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This electronic transmission and the attached document have been prepared solely in connection with the proposed offer to certain institutional and professional investors (the "**Offer**") of ordinary shares (the "**Shares**") of Wizz Air Holdings Plc (the "**Company**"). This document has been published in connection the admission of the Shares to the premium listing segment of the Official List of the UK Financial Conduct Authority (the "**FCA**") and to trading on the London Stock Exchange's main market for listed securities and has been approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000. This document is available from the Company's registered office and on the Company's website at http://www.wizzair.com. Pricing information and other related disclosures are expected to be published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT ARE ONLY BEING MADE AVAILABLE TO INVESTORS WHO ARE (1) LOCATED OUTSIDE THE UNITED STATES AND ARE (A) "**QUALIFIED INVESTORS**" (AS DEFINED IN THE EU PROSPECTUS DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY EU DIRECTIVE 2010/73/EU TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE) IN THE EUROPEAN ECONOMIC AREA (THE "**EEA**") OR (B) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "**ORDER**") OR WHO ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49 OF THE ORDER, OR (C) OUTSIDE THE EEA PROVIDED SUCH AVAILABILITY IS PERMITTED UNDER APPLICABLE SECURITIES LAWS OR (2) PERSONS REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" ("**QIBS**") (AS DEFINED IN RULE 144A ("RULE 144A")) UNDER THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO, AND IN PARTICULAR, IS NOT FOR DISTRIBUTION IN AUSTRALIA, CANADA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION (THE "**EXCLUDED TERRITORIES**"). THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES DESCRIBED HEREIN

MAY NOT BE OFFERED OR SOLD UNDER ANY APPLICABLE SECURITIES LAWS OF THE EXCLUDED TERRITORIES.

THE SHARES ARE BEING (1) SOLD IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE QIBS AS DEFINED IN, OR IN RELIANCE ON, RULE 144A OR (2) OFFERED AND SOLD IN AN OFF-SHORE TRANSACTION OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES.

THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SHARES OR THE ACCURACY OR ADEQUACY OF THE ATTACHED DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Confirmation of your Representation: You have been sent this electronic transmission and the attached document on the basis that you are deemed to have represented to the Company, and each of Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc and Nomura International Plc (together the "**Banks**"), that (i) (a) you are located outside the United States and you are (1) a "qualified investor" (as defined in the EU Prospectus Directive 2003/71/EC as amended, including by EU Directive 2010/73/EU) to the extent implemented in the relevant member state in the EEA, (2) a person in the United Kingdom who is a "qualified investor" and either, has professional experience in matters relating to investments falling within Article 19(5) of the Order or is a high net worth entity falling within Article 49 of the Order, or (3) a person outside the EEA into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or (b) you are a QIB or that you are located outside the United States and (ii) you consent to delivery by electronic transmission.

You are reminded that this electronic transmission and the attached document have been delivered to you on the basis that you are a person into whose possession the document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this electronic transmission or the attached document to any other person.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission.

Neither the Company, nor the Selling Shareholders (as defined in this document) nor any person who controls any of them nor any director, officer, employee nor agent of any of them, nor any affiliate or such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy that may be provided to you at a later date.

None of the Banks nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the attached document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares or the Offer referred to therein. Each of the Banks and each of their respective affiliates accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such electronic transmission, attached document or any such statement. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the attached document.

This document comprises a prospectus (the "**Prospectus**") relating to Wizz Air Holdings Plc (the "**Company**") and has been prepared in accordance with the Prospectus Rules (the "**Prospectus Rules**") of the UK Financial Conduct Authority (the "**FCA**") made under section 73A of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**"). This Prospectus has been approved by the FCA in accordance with section 87A of the FSMA and has been made available to the public as required by Rule 3.2.1 of the Prospectus Rules.

The Company and its directors (whose names appear on page 51 of this Prospectus) (the "**Directors**") accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Application has been made to the FCA for all of the issued and to be issued ordinary shares of the Company (the "**Ordinary Shares**") to be admitted to the premium listing segment of the Official List of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**LSE**") for such Ordinary Shares to be admitted to trading on the LSE's main market for listed securities (together "**Admission**"). Admission to trading on the LSE's main market for listed securities constitutes admission to trading on a regulated market. In the global offer (the "**Global Offer**"), 9,578,820 new Ordinary Shares are being offered by the Company (the "**New Ordinary Shares**") and 13,781,188 Ordinary Shares (the "**Sale Shares**") are being offered by certain existing Shareholders (the "**Selling Shareholders**") (the New Ordinary Shares and the Sale Shares together, the "**Offer Shares**"). Conditional dealings in the Ordinary Shares are expected to commence on the LSE at 8.00 a.m. (London time) on 25 February 2015. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares on the LSE will commence, at 8.00 a.m. (London time) on 2 March 2015. **All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued basis" and of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. The New Ordinary Shares will rank in full for all dividends hereafter declared, made or paid and otherwise pari passu in all respects with the existing Ordinary Shares. No application has been made or is currently intended to be made for the Offer Shares to be admitted to listing or dealt with on any other exchange.**

Prospective investors should read this entire Prospectus and, in particular, the discussion of the risks and other factors that should be considered in connection with an investment in the Ordinary Shares discussed in the section entitled "Risk Factors". Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in the Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

WIZZ AIR HOLDINGS PLC

(incorporated and registered in Jersey under the number 103356)

Global Offer of 23,360,008 Ordinary Shares at a price of £11.50 per Ordinary Share and admission to the premium listing segment of the Official List and to trading on the main market of the London Stock Exchange

Joint Global Co-ordinator and Joint Bookrunner	*Joint Global Co-ordinator and Joint Bookrunner*	*Sponsor, Joint Global Co-ordinator and Joint Bookrunner*
Barclays	**Citigroup**	**J.P. Morgan Cazenove**

Co-lead Manager

Nomura

Ordinary share capital immediately following Admission

Number	Issued and fully paid	Nominal value
52,263,615	Ordinary Shares of £0.0001 each	£0.0001

J.P. Morgan Securities plc ("**JPM**") has been appointed as Sponsor, Joint Global Co-ordinator and Joint Bookrunner and Barclays Bank PLC ("**Barclays**") and Citigroup Global Markets Limited ("**Citi**") have each been appointed as Joint Global Co-ordinator and Joint Bookrunner (collectively, the "**Joint Global Co-ordinators**"). Nomura International plc ("**Nomura**") has been appointed as Co-Lead Manager (the "**Co-Lead Manager**" and together with the Joint Global Co-ordinators, the "**Underwriters**"). The Underwriters, each of which is authorised in the United Kingdom by the Prudential Regulatory Authority (the "**PRA**") and regulated in the United Kingdom by the FCA and the PRA, are acting exclusively for the Company and no one else in connection with the Global Offer, will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Global Offer, Admission or any transaction or arrangement referred to in this Prospectus. The Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and certain of the Selling Shareholders, for which they would have received customary fees. The Underwriters and any of their respective affiliates may provide such services to the Company and certain of the Selling Shareholders and any of their respective affiliates in the future. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, the Underwriters accept no responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made in it by them, or on their behalf, in connection with the Company, the Ordinary Shares or the Global Offer. The Underwriters accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of the Prospectus or any such statement.

In connection with the Global Offer, the Underwriters or any of their agents, may subscribe for and/or purchase Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed for, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Underwriters and any of their affiliates acting as an investor for its or their own accounts. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

A copy of this Prospectus has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and it has given, and has not withdrawn, its consent to its publication. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, to the issue of the Ordinary Shares by the Company. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947 (as amended), against any liability arising from the discharge of its functions under that law. Nothing in this Prospectus or anything communicated to a Shareholder by or on behalf of the Company is intended to constitute, or should be construed as, advice on the merits of the subscription for Ordinary Shares or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998.

Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and if given or made, such information or representations must not be relied on as having been authorised by the Company or the Underwriters.

Over-allotment and Stabilisation

In connection with the Global Offer, Citi, as stabilising manager (the "**Stabilising Manager**"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares at a level higher than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Ordinary Shares on the LSE and ending no later than 30 calendar days thereafter. There will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above £11.50 per Offer Share (the "**Offer Price**"). Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, investment funds managed by Indigo Partners LLC ("**Indigo**") have granted the over-allotment option to the Stabilising Manager (the "**Over-allotment Option**") under the underwriting agreement dated 25 February 2015 between, inter alia, the Underwriters and the Company described in section 8 (*Underwriting Agreement*) of Part VI: "*Details of the Global Offer*" of this Prospectus (the "**Underwriting Agreement**"), pursuant to which the Stabilising Manager may require Indigo to sell in aggregate up to 3,504,000 additional Ordinary Shares (being up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer) (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the LSE. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank pari passu in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

Notice to overseas investors

This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Offer Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, is not for distribution in Australia, Canada or Japan. None of the Company, nor any of the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. No action has been or will be taken to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Offer Shares) in any jurisdiction where action for that purpose may be required or doing so may be restricted by law or would give rise to an obligation to obtain any consent, approval or permission or to make any application, filing or registration. The offer, sale and/or issue of the Offer Shares has not been, and will not be, qualified for sale under any applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Offer Shares may not be offered, sold or delivered within Australia, Canada or Japan, or to, or for the benefit of, any national, resident or citizen of Australia, Canada or Japan. The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933 (as amended) (the "US Securities Act") or with any state regulatory authority of any state and are being: (a) sold within the United States only to persons reasonably believed to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the US Securities Act ("Rule 144A") in reliance on Rule 144A and (b) offered and sold outside the United States in offshore transactions in compliance with Regulation S under the US Securities Act ("Regulation S"). Prospective investors in the United States are hereby notified that the Company may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A thereunder.

For a description of these and certain further restrictions on the offer, subscription, sale and transfer of the Offer Shares and distribution of this Prospectus, please see Part VI: "*Details of the Global Offer*" of this Prospectus. Please note that by receiving this Prospectus, subscribers and purchasers shall be deemed to have made certain representations, acknowledgements and agreements set out herein including, without limitation, those set out in Part VI: "*Details of the Global Offer*" of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". The Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
A.1	**Introduction**	This summary should be read as an introduction to this Prospectus. Any decision to subscribe for or purchase Ordinary Shares pursuant to the Global Offer of the Offer Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant member state of the European Economic Area ("**EEA**"), have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who are responsible for the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the document or if it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to subscribe for or purchase Offer Shares.
A.2	**Consent for intermediaries**	Not applicable; no consent is given by the Company to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	**Legal and commercial name**	Wizz Air Holdings Plc (the "**Company**" and, together with its subsidiary undertakings, "**Wizz Air**" or the "**Group**").
B.2	**Domicile and legal form, applicable legislation and country of incorporation**	The Company is a public limited company incorporated in Jersey with registered number 103356 and with its registered office situated at 44 Esplanade, St. Helier, JE4 9WG, Jersey. The principal legislation under which the Company operates, and under which its securities have been created (and under which the New Ordinary Shares, Conversion Shares and Option Shares will be created), is the Companies (Jersey) Law 1991 (as amended) and

		subordinate legislation thereunder (the "**Jersey Companies Law**").
B.3	**Current operations/ principal activities and markets**	Wizz Air is an ultra low-cost carrier ("**ULCC**") and the largest low-cost carrier in Central and Eastern Europe ("**CEE**") on the basis of scheduled departing seat capacity recorded by Innovata for the year ended 31 March 2014 ("**FY 2014**") and the six months ended 30 September 2014 ("**H1 2015**"). Wizz Air provides low-cost air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and into the Caucasus and the Middle East. Wizz Air was established in September 2003 and as at the date of this Prospectus operates from 18 bases in 10 CEE countries with flights to 91 destinations on approximately 300 routes in 33 countries. Wizz Air carried in excess of 15.8 million passengers on more than 100,000 flights in calendar year 2014 and as at 31 December 2014 had carried over 85 million passengers in total since the start of its operations on 19 May 2004. Wizz Air has grown significantly in recent years, with a compound annual growth rate ("**CAGR**") in revenue of 21.8 per cent. from the year ended 31 March 2010 ("**FY 2010**") to FY 2014 and EBITDAR of 29.4 per cent. from FY 2010 to FY 2014, while Wizz Air's operating cost net of fuel expenses per available seat kilometre ("**ex-fuel CASK**") has cumulatively reduced by 2.2 per cent. over the same period. Wizz Air's operating cost per available seat kilometre ("**CASK**") and ex-fuel CASK are among the lowest of all publicly reporting European low-cost carriers, while Wizz Air's average ancillary revenue per passenger is among the highest of all publicly reporting European low-cost carriers. Wizz Air has a strong focus on low costs as part of its organisational culture and ULCC business model. Key elements of Wizz Air's ULCC business model include its operation of a uniform and efficient modern fleet of narrow-body aircraft in a high density (180 seats) all-economy seating layout, high aircraft utilisation, its point-to-point network operating mainly from less congested secondary airports that typically charge lower fees, high load factors, use of scalable outsourced services, consumer-direct distribution over the internet, high employee productivity and rigorous cost control. Wizz Air utilises its ULCC business model to offer customers consistently low ticket prices. The low ticket prices offered by Wizz Air help to stimulate demand in the markets it serves, creating new and more frequent travellers, and allow Wizz Air to compete effectively in its markets by offering an attractive value proposition to customers. Wizz Air has unbundled components of its air travel service that have traditionally been included in ticket prices, such as baggage, check-in options and seat and boarding allocation, and has allowed passengers to select and pay for the additional products and services they want to use by offering them as optional services for additional fees

