensation for damages which was immediately impaired in full. However, the Group is legally claiming the full amount in court. The compensation claimed by Wizz Air, plus interest, was awarded by the District Court of Warsaw in June 2018. However, the airport appealed against the decision and the next hearing is to be scheduled.

20. Derivative financial instruments

	2019 € million	2018 € million
Assets		
Non-current derivatives		
Cash flow hedges	3.0	2.5
Current derivatives		
Cash flow hedges	28.5	31.7
Total derivative financial assets	31.5	34.2
Liabilities		
Non-current derivatives		
Cash flow hedges	(1.5)	(0.9)
Current derivatives		
Cash flow hedges	(17.3)	(12.8)
Total derivative financial liabilities	(18.8)	(13.7)

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

The cash flow hedges expiring in 2019 had no ineffective portion in 2019 and 2018.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

20. Derivative financial instruments continued

Starting from 1 April 2018 the Group adopted IFRS 9 and as a consequence the net position of assets and liabilities matches the cash flow hedging reserve in the statement of financial position, the only reconciling items being (i) deferred tax recognised in the hedging reserve and (ii) the impact of hedging with non-derivatives (altogether €0.2 million debit in 2019).

The mark-to-market gains (derivative financial assets) were coming from gains on call options bought (as part of zero-cost collar instruments) that were in the money at year end. In 2018 these gains related almost exclusively to fuel options (as fuel prices increased significantly during the year) while in 2019 related both to fuel and FX options.

The mark-to-market losses (derivative financial liabilities) were coming from losses on put options sold (as part of zero-cost collar instruments) that were out of the money at year end. In 2018 these losses related exclusively to FX options (as the USD weakened significantly against the EUR during the year), while in 2019 related almost exclusively to fuel options.

21. Deferred interest

	2019 **€ million**	2018 € million
Non-current		
Deferred PDP interest	1.1	2.4
Deferred interest expense	1.2	1.0
	2.3	3.4
Current		
Deferred PDP interest	0.6	0.2
Total deferred interest	0.6	0.2

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

Deferred PDP interest is the deferred part of 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.

22. Restricted cash

	2019 **€ million**	2018 € million
Non-current financial assets	165.8	159.4
Current financial assets	23.1	2.8
Total restricted cash	188.9	162.2

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

Restricted cash during the 2019 and 2018 financial years was held mainly on current account in Euros, earning no interest.

23. Borrowings

	2019 **€ million**	2018 € million
Non-current liabilities		
Finance lease liabilities	2.1	4.7
Total non-current borrowings	2.1	4.7
Current liabilities		
Finance lease liabilities	0.1	0.6
Total current borrowings	0.1	0.6
Total borrowings	2.2	5.3

Finance lease liabilities relate to a maintenance hangar building leased by the Group.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

23. Borrowings continued

	2019 € million	2018 € million
Gross finance liabilities – minimum lease payments		
No later than one year	0.3	1.0
Later than one year and no later than five years	1.2	4.0
Later than five years	1.9	2.3
Future contractual undiscounted cash flows	3.4	7.3
Future finance charges on finance lease liabilities	(1.2)	(2.0)
Present value of finance lease liabilities	2.2	5.3

	2019 € million	2018 € million
Present value of finance liabilities		
No later than one year	0.1	0.6
Later than one year and no later than five years	0.6	3.0
Later than five years	1.5	1.7
Present value of finance lease liabilities	2.2	5.3

The loan liability decreased significantly, since the aircraft flight simulator asset have been sold.

24. Convertible debt

	2019 € million	2018 € million
Non-current financial liabilities	26.6	26.6
Current financial liabilities	0.2	0.3
Total convertible debt	26.8	26.9

Convertible debt is Convertible Notes held by Indigo Hungary LP and Indigo Maple Hill LP ("Indigo").

