

**WIZZ AIR HOLDINGS PLC – UNAUDITED RESULTS FOR THE TWELVE MONTHS TO 31 MARCH
2020**

**RECORD UNDERLYING PROFIT OF €345M ON 16% PASSENGER
GROWTH IN FY20
STRONG BALANCE SHEET AND LOWEST COST
SUPPORT RECOVERY**

LSE Ticker: WIZZ

Geneva, 3 June 2020: Wizz Air Holdings Plc (“Wizz Air” or the “Company”), the largest low-cost airline in Central and Eastern Europe, today announces its unaudited results for the full year ended 31 March 2020 (“2020”, “FY2020” or “FY20”) for the Company:

Full year to 31 March	2020	2019	Change
Passengers carried (million)	40.0	34.6	15.8%
Revenue (€ million) ¹	2,761.3	2,319.1	19.1%
Underlying EBITDA (€ million) ²	783.4	692.4	13.1%
Underlying EBITDA margin (%) ³	28.4%	29.9%	(1.5ppt)
Underlying net profit for the year (€ million) ⁴	344.8	265.4	29.9%
Underlying net profit margin (%)	12.5%	11.4%	1.1ppt
Statutory net profit (€ million) ⁴	281.1	123.0	128.5%
Statutory net profit margin (%)	10.2%	5.5%	4.7ppt
RASK (€ cent)	3.95	3.85	2.6%
Ex-fuel CASK (€ cent)	2.27	2.29	(0.7%)
Total cash (€ million)	1,496.3	1,504.9	(0.6%)
Load factor (%)	93.6%	92.8%	0.8ppt
Year-end fleet	121	112	8.0%

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

“During the 2020 financial year, Wizz Air once again outperformed the market with an industry-leading passenger growth rate of 16%, and delivered an underlying net profit of EUR 345m on 94% load factor. We continued to stimulate demand with our ultra-low fares across our growing network which drove a revenue increase of 19%. Our ancillary revenue growth of 31% was outstanding and now makes up 45% of total revenues. The continuous rollout of the game-changing A321neo aircraft ensures that we remain Europe’s undisputed airline cost leader.

The year marked exciting business developments: we placed an order for 20 Airbus A321XLR aircraft which represents a significant opportunity for Wizz Air to further expand the reach of its network and connect points on the WIZZ map that are out of reach for the current fleet. Moreover, we are excited to be establishing our new airline Wizz Air Abu Dhabi which will launch later this year.

We have also stepped up our governance and sustainability efforts: we are targeting to achieve 25% female representation in pilot and over 30% in senior management and board positions within the next decade. As the greenest choice of air travel, Wizz Air committed to further reduce CO₂ emissions/passenger km by one third by 2030. We remain committed to our order of 268 aircraft with Airbus which further increases our competitiveness, while also minimizing our environmental footprint.

None of this would have been possible without our people who keep supporting our passengers and communities across the 45 countries in which we operate during these unprecedented times caused by COVID-19, and I would like to sincerely thank them for their incredible performance.”

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

“We have taken various initiatives during the COVID-19 pandemic to safeguard the Company’s cost position and excellent balance sheet with €1.5 billion of cash, one of the strongest in the airline industry. We remain focused on best servicing our markets, while protecting the health of customers and employees. Our new health and safety protocol is designed to ensure that our customers and crew can fly safely during this unprecedented time for the global aviation industry.

In addition, we are taking advantage of arising market opportunities and have recently announced the expansion of our network with new bases in Albania, Cyprus, Italy and Ukraine, with more exciting developments to come. We are confident that we can ramp up operations quickly, re-stimulate demand with our ultra-low fares and contribute to the vital recovery of travel and tourism in our markets.

¹ Continuing operations

² EBITDA: profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and exceptional items (See also under Key statistics)

³ EBITDA margin: EBITDA divided by total revenue.

⁴ FY19 was restated for IFRS16. FY20 underlying net profit excludes the impact of fuel hedge losses classified as discontinued (amounting to €63.7 million) resulting from the impact of COVID-19 in the months of March, April and May 2020. FY19 underlying net profit excludes the impact of foreign exchange losses from the retrospective adoption of IFRS 16 (amounting to €138.7 million) and excludes the impact of discontinued Wizz Tours operation (€3.7 million). FY19 and FY20 statutory results include these exceptional expenses and items.

⁵ Total cash comprises cash and cash equivalents and restricted cash..

It is too early to provide a detailed outlook for FY21 due to the ongoing uncertainty caused by COVID-19. However, Wizz Air's market positioning and our ever-disciplined attitude to cost mean that we will emerge from this crisis as an even more formidable business and will continue to deliver significant shareholder value, environmental benefits and employment opportunities for years to come."

RECORD NET PROFIT AND STRONG BALANCE SHEET

- Underlying net profit grew 29.9% to a record €344.8 million and underlying net profit margin was 12.5%.
- Statutory net profit was € 281.1 million and net profit margin of 10.2%
- Total cash at the end of March 2020 was €1,496.3 million of which €1,310.5 million was free cash, one of the strongest balance sheets of any European airline.

REVENUE AND COST HIGHLIGHTS

Revenues: Total revenue increase of 19.1% to €2,761.3 million.

- Total unit revenue improved by 2.6% to 3.95 euro cents per available seat kilometre (ASK).
- ASKs and passenger numbers grew 16% on 15% seat growth y-o-y.
- Ticket revenue was up 10.4% to €1,508.5 million.
- Ticket revenue per passenger fell by 4.6% to €37.7
- Ancillary revenue up 31.5% to €1,252.8 million (representing 45% of total revenue).
- Ancillary revenue per passenger increased by 13.5% to €31.3 per passenger.
 - Value added services €25.6 per passenger.
 - Baggage fees €5.7 per passenger.

Costs: Total CASK (excluding exceptional items) increased 1.1% to 3.44 Euro cents in FY20 from 3.40 Euro cents in FY19

- Ex-fuel unit costs were 0.7% lower at 2.27 Euro cents, versus 2.29 Euro cents in 2019.
- Fuel unit costs increased from 1.11 to 1.16 Euro cents, a 4.5% increase.

THE GREENEST CHOICE OF AIR TRAVEL

- Wizz Air continues to operate at the lowest CO₂ emissions per passenger amongst all competitor airlines. CO₂ emissions for the year were at 57.2 g/RPK, 2.2% lower than last year.
- Wizz Care's Sustainability Platform was launched to build awareness of the many initiatives already being taken by Wizz Air and those planned to ensure that Wizz Air remains one of the more sustainable airlines in the world.
- Targeting 25% woman pilots and over 30% senior management and board positions within the next decade.
- Our "Cabin-crew-to-captain" program targeting cabin crew members who aspire to become pilots is launching in June 2020.

AIRBUS NEO AND FLEET UPDATE

- Fleet expansion by 9 aircraft to 121 aircraft at the end of FY20 (6x A321neos, 3x A321ceos) with over 47% of seats now served by the more cost effective A321 type aircraft.
- A memorandum of understanding was signed with Airbus S.A.S. ("Airbus") relating to exercising a part of existing options for the purchase of 20 Airbus A321XLR aircraft. The present order will be delivered over the course of three years starting in 2023 and will allow us to connect even more airports within our wide and diverse network.
- Committed order book for a further 268 A320neo family aircraft ensuring Wizz operates only the latest and most fuel efficient technologies. Early indications show 16% lower fuel burn and CO₂ emitted per flight and 50% lower noise pollution compared to an Airbus A320 CEO aircraft.
- The current average aircraft age of Wizz is 5.4 years, the fleet remains one of the youngest and most cost efficient of any major European airline.

MARKET LEADING POSITION IN CENTRAL AND EASTERN EUROPE AND FURTHER GROWTH

- 40.0 million passengers carried (+16%), consolidating our number one LCC market share position in CEE at 40%.
- 98 new routes started in FY20, strengthening our geographic network and market leadership position in CEE.
- We announced the establishment of Wizz Air Abu Dhabi in partnership with Abu Dhabi Developmental Holding Company PJSC (ADQ), to start in the second half of 2020. Wizz Air Abu Dhabi will bring an entirely new business concept to the UAE market, being both economically and operationally highly efficient as well as environmentally sustainable.

OTHER BUSINESS DEVELOPMENTS

- In April 2020, Wizz Air was deemed an eligible issuer under the UK Government's Covid Corporate Financing Facility (CCFF) and raised £300 million, which further strengthens the company's excellent balance sheet.
- Wizz Air celebrated 15 years of operation during FY20 and a remarkable milestone of 200 million carried passengers.
- The company announced its first ever flights from London Luton to Moscow and St. Petersburg, as well as further expansion to Russia by launching four new routes from Pulkovo Airport, Saint Petersburg, as well as a route from Budapest to Kazan.
- Wizz Air was named among the top ten safest low cost carriers of 2019 in the world by airline safety and product rating agency AirlineRatings.com.
- Wizz Air was named "The Best Low Cost Carrier of the Year" at the European Aviation Awards in September 2019.

CHANGE TO THE MANAGEMENT TEAM

Stephen Jones, Executive Vice President and Managing Director of Wizz Air Hungary will step down from his position with effect of 30 June due to personal reasons. He has played a significant role in driving growth and automation within the company over the past three years and we thank him for his contributions, hard work and dedication.

ABOUT WIZZ AIR

Wizz Air, the largest low-cost airline in Central and Eastern Europe, operates a fleet of 122 Airbus A320 and A321 aircraft. A team of dedicated aviation professionals delivers superior service and very low fares, making Wizz Air the preferred choice of 40 million passengers in the last 12 months. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ. The company was recently named one of the world's top ten safest airlines by airlineratings.com, the world's only safety and product rating agency, and 2020 Airline of the Year by ATW, the most coveted honour an airline or individual can receive, recognizing individuals and organizations that have distinguished themselves through outstanding performance, innovation, and superior service.

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CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

The financial year 2020 marks another successful period for Wizz Air; we delivered an industry leading growth rate of 16.1 per cent in terms of ASKs and remain one of the most profitable businesses in the industry. The drivers of our success in the past will also be the drivers that will get Wizz Air through the current challenges caused by COVID-19 and will enable us to thrive in the long run: strong financial discipline and a resilient business strategy.

The following section will provide you with an overview of how Wizz Air created Shareholder value and further improved financial performance in the past year, all the while ensuring operational excellence. In addition, the key ingredients of our ultra-low-cost strategy will be outlined which ensure that Wizz Air remains the lowest cost, lowest emission airline in Europe and the leading player in the growing Central and Eastern European market.

Wizz Air's ability to respond to market dynamics rapidly, as well as its industry-leading cost structure, have allowed the business to further diversify its network and drive profitable growth. This has helped ensure that the Group is well placed to face the substantial challenges that the current COVID-19 pandemic is bringing to the airline industry.

Stimulating demand

In the past financial year, Wizz Air continued to successfully stimulate traffic and increase passenger numbers by 15.8 per cent to 40 million at a load factor of 93.6 per cent (an increase of 0.9 percentage points). We remained the undisputed market leader in the CEE region, with a market share of 39.6 per cent in the low-cost sector and 17.5 per cent of the total CEE market, up from 16.3 per cent last year.

During FY 2020, we launched 98 new routes and now operate from 25 bases which connect 155 destinations in 45 countries. We remain confident in the potential of the region and are taking advantage of valuable market opportunities in and beyond CEE. Our new base in Krakow opened in May 2019 with two based Airbus A321 aircraft. In addition, we started operations to two new destinations in CEE (Kazan in Russia and Odessa in Ukraine), as well as to seven new destinations across Western Europe and the Middle East.

As at today, Wizz Air offers services from 23 CEE countries including the 12 CEE countries where we have based aircraft and crews. During the year, the Company started operations to/from 10 new airports, as follows:

New CEE stations		New stations outside CEE	
Destination	Country	Destination	Country
Krakow	Poland	Bodo	Norway
Kazan	Russia	Molde	Norway
Odessa	Ukraine	Leipzig	Germany
		Edinburgh	United Kingdom
		London-Southend	United Kingdom
		Eilat-Ramon	Israel
		Santander	Spain

The table below illustrates Wizz Air's market leadership in the low-cost sector, which grew to 39.6%, an increase of 1 per cent year on year. We are the number one carrier in 9 out of 14 CEE countries.

Market	Number 1		Number 2		Number 3	
	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	39.6%	Ryanair Group	31.9%	Easyjet	6.1%
Poland	Ryanair Group	49.4%	Wizz Air	39.9%	Easyjet	4.1%
Romania	Wizz Air	61.3%	Blue Air	20.3%	Ryanair	15.6%
Hungary	Wizz Air	50.8%	Ryanair	29.0%	Easyjet	7.7%
Bulgaria	Wizz Air	53.3%	Ryanair	33.7%	Easyjet	4.8%
Ukraine	Wizz Air	45.2%	Ryanair	30.7%	Pegasus	8.1%
Lithuania	Ryanair	56.5%	Wizz Air	37.8%	Norwegian Group	5.7%
Latvia	Ryanair	53.1%	Wizz Air	29.2%	Norwegian Group	17.7%
Slovakia	Ryanair	66.3%	Wizz Air	30.4%	flydubai	2.7%
Georgia	Wizz Air	54.1%	flydubai	13.1%	Air Arabia	11.0%
Serbia	Wizz Air	57.1%	Ryanair	10.5%	Easyjet	10.4%
Moldova	Wizz Air	67.0%	FlyOne	33.0%		
Macedonia	Wizz Air	86.8%	Germania	6.4%	Pegasus	4.6%
Bosnia and Herzegovina	Wizz Air	49.3%	Ryanair	12.0%	Pegasus	12.0%

Taking into account all airlines operating to CEE, we maintained our position as the number one carrier with 17.5 per cent market share, up from 16.3 per cent in FY 2019.

Market	Number 1		Number 2		Number 3	
	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	17.5%	Ryanair	14.1%	LOT Polish Airlines	6.2%
Poland	Ryanair Group	25.9%	LOT Polish Airlines	25.5%	Wizz Air	20.9%
Romania	Wizz Air	38.3%	TAROM	16.0%	Blue Air	12.7%
Ukraine	Ukraine International	37.3%	Wizz Air	12.3%	Ryanair	8.3%
Hungary	Wizz Air	31.8%	Ryanair	18.1%	Lufthansa	6.4%
Bulgaria	Wizz Air	23.1%	Bulgaria Air	14.9%	Ryanair	14.6%
Latvia	airBaltic	60.0%	Ryanair	12.5%	Wizz Air	6.9%
Serbia	Air Serbia	46.2%	Wizz Air	11.1%	Lufthansa	5.9%
Lithuania	Ryanair	31.3%	Wizz Air	21.0%	airBaltic	10.3%
Georgia	Wizz Air	15.5%	Turkish Airlines	12.0%	Georgian Airways	11.4%
Moldova	Air Moldova	41.1%	Wizz Air	22.2%	FlyOne	11.0%
Slovakia	Ryanair	43.0%	Wizz Air	19.7%	Travel Service Group	16.0%
Macedonia	Wizz Air	63.1%	Turkish Airlines	6.9%	Austrian Airlines	6.4%
Bosnia and Herzegovina	Wizz Air	28.1%	Turkish Airlines	12.0%	Austrian Airlines	8.5%

(Source data for both tables: Innovata, April 2019 – March 2020)

Operational excellence

Wizz Air operates the youngest, most fuel-efficient aircraft among European airlines. The 2020 financial year was yet another period of significant investment into our fleet: six A321neos joined the fleet, taking it to 121 aircraft at the end of March 2020.