		(which Wizz Air records as ancillary revenue). This unbundling strategy has allowed Wizz Air to significantly grow its ancillary revenue and total revenue in recent years, with the share of total revenue generated from ancillary revenue increasing from 25.9 per cent. in FY 2010 to 34.9 per cent. in FY 2014 and 32.9 per cent. in H1 2015. In the twelve months ended 30 September 2014 ("**LTM September 2014**"), Wizz Air had one of the highest average ancillary revenues per passenger of all publicly reporting European low-cost carriers. Wizz Air seeks to drive customer behaviour through its pricing strategy, with the aim of achieving further cost savings and efficiencies in its operations. Wizz Air's strategy for further growth focuses on expanding its bases, destinations and frequencies in both its existing markets and in new markets. The core of Wizz Air's business is linking CEE destinations with Western Europe. The Company expects CEE to be particularly responsive to further penetration by low-cost carriers in the coming years with forecast gross domestic product ("**GDP**") growth significantly higher than in Western Europe and the propensity of air travel and low-cost carrier penetration in CEE expected by the Company to increase towards Western European averages as average GDP per capita rises. Wizz Air has recently started to increase the number of routes from CEE eastwards to countries outside the European Union (the "**EU**") in Eastern Europe, the Caucasus and the Middle East as part of its "Go East" initiative with routes launched to Georgia, Israel and Macedonia in 2012, Azerbaijan, Bosnia and Herzegovina, Moldova, Russia, Turkey and the United Arab Emirates in 2013 and Wizz Air will start flights to Egypt in 2015. These launches have demonstrated demand for low-cost air travel in these markets, many of which have historically been underserved by low-cost carriers. Wizz Air's current fleet plan provides for growth from 54 Airbus A320 aircraft as at the date of this Prospectus to approximately 85 Airbus A320-family aircraft by December 2017. This implies an anticipated average growth rate of more than 15 per cent. per annum in Wizz Air's fleet for each of the calendar years 2015 to 2017, compared to the approximately three per cent. per annum long-term fleet growth forecast for Europe by Airbus SAS ("**Airbus**") (2014 – 2033) and The Boeing Company ("**Boeing**") (2014 – 2033). Wizz Air has secured the supply of the aircraft that it needs to achieve this growth with committed orders with known delivery dates through to the end of 2017 in respect of 31 new Airbus A320-family aircraft. Wizz Air's total Airbus order book is 57 Airbus A320-family aircraft.
B.4a	**Significant recent trends affecting the Company and the airline industry**	Wizz Air has grown significantly since inception and had a CAGR in passenger numbers of 14 per cent. from FY 2010 to FY 2014. Wizz Air has also had strong growth in revenue and EBITDAR over the same period, with a CAGR of 21.8

		per cent. and 29.4 per cent., respectively. Wizz Air's ex-fuel CASK has reduced by 2.2 per cent. over the same period. Wizz Air has significantly grown its ancillary revenue in recent years, with the share of total revenue generated from ancillary revenue increasing from 25.9 per cent. in FY 2010 to 34.9 per cent. in FY 2014 and 32.9 per cent. in H1 2015. Wizz Air's core business is linking CEE destinations with Western Europe. CEE comprises 21 countries with a combined total population of more than 300 million people. The economies of these countries have shown resilient growth, with average annual GDP growth rates in CEE for the ten years to 2014 generally significantly higher than for the EU-15 group of countries. Economic growth is projected to be higher in CEE than in Western Europe in the coming years, with a GDP per capita CAGR of 2.5 per cent. forecast for CEE in the period 2014 to 2017, compared to 1.3 per cent. forecast for Western Europe (*Source: International Monetary Fund and Economist Intelligence Unit*). CEE has low, but rising, current levels of propensity to travel by air compared to those in Western Europe. CEE propensity to travel by air has increased by approximately 5.5 times since 2002 (*Source: Capstats*). CEE also has significantly lower low-cost carrier market penetration at an average of approximately 20 per cent. in FY 2014, compared to an average of approximately 35 per cent. in FY 2014 in Western Europe (*Source: Innovata (departing seat capacity per country, April 2013 to March 2014 inclusive*)). Accessions of CEE countries to the EU in the last ten years have led to, and are expected to continue to lead to, significant ethnic flows from those countries joining the EU to Western Europe, both for the initial move and also passengers who are visiting friends and relatives, with people travelling back and forth between Western Europe and CEE. In many of the CEE countries in which Wizz Air operates there was little or no low-cost carrier presence in the airline market prior to Wizz Air launching operations in that country. Many national flag carriers and regional carriers in CEE have had to cease operating or have been forced to restructure in recent years. Among others, Malév Hungarian Airlines, the Hungarian national airline ("**Malév**"), went out of business in 2012 and LOT, the Polish national airline, had to restructure and downsize in 2013 and received a €100 million bail-out package from the Polish government. Some smaller CEE-based low-cost carriers have also encountered financial problems. This creates significant opportunities for Wizz Air to gain additional market share in CEE.

B.5	**Description of the Group and the Company's position therein**	The Company is the principal holding company of the Group. The significant subsidiaries of the Company are Wizz Air Hungary Limited ("**Wizz Air Hungary**") and Wizz Air Ukraine Airlines LLC ("**Wizz Air Ukraine**").
B.6	**Interests in the Company and voting rights**	As at the date of this Prospectus, insofar as is known to the Company, the following persons are interested in three per cent. or more of the Company's ordinary share capital:

	Immediately prior to Admission		Immediately following Admission	
Name	**Number of Ordinary Shares[(1)]**	**Percentage of voting Ordinary Share capital[(3)]**	**Number of Ordinary Shares**	**Percentage of voting Ordinary Share capital[(2)(3)]**
DCII (Malta) Limited	5,405,406	12.7%	1,081,081	2.1%
Eurohand Zrt.	2,162,208	5.1%	1,962,208	3.8%
F.E. DuBose & Co. LLC	2,349,507	5.5%	1,149,507	2.2%
Estate of Friso van Oranje	2,467,786	5.8%	839,047	1.6%
Indigo Hungary LP	7,864,811	18.4%	7,864,811	15.0%
Indigo Maple Hill, L.P.	2,379,822	5.6%	2,379,822	4.6%
József Váradi (including family trust companies)	2,903,173	6.4%	2,395,500	4.6%
Kranzi Enterprises Pte Ltd.	2,452,484	5.7%	1,452,484	2.8%
Marek Sobieski	1,372,858	3.2%	549,143	1.1%
Robert Wright	1,343,755	3.1%	843,755	1.6%

Notes:

(1) Including Ordinary Shares to be issued upon conversion of the Convertible Loans and Convertible Notes and exercise of vested options granted under the ESOP (as defined below), conditional on Admission.

(2) Assuming no exercise of the Over-allotment Option.

(3) Also includes beneficial interests in Ordinary Shares.

		Save as set out in Part II: "*Directors, Senior Management and Corporate Governance*", Part III "*Relationship with Indigo*" and Part XI: "*Additional Information*" of this Prospectus, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or, immediately following the Global Offer, could exercise control over the Company. Indigo will hold 19.6 per cent. of the voting rights in the Company immediately following Admission, decreasing to 12.9 per cent. if the Over-allotment Option is exercised in full, and will have the right to nominate up to three Non-Executive Directors under the relationship agreement between the Company and Indigo dated 24 February 2015 (the "**Relationship Agreement**"). Immediately following Admission, Indigo will also hold (a) €26.3 million in principal amount of Convertible Notes ("**Indigo's Retained Convertible Notes**") and (b) 48,830,503 non-voting, non-participating convertible shares of £0.0001 each in the share capital of the Company ("**Convertible Shares**") which, on conversion in full of all of Indigo's Retained Convertible Notes and Convertible Shares, would entitle Indigo to have issued to it a further 46.9 per cent. of the enlarged issued share capital of the Company, based on the number of Ordinary Shares expected to be in issue as at Admission. If Indigo's Retained Convertible Notes and Convertible Shares were to be converted in full, Indigo would hold 66.5 per cent. of the voting rights in the Company, on the basis of the expected number of voting rights at Admission. Assuming full conversion of all of Indigo's Retained Convertible Notes and all of the Convertible Shares, Indigo's Retained Convertible Notes and the Convertible Shares would represent 58.3 per cent. of such fully diluted share capital immediately following Admission, with 41.7 per cent. being represented by the Ordinary Shares in issue immediately following Admission. All Ordinary Shares have the same voting rights.

B.7	**Selected historical key financial information and significant change to the issuer's financial condition and operating results**	The Group's consolidated financial information set out below has been extracted without material adjustment from the financial information set out in Part VIII: "*Historical Financial Information*" of this Prospectus.

Consolidated condensed statement of comprehensive income

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 September 2014	Half year ended 30 September 2013 (unaudited)
	€000	€000	€000	€000	€000
Passenger ticket revenue	552,299	577,098	658,720	487,928	391,098
Ancillary revenue	213,821	274,213	353,096	239,372	197,909
Total revenue	**766,120**	**851,311**	**1,011,816**	**727,300**	**589,007**
Staff costs	(53,130)	(56,894)	(68,306)	(38,809)	(34,079)
Fuel costs	(286,983)	(332,552)	(360,575)	(221,195)	(190,830)
Distribution and marketing	(13,141)	(15,258)	(10,862)	(10,835)	(9,677)
Maintenance, materials and repairs	(40,167)	(36,344)	(48,461)	(29,131)	(24,294)
Aircraft rentals	(84,665)	(100,965)	(112,462)	(66,966)	(55,861)
Airport, handling, en-route charges	(206,792)	(228,317)	(250,350)	(157,811)	(132,563)
Depreciation and amortisation	(17,174)	(19,130)	(25,386)	(22,003)	(11,217)
Other expenses	(19,866)	(23,861)	(25,630)	(14,703)	(11,890)
Total operating expenses	**(721,918)**	**(813,321)**	**(902,032)**	**(561,453)**	**(470,411)**
Operating profit	**44,202**	**37,990**	**109,784**	**165,847**	**118,596**
Comprising:					
– operating profit excluding exceptional item	44,202	37,990	103,528	165,847	118,596
– exceptional item	–	–	6,256	–	–
Financial income	2,128	805	381	157	234
Financial expenses	(7,115)	(6,960)	(7,770)	(5,976)	(4,005)
Net financing costs	**(2,286)**	**(4,293)**	**(14,422)**	**(1,866)**	**(5,695)**
Profit before income tax	**41,916**	**33,697**	**95,362**	**163,981**	**112,901**
Income tax expense	(918)	(4,439)	(7,684)	(5,844)	(3,444)
Profit for the period	**40,988**	**29,258**	**87,714**	**158,137**	**109,457**
Other comprehensive income/ expense) for the period, net of tax	**3,082**	**(8,192)**	**882**	**9,926**	**(5,919)**
Total comprehensive income for the period	**44,080**	**21,066**	**88,596**	**168,063**	**103,538**

Consolidated condensed statement of financial position

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 September 2014	Half year ended 30 September 2013 (unaudited)
	€000	€000	€000	€000	€000
Total non-current assets	170,739	269,038	320,745	327,981	263,802
Total current assets	182,615	187,955	264,420	449,800	298,373
Total assets	**353,354**	**456,993**	**585,165**	**777,781**	**562,175**
Total equity	**50,005**	**71,238**	**159,942**	**328,065**	**174,790**
Total non-current liabilities	92,417	117,998	79,513	159,914	115,482
Total current liabilities	210,932	267,757	345,710	289,802	271,903
Total liabilities	**303,349**	**385,755**	**425,223**	**449,716**	**387,385**
Total equity and liabilities	**353,354**	**456,993**	**585,165**	**777,781**	**562,175**

Consolidated condensed statement of cash flows

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 September 2014	Half year ended 30 September 2013 (unaudited)
	€000	€000	€000	€000	€000
Net cash generated by operating activities	47,263	52,868	196,373	157,970	117,627
Net cash used in investing activities	(41,778)	(47,466)	(94,008)	(2,437)	(28,694)
Net cash generated (used in)/ financing activities	(3,861)	13,540	(19,183)	(524)	(15,238)
Net increase in cash and cash equivalents	1,624	18,942	83,182	155,009	73,695
Cash and cash equivalents at the beginning of the year	82,550	84,532	103,499	185,550	103,499
Effect of exchange rate fluctuations on cash and cash equivalents	358	25	(1,131)	(176)	(161)
Cash and cash equivalents at the end of the year	**84,532**	**103,499**	**185,550**	**340,383**	**177,033**

Revenue increased by €245.7 million, or 32.1 per cent. from €766.1 million in the year ended 31 March 2012 ("**FY 2012**") to €1,011.8 million in FY 2014, principally due to an increase of 26.2 per cent. in total available seat kilometres ("**ASKs**"), an increase of 23.7 per cent. in total passenger segments, a 4.1 per cent. increase in yield and a 65.1 per cent. increase in ancillary revenue from FY 2012 to FY 2014.