Principal and any accrued interest on the Convertible Notes are convertible into Ordinary Shares in Wizz Air Holdings Plc at conversion factors in the range of €1.0–1.5 for one share. Such Ordinary Shares issued as a result of conversion in certain cases might be subject to restrictions on voting and dividend rights. Until the Notes are converted, interest on the Notes is payable in cash with a coupon rate of interest of 8 % per annum, twice a year in February and in August.

Convertible Notes are guaranteed by Wizz Air Hungary Kft. – see Note 31.

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

25. Trade and other payables

	2019 € million	2018 € million
Current liabilities		
Trade payables	79.0	60.1
Other trade payables	13.7	10.0
Accrued expenses	213.7	179.0
Total trade and other payables	306.4	249.1

The Group's liabilities for EU 261 passenger compensation were previously presented as accruals under trade and other payables in the statement of financial position. However, management considered it to be more appropriate to present this liability under provisions and applied this presentation in 2019.

Prior year comparatives as at 31 March 2018 have been re-presented by reclassifying €5.5 million from trade and other payables to current provisions (€3.2 million as at 1 April 2017).

26. Deferred income

	2019 € million	2018 € million
Non-current financial liabilities		
Deferred income	104.2	107.3
Current financial liabilities		
Unearned revenue	395.1	304.4
Other	24.9	25.7
	420.0	330.1
Total deferred income	524.2	437.4

26. Deferred income continued

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

Current deferred income represents the value of tickets paid by passengers for which the flight service is yet to be performed ('unearned revenue'), the value of membership fees paid but not yet recognised and the current part of the value of supplier credits received. The significant increase in unearned revenue was driven by the year-on-year increase of offered seat capacity, higher selling load factor, higher selling unit revenues and the Easter effect (as Easter in 2019 was after the year end).

The contract liabilities (unearned revenue) of €395.1 million existing at 31 March 2019 will all become revenue during the 2020 financial year.

27. Employee benefits

Share-based payments

The share-based payment charge in the financial statements for the year relates to employee share options issued (i) during 2005–2015 under the 2005 International Employee Share Option Plan ('ESOP') and (ii) during 2015–2018 under the 2014 Employee Long Term Incentive Plan ('LTIP') of the Group.

The options are classified as equity-settled share-based payments. The Company issues new shares for any options exercised, irrespective of the method of exercise. The fair value of the awards and options is recognised as staff cost over the estimated vesting period with a corresponding charge to equity.

The expenses (other than social security) recognised in relation to these instruments were the following:

	2019 **€ million**	2018 € million
ESOP options	-	0.2
LTIP options	3.0	3.0
Total share-based payments charge	3.0	3.2

Long-term Incentive Plan (LTIP)

Share options issued during the financial year

Terms and conditions:

	Restricted Options	Performance Options
Number of options	41,500	269,672
Exercise price	nil	nil
Vesting period	3 years	3 years
Termination	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 employee must be in employment with one of the Group entities until and on the date of exercise of the options.

For the Performance Options the performance conditions are set as follows, with 50% weighting for each:

- total shareholder return (TSR) of the Group relative to the TSR of certain selected European airlines over the three-year period following the award; and
- absolute growth in fully diluted earnings per share of the Group, measured over the period from 1 April 2018 to 31 March 2021.

The percentage of Performance Options that will vest will be determined on a pro-rata basis ("payout rate") to the extent that the target levels for these performance conditions will be met by the Group.

The fair value of options granted was determined by using the Black-Scholes model, resulting in €33.10-35.75 per share, depending on the date of grant. The total cost of the grant was determined based on: (i) the fair value of options; (ii) the number of options expected to be forfeited due to employee turnover; and (iii) the estimated payout rate for Performance Options.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

27. Employee benefits continued

Share-based payments continued

Long-term Incentive Plan (LTIP) continued

Share options in issue

The number of LTIP share options in issue at year end is as follows:

	Restricted Options	Performance Options
Outstanding at the beginning of the year	84,792	579,305
Granted during the year	41,500	269,672
Exercised during the year	(9,250)	(26,249)
Forfeited during the year	(5,500)	(12,000)
Outstanding at the end of the year	111,542	810,729
Exercisable at the end of the year	15,500	107,554

Employee Share Option Plan (ESOP)

Share options issued during the financial year

There were no share options issued either during the year or in the prior year. The last options under the ESOP were issued in January 2015 and therefore by January 2018 all open options got vested.