	March 2020 Actual	March 2021 Planned	March 2022 Planned
A320ceo without winglets (180 seats)	35	31	19
A320ceo with winglets (180 seats)	28	28	28
A320ceo with winglets (186 seats)	9	9	9
A320neo with winglets (186 seats)	0	7	13
A321ceo with winglets (230 seats)	41	41	41
A321neo with winglets (239 seats)	8	15	40
Fleet size	121	131	150
Proportion of seats on A321	47%	49%	60%
Average number of seats per aircraft	201.3	203.1	210.3

The new neo aircraft are powered by Pratt & Whitney GTF engines, feature the widest single-aisle cabin with 239 seats in a single class configuration and deliver close to a 50 per cent reduction in noise footprint compared to previous generation aircraft. In addition, Pratt and Whitney's GTF engine reduces fuel burn by 16 per cent and nitrogen oxide emissions by 50 per cent.

We have also placed an order for 20 A321 XLR aircraft during the last year, which brings our total committed aircraft order to 268 aircraft to be delivered in the next eight years. Reacting to the current market conditions, we also plan to return 32 older leased aircraft in the coming years.

Today, 47 per cent of the Company's total seat capacity is on A321 family aircraft. Our ultra-efficient fleet will ensure that the Company can fulfil its mission to continuously grow our footprint across Central and Eastern Europe and beyond, while remaining the ultimate cost-leader in the industry. Based on the current order book with Airbus and the aircraft return schedule, the fleet will more than double in size by FY 2025.

The table below shows the fleet allocation by country at 31 March 2020 compared to a year earlier:

Year end	Fleet deployment by country		Change
	March 2020	March 2019	
Total	121	112	+9
Romania	27	26	+1
Poland	26	24	+2
Hungary	16	15	+1
United Kingdom	10	9	+1
Bulgaria	8	7	+1
Austria	7	5	+2
Macedonia	5	4	+1
Ukraine	4	4	-
Lithuania	3	3	-
Moldova	3	2	+1
Georgia	3	2	+1
Serbia	2	2	-
Bosnia & Herzegovina	2	2	-
Latvia	2	2	-
Undesignated	3	5	-2

Driving financial performance

In line with the growth in traffic and capacity, we increased revenues by 19.1 per cent to €2,761.3 million and report growth in net profit to €281.1 million and an underlying profit of €344.8 million. We continue to focus on strengthening our model of unbundled services and increased our ancillary revenues by 31.5 per cent. At the same time, we reduced our ex-fuel unit costs by 0.7 per cent, driven by a relentless focus on our cost base. In the current environment, which is characterised by widespread travel restrictions as a result of the coronavirus pandemic, our cash balance is the single most important key performance indicator. With our total cash balance of €1.5 billion, we remain one of the strongest players in the industry and our ultra-low cost base allows us to sustain periods of business interruptions significantly longer than other airlines. Subsequent to the annual close for F20, we were able to further strengthen our balance sheet in April 2020, when we raised £300 million from the Bank of England under the UK Government's COVID Corporate Financing Facility (CCFF), which is a clear vote of confidence in our business.

Ultra-low-cost by design

In the coming year, we will focus on returning to stabilized operations while carefully managing the Company's robust balance sheet amidst the coronavirus pandemic. With our ultra-low-cost business model, we have the ability to take advantage of opportunities which may arise as a result of competitors withdrawing capacity.

Our customer base allows us to plan ahead with more certainty than most of our competitors. Most of our customers belong to a younger age group with an average age of 36 years and 65% of them travel for work or to be reunited with friends and relatives, the most essential reasons to fly. At the same time, we want to ensure passengers travel safely with Wizz in this new environment and we are therefore implementing additional health and safety measures aimed at minimizing the risk of transmission of the coronavirus on our flights, with an emphasis on contactless travel.

Notwithstanding this challenging environment, Wizz Air is on track to launch its operations in Abu Dhabi, the group's first airline established outside of Europe. The airline will initially focus on establishing routes to markets in which Wizz Air has existing, high growth operations in Central and Eastern and Western Europe, to be followed in due course by routes to the Indian subcontinent, the Middle East and Africa. Wizz Air believes that the establishment of a truly ultra-low-cost airline can contribute to the continued growth of Abu Dhabi as a world-class cultural and tourist destination.

With our agile infrastructure across all functions, we can ensure that we remain competitive and continue on our growth trajectory as soon as markets normalize. We intend to sustainably grow our business in a scalable way while focusing on delivering Shareholder value in an ever-changing market environment.

Focus on our people

Our people are the core of our business and we remain committed to foster a diverse and inclusive working environment. We are proud to employ aviation professionals from 54 different nationalities and deliver 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 ensures that our customers feel safe and comfortable on board. Our latest Employee Feedback Survey 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 per cent, which is 19 per cent higher than the average engagement rate measured in Europe.

We continue to deliver world-class training to our people during 2020. From technical trainings for our crew to leadership and soft skills trainings for our office employees, we are focusing on giving the right tools to our employees so they can own their development and progress in their career.

During 2020 we further grew our Pilot Academy - a unique pilot training programme, giving a whole new generation of pilots with little to no previous aviation experience the opportunity to obtain a Commercial Pilot's License and the prospect of working as a pilot for Wizz Air. The programme is based on high-quality pilot training, starting from scratch, with the support of an experienced flight school and in line with Wizz Air's training standards. In the last financial year, we were happy to welcome 71 new cadets into the Pilot Academy and to celebrate the successful graduation of another 24 cadets.

Safety and stability remain our utmost priority. We are aware of the hardships and tragedies of life none of us can prepare for but some have to endure. As an employer, it is important for us that our employees feel safe and secure. That is why, during calendar year 2019, we have introduced WIZZ Aid, an employee emergency fund. It is designed to provide financial support to our 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 employees, enables an effective two-way communication between the management and employees, to support the decision-making process on matters which affect all employees within the company.

Excellence in our management team

We are focused on managerial excellence in order to execute our strategy and create Shareholder value. In January 2020, we announced that, effective from 1 February 2020, Mr Jourik Hooghe will be appointed as Executive Vice President and Group Chief Financial Officer responsible for Wizz Air's Finance and Supply Chain organisations. Mr Hooghe has a proven track record as a global operating executive with 20 years of experience in strategy, operations and finance for consumer goods and retail businesses. He worked for eighteen years at Procter & Gamble (P&G), a world-leading consumer goods company, where his responsibilities covered various roles in finance. In January 2018, he joined the Adecco Group as Senior Vice President, Group Strategy, Finance and Accounting, where he led the evolution of the company's strategy, step-changed the performance framework and transformed the finance and accounting team into a high-impact, data and technology-driven organisation.

At the same time, Mr Iain Wetherall was appointed to the newly created Chief Investment Officer position reporting to the EVP and Group CFO. His responsibilities extend over corporate finance, strategic analytics and subsidiary financial governance.

Environmental and humanitarian initiatives

Wizz Air is focused on continuous fleet renewal to decrease our CO2 emissions by one third within the next ten years. We have also unveiled our sustainability programme Wizz Cares, which rests on three pillars to address the environmental, the social and the people (including diversity and inclusion) aspects of our business. It is overseen by Wizz Air's Audit & Sustainability Committee and will be further developed in the years to come.

We strive not only to remain the greenest choice of air travel but also to continuously decrease our environmental footprint. We are proud to have the lowest emission rates in the European aviation industry, while also being conscious of the many economic, social and environmental developments impacting our communities.

Therefore, we have a number of initiatives which address these, such as 65 different fuel saving initiatives. In the past year, we started reporting our monthly CO2 emissions in order to increase transparency for our stakeholders.

Since the breakout of the coronavirus, we are making use of our aircraft assets in a different way to serve our communities. Starting in March 2020, we have operated over 130 repatriation and cargo flights and transported several tons of protective equipment for local hospitals and healthcare workers.

Focus on digital and offering our customers more

We see digital advancements as a key catalyst to fulfilling our mission of liberating lives through affordable travel and a key driver of our ultra-low-cost-carrier (ULCC) business model. Wizz Air is continuously working on defining exceptional services and value-added products which accompany the customer along their entire journey, all the while remaining a truly digital business. This is equally true for our internal processes and systems which are designed to drive automation and efficiency.

In the past year, the Company focused on the following areas:

- ▶ **Mobile-first strategy:** Today, wizzair.com is Europe's fourth most visited airline website with 194 million sessions in F20. Our mobile application saw an increase in traffic by 40 per cent year-on-year following a full redesign of the booking flow for mobile website view and the mobile app, based on customer research in order to make the process even more intuitive. Furthermore, improvements in Wizz Air's digitally enabled customer self-service, including the introduction of a credit card scanning functionality which allows mobile app customers to enjoy a seamless booking experience have reduced calls into the company's call centres by 27 per cent.
- ▶ **Self-service and automation:** We introduced a hassle-free auto check-in product that gives comfort to the customer of automatically receiving their boarding card before the flight. We also implemented a Flight Share functionality on the WIZZ Application that supports fast journey-share with family and friends.

Furthermore, the extension of self-service possibilities for customers allows a faster and more flexible resolution: customers are now able to divide and then manage their bookings per passenger and smooth rebook/refund self-service options were introduced on the website and on the mobile app.

- ▶ **Travel experience:** We introduced an enhanced product recommendation as part of the personalization strategy of our product portfolio. In addition, automated and frequent mobile app push notifications are sent about flight related information to passengers and an Internal Flight Status Tracker was introduced to synchronize information for passengers on various communication channels about their flight status. We are also working on improving the physical customer journey experience: self-bag-drop at the check-in area was introduced at 10+ stations and the WIZZ Priority product experience was improved at airports via updated information screens at airports and training materials for ground handling agents, among other things.

We are also focusing on simplifying our processes, eliminating waste and relentlessly automating core processes to maximize productivity for our employees. Rethinking processes with new, digitally enabled ways of working has allowed Wizz Air to digitize many core processes such as recruitment, slots management, aircraft type changes and customer claims management. Enterprise platforms and digital tools have been introduced which have increased employee productivity by up to 80 per cent in key domains. In addition, cyber security and cloud-first initiatives are ensuring the airline is secure, scalable and reliable from a technology perspective. As we embark on the next financial year, we are seeing unprecedented challenges within the industry and are looking for further digital opportunities to support our customers. Wizz Air will continue to improve its digital communications to help advise our customers on how to stay safe as they return to flying. Building on its strong foundation, the company will accelerate automation initiatives to ensure it remains the industry's ultra-low-cost leader and to be able to scale smoothly with market fluctuation in demand. We will further leverage advanced analytics for improved decision making in this dynamic environment and generate a deeper understanding of our changing marketplace. 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.

Especially in these uncertain times, Wizz Air is committed to serving its 40 million passengers in a way that builds trust while maintaining our low-cost leadership. The only way to achieve these goals is by leveraging technology to the fullest. Management of the large number of flight cancellations triggered by COVID-19 led to automation and self-service improvements, including self-service options for rebooking/refund of cancelled flight tickets, which have been simplified to encourage customer self-servicing.

Outlook

The beginning of the new financial year brought significant challenges for the entire airline industry: the coronavirus pandemic led to widespread travel restrictions across Europe and, as a result, brought air travel largely to a halt. Our decisions and actions during these unprecedented times are guided by our commitment to preserve a lean and agile organisation that has a history of outperforming the market. As such, we are focused on maintaining our strong balance sheet, protecting our cash balance and increasing capacity as soon as possible. Our strong liquidity position means that we are able to sustain the business throughout this crisis and take advantage of market opportunities as they arise:

- ▶ Wizz Air's balance sheet is one of the strongest in the industry with €1.5 billion of total cash at the end of March 2020.
- ▶ Further liquidity has been secured by raising £300 million under the UK Government's COVID Corporate Financing Facility (CCFF) in April 2020.
- ▶ Immediate cost mitigation measures put in place include the reduction in third-party spending, overhead and discretionary spending as well as non-essential capital expenditure.
- ▶ We reduced the number of employees by 19 per cent in the short term, in order to adjust the size of the company to the current circumstances. However, longer term it is expected that the workforce will be increased as the industry recovers and Wizz Air resumes its growth trajectory.

We are able to scale up operations quickly thanks to our agile setup:

- ▶ We can stimulate traffic with low fares due to our ultra-low-cost base.
- ▶ The majority of our passengers belong to a younger demographic that travels abroad regularly for work and to visit friends and relatives, which are more sustainable sources of traffic than tourism.
- ▶ We are reviewing our aircraft allocation and will react to the new market reality by taking advantage of opportunities across Europe as other carriers withdraw capacity.

Despite difficult conditions, we expect to grow the number of seats by roughly 9 per cent compared to 2020, in line with the growth of the fleet to 131 aircraft by March 2021. While we do not expect a positive development in terms of ASKs and profit margin in the fiscal year 2021, we are not in a position to give guidance on net profit at this point due to the continued uncertainty regarding the duration and impact of the coronavirus pandemic. Company performance in 2021 is largely dependent on the level of flying permitted throughout the

summer period, as well as the revenue performance in the second half of the 2021 fiscal year, a period for which the Company, like most airlines, currently has limited visibility.

Nevertheless, we remain confident that Wizz Air will emerge from this crisis as an even more formidable company. Our agility has been clearly demonstrated over the past months, as we have been actively involved in humanitarian missions and operated in geographies outside our markets. Since the breakout of the coronavirus Wizz Air has worked with various governments to offer repatriation flights for their citizens in Europe, Central Asia, North Africa and North America. The Company has also operated a number of flights between China and CEE to deliver medical supplies.

Our fundamental principles remain unchanged and we look towards the future with a firm plan to continue to drive Shareholder value. Wizz Air undoubtedly remains best placed for long-term value creation in the European aviation industry due to its low fare - low cost business model and unique positioning in the growing CEE market. As a result, we are expecting to deliver significant Shareholder value, environmental benefits and employment opportunities in the years to come.