Profit increased by €46.7 million, or 114.0 per cent., from €41.0 million in FY 2012 to €87.7 million in FY 2014, principally due to the revenue increase described above and CASK being maintained at a consistent level of 3.74 Euro cents in FY 2012, 3.88 Euro cents in the year ended 31 March 2013 ("**FY 2013**") and 3.72 Euro cents (excluding exceptional item) in FY 2014.

The Group's total assets have increased by €231.8 million, or 65.6 per cent., from €353.4 million as at 31 March 2012 to €585.2 million as at 31 March 2014, principally as a result of retained earnings over that period.

Revenue increased by €138.3 million, or 23.5 per cent., from €589.0 million (unaudited) in the six months ended 30 September 2013 ("**H1 2014**") to €727.3 million in H1 2015, principally due to an increase in capacity and yields. Profit increased from €109.5 million (unaudited) in H1 2014 to €158.1 million in H1 2015, an increase of 44.5 per cent., principally due to an increase in capacity, a decline in unit cost and an increase in unit revenue. The Group's total assets increased from €562.2 million (unaudited) as at 30 September 2013 to €777.8 million as at 30 September 2014, principally as a result of retained earnings over that period.

There has been no significant change in the financial or trading position of the Group since 30 September 2014, the date to which the last audited consolidated financial statements of the Group were prepared.

B.8	**Key pro forma financial information**	As at 30 September 2014, the Group had total assets of €777.8 million and net assets of €328.1 million. Assuming that the Global Offer and adjustment of the Convertible Loans and Convertible Notes (other than Indigo's Retained Convertible Notes) had taken place on that date, the total assets of the Group would have increased by €142.3 million to €920.1 million and the net assets of the Group by €162.8 million to €490.9 million. The unaudited pro forma financial information included in this Prospectus has been prepared to illustrate the effect of the Global Offer and adjustment of the Convertible Loans and Convertible Notes (other than Indigo's Retained Convertible Notes) on the net assets of the Group as if it had occurred on 30 September 2014. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and should not be construed as indicative of the Group's trading performance since 30 September 2014 or its future financial position or results.
B.9	**Profit forecast**	Not applicable; no profit forecast or estimate is made.
B.10	**Description of the nature of any qualifications in the audit report on the historical financial information**	Not applicable; there are no qualifications in the audit reports of the Company's historical financial information included in this Prospectus.
B.11	**Explanation in respect of insufficient working capital**	Not applicable; the Company is of the opinion that, taking into account its existing committed aircraft financing arrangements and the net proceeds of the Global Offer receivable by the Company, the Group has sufficient working capital for the Group's present requirements, that is, at least for the next twelve months following the date of this Prospectus.

Section C – Securities		
C.1	**Type and class of the securities being offered and admitted to trading, including the security identification number**	9,578,820 New Ordinary Shares in the capital of the Company to be issued in connection with the Global Offer and 13,781,188 Sale Shares in the capital of the Company to be sold in connection with the Global Offer. When admitted to trading, the Ordinary Shares will be registered with International Securities Identification Number JE00BN574F90 ("**ISIN**"), Stock Exchange Daily Official List number BN574F9 ("**SEDOL**") and a Tradeable Instrument Display Mnemonic code WIZZ ("**TIDM**").
C.2	**Currency of the securities issue**	The Ordinary Shares are denominated in British pounds sterling.

C.3	**Shares issued / Value per share**	As at the date of this Prospectus, the Company has 11,891,175 fully paid Ordinary Shares of £0.0001 each in issue. A further 30,181,540 fully paid Ordinary Shares arising on conversion of Convertible Loans and Convertible Notes (other than Indigo's Retained Convertible Notes) ("**Conversion Shares**") and 612,080 fully paid Ordinary Shares arising on the exercise of vested share options ("**Option Shares**") granted under the Wizz Air International Employee Share Option Plan 2009 ("**ESOP**") will be in issue immediately following Admission. The Company has no partly paid Ordinary Shares in issue. 48,830,503 Convertible Shares will also be in issue immediately following Admission.
C.4	**Rights attached to the securities**	Holders of the Ordinary Shares will have the following rights: • subject to any rights or restrictions as to voting attached to any Ordinary Shares, on a show of hands each Shareholder present in person shall have one vote, and on a poll every Shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder; • a certificated share may be transferred by means of an instrument in writing, either by the usual transfer form or in any other form that the board of directors of the Company (the "**Board**") approves, signed by or on behalf of the person transferring the Ordinary Shares and, unless the Ordinary Shares are fully paid, by or on behalf of the person acquiring the Ordinary Shares. Ordinary Shares in uncertificated form may be transferred by means of the relevant system; • the right to receive dividends on a *pari passu* basis; and • on a winding-up, the liquidator may divide among the members *in specie* the whole or any part of the assets of the Company.
C.5	**Restrictions on free transferability of the securities**	The Ordinary Shares are freely transferable and there are no restrictions on transfer. The articles of association of the Company (the "**Articles**") that will be effective following Admission contain provisions designed to ensure that the ownership of the Group will remain in compliance with its air operating certificate ("**AOC**") and operating licence issued by the National Transport Authority Directorate for Air Transport which is the civil aviation authority in Hungary (the "**Hungarian Aviation Authority**") and the provisions of Regulation (EC) No 1008/2008 of 24 September 2008 on common rules for the operation of air services in the Community (the "**Air Services Regulation**"). The Directors can use various powers to ensure compliance with

		these requirements, including refusing to register a transfer of certificated shares, disenfranchising affected shares and/or requiring the disposal of affected shares.
C.6	**Admission/Regulated markets where the securities are traded**	Application has been made for the Ordinary Shares to be admitted to trading on the LSE's main market for listed securities. The LSE's main market is a regulated market. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or dealt with on any other exchange.
C.7	**Dividend policy**	The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon the Group's results, financial condition, future prospects, profits being available for distribution and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Section D – Risks		
D.1	**Key information on the key risks specific to the issuer or the airline industry**	• The Group's ultra low-cost structure is one of its principal competitive advantages. However, the Group has limited control over many of its costs and as the Group matures and increases capacity, some of its costs may increase or it may not be able to continue reducing costs (including labour costs and aircraft financing costs) to the same extent as it is currently able to. If the Group's cost structure increases and it is no longer able to maintain a competitive advantage, this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group is subject to various risks relating to the implementation of its organic growth strategy, including higher operating costs in the short-term, the need to manage or implement planned organic growth effectively by correctly assessing demand, capacity and fares, the need to enter into airport services agreements in any new markets entered and potential strain on the Group's existing management resources and operational, financial and management operating systems. • The Group depends on outside services and facility providers for the provision of all non-core functions. The Group does not have direct control over the day-to-day activities of such third parties and is reliant on such third parties performing these services in accordance with the terms of their contracts. In particular, the Group is dependent on the continued performance of its principal maintenance contractor, Lufthansa Technik AG ("**Lufthansa Technik**"). • One of the key features of the Group's fleet is that it currently operates only one family of aircraft (the

		Airbus A320-family), equipped with one type of engine (the IAE V2500). This dependence makes the Group particularly vulnerable to any problems that might be associated with the Airbus A320-family aircraft, the IAE V2500 type engines or their respective manufacturers. In addition, if either Airbus or International Aero Engines AG ("**IAE**") were to experience financial difficulties, go out of business or default on their obligations to the Group, that could have adverse consequences for the Group's results and reputation. • Wizz Air's business strategy relies upon its portfolio of ancillary products and services as a key driver of revenue and profit growth for the Group and the Company plans to continue developing Wizz Air's ancillary product and service offering in the future. There can be no assurance that passengers will pay for additional products and services, that passengers will continue to pay for the ancillary products and services currently offered by the Group or that changes in legislation, rules or regulations will not restrict the extent to which the Group can continue to levy certain charges on customers. • In FY 2014 and H1 2015, 94 per cent. of the Group's total passenger ticket revenue was generated from bookings through wizzair.com. Any compromise of internet security or actual or threatened security breaches of the Group's website could result in a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group is dependent on its information technology systems and any disruption to operating and communication systems, or a failure of the back-up systems used by the Group or third parties, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • If, as a result of future sales of Ordinary Shares by current Shareholders, any person who is not a national of a member of the EEA (a "**Non-EEA National**") were to acquire ownership of a majority of the Company's share capital or effective control over the Company, the Group may face the risk of its Hungarian operating licence being suspended, which would have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • Wizz Air Hungary is authorised to operate by virtue of an operating licence and AOC issued by the Hungarian Aviation Authority and Wizz Air Ukraine

		is authorised to operate by virtue of an AOC issued by the State Aviation Service of Ukraine (the "**SASU**"). Temporary suspension or loss of Wizz Air Hungary's and/or Wizz Air Ukraine's AOCs due to non-compliance with applicable statutes, rules and regulations pertaining to the airline industry would result in a suspension of the relevant part of the Group's operations. • The Group's business is labour intensive and requires a significant number of personnel with specific skill sets and technical qualifications. While industrial relations within the Group have been good to date, there can be no assurance that in the future the Group's employees will not become unionised and resort to industrial action. • The Group operates in Ukraine through Wizz Air Ukraine. Wizz Air's operations and assets in Ukraine are currently exposed to various risks as a result of Ukraine's challenged economy and the on-going political upheaval and military issues in the Crimea region and eastern Ukraine. • The Group's operating costs are significantly affected by changes in the availability and cost of aviation fuel. Aviation fuel has been, and is expected to continue to be, subject to significant price volatility and fluctuations in supply and demand. Substantial fuel price increases (whether covered by hedges or not) or a lack of adequate supplies could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group operates in a highly competitive market with a large number of participants, including low-cost carriers, traditional airlines and charter airlines, competing throughout the Group's network. The sustained loss of a significant number of passengers to competing airlines or to alternative forms of transport, or a reduction in the Group's revenue as a result of increased competition in the airline industry, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • Like other airlines, Wizz Air is subject to disruptions caused by factors beyond its control including adverse weather conditions, the outbreak of a contagious disease with the potential to become a pandemic and other natural events. Such events may reduce aircraft utilisation as a result of flight cancellations and increase costs, all of which affect profitability.