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

Share options in issue

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

	2019 Weighted average exercise price €	2019 Number of options	2018 Weighted average exercise price €	2018 Number of options
Outstanding at the beginning of the year	13.22	187,500	7.41	528,700
Granted during the year	-	-	-	-
Exercised during the year	2.28	(5,500)	4.20	(341,200)
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	13.56	182,000	13.22	187,500
Exercisable at the end of the year	13.56	182,000	13.22	187,500

The range of exercise prices on options outstanding at the year end was €€2.24–€13.68 (2018: €2.24–€13.68). At the end of the financial year, the outstanding options had a weighted average outstanding contractual life of five years and seven months (2018: six years and seven months).

Taxation

Under the terms of both programmes all taxes payable on share options are the liability of the recipients of these benefits. However, in certain cases the Company or its subsidiaries have a legal obligation to pay the employer social security on the income realised by the recipients. To the extent the additional social security obligations can be estimated, the Group makes a provision for these already during the vesting period of the instruments.

28. Capital and reserves

Share capital

Number of shares	2019	2018
In issue at beginning of the year	102,576,674	102,235,474
Issued during the year for cash	40,999	341,200
In issue at end of the year – fully paid	102,617,673	102,576,674
Ordinary Shares	72,787,170	72,746,171
Convertible Shares	29,830,503	29,830,503

28. Capital and reserves continued

Share capital continued

Value of shares	2019 £	2019 €	2018 £	2018 €
Authorised				
Equity: 170,000,000 *(2018: 170,000,000)* Ordinary Shares of £0.0001 each and 80,000,000 *(2018: 80,000,000)* non-voting, non-participating Convertible Shares of £0.0001 each	25,000	34,415	25,000	34,415
Allotted, called up and fully paid				
Equity: 102,617,673 *(2018: 102,576,674)* shares of £0.0001 each	10,262	11,921	10,258	13,758
Ordinary Shares	7,279	8,456	7,275	9,757
Convertible Shares	2,983	3,465	2,983	4,001

During both 2019 and 2018 the increase in the total number of issued shares was due to the exercise of certain employee share options.

Ordinary Shares

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

Convertible Shares

In March 2015, linked to the listing of the Company's shares on the London Stock Exchange, certain convertible loans and notes (including accrued interest) were converted into non-voting non-participating Convertible Shares of the Company. There were 29,830,503 Convertible Shares in issue at 31 March 2019, all fully paid (2018: 29,830,503 shares). 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.

Capital reserves

Share premium

Share premium has two main components. €207.2 million was recognised as a result of the Group reorganisation in October 2009. It represents the estimated fair value of the Group at the date of the transaction. The remaining €171.9 million (as at 31 March 2019) was recognised as a result of new share issues made since October 2009. These new share issues comprised the primary offering on the initial public offering of the Company's shares on the London Stock Exchange in March 2015, the conversion of some of the convertible debt instruments into shares and the conversion of certain employee share options into shares. Within this, during the 2018 financial year €1.0 million increase was recorded in the share premium, all related to conversion of employee share options. The increase in 2019 from the same was €9.2k.

Reorganisation reserve

Reorganisation reserve of €193.0 million was recognised as a result of the Group reorganisation in October 2009. It is equal to the difference between the fair value of the Group at the date of reorganisation €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 (2018: €8.3 million) is net of attributable transaction costs of €0.5 million.