FINANCIAL REVIEW

Wizz Air carried 40 million passengers during the financial year 2020, which represents an increase of 15.8 per cent compared to the previous year. The company grew revenues by 19.1 per cent to €2,761.3 million compared to the previous year. Both figures were negatively impacted by the drop in capacity in March, as a result of the outbreak of the coronavirus pandemic. Notwithstanding this challenge, Wizz Air remained one of the most profitable airlines in Europe and grew capacity measured in terms of available seat kilometres (ASK) by 16.1 per cent and in terms of seats by 14.8 per cent.

At the same time Wizz Air reported a net profit of €281.1 million and an underlying net profit of €344.8 million (compared to €265.4 million underlying net profit in 2019, as restated under IFRS 16). As a result of the impact of COVID-19, the capacity to be operated in the first part of financial year 2021 will be significantly lower than that on which the hedging programme was based and hence certain hedging instruments no longer correspond to future purchases of jet fuel. As such, hedge accounting for these derivatives has been discontinued. They have been classified as 'discontinued hedges' and have been charged to the income statement as an exceptional operating cost. In our underlying numbers for 2020 we have excluded the impact of fuel hedge losses classified as discontinued (worth €63.7 million) relating to March, April and May 2020, whereas the underlying profit number does include the effective hedge loss in March of €12.8 million which was the result of the sharp drop in jet fuel prices behind unprecedented demand and supply shocks. Underlying profit is defined in Note 7.

The Group achieved an increase in unit revenues measured in terms of ASKs, which rose by 2.6 per cent to 3.95 Euro cents, while unit costs grew by 1.1 per cent to 3.44 Euro cents in 2020 from 3.40 Euro cents in 2019. This increase in CASK was principally driven by an increase of 4.8 per cent in fuel CASK (excluding the exceptional item in 2020). CASK excluding fuel expenses decreased by 0.7 per cent to 2.27 Euro cents in 2020 from 2.29 Euro cents in 2019.

Net underlying profit margin was 12.5 per cent in 2020, compared to 11.4 per cent in 2019, 2020 having been impacted by the loss of revenue due to the coronavirus pandemic.

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 six Airbus A321neo aircraft, which will further strengthen Wizz Air's position as Europe's ultimate cost leader.
- ▶ The announcement of the establishment of Wizz Air Abu Dhabi in partnership with Abu Dhabi Developmental Holding Company PJSC (ADQ), to start in the second half of 2020.
- ▶ The order of 20 Airbus A321 XLR aircraft, which will enhance Wizz Air's future growth plans.

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

	2020	2019	Change
Average jet fuel price (\$/metric ton, including into plane premium and impact of effective hedges)	729	724	0.7%
Average USD/EUR rate (including impact of effective hedges)	1.16	1.18	(1.7%)
Year-end USD/EUR rate	1.10	1.12	(1.8%)

Financial overview

Summary statement of comprehensive income
€ million

	2020	2019 (restated)	Change in results
Continuing operation			
Total revenue	2,761.3	2,319.1	19.1%
Fuel costs (including exceptional expense in 2020)	(876.5)	(667.9)	31.2%
Operating expenses excluding fuel	(1,546.5)	(1,293.3)	19.6%
Total operating expenses	(2,423.0)	(1,961.2)	23.5%
Operating profit	338.3	357.9	(5.5%)
Comprising:			
- Operating profit excluding exceptional expense	402.0	357.9	12.3%
- Exceptional expense	(63.7)	-	
Operating profit margin (excluding exceptional expense)	14.6%	15.4%	
Net financing expense (including exceptional expense in 2019)	(44.2)	(229.0)	
Profit before income tax	294.1	128.9	128.2%
Income tax expense	(13.1)	(2.2)	
Profit from continuing operations	281.1	126.7	121.9%
Loss from discontinued operation	-	(3.7)	
Profit for the year	281.1	123.0	128.5%
Underlying profit after tax	344.8	265.4	29.9%

Adjusted performance measures (Note 7)
€ million

	2020	2019 (restated)	Change
Statutory (IFRS) profit for continuing operations	281.1	126.7	
Adjustment for exceptional items (Note 7):			
Loss from fuel hedges classified as discontinued	63.7	-	
FX loss from the retrospective application of IFRS 16	-	138.7	
Total exceptional adjustments	63.7	138.7	
Underlying profit	344.8	265.4	29.9%
Underlying profit margin	12.5%	11.4%	1.1 ppts

Earnings per share

Earnings per share, EUR (Note 9)	2020	2019 (restated)	Change
Basic earnings per share from continuing operation	3.76	1.74	116.1%
Diluted earnings per share from continuing operation	2.22	1.01	119.8%
Basic earnings per share	3.76	1.69	122.5%
Diluted earnings per share	2.22	0.98	126.3%
Underlying earnings per share*	2.72	2.10	29.6%

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

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 2020 financial year was 20.8% per cent, being a small decline compared to the 21.5% rate for the previous year.

The Company's leverage* was 0.9 at the end of the 2020 financial year, which is broadly flat compared to 2019.

Liquidity* declined from 56.7 per cent at the end of the 2019 financial year to 47.5 per cent a year later.

	2020	2019 (restated)	Change
ROCE*	20.8%	21.5%	(0.7 ppts)
Leverage*	0.9	0.8	0.1 ppt
Liquidity*	47.5%	56.7%	(9.2ppts)

* See the definition of these non-statutory measures and their calculation under Key statistics on page 16.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for 2020 and 2019 and the percentage change in those items:

	2020		2019		
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	1,508.5	54.6%	1,366.1	58.9%	10.4%
Ancillary revenue	1,252.8	45.4%	953.0	41.1%	31.5%
Total revenue	2,761.3	100%	2,319.1	100%	19.1%

Passenger ticket revenue increased by 10.4 per cent to €1,508.5 million, primarily driven by 15.8 per cent higher passenger numbers. The change in Wizz Air's cabin bag policy led to higher ancillary revenues but partly cannibalised passenger ticket revenues. Ticket revenues were also negatively influenced towards the end of the fiscal year by the outbreak of the coronavirus pandemic. Conversely, ancillary (or "non-ticket") revenue grew strongly by 31.5 per cent to €1,252.8 million. Its share of the total revenue increased to 45.4 per cent as a result of the change in the company's cabin bag policy, as well as higher penetration across all products.

Average revenue per passenger rose to €69.0 in 2020 from €67.1 in 2019, representing an increase of 2.8 per cent. Average ticket revenue per passenger decreased from €39.5 in 2019 to €37.7 in 2020 (by 4.6 per cent), while average ancillary revenue per passenger increased to €31.3 from €27.6 (by 13.5 per cent). The increase in ancillary revenue per passenger was due to the impact of the company's change of its cabin bag policy, as well as due to higher customer penetration of existing products such as allocated seating and priority boarding.

Operating expenses

Total operating expenses excluding exceptional expense increased by 20.3 per cent to €2,359.3 million in 2020 from €1,961.2 million in 2019, in line with the capacity increase. CASK grew by 1.1 per cent to 3.44 Euro cents in 2020 from 3.40 Euro cents in 2019. The main driver of this was an increase in the average fuel price.

CASK excluding fuel expenses decreased by 0.7 per cent to 2.27 Euro cents in 2020 from 2.29 Euro cents in 2019.

The following table sets out for 2020 and 2019 the expenses relevant for the CASK measure (thus excluding exceptional expense), and the percentage changes in those expenses:

	2020			2019 (restated)			
	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	231.8	9.8%	0.33	198.6	10.1%	0.33	16.7%
Fuel costs (excluding exceptional expense)	812.8	34.5%	1.16	667.9	34.1%	1.11	21.7%
Distribution and marketing	44.1	1.9%	0.06	37.8	1.9%	0.06	16.7%
Maintenance, materials and repairs	176.4	7.5%	0.25	134.1	6.8%	0.22	31.5%
Airport, handling and en-route charges	641.6	27.2%	0.92	550.3	28.1%	0.91	16.6%
Depreciation and amortisation	381.4	16.2%	0.55	334.5	17.1%	0.55	14.0%
Net other expenses	71.2	3.0%	0.10	37.9	1.9%	0.06	87.9%
Total operating expenses (excluding exceptional expense)	2,359.3	100%	3.37	1,961.2	100%	3.25	20.3%
Net cost from financial income and expense	44.2		0.06	87.4		0.14	(49.4%)
Total	2,403.5		3.44	2,048.6		3.40	17.3%

Staff costs increased by 16.7 per cent to €231.8 million in 2020, up from €198.6 million in 2019, driven primarily by a 14.1 per cent rise in aircraft block hours.

Fuel expenses (excluding exceptional expense) increased by 21.7 per cent to €812.8 million in 2020, up from €667.9 million in 2019. The main driver for this increase was an ASK growth of 16.1 per cent as well as rising average fuel prices and a stronger US Dollar. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in 2020 was US\$729 per ton, an increase of 0.7 per cent from the previous year's figure of US\$724 per ton. The average euro / US dollar exchange rate, including the impact of hedging, was 1.16 in 2020 compared to a rate of 1.18 in 2019. The impact of effective fuel hedges was €31.8 million loss in 2020 (compared to €43.5 million gain in 2019). In addition, fuel expenses in 2020 included an exceptional expense of €63.7 million which is excluded from this analysis (see Note 7 for more details).

The increase in distribution and marketing costs of 16.7 per cent to €44.1 million in 2020 from €37.8 million in 2019 is in line with FY 2020 ASK growth of 16.1 per cent

Maintenance, materials and repair costs rose by 31.5 per cent to €176.4 million in 2020 from €134.1 million in 2019. This cost increase was the result of the increased numbers of hours flown and the timing of certain maintenance events.

Airport, handling and en-route charges increased by 16.6 per cent to €641.6 million in 2020 from €550.3 million in 2019. This increase is primarily driven by the increase in both flights and passenger numbers, which grew by 12.7 per cent and 15.8 per cent respectively.

Depreciation and amortisation charges increased by 14.0 per cent to €381.4 million in 2020, up from €334.5 million in 2019.

Net other expenses include primarily (i) office overhead and crew related costs other than direct staff costs, (ii) passenger welfare and compensation costs, (iii) aviation and other insurance costs, and (iv) credits that do not classify as revenue from customers. The increase in net other expenses to €71.2 million was primarily driven by more significant credit items in 2019, when compared to 2020, relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations.

Net financing income and expense

The Group's net financing loss was €44.2 million in 2020 after a loss of €229.0 million in 2019. 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	2020	2019 (restated)	Change
Net financial expense	(44.2)	(87.4)	43.1
Net foreign exchange loss	0.1	(3.0)	3.1
Exceptional financial expense	-	(138.7)	138.7
Net financing expense	(44.2)	(229.0)	184.9

See also Note 6.

Net financial expense decreased significantly because of the higher interest income earned by the Group after converting its bank deposits from Euro to US Dollar on 1 April 2019.

In the 2019 financial year (as restated) the Group had exceptional financial expense of €138.7 million relating to net foreign exchange losses calculated and recognised retrospectively as part of the IFRS 16 restatement of the Group's financial statements. These unrealised losses were caused by the significant appreciation of the US Dollar to the Euro during the 2019 financial year. The same impact was immaterial in 2020 as the Group, following adoption of IFRS 16, actively managed this FX exposure.

Taxation

The Group recorded an income tax expense of €13.1 million in 2020 compared to €2.2 million in 2019. The effective tax rate for the Group in 2020 was 4.4 per cent compared to 1.7 per cent in 2019. The tax charge in 2019 was exceptionally low because, in relation to Swiss income tax, it included both a decrease in deferred tax liabilities and an adjustment to the current tax of prior periods, which were one-off in nature. 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.

Profit for the year

The Group generated an underlying net profit for 2020 of €344.8 million, a 29.9 per cent increase from the underlying net profit of €265.4 million in 2019.

Other comprehensive income and expenses

In 2020 the Group had other comprehensive expense of €254.5 million compared to €5.7 million in 2019. 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. The significant expense in the 2020 hedge reserve relates to fuel hedges for the 2021-2022 financial years that are in a loss position due to the sharp decline in fuel prices. It excludes the open fuel hedges that were classified as discontinued at 31 March 2020 and were therefore recognised as exceptional expense already in the 2020 financial year.

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 2020 and 2019:

€ million	2020	2019 (restated)	Change
Net cash generated by operating activities	771.9	742.7	29.3
Net cash used in investing activities	(682.4)	(64.0)	(618.4)
Net cash used in financing activities	(93.6)	(342.1)	(248.5)
Effect of exchange rate fluctuations on cash and cash equivalents	(1.4)	(0.1)	(1.3)
Cash and cash equivalents at the end of the year	1,310.5	1,316.0	(5.5)

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 increased from €742.7 million in 2019 to €771.9 million in 2020 primarily due to the following factors:

- ▶ Operating cash flows before adjusting for changes in working capital improved by €107.2 million year-on-year. This was driven primarily by the improved underlying profitability of the business (see earlier).
- ▶ The positive contribution of working capital changes to operating cash flows was only €3.5 million in 2020, compared to €83.0 million in 2019, being a reduction of €79.5 million year-on-year. The main driver behind

this reduction was the sharp decline in sales due to the coronavirus in the last period of the 2020 financial year. In contrast with 2019, when forward bookings from the growing business supported cash flows by €103.1 million, the same impact was €220.8 million negative on the 2020 cash flows. This significant negative impact was partly offset by two factors: (i) a decrease in receivables - both receivables from customers and from lessors were lower, the latter due to significant refunds of maintenance reserves; and (ii) an increase in payables towards passengers, due primarily to the fact that many of the tickets cancelled shortly before the 2020 year-end were not refunded until after 31 March.

Cash flow from investing activities

Net cash used in investing activities increased to €682.4 million in 2020 from €64.0 million in 2019. The significantly higher investment in 2020 is due to the following factors:

- ▶ Advances paid for aircraft (pre-delivery payments, 'PDPs'): The net PDP payments to Airbus net of refunds received were an outflow of €298.2 million in 2020 compared to a net inflow of €71.3 million in 2019. This increase was primarily driven by the Company's delivery schedule and associated PDP commitments with Airbus.
- ▶ Purchase of tangibles and intangibles, net of proceeds from the sale of tangible assets: The net outflow was €273.5 million in 2020 compared to only €4.5 million in 2019. The key driver of this significant increase in 2020 is the purchase of several new aircraft (see Note 10), that were then refinanced through JOLCO lease contracts (see below under financing activities). There were no similar aircraft purchases in 2019.

Cash flow from financing activities

Net cash used in financing activities decreased by €248.5 million year on year resulting from a €93.6 million outflow in 2020 and a €342.1 million outflow in 2019 (the latter as restated under IFRS 16). The significantly lower investment in 2020 was the net of the following two factors:

- ▶ Proceeds from new loan: This was nil in 2019 and €297.7 million inflow in 2020, relating to the JOLCO financing raised on several new aircraft.
- ▶ Repayment of loans plus interest paid on loans: The cash outflow from these items was €392.8 million in 2020, which is €50.7 million higher than in 2019. These were primarily related to aircraft and spare engine leasing fees paid, presented in this new form under IFRS 16.