		• Hijacking or other terrorist incidents anywhere in the world, or the threat of such incidents, can significantly harm public confidence in the airline industry, reduce passenger traffic or affect general political, economic or business conditions in ways that could result in a reduced demand for airline transport services, increased costs or reduced passenger revenue. • Wizz Air, like all other airlines, is exposed to potential catastrophic financial losses and reputational damage in the event of one or more of the Group's aircraft being subject to an accident, terrorist incident or other catastrophe. • The airline industry is highly regulated and regulatory changes affecting the airline industry could have an adverse impact on the Group's costs, flexibility, marketing strategy, business model and ability to expand. • Although the Group operates with an ultra low-cost business model, the airline industry is generally characterised by high fixed operating costs and low profit margins.
D.3	**Key information on the key risks specific to the Ordinary Shares**	• Immediately following Admission, Indigo will control 19.6 per cent. of the voting rights in the Company, decreasing to 12.9 per cent. if the Over-allotment Option is exercised in full, and will have the right to nominate up to three Non-Executive Directors under the terms of the Relationship Agreement. Indigo will also hold Indigo's Retained Convertible Notes and Convertible Shares which, on conversion in full, would entitle it to have issued to it a further 46.9 per cent. of the enlarged issued share capital of the Company, based on the number of Ordinary Shares expected to be in issue at Admission. In exercising its voting rights, Indigo may be motivated by interests that are different from the majority of other Shareholders. • There has been no prior public trading market for the Ordinary Shares and an active trading market may not develop or be sustained in the future. • Following Admission, the market price of the Ordinary Shares may prove to be highly volatile. • Sales of Ordinary Shares by one or more Shareholders following Admission, or conversion by Indigo or the Company of all or a significant proportion of Indigo's Retained Convertible Notes and/or Convertible Shares, could have a material impact on the market price of the Ordinary Shares.

		• Subject to any applicable statutory pre-emption rights, any further offering of Ordinary Shares may have a dilutive effect on the holdings of Shareholders and may have a material adverse effect on the market price of the Ordinary Shares as a whole. In addition, Shareholders outside the United Kingdom may not be able to participate in future equity offerings. • The Company's Articles will contain provisions allowing, *inter alia*, the Company to obtain information from Shareholders, to refuse to register transfers of Ordinary Shares and to force the sale of Ordinary Shares by Non-EEA Nationals should the Group's operating licences and rights be threatened or jeopardised.

Section E – Offer		
E.1	**Total net proceeds and estimate of total expenses of the issue/offer, including estimated expenses charged to investors**	The Company will receive approximately £102.8 million (€140.0 million) net proceeds from the Global Offer (after deducting underwriting commissions, other estimated offering-related fees and expenses payable by the Company and VAT of approximately £7.3 million (€10.0 million)). The proceeds from the Global Offer receivable by the Selling Shareholders will be approximately £158.5 million (€215.8 million), before expenses. No expenses will be charged by the Company or the Selling Shareholders to subscribers for or purchasers of the Offer Shares.
E.2a	**Reasons for the offer, use of proceeds and estimated net amount of proceeds**	The Company intends to use these net proceeds to further strengthen its balance sheet, providing strategic flexibility to fund its future growth plans (including taking advantage of any opportunities for expansion that may arise) and also help funding, in part, its new assets and parts, and for other general corporate purposes.
E.3	**Terms and conditions of the offer**	The Offer Shares will consist of 9,578,820 New Ordinary Shares and 13,781,188 Sale Shares. Under the Global Offer, all Offer Shares will be sold at the Offer Price. Ordinary Shares will be (a) offered and sold to certain institutional and qualified professional investors in the United Kingdom and elsewhere outside the United States in compliance with Regulation S, and (b) sold in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A. In connection with the Offer, Citi, as Stabilising Manager, may over-allot Ordinary Shares (up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer) and effect other stabilisation transactions with a view to supporting the market price of

		the Ordinary Shares at a level higher than that which might otherwise prevail in the open market. The Selling Shareholders have granted to the Stabilising Manager the Over-allotment Option pursuant to which the Stabilising Manager may require Indigo to sell up to 3,504,000 additional Ordinary Shares (being up to a maximum of 15 per cent. of the Ordinary Shares comprised in the Global Offer) at the Offer Price. It is expected that Admission will take place and unconditional dealings in the Ordinary Shares on the LSE will commence at 8.00 a.m. (London time) on 2 March 2015. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the LSE at 8.00 a.m. (London time) on 25 February 2015. The earliest date for settlement of such dealings will be 2 March 2015. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued basis" and will be of no effect if Admission does not take place. All such dealings will be at the sole risk of the parties concerned. The Global Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for agreements of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and the Underwriters. None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Offer Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. Under the terms and conditions of the Global Offer, each investor makes certain representations, warranties and acknowledgements to the Company, the Selling Shareholders and the Underwriters customary for an offer of this type, including but not limited to: (a) in relation to certain characteristics of the investor; (b) the investor's compliance with restrictions contained in the terms and conditions of the Global Offer and with specified laws and regulations; (c) reliance, responsibility and liability in respect of this Prospectus, the Global Offer and information outside of this Prospectus; (d) compliance with laws; (e) jurisdiction and (f) liability for duties or taxes. On request, an investor may be required to disclose certain information, including any information about the agreement to subscribe for and/or purchase Ordinary Shares, the investor's nationality (if an individual) and the

		jurisdiction in which the investor's funds are managed or owned (if a discretionary fund manager).
E.4	**Interests material to the issue/offer, including conflicting interests**	Other than as disclosed in element B.6 above, there are no other interests, including conflicting interests, that are material to the Global Offer.
E.5	**Name of the offeror/Lock-up agreements**	The Company, the Non-Executive Directors, the Selling Shareholders (other than those Selling Shareholders who are employees of the Group, being "**Employee Selling Shareholders**") and certain other holders of Existing Ordinary Shares (as defined below), Convertible Loans and/or Convertible Notes are subject to a 180 day lock-up period post-Admission during which they have agreed not to without the prior written consent of the Joint Global Co-ordinators (on behalf of the Underwriters) issue, in the case of the Company only, or dispose of any Ordinary Shares (or any interest in or rights to any Ordinary Shares). Mr József Váradi (the "**Executive Director**"), the Employee Selling Shareholders and other employees of the Group who hold Existing Ordinary Shares (as defined below), options granted under the ESOP, Convertible Loans and/or Convertible Notes are subject to a 360 day lock-up period post-Admission during which they have agreed not to without the prior written consent of the Joint Global Co-ordinators (on behalf of the Underwriters) dispose of any Ordinary Shares (or any interests in or rights to Ordinary Shares). All lock-up arrangements are subject to certain customary exceptions.
E.6	**Dilution**	Up to 9,578,820 New Ordinary Shares will be issued pursuant to the Global Offer. The existing ordinary shares in issue as at 24 February 2015 (the "**Existing Ordinary Shares**"), Conversion Shares and Option Shares will, in aggregate, represent 81.7 per cent. of the total issued Ordinary Shares immediately following Admission.
E.7	**Estimated expenses charged to the investor by the Company**	Not applicable; there are no commissions, fees or expenses to be charged to investors by the Company or the Selling Shareholders under the Global Offer.

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus, including the risks described below, and consult with their professional advisers.

The following risk factors address risks that the Directors have identified as material to the Group and/or the value of the Ordinary Shares. This is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Directors, or that the Directors currently deem immaterial, could also adversely affect the Group and/or the value of the Ordinary Shares. If any or a combination of these risks and uncertainties actually occurs, the Group's business, results of operations, financial condition and/or prospects could be adversely affected. The trading price of the Ordinary Shares could decline due to any of these risks and investors may lose all or part of their investment in the Company.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

Various statements in this Prospectus, including the following risk factors, may constitute forward-looking statements as further described in the section of this Prospectus entitled "Presentation of Information".

RISKS RELATING TO THE GROUP

The Group's ultra low-cost structure is one of its primary competitive advantages, but many factors could affect its ability to control costs

The Group's ultra low-cost structure is one of its primary competitive advantages. However, the Group has limited control over many of its costs and as the Group matures and increases capacity, some of its costs may increase or it may not be able to continue reducing costs (including labour costs and aircraft financing costs) to the same extent as it is currently able to. For example, the Group has limited control over the price and availability of aircraft fuel, aviation insurance, airport and related infrastructure taxes, the cost of meeting changing regulatory requirements and the cost to access capital or financing. If the Group's cost structure increases and it is no longer able to maintain a competitive advantage this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may not be successful in implementing its organic growth strategy

The Group's organic growth strategy involves adding further aircraft to its fleet, increasing the frequency of flights to and/or adding new routes to markets it currently serves and expanding into new markets where it expects its ultra low-cost structure to be successful. In the short-term, the implementation of the Group's organic growth strategy is expected to lead to higher operating costs resulting from the purchase and leasing of additional aircraft, increased fuel costs and higher maintenance and labour expenses prior to generating revenue that the Group expects to receive from pursuing its organic growth strategy.

When an airline begins service on a new route, its passenger load factors and, consequently, revenue initially tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher while a number of costs are incurred irrespective of load factors including fuel and crew costs. Customers may make less use of new routes or additional capacity on existing routes than the Group may have expected. New routes may also experience more competition than current routes, or competition may otherwise exceed the Group's expectations. If the Group is unable to manage or implement its planned growth strategy adequately by correctly assessing demand, capacity and fares, or if it is forced to terminate any unprofitable routes, this could significantly increase costs, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group will need to enter into airport service agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates and required quality levels. If it is not able to do so, the Group may not be able to operate profitably in those markets.

Expansion of the Group's markets and services may also strain its existing management resources and operational, financial and management information systems to the point that they are no longer adequate to support the Group's operations and require the Group to make significant expenditures in these areas.

Other risks related to, and challenges of, the implementation by the Group of its organic growth strategy include:

- the Group's ability to obtain financing for the acquisition of additional aircraft;
- the Group's ability to gain access to new routes serving countries outside of the EU and obtain any regulatory approvals required in such jurisdictions;
- the Group's need to hire a significant number of additional personnel with specific skill sets and qualifications, in particular sufficient pilots with appropriate qualifications;
- political and economic conditions in the Group's existing and new markets, and other drivers of passenger traffic in those markets;
- the Group's exposure to cultural differences when expanding into new countries and the need to comply with the legal and regulatory regimes in such countries;
- challenges in maintaining and improving operational and cost efficiency in a growing business;
- challenges in maintaining the Group's brand and operational integrity across a diverse and growing network; and
- challenges in minimising airport costs and other charges over which the Group has limited, or no, control in existing and new locations.

The Group is dependent on third-party services and facility providers

The Group depends on outside services and facility providers for the provision of all non-core functions, including airport authorities, air traffic controllers, security personnel, towing and push-back vehicles, passenger transporters, caterers, check-in staff, baggage-handling, aviation fuel service providers and contractors that perform aircraft and engine maintenance, information technology, accounting, internal audit and customer services. The Group is reliant on such third parties performing these day-to-day services in accordance with relevant contracts and seeks to control third parties' performance through contractually binding performance standards. In particular, the Group is dependent on the continued performance of its principal maintenance contractor, Lufthansa Technik. Many of the staff employed by such third parties will be unionised and certain of such sectors are prone to strike action. Even though the Group imposes service standards in contracts, the efficiency, timeliness and quality of contract performance by third-party providers are largely beyond the Group's direct control and if these are inadequate the Group's reputation and performance could be adversely affected. Furthermore, if the Group fails to enter into such contracts, renegotiate them on satisfactory terms upon expiration or if the third parties fail to perform their obligations in a manner consistent with their contracts, the Group may not recover all or any losses it incurs in respect of any breach by third-party contractors of their respective obligations. If a third-party contractor engaged to work on behalf of the Group becomes insolvent, it may prove impossible to recover compensation for work not completed or defective work or materials and the Group may incur losses as a result of funding the repair of defective work or paying damages to persons who have suffered loss as a result of such defective work. If any of these third-party services or facilities is restricted, temporarily halted (for example, as a result of technical problems or strikes), ceases permanently or is not available on commercially acceptable terms, the disruption to the Group's operations could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is highly exposed to the performance of the Airbus A320-family and the IAE V2500 type engine

One of the key features of the Group's fleet is that it operates only one family of aircraft equipped with one type of engine. As at the date of this Prospectus, the Group has a fleet of 54 Airbus A320 aircraft all powered by the IAE V2527-A5 engine and has agreements to acquire an additional 57 Airbus A320-family aircraft by June 2018 and an additional 63 IAE V2500 type engines by June 2018.

This dependence makes the Group particularly vulnerable to any problems that might be associated with the Airbus A320-family aircraft, the IAE V2500 type engine or their respective manufacturers. The Group's business, results of operations, financial condition and/or prospects could be adversely affected if a design defect or mechanical problem with the Airbus A320-family aircraft was discovered, causing the Group's aircraft to be grounded while any such defect or problem was corrected, or attempts were made to correct it. The Group's business, results of operations, financial condition and/or prospects could also be adversely affected if its customers were to avoid flying with Wizz Air due to an adverse public perception of the Airbus A320-family aircraft caused by safety concerns or other problems, whether real or perceived.