Share-based payment charge

The share-based payment balance of €10.1 million credit (2018: €7.1 million) corresponds to the recognised cumulative charge of share options and share awards provided to the employees and Directors under long-term incentive schemes. This balance is recognised directly in retained earnings.

Cash flow hedging reserve

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

The gross amount of cumulative unrealised change in the fair value of cash flow hedging instruments was €12.6 million gain (2018: €19.0 million gain), while the deferred tax effect was €0.1 million loss (2018: €0.3 million loss).

Retained earnings

There were no dividends paid in 2019 or 2018. Share based payments are credited to retained earnings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

29. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2017	111.8	5.1	116.9
Non-current provisions	77.5	-	77.5
Current provisions	34.3	5.1	39.4
Capitalised within property, plant and equipment	87.6	-	87.6
Charged to comprehensive income	-	3.8	3.8
Used during the year	(48.7)	(1.0)	(49.7)
At 31 March 2018	150.7	7.9	158.6
Non-current provisions	94.8	-	94.8
Current provisions	55.9	7.9	63.8
Capitalised within property, plant and equipment	36.2	-	36.2
Charged to comprehensive income	-	4.5	4.5
Used during the year	(48.6)	(1.5)	(50.1)
At 31 March 2019	138.3	10.9	149.2
Non-current provisions	45.9	-	45.9
Current provisions	92.4	10.9	103.3

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

The €38.9 million increase in maintenance provisions from 2017 to 2018 related primarily to new provisions made for engine Life Limited Part (LLP) replacements planned after March 2018. The €12.4 million decrease in maintenance provisions from 2018 to 2019 related primarily to LLP replacements as a high number of these were performed during the 2019 financial year.

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

The Group's liabilities for EU 261 passenger compensation were previously presented as accruals under trade and other payables in the statement of financial position. However, management considered it to be more appropriate to present this liability under provisions and applied this presentation in 2019.
Prior year comparatives as at 31 March 2018 have been re-presented by reclassifying €5.5 million from trade and other payables to current provisions (€3.2 million as at 1 April 2017).

30. Financial instruments

Fair values

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

	Carrying amount 2019 **€ million**	Fair value 2019 **€ million**	Carrying amount 2018 € million	Fair value 2018 € million
Trade and other receivables due after more than one year	17.0	17.0	43.7	43.7
Restricted cash	188.9	188.9	162.2	162.2
Derivative financial assets	31.5	31.5	34.2	34.2
Trade and other receivables due within one year	287.3	287.3	195.4	195.4
Cash and cash equivalents	1,316.0	1,316.0	979.6	979.6
Trade and other payables due within one year	(306.4)	(306.4)	(249.1)	(249.1)
Derivative financial liabilities	(18.8)	(18.8)	(13.7)	(13.7)
Convertible debt	(26.8)	(26.8)	(26.9)	(26.9)
Borrowings	(2.2)	(2.2)	(5.3)	(5.3)
Net balance of financial instruments (asset)	1,486.5	1,486.5	1,120.1	1,120.1

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

30. Financial instruments continued

Fair values continued

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.

Trade and other receivables due after more than one year are almost exclusively maintenance reserves, with an average term of approximately four years. The fair value of these assets is determined by discounting at a rate of interest of four-years' US Dollar 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 a €62.5 million gain (2018: €15.6 million gain) was realised on derivative financial assets and liabilities in the income statement.

During the year a €nil gain (2018: €2,000 gain) was realised on financial assets available for sale.

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 Notes (see Note 24) are denominated in EUR, while the other short-term loans are denominated in US Dollars.

	2019						2018					
	Effective interest rate	Total € million	Within one year € million	One to two years € million	Two to five years € million	Above five years € million	Effective interest rate	Total € million	Within one year € million	One to two years € million	Two to five years € million	Above five years € million
Convertible Notes	7.4%	26.8	0.2	-	26.6	-	7.4%	26.9	0.3	-	26.6	-
Finance lease liability 1	-%	-	-	-	-	-	8.4%	2.9	0.5	0.5	1.9	-
Finance lease liability 2	7.4%	2.2	0.1	0.1	0.5	1.5	7.4%	2.4	0.1	0.1	0.5	1.7

Interest earning financial assets

The Group invested excess cash primarily in EUR and USD denominated short-term time deposits on market rate at major banking groups.