Summary statement of balance sheet

The following table sets out summary statements of financial position of the Group for 2020 and 2019:

€ million	2020	2019 (restated)	Change
ASSETS			
Property, plant and equipment	2,553.0	2,067.0	486.0
Restricted cash*	185.9	188.9	(3.1)
Derivative financial instruments*	18.2	31.5	(13.2)
Trade and other receivables*	189.7	285.9	(96.2)
Cash and cash equivalents	1,310.5	1,316.0	(5.5)
Other assets*	101.0	55.2	45.8
Total assets	4,358.1	3,944.4	413.7
EQUITY AND LIABILITIES			
Equity			
Equity	1,234.8	1,206.1	28.7
Liabilities			
Trade and other payables	469.6	320.4	149.2
Borrowings (incl. convertible debt)*	2,039.4	1,841.3	198.1
Deferred income*	185.4	408.7	(223.3)
Derivative financial instruments*	307.8	18.8	289.0
Provisions*	121.1	149.2	(28.1)
Total liabilities	3,123.3	2,738.4	384.9
Total equity and liabilities	4,358.1	3,944.4	413.7

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

Property, plant and equipment increased by €486.0 million as at 31 March 2020 compared to 31 March 2019, primarily driven by the investment made in JOLCO-financed aircraft, the increased PDP balance with Airbus less the decrease in the balance of right-of-use assets (see also Note 10).

Restricted cash (current and non-current) decreased by €3.1 million as at 31 March 2020 compared to the year before. The great majority (95%) of this balance is linked to Wizz Air's aircraft lease contracts, being cash deposits behind letters of credit issued by Wizz Air's banks related primarily to lease security deposits and maintenance reserves.

Derivative financial assets (current and non-current) decreased by €13.2 million as at 31 March 2020 compared to 31 March 2019 (see also Notes 2 and 11). In 2020 these hedge receivable balances all related to FX hedge instruments.

Trade and other receivables (current and non-current) decreased by €96.2 million as at 31 March 2020 compared to 31 March 2019. The reduction was caused mainly by lower receivables from customers (due to decline in sales during March 2020) and by lower maintenance reserve receivables (due to refunds received from lessors during 2020 following the completion of maintenance events).

Cash and cash equivalents remained largely unchanged over the year and amounted to €1,310.5 million at 31 March 2020.

Trade and other payables increased by €149.2 million as at 31 March 2020 compared to 31 March 2019. The increase was driven primarily by the €132.0 liability recognised towards passengers in 2020 as many of the tickets cancelled shortly before the 2020 year-end were not refunded until after 31 March (2019: nil).

Borrowings (including convertible debt) increased by €198.1 million as at 31 March 2020 compared to 31 March 2019. The increase was driven primarily by the €291.4 million debt recognised at 31 March 2020 in relation to JOLCO lease contracts (see Note 12).

Deferred income (current and non-current) decreased by €223.3 million as at 31 March 2020 compared to 31 March 2019 (see Note 13). This was driven by the cancellation of F21 flights (primarily for April and May 2020) and by weaker sales for the summer towards the end of the fiscal year, both due to the coronavirus pandemic.

Derivative financial liabilities (current and non-current) increased by €289.0 million as at 31 March 2020 compared to 31 March 2019 (see Notes 2 and 11). The €307.8 million liability at 31 March 2020 was all related to fuel hedges. (See also Note 17 on further hedge losses to crystallise in FY21.)

Provisions (current and non-current) decreased by €28.1 million as at 31 March 2020 compared to 31 March 2019 (see Note 14). The reduction is due mainly to the utilisation of some maintenance provisions in 2020 as the respective maintenance events were performed during the year.

Hedging strategy

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 has been 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). However, as a result of uncertainties caused by the coronavirus outbreak, with effect from 24th April, the Company stopped hedging for the net US Dollar liability position driven by the IFRS 16 lease liability.

Details of the current hedging positions (as at 27 May 2020) are set out below:

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

Period covered	F21 10 months	F22 8 months
Exposure (million)	\$277	\$319
Hedge coverage (million)	\$216	\$100
Hedge coverage for the period	78%	31%
Weighted average ceiling	\$1.1628	\$1.1447
Weighted average floor	\$1.1243	\$1.1003

Fuel hedge coverage

Period covered	F21 10 months	F22 6 months
Exposure in metric tons ('000)	821	895
Coverage in metric tons ('000)	891	370
Hedge coverage for the period	108%	49%
Blended capped rate	\$628	\$554
Blended floor rate	\$572	\$503

Adoption of IFRS 16

The Group adopted IFRS 16 from 1 April 2019. This change had significant impact on the financial statements of the Group. The Group applied the full retrospective method of transition and has restated the FY 2019 financial statements in this results release. The details and the impacts of this change are explained in Note 1 and Note 4, respectively.

KEY STATISTICS

	2020	2019	Change*
CAPACITY			
Number of aircraft at end of period	121	112	8.0%
Equivalent aircraft	117.4	103.0	13.9%
Utilisation (block hours per aircraft per day)	12.02	12.03	0.1%
Total block hours	516,478	452,550	14.1%
Total flight hours	452,043	394,993	14.4%
Revenue departures	214,207	190,017	12.7%
Average departures per day per aircraft	4.98	5.05	(1.3%)
Seat capacity	42,788,903	37,266,876	14.8%
Average aircraft stage length (km)	1,635	1,618	1.1%
Total ASKs ('000 km)	69,972,524	60,283,961	16.1%
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	65,680,231	55,993,952	17.3%
Load factor (%)	93.6%	92.8%	0.9ppt
Number of passenger segments	40,027,914	34,566,688	15.8%
Fuel price (US\$ per ton, including hedging impact and into-plane premium)	729	724	0.7%
Foreign exchange rate (US\$/€ including hedging impact)	1.16	1.18	(1.7%)
FINANCIAL MEASURES (for the Airline only)			
Yield (revenue per RPK, € cents)	4.20	4.14	1.5%
Average revenue per seat (€)	64.5	62.2	3.7%
Average revenue per passenger (€)	69.0	67.1	2.8%
RASK (€ cents)	3.95	3.85	2.6%
CASK (€ cents)**	3.44	3.40	1.1%
Ex-fuel CASK (€ cents)**	2.27	2.29	(0.7%)

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

** CASK measures for 2019 have been restated (see Note 4).

Glossary of technical terms

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

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

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

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

The definition of 'cost' applied in the CASK measures until the 2019 financial year was based only on operating expenses. Financial income and expenses are now incorporated into the definition of cost because following the adoption of IFRS 16 this results in a more appropriate measure of cost development for the company. The CASK measures for the prior period shown in this report were restated to the current definition.

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

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

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

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

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

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

RASK: total revenue divided by ASK.

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

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

Yield: the total revenue per RPK.

Cash and cash equivalents comprise bank balances on current accounts and on deposit accounts that are readily convertible into cash without there being significant risk of a change in value to the Group. Some of these deposits mature within 3-12 months of inception, the balance of which was €282.4 million (in original currency: \$310 million) at 31 March 2020. Cash and cash equivalents do not include restricted cash.

Total cash comprises cash and cash equivalents and restricted cash.

Definition and reconciliation of non-statutory financial performance measures

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

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

€ million	2020	2019 (restated)
Operating profit (excluding exceptional expense)	402.0	357.9
<i>Effective tax rate for the year</i>	4.4%	1.7%
Operating profit after tax (excluding exceptional expense)	384.1	351.8
Average shareholders' equity	1,220.5	1,147.5
Average borrowings	1,940.4	1,635.0
Average cash and cash equivalents	(1,313.3)	(1,147.8)
Average capital employed	1,847.6	1,634.7
ROCE (%)	20.8%	21.5%

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

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

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

€ million	2020	2019 (restated)
Operating profit (excluding exceptional expense)	402.0	357.9
Depreciation and amortization	381.4	334.5
EBITDA (excluding exceptional expense)	783.4	692.4
Borrowings	2,039.4	1,841.3
Cash and cash equivalents	(1,310.5)	(1,316.0)
Net debt	728.9	525.3
Leverage	0.9	0.8

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

€ million	2020	2019
Cash and cash equivalents	1,310.5	1,316.0
Revenue	2,761.3	2,319.1
Liquidity	47.5%	56.7%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE YEAR ENDED 31 MARCH 2020

		2020 € million	2019 (restated*) € million
Continuing operations	Note		
Passenger ticket revenue	5	1,508.5	1,366.1
Ancillary revenue	5	1,252.8	953.0
Total revenue	5	2,761.3	2,319.1
Staff costs		(231.8)	(198.6)
Fuel costs		(876.5)	(667.9)
Distribution and marketing		(44.1)	(37.8)
Maintenance materials and repairs		(176.4)	(134.1)
Airport, handling and en-route charges		(641.6)	(550.3)
Depreciation and amortisation		(381.4)	(334.5)
Net other expenses		(71.2)	(37.9)
Total operating expenses		(2,423.0)	(1,961.2)
Operating profit		338.3	357.9
Comprising:			
- Operating profit excluding exceptional expense		402.0	357.9
- Exceptional expense	7	(63.7)	-
Financial income	6	47.3	6.2
Financial expenses	6	(91.5)	(93.5)
Net foreign exchange gain/(loss)	6	0.1	(3.0)
Exceptional financial expense	7	-	(138.7)
Net financing expense	6	(44.2)	(229.0)
Profit before income tax		294.1	128.9
Income tax expense	8	(13.1)	(2.2)
Profit from continuing operation		281.1	126.7
Loss from discontinued operation		-	(3.7)
Profit for the year		281.1	123.0
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		(254.2)	(6.2)
Currency translation differences		(0.3)	0.5
Other comprehensive income/(expense) for the year, net of tax from continuing operation		(254.5)	(5.7)
Total comprehensive income for the year		26.6	117.3
from continuing operation		26.6	121.0
from discontinued operation		-	(3.7)
Earnings per share from continuing operation (Euro/share)	9	3.76	1.74
Diluted earnings per share from continuing operation (Euro/share)	9	2.22	1.01
Earnings per share (Euro/share)	9	3.76	1.69
Diluted earnings per share (Euro/share)	9	2.22	0.98

* The prior year was restated – refer to Note 4 for more detail.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AT 31 MARCH 2020

	Note	2020 € million	2019 (restated*) € million	2018 (restated*) € million
ASSETS				
Non-current assets				
Property, plant and equipment	10	2,553.0	2,067.0	1,840.5
Intangible assets		27.2	20.5	17.6
Restricted cash		179.7	165.8	159.4
Deferred tax assets		3.1	0.6	-
Derivative financial instruments	11	0.9	3.0	2.5
Trade and other receivables		19.9	18.2	44.6
Total non-current assets		2,783.7	2,275.0	2,064.4
Current assets				
Inventories		70.6	31.7	21.6
Trade and other receivables		169.8	267.8	177.8
Current tax prepaid		-	2.4	-
Derivative financial instruments	11	17.3	28.5	31.7
Restricted cash		6.1	23.1	2.8
Cash and cash equivalents		1,310.5	1,316.0	979.6
Total current assets		1,574.4	1,669.4	1,213.4
Total assets		4,358.1	3,944.4	3,277.8
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		-	-	-
Share premium		380.6	379.1	379.1
Reorganisation reserve		(193.0)	(193.0)	(193.0)
Equity part of convertible debt		8.3	8.3	8.3
Cash flow hedging reserve		(241.7)	12.5	18.7
Cumulated translation adjustments		0.2	0.5	-
Retained earnings		1,280.3	998.7	875.7
Total equity		1,234.8	1,206.1	1,088.9
Non-current liabilities				
Borrowings	12	1,671.9	1,510.3	1,190.5
Convertible debt		26.4	26.6	26.6
Deferred income	13	13.1	13.6	11.4
Deferred tax liabilities		-	-	7.4
Derivative financial instruments	11	41.3	1.5	0.9
Provisions for other liabilities and charges	14	46.9	45.9	94.8
Total non-current liabilities		1,799.5	1,597.8	1,331.6
Current liabilities				
Trade and other payables		469.6	320.4	262.1
Current tax liabilities		-	-	1.8
Borrowings	12	340.8	304.3	211.4
Convertible debt		0.3	0.2	0.3
Derivative financial instruments	11	266.5	17.3	12.8
Deferred income	13	172.3	395.1	305.1
Provisions for other liabilities and charges	14	74.3	103.3	63.8
Total current liabilities		1,323.8	1,140.5	857.4
Total liabilities		3,123.3	2,738.3	2,188.9
Total equity and liabilities		4,358.1	3,944.4	3,277.8

* The prior year was restated – refer to Note 4 for more detail.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital € million	Share premium € million	Reorganisa- tion reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustment € million	Retained earnings € million	Total Equity € million
Balance at 1 April 2019 as stated before	-	379.1	(193.0)	8.3	12.5	0.5	1,320.2	1,527.7
IFRS 16 adjustment*	-	-	-	-	-	-	(303.3)	(303.3)
Lessor compensation adjustment*							(18.3)	(18.3)
IFRIC 23 adoption opening adjustment**							(3.7)	(3.7)
Balance at 1 April 2019 (restated)	-	379.1	(193.0)	8.3	12.5	0.5	995.0	1,202.4
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	281.1	281.1
Other comprehensive income/(expense):								
Hedging reserve	-	-	-	-	(254.2)	-	-	(254.2)
Currency translation differences	-	-	-	-	-	(0.3)	-	(0.3)
Total other comprehensive income/(expense)	-	-	-	-	(254.2)	(0.3)	-	(254.5)
Total comprehensive income for the year	-	-	-	-	(254.2)	(0.3)	281.1	26.6
Transactions with owners:								
Proceeds from shares issued	-	1.5	-	-	-	-	-	1.5
Share-based payment charge	-	-	-	-	-	-	4.2	4.2
Total transactions with owners	-	1.5	-	-	-	-	4.2	5.7
Balance at 31 March 2020	-	380.6	(193.0)	8.3	(241.7)	0.2	1,280.3	1,234.8

* The prior year was restated – refer to Note 4 for more detail.