The Group is exposed to the failure or non-performance of Airbus or IAE

If either the Group's aircraft manufacturer (Airbus) or engine manufacturer (IAE) experiences financial difficulties, goes out of business or defaults on its obligations to the Group, this could have adverse consequences for the Group. In particular, the Group would have to find another supplier for its aircraft or engines in order to achieve its organic growth strategy. If the Group had to lease or purchase aircraft or engines from another supplier, it may encounter significant delays in obtaining the aircraft or engines it requires and/or be unable to obtain those aircraft or engines on economic terms comparable to the terms of the agreement it has agreed with its existing suppliers. If the Group was unable to obtain aircraft or engines from another supplier on terms acceptable to it, or at all, the Group may be forced to consider leasing or purchasing aircraft and/or engines made by a different aircraft or engine manufacturer, and, as a result, could lose the benefits afforded by a common fleet. Any replacement aircraft or engines may not have the same operating advantages as the Airbus A320-family or the IAE V2500 type engine. In addition, the Company may not be able to lease or purchase such aircraft or engines within the anticipated timeframe, if at all. Further, the addition of any such different aircraft and/or engines would result in substantial transition costs, including costs associated with re-training the Group's employees.

The Group's operations could also be harmed by the failure or inability of Airbus or IAE to provide sufficient parts or related support services for their planes or engines on a timely basis. Moreover, the cost-effective management of new aircraft deliveries and deployments may be affected by many factors beyond the Group's control. Any delay in the scheduled delivery of the Group's aircraft could result in adverse consequences. If an aircraft is delivered late, the Group's ability to maintain desirable slots and expand its route network and flight frequencies could be jeopardised. Moving quickly from aircraft delivery to revenue-generating deployment requires the co-ordination of a number of processes, such as pilot hiring and training and increasing the number of flight frequencies and routes. If the Group is unable to put new aircraft into service in a quick and coordinated manner, it may incur costs and lose anticipated revenue.

Any such failure or non-performance by Airbus or IAE could therefore have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and also on the Group's reputation.

Ancillary products and services are a key driver of revenue and profit for the Group and the Group may not be able to maintain or increase its ancillary revenue base

Wizz Air's business strategy relies upon its portfolio of ancillary products and services as a key driver of revenue and profit for the Group and the Company plans to continue expanding the Group's ancillary product and service offering in the future. There can be no assurance that passengers will pay for additional ancillary products and services, that passengers will continue to choose to pay for the ancillary products and services currently offered by the Group or that changes in legislation, rules or regulations will not restrict the extent to which the Group can continue to levy certain charges on passengers for ancillary products and services. In addition, as the Company matures it may be difficult to maintain the high growth rates for

ancillary revenue of previous years. Furthermore, the Group's strategy to increase and develop ancillary revenue alongside passenger ticket revenue by charging for ancillary products and services may be adversely perceived by its customers which could negatively affect its business. Failure to maintain ancillary revenue levels could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is dependent on attracting and retaining sufficient numbers of qualified employees at reasonable costs and on maintaining good employee relations

The Group's business is labour intensive and requires a significant number of personnel with specific skill sets and technical qualifications. In particular, pilots are from time to time in short supply in the European airline industry and the Group may have to expend significant amounts of time in recruiting and training new pilots. If the Group is unable to attract and retain a sufficient number of qualified employees at reasonable costs, its business and operations could be negatively affected. There can be no assurance that the Group will be able to retain employees in key positions or recruit a significant number of new employees with appropriate technical qualifications to compensate for the loss of employees or to accommodate its future growth. The Group may also face challenges in obtaining work permits or visas for staff based outside of the EU.

As at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), to the best of the Company's knowledge, there were no representative trade unions present in the Group, although on 23 February 2015, the Group received notification from a trade union in Romania purportedly representing a small number of Wizz Air employees of its affiliation with a Romanian trade union federation. While industrial relations within the Group have previously been good, there can be no assurance that in the future the Group's employees will not become unionised and resort to industrial action or that the Group will be able to continue to negotiate wages and salaries and terms and conditions of employment on terms that support its ability to offer its services at competitive prices. Any breakdown in the relationship between the Group and its employees, or any employee bodies, any industrial action and/or any inability by the Group to attract and retain a sufficient number of qualified employees at reasonable costs could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is dependent on the internet as its primary distribution channel

In FY 2014 and H1 2015, 94 per cent. of the Group's total passenger ticket revenue was generated from direct bookings by customers and bookings by travel agents through wizzair.com. Any compromise of internet security could deter customers from using the internet or from using it to conduct transactions that involve transmitting confidential information. The Group may incur significant costs to protect against the threat of security breaches, particularly if the perceived risks of terrorist activity and/or third-party misappropriation of information lead to government-imposed increases in internet security and greater restrictions on ticket purchases made remotely. Costs may also be incurred in alleviating problems caused by security breaches. In addition, alleviating these problems may cause interruptions, delays or cancellations in service to the Group's customers, potentially causing them to stop using its service or to make claims against the Group which could result in a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Furthermore, technical issues may occur with the Group's internally developed mobile telephone applications which could potentially cause the Group's customers to stop using the applications.

The Group retains personal information received from customers and has put in place security measures to protect against unauthorised access to such information. Personal information held both offline and online is highly sensitive and, if third parties were to access such information without the customer's prior consent or if third parties were to misappropriate that information, customers could potentially bring legal claims against the Group which, if successful, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects or which could otherwise harm the reputation of the Group and its brand.

The Group is dependent on its information technology systems

The Group's ability to manage ticket sales, receive and process reservations, check-in passengers, manage its traffic network, perform flight operations and engage in other critical business tasks is dependent on the efficient and uninterrupted operation of its website and computer and communication systems, on the third-party service providers and key personnel who maintain these systems and on the systems used by third parties in the course of their co-operation with the Group. Any disruption to the website or any computer and communication systems or a failure of the back-up systems used by the Group or third parties, particularly if the disruptions persist, could significantly impair the Group's ability to continue to conduct its business efficiently and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Restrictions on ownership and control of EEA airlines may affect the marketability of the Ordinary Shares and/or the Company's ability to attract foreign investors

Wizz Air Hungary is authorised to operate by virtue of an operating licence and AOC issued by the Hungarian Aviation Authority. These authorisations are subject to the Group's on-going compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any new rules or regulations that may be adopted in the future.

The Group's Hungarian operating licence requires, inter alia, that the majority of its equity capital must at all times be owned by Qualifying Nationals (as defined in section 6 (*EEA National Ownership Provisions*) and that it must at all times be effectively controlled by Qualifying Nationals. See the paragraph entitled "*Operating licences*" in section 2.1 (*Air Services Regulation*) of Part V: "*Regulation*" of this Prospectus for further information in relation to these restrictions. Following the completion of the Global Offer, the Company expects approximately 43.0 per cent. of its Ordinary Shares to be owned by Non-Qualifying Nationals. As referred to below in the risk factor entitled "*Shareholders may be restricted in transferring their Ordinary Shares owing to the rules relating to the nationality of ownership and control of EEA airlines*", the Company has provisions in its Articles which are designed to assist the Company in ensuring that it remains majority-owned and effectively controlled by Qualifying Nationals. However, the definition of "effective control" for this purpose is wider than the concept of share ownership. See the paragraph entitled "Operating licences" in section 2.1 (*Air Services Regulation*) of Part V: "*Regulation*" of this Prospectus for further information regarding this concept. The Company cannot guarantee that such provisions will be effective. If, as a result of future sales of shares by current or future Shareholders, Non-Qualifying Nationals were to acquire ownership of a majority of the Company's share capital or acquire effective control over the Company, the Group may face the risk of Wizz Air Hungary's operating licence being suspended or revoked, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Temporary suspension or loss of Wizz Air Hungary's and/or Wizz Air Ukraine's AOCs would result in a suspension of the relevant part of the Group's operations

Non-compliance with applicable statutes, rules and regulations pertaining to the airline industry by Wizz Air or one of its contractors, for example, through human error or through audits by the Hungarian Aviation Authority or the SASU or non-closure of audit findings, could result in the Hungarian Aviation Authority or the SASU taking steps to at least temporarily suspend or to revoke Wizz Air Hungary's or Wizz Air Ukraine's AOC, respectively. This would result in a suspension of the relevant part of the Group's operations which would have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's business is exposed to political and economic events and trends in CEE and elsewhere

A large proportion of the Group's revenue is attributable to sales on routes to and from CEE destinations. Since the dissolution of the Soviet Union in December 1991, many CEE countries, most notably those in which the Group currently operates, have undergone significant political and economic transformation, the result of which is now generally considered to be a stable political climate. However, as the Group's organic growth strategy depends in part on continuing growth in GDP per capita in CEE, to the extent that any of the countries in CEE to or from which the Group flies or may fly in the future, experiences reduced economic

growth, this could result in a corresponding slowdown in passenger growth and, consequently, could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The majority of Wizz Air's revenue is generated from countries within the EU. The sovereign debt crisis in Europe and peripheral countries could undermine the stability and overall standing of the European Monetary Union. Despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain Eurozone countries, their ability to meet future financial obligations and the overall stability and suitability of the Euro as a single currency. The departure or risk of departure by one or more Eurozone countries, or the dissolution of the Euro entirely, or the threat of such dissolution, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Part of the Group's organic growth strategy envisages expanding its network into countries outside of the EU, in particular Russia, Turkey and Ukraine, and into the Caucasus, North Africa and the Middle East. These and other countries in the region have experienced, and may still be subject to, potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and conflict between federal and regional authorities, corruption among governmental officials, social and ethnic unrest and currency instability. This historical and potential political and economic instability has at times disrupted and may still disrupt the direction and the pace of political and economic reforms in the region. There can be no assurance that regional instability, even in countries to which the Group does not fly, will not adversely affect the Group's organic growth strategy or otherwise have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Further details regarding risks relating to the Group's operations in Ukraine are set out in the risk factor entitled "*The Group is exposed to deteriorating economic conditions, political upheaval and other risks in Ukraine*".

In addition, certain jurisdictions outside the EU in which the Group operates, including Macedonia, Serbia and Ukraine where it has operating bases, operate foreign exchange controls which could have a material adverse effect on Wizz Air's ability to repatriate revenue from these countries.

The Group is currently dependent on a limited number of key markets, in particular Poland, Romania and Hungary

In FY 2014, 67 per cent. of the Group's net revenue was generated from flights to or from Poland, Romania and Hungary. This proportion was 70 per cent. in H1 2015. These markets are made up to a significant degree of Polish, Romanian and Hungarian migrants to Western Europe and their friends and families travelling to and from Poland, Romania and Hungary. If economic conditions in Western Europe deteriorate, if migration trends change or if competition from other low-cost carriers or other airlines operating flights to or from Poland, Romania and Hungary increases significantly, this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is dependent on positive recognition of its brand by customers and potential customers

As part of its overall business model, the Group relies on positive brand recognition, among other factors, to attract customers. The brand and consumer confidence in the Group may be negatively affected in the future by a number of factors, such as concerns about safety, quality of service, reliability and/or punctuality, even if unfounded. An event or series of events that materially damage the brand of the Group could have an adverse effect on the Group's ability to market its services and attract and retain customers. Restoring the brand and reputation of the Group may be costly and difficult to achieve.

The Group seeks to maintain, extend and expand its brand through marketing initiatives, such as press announcements, press conferences and events, social media, online advertising and search engine optimisation to increase the visibility of wizzair.com in major search engines' results. If the Group is unsuccessful in maintaining, extending and expanding its brand, this could have a material adverse effect on its reputation, business, results of operations, financial condition and/or prospects.