Changes in liabilities arising from financing activities

The following table includes changes in net borrowings reconciled with their effects on the Consolidated statement of cash flows.

	2019 € million	2018 € million
Net borrowings at the beginning of the year	32.2	33.0
Paid interest	(2.1)	(1.7)
Repayment of convertible debt and other borrowings	(3.1)	(0.6)
Change in net borrowings from cash flows	(5.2)	(2.3)
Accrued interest	1.9	1.5
Net borrowings at the end of the year	29.0	32.2

Interest paid in the Consolidated Statement of Cash Flows also contains €1.4 million (2018: €1.1 million) additional interests not related to net borrowings; these are negative interests incurred on deposits held at different banks.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

31. Financial guarantees

The Company has provided parent guarantees to certain lessors of its aircraft fleet, to guarantee the performance of its airline subsidiaries under the respective lease contracts.

The Company has provided parent guarantee to the Hungarian Government, to guarantee the performance of its airline subsidiary in relation to a public services contract for the scheduled transport of passengers between Hungary and five West-Balkan countries.

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 Company in April 2018 provided parent guarantee to the UK Civil Aviation Authority, to guarantee the performance of Wizz Air UK Limited in the context of the UK Operating License application process of Wizz Air UK Limited.

The note purchase agreement (for Convertible Notes) contains a guarantee and indemnity, pursuant to which Wizz Air Hungary Kft., *inter alia*, guarantees to Indigo Hungary LP and Indigo Maple Hill LP the punctual performance by the Company of its obligations under the note purchase agreement.

32. Lease commitments

The total future minimum lease payments under non-cancellable operating lease rentals are as follows:

	2019 **€ million**	2018 € million
Payments due:		
Within one year	413.8	334.8
Between one and five years	1,390.6	1,307.1
More than five years	745.7	743.1
Total operating lease commitments	2,550.1	2,385.0

The majority (96%) of the commitments relate to aircraft operating lease and JOLCO (special Japanese lease) contracts. 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 14 of the aircraft lease contracts are on a floating rate and thus the lease payments for these vary with the US Dollar market rates of interest.

33. Capital commitments

At 31 March 2019 the Group had the following capital commitments:

- a commitment to purchase 257 Airbus aircraft of the A320 family in the period 2019–2026. Of the 257 aircraft three relate to the “ceo” version of the A320 family (from purchase orders placed in June 2017) while the remaining 254 relate to the “neo” version (108 from the purchase order placed in June 2015 and 146 from the purchase order placed in November 2017). The total commitment is valued at US$31.9 billion (€28.4 billion) at list prices in 2018 US Dollar terms (as at 31 March 2018: US$34.1 billion (€27.7 billion), valued at 2018 list prices). As at the date of approval of this document 11 of the 257 aircraft are covered by sale and leaseback agreements; and
- a commitment to purchase 14 IAE “neo” (GTF) spare aircraft engines in the period 2019–2024. For these engines the Group in July 2016 entered into an engine selection agreement with Pratt & Whitney that, among other matters, included a commitment for the Group to purchase 16 spare engines starting from 2019. The total commitment is valued at US$218.8 million (€195.2 million) at list prices in 2019 US Dollar terms (as at March 2018: US$276.0 million (€224.2 million), valued at 2018 list prices). As at the date of approval of this document the 14 engines are not yet financed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