** The Group adopted IFRIC 23 on 1 April 2019 using 'the cumulative effect method'. For more details, refer to Note 1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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
Balance at 1 April 2018								
as stated before*	-	379.1	(193.0)	8.3	18.7	-	1,025.6	1,241.9
IFRS 16 adjustment**	-	-	-	-	-	-	(140.0)	(140.0)
Lessor compensation adjustment**							(13.0)	(13.0)
Balance at 1 April 2018 (restated)	-	379.1	(193.0)	8.3	18.7	-	872.6	1,085.8
Comprehensive income:								
Profit for the year (restated)	-	-	-	-	-	-	123.0	123.0
Other comprehensive income/(expense):								
Hedging reserve	-	-	-	-	(6.2)	-	-	(6.2)
Currency translation differences	-	-	-	-	-	0.5	-	0.5
Total other comprehensive income/(expense)	-	-	-	-	(6.2)	0.5	-	(5.7)
Total comprehensive income for the year	-	-	-	-	(6.2)	0.5	123.0	117.3
Transactions with owners:								
Proceeds from shares issued	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	-	3.0	3.0
Total transactions with owners	-	-	-	-	-	-	3.0	3.0
Balance at 31 March 2019 (restated)	-	379.1	(193.0)	8.3	12.5	0.5	998.7	1,206.1

* The Group adopted IFRS 15 on 1 April 2018 using the 'cumulative effect method'. The 1 April 2018 retained earnings balance in this table already reflects the impact of this adjustment. For more details, refer to the 2019 Annual Report.

** The prior year was restated – refer to Note 4 for more detail.

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 € million	2019 (restated*) € million
Cash flows from operating activities			
Profit before income tax**		294.1	125.2
<i>Adjustments for:</i>			
Depreciation	10	374.0	329.2
Amortisation		7.5	6.8
Financial income		(3.1)	(15.0)
Financial expenses		120.6	250.1
Gain on sale of property, plant and equipment		(16.2)	(25.7)
Other non-cash expense		-	0.1
Share-based payment charges		4.2	3.0
		781.0	673.8
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Decrease / (increase) in trade and other receivables		115.6	(56.8)
Increase in restricted cash		(6.8)	(23.8)
Increase in inventory		(39.0)	(10.1)
Increase in provisions		8.0	3.0
Increase in trade and other payables		146.5	67.5
(Decrease) / increase in deferred income		(220.8)	103.1
Cash generated by operating activities before tax		784.5	756.8
Income tax paid		(12.6)	(14.1)
Net cash generated by operating activities		771.9	742.7
Cash flows from investing activities			
Purchase of aircraft maintenance assets		(155.3)	(133.0)
Purchase of tangible and intangible assets		(296.9)	(61.9)
Proceeds from the sale of tangible assets		23.4	57.4
Advances paid for aircraft	10	(383.4)	0.0
Refund of advances paid for aircraft	10	85.2	71.3
Interest received		44.5	2.2
Net cash used in investing activities		(682.4)	(64.0)
Cash flows from financing activities			
Proceeds from the issue of share capital		1.5	-
Interest paid		(87.9)	(92.9)
Proceeds from new loan		297.7	-
Repayment of loans		(304.9)	(249.2)
Net cash used in financing activities		(93.6)	(342.1)
Net increase in cash and cash equivalents		(4.1)	336.6
Cash and cash equivalents at the beginning of the year		1,316.0	979.6
Effect of exchange rate fluctuations on cash and cash equivalents		(1.4)	(0.1)
Cash and cash equivalents at the end of the year		1,310.5	1,316.0

* The prior year was restated – refer to Note 4 for more detail.

** Profit before income tax for 2019 does not tie to the same figure in the statement of comprehensive income because the latter does not include the result of the discontinued operation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation – unaudited financial statements

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 information set out in this document does not constitute the statutory accounts of the Group for the years ended 31 March 2019 and 31 March 2020.

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 company has a policy of rounding each amount and percentage individually from the fully accurate number to the figure disclosed in the accounts. This results that some amounts and percentages do not total - though such differences are all small.

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

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

New standards and interpretations / Standards, amendments and interpretations effective and adopted by the Group

Adoption of IFRS 16 'Leases'

The Group adopted IFRS 16, 'Leases' ('the Standard') as of 1 April 2019 (date of initial application).

Introduction:

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'.

The Group leases most of its aircraft and spare engines (and until the date of initial application it leased all of its aircraft); therefore, IFRS 16 materially impacts the Group's financial statements. Other than aircraft and spare engines the Group has only a limited number of leases related to offices, flight training simulator building (and earlier also equipment), and maintenance hangar.

Transition:

The Group chose the full retrospective method of transition, as per the Standard. This means that leases existing at the date of transition were recalculated as if the Standard had been applied from their inception. The exception from this rule set by the Standard is that sale and leaseback transactions incurred before transition are not re-assessed. Instead, on the date of transition the balance of deferred credits existing at that date, coming from previous sale and leaseback transactions, was transferred into right-of-use assets.

The financial statements for the financial year starting 1 April 2018 (that is therefore the 'date of transition') are restated. The cumulative impact of the Standard until 1 April 2018 is recognised in the opening (1 April 2018) retained earnings balance.

Practical expedients and other accounting policy choices:

The Group elected to use the following practical expedients permitted by the Standard:

- ▶ lease payments associated with short-term leases (contracts with a duration of 12 months or less) and with leases for which the underlying asset is of low value (defined by the Group as below €5,000) are recognised on a straight-line basis over the lease term;
- ▶ did not reassess whether a contract that the Group entered into before the date of initial application was a lease or contained a lease - that is, IFRS 16 has only been applied to contracts that were previously classified as leases;
- ▶ when applying the Standard retrospectively, excluded the initial direct costs from the measurement of the right-of-use asset.

The Group does not have short-term leases. The Group does not apply the Standard to leases of intangible assets.

The Group chose to treat compensations expected to be payable to lessors, either in the form of recurring maintenance reserve payments or compensation payable at lease end, as 'non-lease components' under the Standard. These payments are therefore not included in the measurement of the lease liability. Contractual maintenance obligations which are not dependent on the use of the aircraft or spare engine are recognised in full on commencement of the lease.

Lease extension options

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

Sale and leaseback transactions after transition:

The existing aircraft and spare engine lease contracts were all entered into by the Group through sale and leaseback transactions.

Most of these contracts do not include a repurchase option for Wizz Air. On such contracts, where sale proceeds received are judged to reflect the aircraft's fair value, the gain or loss arising on the disposal is directly recognised in the statement of comprehensive income to the extent that it relates to the rights that have been transferred to the lessor, while the gain or loss that relates to the rights that have been retained by the Group are included in the carrying amount of the right of use asset recognised at commencement of the lease. The Group has not sold any asset above fair value.

Among the sale and leaseback contracts some include a repurchase option for Wizz Air. These leases relate to some of the aircraft that arrived after 1 April 2019 and are commonly referred to as JOLCO (special Japanese tax lease) contracts. Such contracts do not meet the definition of a sale under IFRS 15 Revenue from Contracts with Customers, and therefore are not accounted for as a lease contract under IFRS 16. As a result, the treatment of such contracts for Wizz Air (as 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).

Foreign exchange:

The lease liability (being a monetary liability) is 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 currently the relevant currency pairs for the Group are the US Dollar to Euro and the US Dollar to British Pound, 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. is the Euro and of Wizz Air UK Limited is the British Pound.

The EUR/USD FX rate was 1.23 on the date of transition and 1.12 on the date of initial application. As a result, a significant foreign exchange loss coming from the revaluation of the lease liability was recognised in the restatement of the 2019 financial year (see in Notes 4 and 6). Going forward, from 1 April 2019, the Group is managing this exposure with natural offset and by the use of derivative financial instruments (see in Note 2).

The initial value of right-of-use assets, where applicable, is determined using historic FX rates. These are non-monetary assets and are not revalued during their life.

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 paragraph 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. These rates have been calculated for each identified asset, reflecting the underlying lease terms and based on observable inputs. The discount rates are in a range of 2.07% to 2.81% for EUR and 3.63% to 23.37% for USD leasing contracts (the oldest of which are from 2007, resulting a wide range of discount rates mainly due to the financial crisis of 2008).

Right-of-use assets and depreciation:

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, in case of aircraft and spare engines, component accounting is required for the right-of-use assets, similar to that applicable to owned aircraft or spare engine assets. The right-of-use assets associated with aircraft and spare engine lease contracts are split into asset components on the basis of value proportions that could be observed on an owned aircraft of the same type and age.

The useful economic life of the asset components that represent the maintenance condition of the aircraft and of its key components is estimated to last until the respective aircraft component does not any longer meet the return conditions defined in the lease contract (at which point the lease-related asset component is derecognised and a maintenance asset is recognised - see also below). The useful economic life of the residual asset component (that is not related to the maintenance condition of the underlying asset) is the lease term.

The asset components related to maintenance condition are depreciated either straight line or based on usage, depending on their nature.

Maintenance accounting:

The Group's policy for heavy maintenance accounting for aircraft and spare engines held under lease agreements is not impacted by IFRS 16. The maintenance assets that are recognised when the respective aircraft component does not any longer meet the return condition defined in the lease contract are also right-of-use assets. The Group continues to recognise asset restoration costs as part of its maintenance accounting policy, applying IAS 37 Provisions, and to present the respective assets as maintenance assets within property, plant and equipment.

Cash flows:

The cash outflows related to leases are presented under cash flows from financing activities; the interest element under interest paid and the rest under repayment of loans. Out of the total amounts presented in these categories in the statement of cash flows the following related to leases under IFRS 16: in 2020 €85.2 million interest and €298.8 million loan repayment; in 2019 €89.4 million interest and €246.1 million loan repayment (see also in Note 4).

Adoption of Interpretation 23 'Uncertainty over Income Tax Treatments' (IFRIC 23)

The Group adopted this interpretation for the first time for its 2020 financial year commencing 1 April 2019. The Group assessed the impact of uncertainty of each of its tax positions separately assuming that the relevant tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. ignored detection risk in the measurement. On this basis the Group concluded that for the tax returns of its Hungarian subsidiaries for the 2015-2019 financial years it is more likely than not that certain expenses would not be accepted by the tax authority as deductible. The cumulative impact of these adjustments is €3.7 million increase to current tax related to the 2015-2019 financial years. The Group applied the modified retrospective approach under IFRIC 23 for recognising this liability and, accordingly, adjusted (reduced) the opening retained earnings as of 1 April 2019 for €3.7 million.

Going concern

Wizz Air's business activities, financial performance and financial position, together with factors likely to affect its future development and performance, are described on pages 4 to 16. Emerging and principal risks and uncertainties facing the Group are described in the section named 'Emerging and principal risks and uncertainties' of our Annual Report for the financial year. Note 2 to the accounts in this document sets out the Group's objectives, policies and procedures for managing its capital and liquidity and provides details of the risks related to financial instruments held by the Group.

At 31 March 2020, the Group held cash and cash equivalents of €1,310.5 million (total cash of €1,496.3 million including €185.8 million of restricted cash), while net current assets were €250.6 million. In legal terms the only external borrowings of the Group are convertible debt with a balance of €26.7 million, while in accounting terms a further €2,012.7 million are presented as borrowings in relation to future commitments from lease contracts.

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

These enquiries and testing included a base case model of how the operations of the business would return to activity post COVID-19. Wizz Air has been one of the first airlines to restart operations and, whereas the airline was nearly completely grounded in April 2020, in the base case it assumes a gradual increase in operation in May and June, and subsequently to fly the majority of its capacity from July onwards.

In addition, the Directors have also modelled a severe but plausible downside scenario based on a minimal number of flights in April, May and June 2020. For the remainder of F21 only 60 per cent of capacity would be flown, improving to 75 per cent of capacity flown for the remainder of the going concern period from April to June 2021. In this scenario, the Group is still forecasting significant liquidity throughout this period.

Due to the level of uncertainty in the projections and the varying patterns of how the operations of the business could emerge from the pandemic, the Directors also assessed the cash burn rate of the business in the event of a full grounding of the airline for the going concern period. The Directors concluded that, due to a combination of a strong balance sheet going into the pandemic and a low monthly cash burn rate, the business would have sufficient liquidity for more than 12 months even if it remained grounded over that time.

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

2. Financial risk management

Financial risk factors

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

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

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, but in 2020 at year-end there were no open positions.

During the 2020 year a new type of foreign currency exposure was created for the Group by the adoption of IFRS 16. 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, can result in very significant foreign exchange gains and losses, and hence in significant volatility to earnings. The Group, starting from 1 April 2019 has been 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 was actively managed during the year on a roll-forward basis to cover the estimated future net US Dollar liability. During 2020 the focus of the programme shifted from Euro/US Dollar hedges toward British Pound/USD Dollar hedges as part of the net US Dollar liability was linked to Wizz Air UK Limited, the functional currency of which is the British Pound. However, the fair value hedging programme was suspended in April 2020 due to the implications of the corona virus outbreak, as the Group decided not to hedge exposures that do not impact its cash position.

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

At 31 March 2020	EUR € million	USD € million	Other € million	Total € million
Financial assets				
Trade and other receivables	71.7	68.3	13.3	153.3
Derivative financial assets	-	18.3	-	18.3
Cash and cash equivalents	52.2	1,206.1	52.2	1,310.5
Restricted cash	185.5	-	0.3	185.8
Total financial assets	309.4	1,292.7	65.8	1,667.9
Financial liabilities				
Borrowings	484.7	1,528.0	-	2,012.7
Convertible debt	26.7	-	-	26.7
Trade and other payables	200.7	16.5	33.9	251.1
Derivative financial liabilities	-	307.8	-	307.8
Total financial liabilities	712.1	1,852.3	33.9	2,598.3

At 31 March 2019 (restated)	EUR € million	USD € million	Other € million	Total € million
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Financial assets				
Trade and other receivables	71.1	116.8	37.9	225.8
Derivative financial assets	-	31.5	-	31.5
Cash and cash equivalents	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	91.7	1,722.8	-	1,814.5
Convertible debt	26.8	-	-	26.8
Trade and other payables	43.4	11.2	20.2	74.7
Derivative financial liabilities	-	18.8	-	18.8
Total financial liabilities	161.9	1,752.8	20.2	1,934.8

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. This is the reason why the distribution of the financial assets of the Group by currency looks substantially different in 2020 compared to 2019.

Trade and other receivables in this table, and also in the other disclosures in this Note 2, exclude balances that are not financial instruments, being prepayments, deferred expenses, accrued income, and part of other receivables. Similarly, trade and other payables in this table, and also in the other disclosures in this Note 2, exclude balances that are not financial instruments, being accruals and other payables.

Interest rate risk

The Group has future commitments under certain lease contracts that are based on floating interest rates. The floating nature of the interest charges on the leases exposes the Group to interest rate risk. Interest rates charged on 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.

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.

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. This level was not always reached during the current or prior years.

Hedge transactions during the year

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 years was as follows:

- a) Foreign exchange hedge (USD versus EUR):
US\$2,820.0 million (2019: US\$762 million).
- b) Foreign exchange hedge (GBP versus EUR):
£63.9 million (2019: £44.8 million).
- c) Foreign exchange hedge (USD versus GBP):
US\$1,466.0 million (2019: nil).
- d) Fuel hedge:
995,000 metric tons (2019: 821,000 metric tons).