The Group relies on maintaining a high daily utilisation rate to implement its ultra low-cost structure, which makes it especially vulnerable to flight delays or cancellations and aircraft unavailability

The Group maintains a high daily aircraft utilisation rate. Aircraft utilisation is 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. The Group's average daily aircraft utilisation was 12.4, 12.2 and 12.4 hours in FY 2012, FY 2013 and FY 2014, respectively, and 13.0 and 13.5 hours in H1 2014 and H1 2015, respectively. The Group's revenue per aircraft can be increased by high daily aircraft utilisation, therefore delays and cancellations caused by various factors, many of which are beyond the Group's control, including air traffic congestion, air traffic control problems, processing delays on the ground, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity or other changes in business conditions, could reduce daily aircraft utilisation. In addition, removing aircraft for unscheduled maintenance, which will increase as the Group's fleet ages, may materially reduce the Group's average fleet utilisation and may require the Group to seek short-term substitute capacity at increased costs. Furthermore, the introduction of the larger A321 aircraft into the Wizz Air fleet will lead to longer turnaround times which, in turn, may also result in lower aircraft utilisation. Due in particular to the importance of a high daily aircraft utilisation rate to the Group's strategy, the unavailability of one or more of the Group's aircraft and resulting reduced capacity could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Currency exchange rate movements may adversely affect the Group's profitability

The Group's business, results of operations and financial condition may be adversely affected by fluctuations in exchange rates, particularly between the Euro and the US Dollar. Wizz Air reports its financial results in Euros. However, it transacts and holds assets and liabilities in currencies other than Euros. A significant proportion (49 per cent. in FY 2014 and 51 per cent. in H1 2015) of Wizz Air's costs are incurred in US Dollars, including aviation fuel, payments under aircraft leases, a significant part of maintenance payments and insurance. In addition, Wizz Air has various significant monetary asset and liability positions on its balance sheet that are denominated in US Dollars, including pre-delivery payments to Airbus, payments of maintenance reserves to aircraft lessors as a form of security in relation to future required heavy maintenance on its leased aircraft and letters of credit which are required as a result of agreements with aircraft lessors and other business partners. Continued or further strengthening of the US Dollar against the Euro will result in an increase of the Company's fuel and leasing costs and may impact results and margins.

In addition, Wizz Air generates revenue in a number of currencies other than the Euro, most significantly the British Pound, the Polish Zloty, the Romanian Leu, the Hungarian Forint and the Ukrainian Hryvnia. Wizz Air Ukraine has recently been adversely affected by the weakening of the Ukrainian Hryvnia against the Euro, which led to an unrealised foreign exchange loss in the statement of comprehensive income in FY 2014.

The Group engages in Euro/US Dollar currency hedging transactions to reduce its exposure to currency fluctuations in respect of costs incurred in US Dollars and US Dollar denominated asset and liability positions, but there can be no assurance that these hedging transactions will be sufficient to protect against adverse exchange rate movements. The Group does not currently hedge its risk in respect of currencies other than the Euro in respect of which it generates revenue (most significantly the British Pound, Polish Zloty, Romanian Leu, the Hungarian Forint and the Ukrainian Hryvnia). Any adverse exchange rate movements in these currencies could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Interest rate movements could adversely affect the Group

In addition to currency exchange rate exposure, the Group has some exposure to fluctuations in interest rates. Of the 54 aircraft in its fleet as at the date of this Prospectus, six are currently held pursuant to operating leases which are subject to floating rates of interest. In addition, the Group is exposed to interest rate fluctuations on any undelivered aircraft in respect of which sale and leaseback arrangements have been entered into, which as at the date of this Prospectus, amount to eight aircraft. The Group is also exposed to interest rate risk in relation to the valuation of financial instruments, as they are carried at fair value, and returns on invested cash.

Wizz Air did not use financial derivatives to hedge its interest rate risk during FY 2012, FY 2013, FY 2014 or H1 2015. Any adverse interest rate movements could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's success is dependent on key personnel

The Group's success depends significantly on the continued service of its key personnel, in particular its Chief Executive Officer József Váradi, the other Senior Managers, the four post-holders required by EU regulations (flight operations, crew training, ground operations and maintenance), the Wizz Air Ukraine post-holders and quality and compliance managers as required by EU regulations. The loss of the services of any of these key personnel without adequate replacement could disrupt the Group's operations and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. The Group does not have "key-man" insurance in place in respect of any of its key senior executives.

There can be no assurance that the Group will be able to retain employees in key positions or recruit a sufficient number of new employees with appropriate professional and/or technical qualifications to compensate for the loss of key employees or to accommodate the Group's future growth and the inability to fill key positions could have a material adverse impact on the Group's business, results of operations, financial condition and/or prospects.

The Group is dependent on its card acquirers and payment service provider

In FY 2014, 86 per cent. of the Group's total passenger revenue was generated through credit and debit card sales. This proportion was 89 per cent. in H1 2015. The Group currently has two card acquirers and one payment service provider. Any disruption or downtime to these services, particularly if the disruption or downtime persists, could significantly impair the Group's ability to conduct its business and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group has significant lease payment obligations and will need to finance the expansion of its aircraft fleet in the coming years

The Group leases all of its current fleet of 54 Airbus A320 aircraft pursuant to sale and leaseback arrangements. The Group's payment obligations under these non-cancellable leases were €117.7 million for FY 2014 and €68.4 million for H1 2015. In addition, the Group has contractually committed to acquire an additional 57 Airbus A320-family aircraft from Airbus between the date of this Prospectus and June 2018 and the Group intends to increase its fleet to approximately 85 Airbus A320-family aircraft by December 2017. The Group has secured sale and leaseback financing on eight of these additional aircraft, to be delivered in 2015, but is yet to secure financing on the remaining 49 aircraft, to be delivered in the period from the date of this Prospectus to June 2018. The aggregate list price of these 49 aircraft is €3.9 billion. The Company anticipates that lease financing will remain the principal source of financing for the growth of the Wizz Air fleet in the coming years, but will continue to consider alternative forms of financing if they deliver a lower cost. Although the Company believes that lease financing and/or debt financing should be available for the remaining 49 unfinanced aircraft deliveries between the date of this Prospectus and June 2018 (three of which are to be delivered in 2015 and nine in 2016), the Company cannot provide assurances that the Group will be able to secure such financing on terms attractive to it, or at all. While these financings may or may not result in an increase in liabilities on the Group's balance sheet, the Group's commitments will increase significantly as its fleet size increases regardless of the type of financing utilised. To the extent that the Group cannot obtain such financing on acceptable terms, or at all, the Group may be required to modify its aircraft acquisition plans to incur higher than anticipated financing costs, which would have an adverse impact on the execution of the Group's organic growth strategy and business, and ultimately Wizz Air may be unable to fulfil its contractual commitments to Airbus. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's maintenance costs could potentially increase significantly as its fleet ages

On the basis of the current delivery schedule under the Group's agreements with Airbus, the average fleet age is expected to be 3.8 years by 31 March 2015, 4.1 years by 31 March 2016 and 4.5 years by 31 March 2017. The Group currently incurs relatively low maintenance expenses per ASK for its fleet due to the low

average age of the fleet and multi-year warranties on most of the parts on its aircraft. Maintenance costs could potentially increase significantly, both on a per ASK basis and as a percentage of the Group's operating expenses, as the aircraft in the Group's fleet age and their respective warranties expire, which could result in more frequent inspections and higher overall maintenance costs. A material increase in the Group's maintenance costs could, in turn, have a material adverse effect on its operating margin and also on its business, results of operations, financial condition and/or prospects.

International agreements relating to air services present challenges to the Group's growth plans

When Wizz Air Hungary flies to or from destinations outside the EEA or Switzerland it does so pursuant to either (a) "open skies" arrangements between the EU and the country of destination (for example, Georgia, Israel and Moldova) or (b) bilateral air services agreements between an EU Member State and a third country, which may have been partially liberalised by a horizontal agreement between the EU and that third country. For example, Wizz Air Hungary has been designated by Romania to operate between Romania and the United Arab Emirates and by Hungary to operate between Hungary and the United Arab Emirates under the relevant bilateral agreement, as amended by a horizontal agreement between the EU and the United Arab Emirates. While there has been a steady market opening between the EU and its Eastern neighbours in recent years, there can be no guarantee that such process of market liberalisation will continue. If there is no full liberalisation (and even if there is, for example, a horizontal agreement) in place, then there is a risk that Wizz Air Hungary may face competition for desired designations and so may not secure all designations that are required to fully implement its organic growth strategy. In addition, Wizz Air Hungary's position as a Hungarian licensed carrier that is not beneficially owned or controlled by Hungarian nationals could restrict the availability of certain routes between Hungary and third countries which are not subject to horizontal agreements and/or liberalised to some other degree. In addition, some horizontal agreements require the designated operator to have an establishment in the countries from which it is flying. This requirement is currently satisfied in many countries from which the Group operates by the local branches established in those jurisdictions. However, if these requirements change or regulators in third countries take a different view, Wizz Air may be required to establish or invest in alternative corporate entities or operating subsidiaries in each of the relevant jurisdictions, which would lead to additional cost and operational complexity. Any of the foregoing events could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Where Wizz Air Hungary has been designated under a bilateral agreement between an EU country and a non-EU country on a particular route, there is a risk that further market liberalisation between the EU and the relevant country could lead to additional competition from European or other carriers on such route.

The Group is exposed to regulatory and other risks in Ukraine

Wizz Air Ukraine is authorised to operate by virtue of an AOC issued by the SASU in Ukraine. The Ukrainian AOC enables the Group to operate effectively to and from Ukraine. There is a risk that ownership and control regulations in Ukraine and/or their interpretation by the Ukrainian authorities may change and require that ultimate beneficial ownership and control of a Ukrainian airline should lie with Ukrainian nationals. Applications for designations to operate routes to and from Ukraine are decided by an administrative process. Wizz Air Ukraine may therefore face competition for a particular designation and the regulatory authorities in Ukraine may award such designations to other Ukrainian airlines. There is a risk, therefore, that Wizz Air Ukraine may not secure all designations required to fully implement its organic growth strategy. The EU and Ukraine have agreed the provisions of an open skies agreement which, once signed and implemented, would liberalise aviation relations between them. Such liberalisation of aviation relations may result in Wizz Air Ukraine facing increased competition from other EU and Ukrainian carriers on routes on which it is currently the only designated operator or new routes which Wizz Air Ukraine may open in the future. Increased competition may lead to lower revenue for Wizz Air Ukraine. There is also a risk that certain designations under bilateral air services agreements concluded between Ukraine and third countries may not or may no longer be available to Wizz Air Ukraine if the relevant third country were to reject Wizz Air Ukraine's designation under such bilateral agreement. The occurrence of any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, the Ukrainian Hryvnia, has recently been subject to volatility and depreciation and Ukraine operates foreign exchange controls which could have a material adverse effect on Wizz Air Ukraine's ability to repatriate profit to other members of the Group.

The Group is exposed to deteriorating economic conditions, political upheaval and other risks in Ukraine

Recent events in Ukraine have had a serious impact on the Ukrainian economy and the Ukrainian Hryvnia, has weakened significantly against major currencies, including the Euro. In response to weaker demand for air travel in Ukraine and the weakening of the Hryvnia against the Euro, Wizz Air reduced the number of aircraft deployed in Kiev from three to two in March 2014, suspended operations at its Donetsk base in April 2014 and suspended the planned opening of a new base at Lviv in April 2014. Wizz Air does not operate to or from the Crimea region or fly over eastern Ukraine. In H1 2015, 2.9 per cent. of the Group's revenue split by point of sale was from Ukraine, down from 5.4 per cent. in FY 2014. The Company continues to monitor closely the situation in Ukraine in view of the recent significant falls in the value of the Ukrainian Hryvnia and increased militarisation in Eastern Ukraine.

Any further worsening of the current situation within Ukraine or conflict with Russia could result in the Group's operations in Ukraine experiencing further operational limitations, a reduction in productivity, loss of availability of key personnel, higher operating costs, a further drop in demand for air travel, further restrictions on the remittance or repatriation of funds to or from Ukraine due to changing foreign currency controls, and a further weakening of the Hryvnia, affecting the profits of both Wizz Air Ukraine and the Group. Such circumstances could lead to the further withdrawal of capacity from specific regions, the closure of specific airports, or the full withdrawal of capacity from the Ukrainian market by the Group. There could also be an impact on travel to or from the region which may result in challenges for the implementation of the Group's "Go East" initiative and its broader organic growth strategy. In addition, the imposition of further sanctions against Russian or Ukrainian individuals or entities could impact the Group if any of its business partners were to become the subject of such sanctions. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial conditions and/or prospects.