34. Contingent liabilities

Legal disputes

European Commission state aid investigations

Between 2011 and 2015, the European Commission has initiated state aid investigations with respect to certain arrangements made between Wizz Air and the following airports, respectively: Timişoara, Cluj-Napoca, Târgu Mureş, Beauvais and Girona. In the context of these investigations, Wizz Air has submitted its legal observations and supporting economic analyses of the relevant arrangements to the European Commission, which are currently under review. The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of the new "EU Guidelines on State aid to airports and airlines" which were adopted by the European Commission on 20 February 2014. Where relevant, Wizz Air has made further submissions to the European Commission in response to this notification. Ultimately, an adverse decision by the European Commission could result in a repayment order for the recovery from Wizz Air of any amount determined by the European Commission to constitute illegal state aid. None of these ongoing investigations are expected to lead to exposure that is material to the Group.

Claims by Carpatair

Between 2011 and 2013, Carpatair, a regional airline based in Romania, has initiated a number of legal proceedings in Romania alleging that Wiz Air has been receiving state aid from Timişoara airport.

Essentially, Carpatair has been seeking a decision on the question whether the scheme of charges applied by Timişoara airport in the context of Wizz Air's operations to/from Timişoara airport constitutes state aid. In 2012, the Romanian courts confirmed in a final decision that the scheme of charges applied by Timişoara airport constitutes state aid, referencing an amount of approximately EUR 3 million. Following this decision, Carpatair has been seeking a court order obliging Wizz Air to reimburse any such aid to Timişoara airport. A decision on this matter has been suspended pending the outcome of a separate proceeding initiated by Timişoara airport on a related question of law.

In parallel, Carpatair has initiated an action for damages against, amongst others, Wizz Air, alleging to have suffered approximately €93 million in damages as a consequence of (i) state aid granted by Timişoara airport, and (ii) an alleged abuse of dominant position on the part of Timişoara airport. On 12 July 2018, the court of first instance found that (i) Carpatair lacks a legal interest for a part of its damages claim, and (ii) the term of statutes of limitations has expired for the other part of Carpatair's damages claim, which was consequently dismissed in full. The decision is currently under appeal.

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.

35. 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.

36. 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 two Directors to the Board of Directors (all in service at 31 March 2019);
- key management personnel (Directors and Officers); and

Indigo, Directors and Officers altogether held 23.5% of the voting shares of the Company at 31 March 2019 (2018: 23.8%).

Transactions with related parties

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

36. Related parties continued

Transactions with related parties continued

Transactions with Indigo

At 31 March 2019 Indigo held 15,000,000 Ordinary Shares (equal to 20.6% of the Company's issued share capital) and 29,830,503 Convertible Shares of the Company (2018: 15,000,000 Ordinary Shares and 29,830,503 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company (see Note 24). The Company's liability to Indigo, including principal and accrued interest, was €26.8 million at 31 March 2019 (2018: €26.9 million).

During the year ended 31 March 2019 the Company entered into transactions with Indigo as follows:

- the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2018: €2.0 million); and
- fees of €0.3 million (2018: €0.1 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company.

Transactions with key management personnel

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

	2019 **€ million**	2018 € million
Salaries and other short-term employee benefits	5.5	5.1
Social security costs	0.9	1.1
Share-based payments	1.9	2.3
Amounts paid to third parties in respect of Directors' service	0.4	0.2
Total key management compensation expense	8.7	8.7

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

37. Ultimate controlling party

In the opinion of the Directors there is no individual controlling party in relation to the Company's issued Ordinary Shares.

As at 30 April 2019 approximately 52.5% 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 % of the Ordinary Shares. The Company's articles of association enable the Directors to take action to ensure that the amount of Ordinary Shares held by Non-Qualifying Nationals does not reach a level that could jeopardise the Group's entitlement to continue to hold or enjoy the benefit of any operating licence that benefits the Group.

Qualifying Nationals include: (i) EEA nationals, (ii) nationals of Switzerland and (iii) in respect of any undertaking, an undertaking that satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and any third country (whether or not such undertaking is itself granted an operating licence).

A Non-Qualifying National is any person who is not a Qualifying National in accordance with the definition above.