The significant increase in USD FX hedges compared to the prior year was caused by the introduction of FX forward contracts from April 2019 to manage the IFRS 16 related FX exposure (as explained earlier).

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

- a) Foreign exchange hedge (USD versus EUR):
Cash-flow hedges:
€27.2 million gain (2019: €18.8 million gain). €26.4 million gain in 2020 was recognised on fuel cost and €0.8 million gain as financial income. Out of the €18.8 million gain in 2019, €10.1 million gain was recognised on fuel cost; the rest of the gain (€8.7 million) was originally recognised within lease rental expenses but after the restatement to IFRS 16 it is part of net foreign exchange gains/losses.

Further €1.9 million gain (2019: nil) was recognised within financial income in relation to hedges expiring in April-May 2020, but classified as discontinued due to reduced business activity.

Fair value hedges:

€6.2 million gain recognised within financial income (related to the forward point element of the hedges) and €0.6 million gain recognised within net foreign exchange gains/losses (related to the spot-to-spot element of the hedges). (2019: nil)

b) Foreign exchange hedge (GBP versus EUR):

Zero-cost collar instruments:

€0.5 million loss (2019: €0.2 million loss). GBP foreign exchange hedge affects revenue.

c) Foreign exchange hedge (USD versus GBP)

Forward contracts:

€1.5 million gain recognised within financial income (related to the forward point element of the hedges) and €0.3 million gain recognised within net foreign exchange gains/losses (related to the spot-to-spot element of the hedges) (2019: nil).

d) Fuel hedge:

€31.8 million loss (2019: €43.5 million gain) was recognised within fuel cost related to effective hedges; and €9.9 million loss (2019: nil) was recognised within fuel cost as exceptional operating expense in relation to hedges expiring in March 2020, that were classified as discontinued for hedge accounting.

Further €53.8 million loss (2019: nil) was recognised within fuel cost as exceptional operating expense in relation to hedges expiring in April-May 2020 (i.e. yet open at year end), that were classified as discontinued for hedge accounting.

e) ETS hedge:

During 2020 the Group sold put options in relation to EU ETS quota purchases, and in relation to these recognised net €1.4 million loss under financial expenses, being the net of €1.2 million cash fee received on the sale of the options and €2.6 million fair value loss accumulated on the instruments until the year end.

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 €18.3 million gain (2019: €18.0 million gain). Out of this fair value, €9.3 million gain, including €6.8 million gain on zero-cost collar instruments and €2.5 million gain on forward contracts, was recognised within other comprehensive income and assets. This €9.3 million gain can be analysed further into €7.4 million intrinsic value gain and €1.9 million time value gain components. The €18.0 million gain in 2019 was recognised within other comprehensive income, corresponding to assets of €19.7 million and liabilities of €1.7 million, respectively. Additionally, €1.9 million gain related to hedges classified as discontinued was recognised within financial income and assets (2019: nil) and €7.1 million related to fair value hedges was recognised partly within foreign exchange gain partly within financial income (2019: nil).

For cash-flow hedges, the notional amount of the open positions was US\$427.0 million on EUR/USD zero-cost collar instruments (2019: US\$463.0 million), US\$91.0 million on EUR/USD forward contracts (2019: US\$676.0 million) and £0.0 million on GBP/EUR zero-cost collar instruments at the end of the current year (2019: £24.1 million).

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

Euro/US Dollar foreign exchange hedge:

	F21 12 months	F22 6 months
At 31 March 2020		
Maturity profile of notional amount (million)	\$436	\$82
Weighted average ceiling	\$1.1622	\$1.1485
Weighted average floor	\$1.1263	\$1.1039
	F20 12 months	F21 6 months
At 31 March 2019		
Maturity profile of notional amount (million)	\$444	\$19
Weighted average ceiling	\$1.24	\$1.21
Weighted average floor	\$1.19	\$1.16

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 Euro/British Pound hedges at 31 March 2020.

The open positions on fair value hedges at year-end can be analysed according to the maturity periods and price rates of the underlying hedge instruments as follows:

- ▶ Euro/US Dollar hedges: notional amount of US\$221.0 million with 1.11 average contracted FX rate, all expired in April 2020 (2019: notional amount of US\$676 million with 1.13 average contracted FX rate, expired during April-July 2019).
- ▶ British Pound/US Dollar hedges: notional amount of US\$170.0 million with 1.29 average contracted FX rate, all expired in April 2020 (2019: nil).

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\$9.8 million designated for hedge accounting (2019: US\$6.7 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 €251.4 million loss (2019: €5.3 million loss) recognised within other comprehensive income corresponding to assets (nil in 2020 and €11.8 million in 2019) and liabilities (€251.4 million in 2020 and €17.1 million in 2019), respectively. The total €251.4 million loss can be analysed further into €337.9 million intrinsic value loss and €85.3 million time value gain components.

In addition, a loss of €53.8 million was recognised within fuel cost as exceptional operating expense in relation to open fuel hedge positions (related to April and May 2020) that were discontinued for hedge accounting.

The notional amount of the open positions was 1,461,000 metric tons (2019: 712,000 metric tons), out of which 170,000 tons related to hedges that were classified as discontinued at year end.

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 2020	F21 12 months	F22 6 months
Maturity profile ('000 metric tons)	1,091	370
Blended capped rate	\$632	\$554
Blended floor rate	\$576	\$503

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

During the year the Group realised €254.2 million loss in other comprehensive income in relation to change in the fair value of cash flow hedge open positions and €6.2 million loss in 2019.

d) ETS hedge:

The fair value of the open positions on ETS hedges was €2.6 million loss at the year end (2019: nil).

With respect to cash flow hedging instruments, during the year:

- ▶ a loss of €322.8 million was recognised in other comprehensive income due to changes in fair value of the instruments (2019: €55.4 million gain recognised);
- ▶ a loss of €66.9 million was transferred out of other comprehensive income to the statement of comprehensive income, partly to offset the fuel price and foreign exchange impacts on the underlying transactions (€5.1 million loss transferred) (2019: €62.1 million gain transferred) partly as a result of hedges having been discontinued from accounting point of view (€61.8 million loss transferred).

Hedge effectiveness

As a result of COVID-19, the capacity to be operated in the 2021 financial year will be significantly lower than that on which the hedging programme was based and hence certain hedging instruments no longer correspond to future purchases of jet fuel or, to a smaller extent, foreign currency purchases. As such, hedge

accounting for these derivatives has been discontinued and the associated loss on these instruments of €61.8 million, split between a loss of €63.7 million on fuel price hedges and a gain of €1.9 million on the foreign currency hedges, has been charged to the statement of comprehensive income in 2020.

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.

	2020 Difference in profit after tax € million	2019 Difference in profit after tax (restated) € million
Fuel price sensitivity		
Fuel price \$100 higher per metric ton	-107.1	-90.0
Fuel price \$100 lower per metric ton	+107.1	+90.0
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+99.4	+93.7
FX rate 0.05 lower	-108.8	-102.2
FX rate sensitivity (GBP/EUR)		
FX rate 0.03 higher (meaning EUR stronger)	-9.2	-6.0
FX rate 0.03 lower	+10.1	+6.4
FX rate sensitivity (PLN/EUR)		
FX rate 0.15 higher (meaning EUR stronger)	-5.1	-4.5
FX rate 0.15 lower	+5.5	+4.8
Interest rate sensitivity (EUR)		
Interest rate is higher by 100 bps	+13.0	+13.2
Interest rate is lower by 100 bps	-13.0	-13.2

The interest rate sensitivity calculation above considers the effects of varying interest rates on the interest income on bank deposits. Regarding lease rentals on floating rate leases the impact of changing interest rates would be the remeasurement of the lease liability under IFRS 16 and of the corresponding right of used assets. 100 basis points increase/decrease in the reference interest rate would result in €11.2 million increase/ €11.6 million decrease (2019: €11.5 million increase/ €12.0 million decrease) in the lease liability and the RoU asset. This, in turn, would impact future profits on average by €4.2 million (2019: €4.6 million) per year over the remaining lease term, with higher interest rates resulting in lower profits.

The 2019 sensitivities in the table related to FX rates and interest rates have been restated. The changes in the impacts of the USD/EUR FX rate and of interest rates are caused by IFRS 16: the base of the FX impact now excludes lease expenses but includes the lease liability as per IFRS 16; the base of the interest rate impact now excludes floating rate lease expenses. The GBP/EUR and PLN/EUR sensitivities were amended due to corrections in the calculations versus the original disclosure in 2019, not related to IFRS 16.

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

	2020 Difference € million	2019 Difference € million
Fuel price sensitivity		
Fuel price \$100 higher per metric ton	+117.6	+63.5
Fuel price \$100 lower per metric ton	-117.6	-63.5
FX rate sensitivity (USD/EUR)		
FX rate 0.05 higher (meaning EUR stronger)	+10.5	-0.6
FX rate 0.05 lower	-10.5	+0.6
Fuel volume sensitivity (metric tons)		
100,000 metric tons reduction in forecast fuel purchases	+14.4	N/A
100,000 metric tons increase in forecast fuel purchases	-14.4	N/A

The sensitivity analyses for 2020 above were performed with reference to the following market rates, as the base case:

- For profits, annual average rates: jet fuel price \$729 per metric ton; EUR/USD FX rate 1.11; EUR/GBP FX rate 0.87; EUR/PLN FX rate 4.30;
- For other comprehensive income, year-end spot rates: jet fuel price \$270.0 per metric ton; EUR/USD FX rate 1.10.

Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. In the recent years the Group has been holding a high level of cash funds compared to the needs of the business operations. Nevertheless, the unprecedented impact of COVID-19 on the industry is affecting the liquidity of the Group in 2020 especially in a scenario of prolonged grounding. The Group responded to these special challenges with a number of actions to improve costs and liquidity, the most important ones being as follows:

- ▶ Continue to ensure that the flights that are operated deliver positive cash contribution;
- ▶ Securing lease financing for aircraft delivery positions until summer 2021;
- ▶ Working with suppliers to reduce contracted rates and improve payment terms;
- ▶ Reducing discretionary spending and suspending non-essential capital expenditure;
- ▶ Reducing the fixed cost of the workforce by aligning reduced working hours and temporarily reduced salary rates (for Directors and Officers see details in the Directors Remuneration Report). In addition, in April 2020, the Group made 1,000 positions redundant, representing a 19 per cent workforce reduction.
- ▶ Working with governments to align deferral of certain tax payments and to secure temporary financing – the most important result being the GBP 300 million COVID Corporate Financing Facility raised from the Bank of England in April 2020.

As a result of these measures, Wizz Air is confident in its ability to survive even a potential prolonged grounding well beyond any current estimates for the impact of COVID-19 in Europe.

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 in cash or net settled in case of certain derivative financial assets and liabilities) into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

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

At 31 March 2020	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	118.3	15.1	19.9	–	153.3
Derivative financial assets	10.5	6.9	0.9	–	18.3
Cash and cash equivalents	1,310.5	–	–	–	1,310.5
Restricted cash	0.5	5.6	146.6	33.1	185.8
Total financial assets	1,439.8	27.6	167.4	33.1	1,667.9
Financial liabilities					
Borrowings	108.4	307.3	1,297.5	547.5	2,260.7
Convertible debt	–	2.1	28.7	–	30.8
Trade and other payables	251.1	–	–	–	251.1
Derivative financial liabilities	93.5	173.0	41.3	–	307.8
Financial guarantees	0.7	–	–	–	0.7
Total financial liabilities	453.7	482.4	1,367.5	547.5	2,851.1

At 31 March 2019 (restated)	Within three months € million	Between three months and one year € million	Between one and five years € million	More than five years € million	Total € million
Financial assets					
Trade and other receivables	176.3	34.3	10.0	5.20	225.8
Derivative financial assets	10.9	17.6	3.0	–	31.5
Cash and cash equivalents	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	103.9	284.4	1,223.6	513.6	2,125.5
Convertible debt	–	2.1	30.9	–	33.0
Trade and other payables	74.7	–	–	–	74.7
Derivative financial liabilities	3.3	14.0	1.5	–	18.8
Financial guarantees	0.8	–	–	–	0.8
Total financial liabilities	182.7	300.5	1,256.0	513.6	2,252.8

The Group has obligations under financial guarantee contracts. The most significant financial guarantee contracts relate to aircraft leases, hedging, and convertible notes. For these items the respective underlying liabilities are reflected under the appropriate line of the financial liabilities part of the table above (for leases the liability is presented under borrowings). Since the liability itself is already reflected in the table, it would not be appropriate to include also the financial guarantee provided by another Group entity for the same

obligation. The only guarantee separately disclosed in this table relates to a contract for the provision of public services in Hungary, with respect to which there is no liability recognised in the statement of financial position. This possible obligation is disclosed in the table above 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.

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 2020	A € million	A- € million	Other € million	Unrated € million	Total € million
Financial assets					
Trade and other receivables	-	-	-	153.3	153.3
Derivative financial assets	10.2	1.0	7.0	-	18.3
Cash and cash equivalents	892.5	271.4	145.7	0.9	1,310.5
Restricted cash	185.6	0.1	0.2	-	185.8
Total financial assets	1,088.2	272.5	152.9	154.2	1,667.9

At 31 March 2019 (restated)	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

From the unrated category within trade and other receivables the Group has €60.9 million (2019: €100.0 million) receivables from different aircraft lessors in respect of maintenance reserves and lease security deposits paid. However, given that the Group physically possesses the aircraft owned by the lessors and that the Group has significant future lease payment obligations towards the same lessors (see Note 15), management does not consider the credit risk on maintenance reserve receivables to be material. Most of the remaining balance in this category in both years relate to ticket sales receivables from customers and non-ticket revenue receivables from business partners. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically been good.

Within cash and cash equivalents in 2020, out of the €145.7 million in the unrated category €141.2 million relates to cash deposits held with banks with BBB+ rating. The Group did not hold cash at these banks in 2019.

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.

Capital management

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, (ii) to secure funds at competitive rates for its future aircraft acquisition commitments (see Note 15) and (iii) to maintain an optimal capital structure to reduce the overall cost of capital.

The current sources of capital for the Group are equity and borrowings. Borrowings include primarily capitalised lease obligations (see Note 12) and, to a small extent, convertible debt.

Wizz Air's strategy is to hold significant cash and liquid funds to mitigate the impact of potential business disruption events and to invest in opportunities as they come along in an increasingly volatile market environment. Accordingly, the Group has so far retained all profits and paid no dividends and financed all its aircraft and most of its spare engine acquisitions through sale and leaseback agreements. This strategy has been delivering great benefits in managing the consequences of COVID-19.