The Group has from time to time been subject to investigations and claims relating to state aid

The Group generally enters into negotiated arrangements with each airport to and from which it operates. It may also enter into negotiated arrangements with relevant local authorities, such as regional tourist authorities. There is a risk that, where an airport or authority in the EU is publicly-owned or financed by public money, then such arrangements may, if a claim is made, be investigated by the European Commission and national competition authorities as to whether such arrangements constitute state aid. The Group is currently involved in four such investigations. In addition, as detailed in section 14.2 (*Claims by Carpatair*) of Part XI: "*Additional Information*" of this Prospectus, the Group is the subject of, and has intervened in, a number of claims made by S.C. Carpatair S.A., a regional airline based in Romania, ("**Carpatair**") in the Romanian courts alleging that Timişoara airport granted unlawful state aid to Wizz Air and/or that Timişoara airport abused a dominant position to the detriment of Carpatair. The European Commission has given notice that, going forward, the European Commission state aid investigations involving the Company will be assessed on the basis of new "EU Guidelines on state aid to airports and airlines" which were published on 4 April 2014. An adverse finding may lead to the European Commission issuing a repayment order which directs the relevant EU Member State to seek recovery of state aid from Wizz Air which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's ability to secure advantageous airport services agreements may be adversely affected by revised state aid guidelines

The Group aims to secure the lowest possible charge levels from the airports that it serves, subject to certain operational standards and service levels being met. On 4 April 2014, revised European Commission guidelines regarding state aid to airports and airlines were published. The new guidelines prescribe, *inter alia*, that agreements between airlines and airports will be considered free of state aid if a private investor, operating under normal market conditions, would have accepted the same terms. The suggested method of assessing this is to require that such agreements must be incrementally profitable. These guidelines may affect the ability of publicly-owned airports and other authorities to agree to such

arrangements, even if they are of a type which private sector airport operators would readily enter into. If any such agreements could not be entered into on terms acceptable to Wizz Air due to these guidelines, Wizz Air's airport charges may increase and this could have a material adverse effect on the Group's business, results of operations, financial conditions and/or prospects.

The Group could be adversely affected by a country withdrawing from the EU

The withdrawal of one or more EU Member States from the EU, with no liberalised air traffic regime subsequently being established, could have a material effect on the Group's landing rights in, and operation of routes to, that country. For example, there have been increasing calls for the United Kingdom to hold a referendum on withdrawing from the EU. In January 2013, the British Prime Minister, David Cameron, announced that the Conservative Party, of which he is the leader, would hold an "in-out" referendum on the United Kingdom's EU membership before 2017 on a re-negotiated package if re-elected in 2015 following this year's general election. Such a withdrawal could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may be unable to adequately protect its interests in certain trademarks, copyrights and domain names

The Group either owns or has registered the trademarks (including logos and trade names), related copyrights and domain names that the Group currently uses and the Group believes that it has taken reasonable measures to protect its interests in such trademarks, copyrights and domain names. Nevertheless, the Group may be subject to claims by other parties asserting interests in such trademarks, copyrights and domain names and/or owners of interests in other trademarks, copyrights or domain names similar to the Group's, in each case regarding its past use of its trademarks, copyrights and domain names and its rights to continue to use such trademarks and copyrights and domain names. In addition, the Group's business is subject to the risk of third parties infringing the Group's trademarks, copyrights and domain names. The Group may not always be successful in securing protection for, or stopping infringements of, its trademarks, copyrights and domain names and the Group may need to resort to litigation in the future to enforce its rights in this regard. Any such litigation could result in significant costs and a diversion of resources. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group could be adversely affected if a number of its aircraft became unavailable at any one time

As of the date of this Prospectus, the Group operates a fleet of 54 aircraft. If an aircraft becomes unavailable due to unscheduled maintenance, repairs or other reasons, the Group looks to "wet lease" (a leasing agreement whereby an aircraft is provided to the Group together with its operating crew, maintenance support and insurance) a replacement aircraft for a limited period. However, the Group's business, results of operations, financial condition and/or prospects could suffer if a number of aircraft became unavailable at any one time and it was unable to replace such aircraft on terms that were acceptable to it, or at all, within a short timeframe.

Changes in Swiss tax legislation could affect the Group

The Company and Wizz Air Hungary are solely tax resident in Switzerland. In October 2014, Switzerland and the EU Member States signed a joint statement on business taxation pursuant to which Switzerland's Federal Council has reaffirmed its intention to abolish certain tax regimes, particularly those that provide for different treatment of domestic and foreign revenue, with new tax measures to be based on OECD international standards. Changes in the Swiss tax legislation, or its interpretation, could have an effect on the Group's operating results in the future.

Changes to the Jersey tax regime could affect the Group

As detailed in section 2.9 (*EU Code of Conduct*) of Part V: "*Regulation*" of this Prospectus, the Council of Economics and Finance Ministers ("**ECOFIN**") has previously raised concerns about Jersey's current zero-ten (standard corporate tax rate of 0 per cent. and special corporate tax rate of ten per cent.) business tax regime for companies in Jersey. The Jersey Council of Ministers responded that Jersey would maintain its

zero-ten tax regime. However, it is possible that, through consultation, changes to the zero-ten tax regime may be considered by the Jersey government and the implementation of any such changes could have an effect on the Group.

RISKS RELATING TO THE AIRLINE INDUSTRY

The Group is exposed to risks associated with fluctuations in fuel prices

Fuel costs are the largest component of the Group's operating costs, accounting for 40.0 per cent. of total operating costs in FY 2014 and 39.4 per cent. of the Group's total operating costs in H1 2015. As such, the Group's operating costs are significantly affected by changes in the availability and cost of aviation fuel. The demonstrations and protests in the Middle East and North Africa that began in December 2010 termed the "Arab Spring", caused significant disruption to certain of the major oil producing regions of the Middle East and led to significantly higher prevailing market fuel prices. Other geopolitical factors, including fears of a Eurozone break-up, also had a significant impact on fuel prices during the historical period. Global oil prices have fallen sharply in recent months. A continued fall in fuel prices could lead to increased pressure on ticket prices and competition, as well as restricting the Company's ability to hedge adequately. Aviation fuel has been, and is expected in the future to continue to be, subject to significant price volatility and fluctuations in supply and demand.

Wizz Air incurs fuel costs in US Dollars. The Group typically hedges over a period of 18 months although it recently extended its fuel hedge coverage out to the end of the year ending 31 March 2017 ("**FY 2017**") in response to falling oil prices. Although the Group has a policy of hedging a portion of its projected aviation fuel requirements, hedging contracts do not fully protect it from significant increases in the price of aviation fuel in the short-term or long-term and may limit the benefit that could be derived from significant decreases in the price of aviation fuel. In addition, although the Group may benefit from lower fuel prices as a result of its partial hedging coverage, these benefits may be offset by other macroeconomic factors such as currency movements between the Euro and the US Dollar. The Group may be able to mitigate the effect of fuel price rises by increasing fares or other passenger charges, but there is no guarantee that this strategy will be sustainable nor is there any certainty as to the magnitude or timing of any such rises in the price of fuel. In addition, weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning fuel production, transportation or marketing, changes in fuel production capacity, environmental concerns and other unpredictable events may result in unexpected fuel supply shortages and fuel price increases in the future. Substantial fuel prices increases (whether covered by hedges or not) or the unavailability of adequate supplies could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group operates in a highly competitive market

The Group operates in a highly competitive market with a large number of participants, including ultra low-cost and low-cost carriers, traditional airlines and charter airlines, competing throughout the Group's route network. The Group's competitors may seek to protect or gain market share through fare-matching or price-discounting, by offering more attractive flight schedules or services, by introducing new routes, or by placing large orders for new aircraft and transferring excess capacity to markets and routes already served by the Group or which it is contemplating serving.

Certain of the Group's principal and potential competitors, including Ryanair Holdings PLC ("**Ryanair**") and easyJet PLC ("**easyJet**"), may have more significant market positions, financial leverage, extensive flight schedules and greater brand recognition than Wizz Air. Certain other of the Group's competitors in CEE are state-owned or backed airlines and such airlines may have received, and may in the future receive, significant amounts of subsidies and state assistance from their respective governments. In addition, other ultra low-cost and low-cost carriers may specifically target the Group's bases in order to compete with the Group on its route network. Such competition is likely to adversely affect the Group's ability to operate profitably within its markets. In addition, the Group could face competition in relation to its fares, staff recruitment, slot availability and terminal allocation. Such competition may adversely affect the Group's business, results of operations, financial condition and/or prospects. For example, Wizz Air's profitability in

FY 2013 was adversely affected by its competitors launching new routes in Warsaw and Budapest during that year, as detailed further in Part VII: "*Operating and Financial Review*" of this Prospectus.

Historically, the public transportation infrastructure in CEE has been under-funded and as a result may be considered to be below the standards of Western Europe. A substantial majority of residents in the countries in CEE continue to rely on public transportation, including buses and trains, as well as automobiles, rather than air transport, and these methods of transport constitute a source of competition for the Group's services. If the Group is unable to change the travel preferences of residents of CEE or if such travel preferences do not develop as a general trend in the future, the Group may experience lower than anticipated demand for its services. In addition, significant improvements to the condition of the public transport infrastructure and road network in CEE could have an adverse effect on the demand for the Group's services and adversely affect the Group's business.

As a result of these circumstances, there can be no assurance that the Group will be able to continue to compete effectively with other airlines, any new entrants to the industry or other forms of transport. The sustained loss of a significant number of passengers to competing airlines or to alternative forms of transport, or a reduction in the Group's revenue as a result of increased competition in the airline industry, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Airlines are often affected by factors beyond their control, including adverse weather conditions, an outbreak of a contagious disease and other natural events

Like other airlines, Wizz Air is subject to disruptions caused by factors beyond its control, including adverse weather conditions and other natural events, such as the ash cloud generated by the eruption of the Eyjafjallajökull volcano in Iceland in April and May 2010. Delays frustrate passengers, may affect Wizz Air's reputation and may reduce aircraft utilisation as a result of flight cancellations and increase costs, all of which, in turn, affect profitability. In the event of fog, snow, rain, storms or other adverse weather conditions or natural events, flights may be cancelled or significantly delayed. An outbreak of a contagious disease, such as avian flu, swine flu, severe acute respiratory syndrome (SARS) or Ebola, or another contagious disease with the potential to become a pandemic, could affect travel behaviour by reducing passenger traffic, either generally or to offered destinations. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Terrorist incidents, or the threat of such incidents, could result in a reduction in airline passenger traffic and increased requirements for security measures can disrupt business and adversely affect airlines

Hijacking or other terrorist incidents anywhere in the world, or the threat of such incidents, can significantly harm public confidence in the airline industry, reduce passenger traffic or affect general political, economic or business conditions in ways that could result in reduced demand for airline transport services, increased costs or reduced passenger revenue. The terrorist attacks in the United States on 11 September 2001 had a significant negative effect on the global economy and airlines in particular experienced significant revenue losses and incurred substantial additional costs. If an actual or perceived threat of terrorism were to continue for a prolonged period, it could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Although the Group's operations are safe and secure, achieving higher than industry average safety and security performance levels, security measures have in the past disrupted and may potentially in the future disrupt the Group's business on a temporary or long-term basis. There can be no assurance that any future security-related costs or complications would not disrupt the Group's business or affect passengers' propensity to travel and, by reducing demand for the Group's services, result in material adverse effects on the Group's business, results of operations, financial condition and/or prospects.

The airline industry is highly regulated

The airline industry is highly regulated, as is discussed in greater detail in Part V: "*Regulation*" of this Prospectus. Wizz Air's operating licences are subject to Wizz Air's on-going compliance with applicable legislation, rules and regulations, including any new rules and regulations adopted in the future. Changes to these rules and regulations in the future could require the Group to make changes to its operational practices

and/or business strategy in order to retain its operating licences, which could in turn have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

In accordance with current Hungarian regulations, Wizz Air's pilots and cabin crew cannot fly more than 900 block hours per calendar year and 100 block hours in any 28 consecutive days. Under current Ukrainian regulations, Wizz Air's pilots and cabin crew cannot fly more than 900 block hours in any twelve consecutive months, 90 block hours in any 28 consecutive days (which can be extended by 25 per cent. a maximum of four times a year) or nine block hours within any consecutive 24 hour period If more stringent restrictions were to be introduced by the Hungarian and/or Ukrainian authorities, the Group would have to employ more pilots and cabin crew with consequential increases in operating costs.

Regulatory changes affecting the airline industry could have an adverse impact on the Group's costs, flexibility, marketing strategy, business model and ability to expand. It may not be feasible to pass regulatory and compliance costs on to the Group's customers and regulatory charges may affect how the Group markets or operates its services. Regulatory authorities may, for example, impose operating restrictions at airports served by the Group, such as restrictions on the availability of slots, landing and take-off curfews, noise restrictions, mandatory flight paths, runway restrictions, limits on the average number of daily departures and restrictions on maximum total duty time for crew members. Changes to the regulatory environment in which the Group operates, or action by regulatory authorities, may adversely affect the Group's business, results of operations, financial condition and/or prospects.