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

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

a) Maintenance policy

Estimate: For aircraft held under lease agreements, provision is made for the minimum unavoidable costs of specific future maintenance obligations created by the lease at the time when such obligation becomes certain. The amount of the provision involves making estimates of the cost of the heavy maintenance work that is required to discharge the obligation, including any end of lease costs.

Estimate: The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as an "aircraft maintenance asset") at the earlier of: (a) the time the lease re-delivery condition is no longer met; or (b) when maintenance, including enhancement, is carried out. The calculation of the depreciation charge on such assets involves making estimates for the future utilisation of the aircraft and in the case of engines also of the future operating conditions of the engine.

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

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

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

b) Hedge and derivative accounting

Estimate: 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.

Estimate: The effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses. Prospective testing of open hedges requires making certain estimates, the most significant one being for the future expected level of the business activity of the Group. Estimating the expected level of future business activity is particularly critical in periods of high uncertainty like the current corona virus outbreak. See sensitivity analysis in Note 2 under hedges.

c) Net presentation of government taxes and other similar levies

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

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

d) Accounting for aircraft and spare engine assets

Estimate: In accounting for aircraft and spare engine assets, the Group must make estimates about the expected useful lives of the assets, the expected residual values of the assets, and (for the purposes of component accounting) the cost and timing of major future airframe and engine overhauls.

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

- ▶ Engine contracts typically include the selection of an engine type to be installed on future new aircraft, a commitment to purchase 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. Such acquisition cost has relevance also for leased aircraft when calculating the amount of total gain or loss on the respective sale and leaseback agreement (see next).

Estimate: 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.

e) Accounting for leases

During the adoption and the ongoing application of IFRS 16 the following critical judgments and estimates were made by the Group:

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

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

Estimate: The Group does not currently have external debt through which its incremental borrowing rate could be observed. The incremental borrowing rate of the Group is at any point in time determined by taking into account the risk-free rate of return (that on the financial markets is applied for debt with similar characteristics), the assumed credit rating of the Group (this is for historic periods when it was not available from rating agencies) and estimating the risk premium associated with that credit rating.

Estimate: The right-of-use assets associated with aircraft and spare engine lease contracts are split into asset components on the basis of value proportions that could be observed on an owned aircraft of the same type and age. The useful economic life of the asset components that represent the maintenance condition of the aircraft and of its key components is estimated to last until the respective aircraft component does not any longer meet the return conditions defined in the lease contract.

f) Income taxes

Judgment: A significant judgment has been made by the Group in relation to the position that the Swiss tax authority would take with respect to the calculation of the income tax base for financial years 2018-2020 for one of the legal entities of the Group. In applying IFRIC 23 the Group applied the 'most likely amount method' and, by relying also on professional advice, took the view that the positions taken by the Group represent also the most likely outcome for the Swiss income tax liabilities.

4. Prior year adjustments/restatements

The Group adopted IFRS 16 on 1 April 2019 (the date of initial application) using the "full retrospective method" of transition. The financial statements for the year ended 31 March 2019 were re-stated to IFRS 16.

The Group is accruing for the compensation payable to lessors related to re-delivery condition of its leased aircraft where it is not expected that such obligations would be avoided by performing maintenance at the re-delivery. The Group in earlier years failed to accrue for these costs on a few of its aircraft leases of shorter tenure. These costs, albeit these are immaterial to any statement of comprehensive income, are now recognised with retrospective effect, as if were accrued from the inception of the respective lease contracts, and the financial statements for the year ended 31 March 2019 were re-stated accordingly.

The consolidated statement of financial position at 31 March 2018 has been restated as follows:

	Balance at 31 March 2018 As previously stated € million	Impact of IFRS16 restatement € million	Impact of lessor compensation restatement € million	Balance a 1 April 2018 As restated € million
Property, plant and equipment	684.5	1,155.9	-	1,840.5
Deferred interest (non-current)	3.4	(3.4)	-	-
Deferred interest (current)	0.2	(0.2)	-	-
Trade and other receivables (non-current)	43.7	0.9	-	44.6
Trade and other receivables (current)	195.4	(17.6)	-	177.8
Retained earnings	1,028.7	(140.0)	(13.0)	875.7
Trade and other payables (current)	249.1	-	13.0	262.1
Deferred income (non-current)	107.3	(95.8)	-	11.4
Deferred income (current)	330.1	(25.0)	-	305.1
Borrowings (non-current)	4.7	1,185.7	-	1,190.5
Borrowings (current)	0.6	210.8	-	211.4

The consolidated statement of financial position at 31 March 2019 has been restated as follows:

Impact of

	Balance at 31 March 2019 As previously stated € million	Impact of IFRS16 restatement € million	lessor compensation restatement € million	Balance at 31 March 2019 As restated € million
Property, plant and equipment	659.3	1,407.6	-	2,067.0
Deferred tax assets	0.1	0.5	-	0.6
Deferred interest non-current	2.3	(2.3)	-	-
Trade and other receivables non-current	17.0	1.2	-	18.2
Trade and other receivables current	287.3	(19.5)	-	267.8
Deferred interest current	0.6	(0.6)	-	-
Retained earnings	1,320.2	(303.3)	(18.3)	998.7
Borrowings non-current	2.1	1,508.1	-	1,510.3
Deferred income non-current	104.2	(90.6)	-	13.6
Deferred tax liabilities	2.2	(2.2)	-	-
Trade and other payables	306.4	(4.3)	18.3	320.4
Borrowings current	0.1	304.1	-	304.3
Deferred income current	420.0	(24.9)	-	395.1

The Consolidated statement of comprehensive income for the year ended 31 March 2019 has been restated as follows:

	2019 As previously stated € million	Impact of IFRS16 restatement € million	Impact of lessor compensation restatement € million	2019 As restated € million
Maintenance materials and repairs	(115.1)	(15.2)	(3.9)	(134.1)
Aircraft rentals	(326.0)	326.0	-	-
Depreciation and amortization	(92.7)	(241.8)	-	(334.5)
Other expenses	(30.9)	(7.0)	-	(37.9)
Financial expenses	(4.1)	(89.4)	-	(93.5)
Net foreign exchange loss	(1.6)	-	(1.4)	(3)
Exceptional financial expense	-	(138.7)	-	(138.7)
Income tax expense	(4.9)	2.7	-	(2.2)
Profit from continuing operation	295.3	(163.3)	(5.3)	126.7
Profit for the year	291.6	(163.3)	(5.3)	123.0

Earnings per share for the year ended 31 March 2019 has been restated as follows:

Euro/ share	As previously stated	Impact of IFRS16 restatement	Impact of lessor compensation restatement	As restated
Earnings per share from continuing operation	4.06	(2.25)	(0.07)	1.74
Diluted earnings per share from continuing operation	2.34	(1.28)	(0.04)	1.01
Earnings per share	4.01	(2.25)	(0.07)	1.69
Diluted earnings per share	2.31	(1.28)	(0.04)	0.98

The Consolidated statement of cash flows for the year ended 31 March 2019 has been restated as follows:

	2019 As previously stated € million	Impact of IFRS16 restatement € million	Impact of lessor compensation restatement € million	2019 As restated € million
Profit before tax	296.6	(166.1)	(5.3)	125.2
Adjustment for depreciation	87.4	241.8	-	329.2
Adjustment for financial income	(6.4)	(8.6)	-	(15.0)
Adjustment for financial expense	5.9	244.2	-	250.1
Impact of change in trade and other receivables	(57.5)	0.7	-	(56.8)
Impact of change in deferred interest	0.7	(0.7)	-	-
Impact of change in trade and other payables	62.2	-	5.3	67.5
Impact of change in deferred income	79.0	24.1	-	103.1
Interest paid	(3.5)	(89.4)	-	(92.9)
Repayment of loans	(3.1)	(246.1)	-	(249.2)

5. Revenue

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

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

	2020 €'000	2019 €'000
Revenue from contracts with passengers	2,706.1	2,296.4
Revenue from contracts with other partners	55.2	22.7
Total revenue from contracts with customers	2,761.3	2,319.1

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 2020 as part of trade and other receivables amounted to €1.2 million and the contract liabilities (unearned revenues) reported as part of deferred income were €168.4 million. Of the €2,706.1 million revenue recognised in 2020, €395.1 million was included in the contract liability balance at the beginning of the year (see unearned revenue in Note 13). For 2019 the same amount was €304.4 million.

6. Net financing income and expense

	2020 € million	2019 (restated) € million
Interest income	45.4	2.8
Gain on discontinued FX hedges	1.9	0
Other	-	3.4
Financial income	47.3	6.2
Interest expenses:		
Convertible debt	(2.0)	(2.0)
Leases	(86.5)	(89.7)
Other	(3.0)	(1.8)
Financial expenses	(91.5)	(93.5)
Net foreign exchange gain/(loss)	0.1	(3.0)
Exceptional financial expense	-	(138.7)
Net financing expense	(44.2)	(229.0)

Interest income and expense include interest on financial instruments (earned on cash and equivalents and in 2020 also on FX forward hedges) and, under the 'Other' category the effect of the initial discounting of long-term deposits and the later unwinding of such discounting.

Interest income has increased due to the Group converting its bank deposits from Euro to US Dollar on 1 April 2019 and earning higher rate of interest.

In the 2019 financial year (as restated) the Group had exceptional financial expense of €138.7 million relating to net foreign exchange loss calculated and recognised retrospectively as part of the IFRS 16 restatement of the Group's financial statements. This unrealised loss was caused by the significant appreciation of the US Dollar to the Euro during the 2019 financial year, impacting on the net US Dollar liability position of the Group recognised under IFRS 16. The same impact was immaterial in 2020 as the Group, following adoption of IFRS 16, actively managed this FX exposure.

The Group changed the presentation of foreign exchange gains and losses, and combined realised and unrealised foreign exchange gains and losses in one line; the comparative numbers were changed accordingly.

7. Exceptional items and underlying profit

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount.

In the 2020 financial year the Group had exceptional operating expense of €63.7 million relating to fuel hedges that were classified as discontinued during March 2020 as a consequence of the grounding of the majority of the Group's fleet under the COVID 19 virus situation. In the 2019 financial year the €138.7 million exceptional expense related to foreign exchange loss calculated and recognised retrospectively as part of the IFRS 16 restatement of the Group's financial statements (see also in Note 6). These items were used by management in the determination of the non-IFRS underlying profit measure for the Group – see below.

Underlying profit

	2020 € million	2019 (restated) € million
Profit from continuing operation	281.1	126.7
Adjustment for (exclusion of) exceptional items	63.7	138.7
Underlying profit after tax	344.8	265.4

The tax effects of the adjustments made above are insignificant.

8. Income tax expense

Recognised in the statement of comprehensive income

	2020 € million	2019 (restated) € million
Current tax on profits for the year	4.5	1.4
Adjustment for current tax of prior years	-	(2.9)
Other income-based taxes for the year	10.5	10.4
Adjustment for income-based taxes of prior years	-	1.0
Total current tax expense	15.0	9.9
Deferred tax – decrease in deferred tax liabilities	-	(7.1)
Deferred tax – increase in deferred tax assets	(1.9)	(0.6)
Total deferred tax benefit	(1.9)	(7.7)
Total tax charge	13.1	2.2

The Company, that is Wizz Air Holdings Plc, has a tax rate of 13.97% (2019: 7.8%). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 13.97% (2019: 7.8%). The difference is explained below.

	2020 € million	2019 (restated) € million
Profit before tax	294.1	128.9
Tax at the corporation tax rate of 13.97% (2019: 7.8%)	41.1	10.1
Adjustment for taxes of prior years	-	(1.9)
Decrease in deferred tax liabilities due to reduced Swiss tax rate	(0.1)	(5.3)
Effect of different tax rates of subsidiaries versus the parent company	(38.4)	(12.1)
Other income based foreign tax	10.5	11.4
Total tax charge	13.1	2.2
Effective tax rate	4.4%	1.7%

The effect of different tax rates of subsidiaries is a composition of impacts primarily in Switzerland and the UK, relating to the airline subsidiaries of the Group.

The Company paid €12.6 million tax in the year (2019: €14.1 million – this figure has been corrected from the €0.2 million originally stated in the 2019 Annual Report; otherwise this amount was presented and accounted for in the prior year financial statements correctly). Substantially all the profits of the Group in 2020 and 2019 were made by the airline subsidiaries of the Group, 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 2020 and 2019 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

	2020 € million	2019 € million
Deferred tax	(0.6)	(0.3)
Total tax charge	(0.6)	(0.3)

Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (IFRIC 23)

The Group has open tax periods in a number of jurisdictions involving uncertainties of different nature and materiality, the most important open ones being for the F18-F20 financial years. The Group assessed the impact of uncertainty of each of its tax positions in line with the requirements of IFRIC 23. The outcome of this assessment was to recognise €3.7 million current income tax liability in 2020 (against opening retained earnings). (There was no liability recognised in 2019 as the Group adopted IFRIC 23 in 2020.) The €3.7 million additional liability relates to uncertain tax positions in certain subsidiary tax returns of the Group for the 2015-2019 financial years. For all other tax returns the Group concluded that it was probable that the tax authority would accept the uncertain tax treatment that has been taken or is expected to be taken in those tax returns and therefore accounted for income taxes consistently with that tax treatment. The final liabilities, as later assessed by the tax authorities, may vary from the amounts that have been recognised by the Group.

9. Earnings per share

Basic earnings per share

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

	2020	2019 (restated)
Profit from the year from continuing operation, € million	281.1	126.7
Profit from the year, € million	281.1	123.0

Weighted average number of Ordinary Shares in issue	74,685,880	72,753,686
Basic earnings per share from continuing operation, €	3.76	1.74
Basic earnings per share, €	3.76	1.69

There were also 17,377,203 Convertible Shares in issue at 31 March 2020 (29,830,503 at March 31, 2019). 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;
- ▶ Convertible Notes; and
- ▶ employee share options (vested share options are included in the calculation).

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

	2020	2019 (restated)
Profit for the year from continuing operation, € million	281.1	126.7
Profit for the year, € million	281.1	123.0
Interest expense on convertible debt (net of tax), € million	2.0	2.0
Profit used to determine diluted earnings per share from continuing operation, € million	283.1	128.7
Profit used to determine diluted earnings per share, € million	283.1	125.0
Weighted average number of Ordinary Shares in issue	74,685,880	72,753,686
Adjustment for assumed conversion of convertible instruments	52,572,127	54,372,732
Weighted average number of Ordinary Shares for diluted earnings per share	127,258,007	127,126,418
Diluted earnings per share from continuing operation, €	2.22	1.01
Diluted earnings per share, €	2.22	0.98

Interest expense on convertible debt was all related to the continuing operation. The dilution effect of each class of convertible instrument from the total 52,572,127 dilutive shares in 2020 was the following: Convertible Shares: 27,993,131 shares; convertible debt: 24,246,715 shares and employee share options: 332,281 shares.

Underlying earnings per share

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

	2020	2019
Underlying profit for the year (see Note 7), € million	344.8	265.4
Interest expense on convertible debt, € million	2.0	2.0
Profit used to determine underlying earnings per share, € million	346.8	267.3
Weighted average number of Ordinary Shares for underlying earnings per share	127,258,007	127,126,418
Underlying earnings per share, EUR	2.72	2.10

The calculation of the underlying EPS is different from the calculation of the IFRS diluted EPS measure in that for earnings the underlying profit for the year was used (see Note 7) as opposed to the statutory (IFRS) profit for the year. The underlying EPS measure was introduced by the Company to better reflect the underlying earnings performance of the business.

10. Property, plant and equipment

	Land and building € million	Aircraft maintenance assets € million	Aircraft assets and parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenance assets € million	RoU assets aircraft and spares € million	RoU assets other € million	Total € million
Cost									
At 1 April 2018 (restated)	0.7	351.1	64.3	12.5	331.2	103.6	1,884.3	11.1	2,758.8
Additions	17.1	44.5	31.6	0.9	102.7	76.2	489.8	3.0	765.8
Disposals	-	(12.1)	(26.7)	(0.1)	(174.0)	(10.3)	(88.1)	(6.2)	(317.5)
Transfers	-	30.9	5.0	(5.0)	-	(30.9)	-	-	-
At 31 March 2019 (restated)	17.9	414.3	74.1	8.3	259.9	138.6	2,286.0	7.9	3,207.0
Additions	0.2	46.2	277.1	4.6	383.4	76.3	162.3	3.0	953.1
Disposals	-	(20.0)	(8.4)	(0.2)	(85.2)	-	(25.8)	-	(139.6)
Transfers	-	22.9	12.1	-	(12.1)	(22.9)	-	-	-
At 31 March 2020	18.1	463.4	354.9	12.6	546.0	192.0	2,422.5	10.9	4,020.5
depreciation Accumulated									
At 1 April 2018 (restated)	2.8	160.3	20.6	4.2	-	-	729.5	0.9	918.3
Depreciation charge for the year	1.7	75.3	8.6	0.8	-	-	240.7	0.6	327.7
Disposals	(3.0)	(11.9)	(2.8)	(0.2)	-	-	(88.1)	-	(106.0)
At 31 March 2019 (restated)	1.6	223.7	26.4	4.8	-	-	882.1	1.4	1,140.0
Depreciation charge for the year	1.2	82.2	16.8	0.9	-	-	271.7	1.2	374.0
Disposals	(0.7)	(19.0)	(1.7)	(0.2)	-	-	(25.8)	-	(47.4)
FX translation effect	-	0.1	0.2	-	-	-	-	0.6	0.9
At 31 March 2020	2.1	287.0	41.7	5.5	-	-	1,128.1	3.2	1,467.5
Net book amount					-	-			
At 31 March 2020	16.0	176.6	313.4	7.1	546.0	192.0	1,294.3	7.6	2,553.0
At 31 March 2019 (restated)	16.3	190.6	47.8	3.5	259.9	138.6	1,403.9	6.5	2,067.0

Aircraft assets and parts from 2020 include aircraft leased under special Japanese tax lease contracts ('JOLCO') as part of sale and leaseback arrangements that under IFRS 16 are not classified as leases.

Other RoU (right-of-use) assets include leased buildings and simulator equipment.

Additions to aircraft maintenance assets (€46.2 million in 2020 and €44.5 million in 2019) 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.

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 year, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During 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 was only cash inflow (€71.3 million 'refund of advances paid for aircraft') but there was no cash outflow. The net increase in cost (additions less disposals and transfers) in this table for 2020 of €286.1 million represent the new PDP payments made in the year.

The Group considered potential triggers of impairment of its property, plant and equipment particularly in the context of COVID-19 but did not identify triggers of significant impairment, thus concluded that no impairment is needed, taking into account also that it is expected that the business performance will materially recover during the 2021 financial year.

11. Derivative financial instruments

	2020 € million	2019 € million
Assets		
Non-current derivatives		
Cash flow hedges	0.9	3.0
Current derivatives		
Fair value hedges	7.1	-
Cash flow hedges	10.2	28.5
Total derivative financial assets	18.2	31.5
Liabilities		
Non-current derivatives		
Cash flow hedges	(41.3)	(1.5)
Current derivatives		
Cash flow hedges	(266.5)	(17.3)
Total derivative financial liabilities	(307.8)	(18.8)

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

The net position of assets and liabilities in respect of open cash flow hedges matches the cash flow hedging reserve in the statement of financial position, the reconciling items being (i) deferred tax recognised in the hedging reserve; (ii) the ineffective or discontinued portion of the hedges; and (iii) the impact of hedging with non-derivatives.

Starting from 1 April 2019 the Group started to use fair value hedges as well in order to mitigate change in lease liability value. The value of fair value hedge open positions is recorded immediately in the statement of comprehensive income as financial gain or loss.

The mark-to-market gains (derivative financial assets) were coming from gains on call options bought (as part of zero-cost collar instruments) and FX forward transactions that were in the money at year end. In 2020 these gains related almost exclusively to FX options 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 2020 and 2019 these losses related almost exclusively to fuel options, and the loss was particularly high in 2020 as the fuel price dropped significantly at the end of the year.

12. Borrowings

	2020 € million	2019 (restated) € million
Lease liability under IFRS 16	324.3	304.3
Liability related to JOLCO contracts	16.5	-
Total current borrowings	340.8	304.3
Lease liability under IFRS 16	1,397.0	1,510.3
Liability related to JOLCO contracts	274.9	-
Total non-current borrowings	1,671.9	1,510.3
Total borrowings	2,012.7	1,814.5

The reconciliation of the opening lease liability balance to operating lease commitments previously disclosed:

	€ million
Operating lease commitments disclosed as at 31 March 2019	2,550.1
Finance lease liabilities recognised as at 31 March 2019 under IAS 17	2.3
Effect of discounting under IFRS 16	(372.4)
Value of lease commitments with contract signed but service not started	(327.9)
Contract for the lease of intangible asset	(37.6)
Lease liability recognised as at 1 April 2019	1 814.5
Non-current lease liabilities	1,510.3
Current lease liabilities	304.3

Operating lease commitments disclosed in 2019 covered all lease agreements signed until 31 March 2019, including also those leases that commenced only after 31 March 2019. However, under IFRS 16 such contracts (that have not commenced during the year) are not included in the measurement of the lease liability. The €327.9 million in the table represents the amount of lease commitments under such contracts.

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

	IFRS 16 aircraft and engine lease liability € million	IFRS 16 other lease liability € million	JOLCO lease liability € million	Total € million
Payments due:				
Within one year	323.4	0.9	16.5	340.8
Between one and five years	1,078.7	2.0	69.5	1,150.2
More than five years	311.1	5.3	205.3	521.7
Total borrowings	1,713.2	8.2	291.3	2,012.7

The maturity profile of borrowings as at 31 March 2019 is as follows:

	IFRS 16 aircraft and engine lease liability € million (restated)	IFRS 16 other lease liability € million (restated)	JOLCO lease liability € million (restated)	Total € million (restated)
Payments due:				
Within one year	303.2	1.0	-	304.3
Between one and five years	1,026.3	2.3	-	1,028.5
More than five years	478.8	2.9	-	481.7
Total borrowings	1,808.3	6.2	-	1,814.5

13. Deferred income

	2020 € million	2019 (restated) € million
Non-current financial liabilities		
Deferred income	13.1	13.6
Current financial liabilities		
Unearned revenue	168.4	395.1
Other	3.9	-
	172.3	395.1
Total deferred income	185.4	408.7

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

Current deferred income represents the value of tickets paid by passengers for which the flight service is yet to be performed ('unearned revenue'), the value of membership fees paid but not yet recognised and the current part of the value of supplier credits received. The decrease in unearned revenue was driven by the high number of cancellations shortly before year end and the significant drop in ticket sales in March 2020 due to the corona virus outbreak.

The contract liabilities (unearned revenue) of €168.4 million existing at 31 March 2020 will become revenue during the 2021 financial year (subject to further cancellations that might happen after the year end).

14. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 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
Capitalised within property, plant and equipment	42.4	-	42.4
Charged to comprehensive income	-	24.4	24.4
Used during the year	(74.8)	(20.0)	(94.8)
At 31 March 2020	105.9	15.3	121.2
Non-current provisions	44.2	2.7	46.9
Current provisions	61.7	12.6	74.3

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due beyond one year from the balance sheet date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The amount of provision reflects management's estimates of the cost of heavy maintenance work that will be

required in the future to discharge obligations under the Group's lease agreements (see Note 3). Maintenance provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines.

The decrease in maintenance provisions from 2018 to 2019 and from 2019 to 2020 both related primarily to engine LLP replacements.

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

15. Capital commitments

At 31 March 2020 the Group had the following capital commitments:

- ▶ a commitment to purchase 268 Airbus aircraft of the A320 family in the period 2020–2026. Of the 268 aircraft 248 relate to the “neo” version of the A320 family (102 from the purchase orders placed in June 2015 and 146 from the purchase order placed in November 2017), while the remaining 20 relate to the “neo XLR” version (from the purchase order placed in June 2019). The total commitment is valued at US\$33.5 billion (€30.5 billion) at list prices in 2018 US Dollar terms (as at 31 March 2019: US\$31.9 billion (€28.4 billion), valued at 2018 list prices). As at the date of approval of this document 11 of the 268 aircraft are covered by sale and leaseback agreements; and
- ▶ a commitment to purchase 36 IAE “neo” (GTF) spare aircraft engines in the period 2020–2026. In July 2016 the Group entered into an engine selection agreement with Pratt & Whitney that, among other matters, included a commitment for the Group to purchase 16 spare engines (of which five were received in the 2019 financial year). In September 2019 the Group restated and amended this engine selection agreement with certain other commitments including a purchase of additional 25 spare engines until 2026. The total commitment is valued at US\$569.1 million (€518.4 million) at list prices in 2020 US Dollar terms (as at March 2019: US\$218.8 million (€195.2 million), valued at 2019 list prices). As at the date of approval of this document the 36 engines are not yet financed. Only a few of these 36 engines will be delivered in the 2021 financial year.

16. Contingent liabilities

Legal disputes

European Commission state aid investigations

Between 2011 and 2015, the European Commission has initiated state aid investigations with respect to certain arrangements made between Wizz Air and the following airports, respectively: Timișoara, Cluj-Napoca, Târgu Mureș, Beauvais and Girona. In the context of these investigations, Wizz Air has submitted its legal observations and supporting economic analyses of the relevant arrangements to the European Commission, which are currently under review. The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of the new “EU Guidelines on State aid to airports and airlines” which were adopted by the European Commission on 20 February 2014. Where relevant, Wizz Air has made further submissions to the European Commission in response to this notification. In relation to the Timișoara arrangements, the European Commission confirmed on 24 February 2020 that the arrangements did not constitute state aid. We are awaiting decisions in relation to the other airport arrangements mentioned herein above. Ultimately, an adverse decision by the European Commission could result in a repayment order for the recovery from Wizz Air of any amount determined by the European Commission to constitute illegal state aid. None of these ongoing investigations are expected to lead to exposure that is material to the Group.

Claims by Carpatair

Between 2011 and 2013, Carpatair, a regional airline based in Romania, has initiated a number of legal proceedings in Romania alleging that Wizz Air has been receiving state aid from Timișoara airport, demanding that Wizz Air reimburse any such state aid. In addition, Carpatair has initiated an action for damages demanding recovery from Wizz Air of approximately €93 million in alleged damages, which damages claim was dismissed by the Bucharest court of appeals on the basis of the substantive argument that Carpatair lacks an interest in the matter. Technically, the decision by the Bucharest court of appeals remains open to further appeal. Importantly, in light of the favourable European Commission decision on the Timișoara arrangements referred to above, it is expected that the Romanian courts will rule in favour of Wizz Air dismissing the respective requests and claims filed by Carpatair.

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

17. Subsequent events

There were no matters arising, between the statement of financial position date and the date on which this results release was approved by the Board of Directors, requiring adjustment in accordance with IAS 10, Events after the reporting period. The following important non-adjusting events should be noted, all being direct or indirect consequence of the COVID-19 pandemic:

- ▶ Compared to what it estimated at end of March 2020 the Group further reduced its expected capacity utilisation for the 2021 financial year.

- ▶ Following from the above, the forecast for fuel consumption in the 2021 financial year was also further reduced, resulting in further hedge instruments being discontinued for hedge accounting. During May 2020 fuel hedges with notional amount of 115,000 metric tons were discontinued, which represented €31.9 million loss in the cash flow hedging reserve at 31 March 2020. (This is on top of the fuel hedges that were classified as discontinued already in March 2020, with a notional amount of 170,000 metric tons.) The forecast of additional 115,000 metric tons gap between the fuel consumption and the notional amount of hedges relates to the period to 31 July, for which the Group has a relatively high degree of confidence. It cannot be excluded that there will be a gap also beyond 31 July but currently the financial impact of this is not expected to be significant. There were also some FX hedges classified as discontinued post 31 March 2020 but the impact of these is not material.
- ▶ Due to the flight cancellations made by the Group after the year-end, primarily for May-June 2020, of the unearned revenue balance of €168.4 million that existed at 31 March 2020, further €54.6 million liability was reclassified from deferred income into trade and other payables. It is yet to be seen how much of this amount will be used by customers for re-booking tickets for later dates and how much will need to be refunded by the Group in cash, respectively.
- ▶ The Group implemented a range of cost saving and cash-flow improvement measures, including the laying off of app. 1,000 of its employees announced in April 2020.
- ▶ To strengthen its liquidity position the Group raised GBP 300 million debt through the UK Government's COVID Corporate Financing Facility ('CCFF') programme.
- ▶ In May 2020 the Group established Wizz Air Abu Dhabi LLC, a joint venture airline company in the United Arab Emirates as a subsidiary of Wizz Air Abu Dhabi Limited.

18. 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 2020);
- ▶ key management personnel (Directors and Officers); and

Indigo, Directors and Officers altogether held 20.0% of the voting shares of the Company at 31 March 2020 (2019: 23.5%).

Transactions with related parties

Transactions with Indigo

At 31 March 2020 Indigo held 15,000,000 Ordinary Shares (equal to 17.6% of the Company's issued share capital) and 17,377,203 Convertible Shares of the Company (2019: 15,000,000 Ordinary Shares and 29,830,503 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €26.7 million at 31 March 2020 (2019: €26.8 million).

During the year ended 31 March 2020 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 (2019: €2.0 million); and
- ▶ fees of €0.2 million (2019: €0.3 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.