In addition, EU air carriers are generally entitled to set air fares freely as a consequence of EU air transportation market liberalisation measures introduced in 1993 and now consolidated in the Air Services Regulation, but the Company cannot assure investors that modifications or amendments of existing laws or regulations, or new laws and regulations enacted in the future, will not harm the Group's business, results of operations, financial condition and/or prospects.

All of the EU Member States are subject to the EU airline regulatory regime which is summarised in Part V: "*Regulation*" of this Prospectus. Subject to some exceptions, the provisions of the EU regulatory regime are also applicable in Iceland, Liechtenstein and Norway, as parties to the agreement establishing the EEA, as well as in Switzerland under the bilateral agreement of 1999 between the EU and the Swiss Confederation on air transport (the "**EU-Switzerland Air Transport Agreement**"). Moreover, under the agreement establishing the European Common Aviation Area (the "**ECAA**") between the EU, its EU Member States, Iceland, Norway and some Eastern European countries (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia and Kosovo), the latter have agreed to the full application of EU aviation law and the opening of their markets to airlines based in the ECAA. As a result, subject to the ratification of the agreement by all signatories, ECAA based airlines such as Wizz Air will have open access to an enlarged, ECAA-wide European single market in aviation. Outside the EU, the EEA, Switzerland and the ECAA, airline regulation is largely a matter of bilateral arrangements between the country in which the airline is based and the country into which it wishes to operate flights. For instance, if countries such as Turkey and Russia, which are target markets for Wizz Air, do not relax their airline regulations or enter into "open skies" arrangements with the EU or, in the case of Turkey, become an EU Member State, it may not be possible for the Group to establish significant operations to or from such countries, which could adversely impact the Group's organic growth strategy.

An airline can suffer a catastrophic loss in the event that one of its aircraft is subject to an accident or incident

Wizz Air, like all airlines, is exposed to potential catastrophic losses in the event that any of the Group's aircraft is subject to an accident, terrorist incident or other catastrophe. This may involve not only the repair or replacement of damaged or lost aircraft and its consequent temporary or permanent loss from service, but also claims from injured passengers and survivors of deceased passengers. There can be no assurance that the amount of the Group's insurance coverage available in the event of such losses would be adequate to cover such losses, or that the Group would not be forced to bear substantial losses from such events, regardless of its insurance cover. Moreover, any aircraft accident or incident, even if fully insured, could create a public perception that Wizz Air is less safe or reliable than other airlines, which could cause passengers to lose confidence in Wizz Air and switch to other airlines or other means of transportation. Any

of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Profitability in the airline industry can be cyclical and may be adversely affected by political and economic uncertainty

The airline industry tends to experience severe adverse financial results during general economic downturns or periods of international and political instability. The recent global credit crisis and economic recession had a far-reaching impact on the airline industry, with airlines undergoing a period of major financial difficulty, particularly in the second half of 2008 and during 2009. The European sovereign debt crisis and recession in the Eurozone from late 2009 also adversely impacted the European airline industry. As a substantial portion of airline travel is a discretionary consumer expense, changes in economic conditions can reduce passenger traffic and, consequently, have a substantial adverse effect on the airline industry generally. During downturns, the Group may be required to take delivery of new aircraft it has agreed to purchase or lease whether or not it requires the additional capacity provided by such aircraft, or may be unable to dispose of unnecessary aircraft (whether leased or owned) on financially acceptable terms. Economic uncertainty in some markets may also lead certain of the Group's competitors to shift their capacity to markets and routes served by the Group, increasing competition in these markets. Any of the foregoing events could cause a reduction in the demand for the Group's services and create pressure to lower the Group's fares, which could result in material adverse effects on the Group's business, results of operations, financial condition and/or prospects.

The airline industry is subject to seasonal fluctuations

Demand for the Group's services fluctuates over the course of the year, and has historically been higher in the summer season and lower in the winter season (except for the days around Christmas, the New Year and Easter), while the Group's costs are incurred more evenly throughout the year. As the majority of the Group's profits are generated in the summer season and the days around Christmas, the New Year and Easter, lower demand for air travel, flight cancellations and other factors that adversely affect aircraft utilisation during these periods may have a disproportionately adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The airline industry is generally characterised by high fixed operating costs

Although the Group employs an ultra low-cost business model, the airline industry is generally characterised by high fixed operating costs and low profit margins. Fixed operating costs relate predominantly to aircraft financing, head office expenses, part of crew salaries, depreciation and amortisation, insurance and the line and light element of maintenance, representing in aggregate 25 per cent. of Wizz Air's total operating expenses for each of FY 2014 and H1 2015. As a result, changes in the Group's operating expenses may not correspond, and historically have not corresponded, to changes in its revenue and therefore a relatively small change in the number of passengers carried by the Group or in the pricing or traffic mix obtainable by the Group could have a disproportionate effect on the Group's profit margins, and thereby on its business, results of operations, financial condition and/or prospects.

Moreover, because of this cost structure, with very low marginal costs in respect of passengers occupying otherwise vacant seats, the airline industry has been historically susceptible to fare discounting. There can be no assurance that the Group's competitors will not engage in price-cutting activity or other changes in services. Such competitive activity could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

EU and international regulation of passenger compensation could result in additional costs

EU legislation for compensating airline passengers who have been denied boarding on a flight for which they hold a valid ticket or whose flight has been cancelled or subject to delays (Regulation (EC) No 261/2004) came into force in February 2005. This legislation imposes fixed levels of compensation to passengers for cancelled flights, except where the airline can prove that such cancellation was caused by "extraordinary circumstances" (Case C-12/11) which could not have been avoided even if all reasonable measures had been taken. In its *Sturgeon* judgment (Joined Cases C-402/07 and C-432/07), the European Court of Justice (the

"**ECJ**") extended this right of passengers to monetary compensation to cases where passengers reach their final destination three hours or more after the scheduled arrival time. In October 2012, the *Sturgeon* judgment was confirmed by the ECJ (Joined Cases C-581/10 and C-629/10). Passengers subject to long delays (two hours or more for short haul flights) are also entitled to "assistance", including meals, drinks and telephone calls, as well as hotel accommodation if the delay extends overnight. For delays of at least five hours, the airline is also required to offer the option of a refund of the cost of the ticket and, if the passenger has already completed part of the journey, a return flight to the initial point of departure. In addition, under the Montreal Convention on the Unification of Certain Rules for International Air Carriage, which came into force for all EU countries on 28 June 2004, passengers can claim compensation for lost, damaged or delayed luggage.

On 13 March 2013, the Commission adopted a proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and Regulation (EC) 2027/97 on air carrier liability in respect of the carriage of passengers and their baggage by air. The proposal is subject to the ordinary legislative procedure of the EU, which requires the approval from both the European Parliament and the Council. On 5 February 2014, the European Parliament adopted a legislative Resolution at first reading on the proposal. The draft revised rules envisage to reinforce and extend passenger rights to obtain compensation more easily in case flights are delayed or where passengers are stranded upon the bankruptcy of an airline, as well as passenger rights in connection with luggage. The revised draft rules also provide that airlines may reject a claim for compensation only on the basis of an exhaustive listed of predetermined "extraordinary circumstances". The legislative process is still ongoing.

In the ordinary course of its business, the Group is subject to claims in connection with delays and/or lost, damaged or delayed baggage. The Group has also had a number of claims and complaints arising in connection with its implementation of Regulation (EC) No 261/2004. The Company does not consider that this is unusual for a commercial airline. However, there can be no assurance that the Group will not be subject to an increased number of such claims or complaints in the future, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Airlines are subject to restrictions with respect to noise pollution and other environmental laws and regulations

Airlines can have their activities restricted on account of noise control regulations. Such regulations could become more restrictive in the future, which may adversely affect the Group's business, results of operations, financial condition and/or prospects. The matter is currently regulated by Directive 2002/30/EC of the European Parliament and of the Council of 26 March 2002 on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Community airports (as amended by Regulation (EC) No 1137/2008). The Directive allows European governments to impose a stricter regime on air travel designed to reduce airline noise emissions by making air travel more expensive and therefore less attractive to customers.

The Directive will be repealed by Regulation (EU) No 598/2014 of the European Parliament and of the Council of 16 April 2014 on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at EU airports within a balanced approach, which shall enter into force on 13 June 2016. Any increase in costs caused by increased taxation or other regulatory regime could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The airline industry is also subject to environmental laws and regulations and is likely to be subject to more stringent environmental laws and regulations in the future. These environmental laws and regulations relate to, among other issues, the use and handling of hazardous materials, air emissions, waste management, civil protection, water quality and environmental contamination clean-up. These requirements potentially could impose substantial on-going compliance costs and operational restrictions on the Group, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

European airlines are subject to the EU Emissions Trading Scheme and the non-inclusion of flights that are not intra-EU in that scheme could create competitive disadvantages

In February 2009, Directive 2008/101/EC came into force, bringing the aviation industry within the EU Emissions Trading Scheme ("**EU ETS**"). As a result, all flights departing from, and arriving at, EU airports have been included within the EU ETS from 2012. The EU ETS delivers a market price for carbon, capping total emissions to a fixed limit with operators required to surrender allowances for each reporting year to cover their total emissions. The Group does not receive sufficient allowances for its operations and incurred costs of €0.8 million, €1.2 million and €1.7 million in FY 2012, FY 2013 and FY 2014, respectively, and €2.3 million in H1 2015 in purchasing additional allowances. The number and cost of such allowances that the Group will have to buy on the free market or acquire through auctions is based on the difference between those allowances awarded free of charge and those to be surrendered in each year, and the price for these allowances. The inclusion of the aviation sector in the EU ETS is likely to have a substantial negative effect on the European aviation industry, including Wizz Air, despite the young ages of its aircraft fleet. There can be no assurance that the Group will be able to obtain sufficient allowances, or that the cost of any additional allowances necessary will not have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. In addition to the financial impact, inclusion in the EU ETS imposes administrative burdens (in particular, monitoring and reporting obligations) on participants.

While a challenge to the inclusion of the aviation industry into the EU ETS on the grounds of international law was rejected by the ECJ in 2011 (Case C-366/10), a number of non-EU countries, including China, India, Russia and the United States, remain strongly opposed to the inclusion of international aviation in the EU ETS. After the Council of the International Civil Aviation Organisation ("**ICAO**") agreed to seek a timely solution for a global market-based measure scheme for emissions from international aviation, in April 2013 the Council of the EU adopted a decision temporarily deferring enforcement of the obligations of aircraft operators in respect of incoming and outgoing international flights under the EU ETS for 2012 ("stop the clock"). This derogation, which applied from 24 April 2013, temporarily exempted airlines from the EU ETS requirement to report carbon emissions for flights between EU airports and third countries and sanctions will not be imposed for failure to report. The EU ETS continues to apply in full to intra-EU flights. The EU ETS Aviation Amending Regulation came into force on 30 April 2014 (Regulation (EC) No. 421/2014 amending Directive 2003/87/EC). It established a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions. The Regulation amends the EU ETS by extending the effect of the stop the clock decision of 2013 until 31 December 2016, exempting small non-commercial aircraft operators from 2013 to 2020 and postponing obligations to report emissions for flights within the EEA. As the large majority of Wizz Air's flights are intra-EU, this may result in a competitive disadvantage to the Group until 2017 which could have a material adverse effect on its business. In addition, should the differences not be resolved in the ICAO framework by the next ICAO assembly in 2016 the countries opposed to the inclusion of the aviation industry in the EU ETS could impose trade or other sanctions against the EU and EU air carriers.

The Group could be affected by proposals to bring airline click-through arrangements into the scope of the Package Holidays Directive

On 9 July 2013, the European Commission published proposals for a revised Directive on "Package Holidays and Assisted Travel Arrangements", which would repeal currently applicable Council Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours (Package Travel Directive). These proposals intend, *inter alia*, to bring click-through arrangements from airline websites into the scheme and would treat airlines as operators under the revised Package Holidays Directive, requiring them to take financial responsibility for providers of the click-through elements. On 12 March 2014, the European Parliament backed the European Commission's proposals and on 4 December 2014 the Council of Ministers agreed on a general approach on the basis of a compromise text prepared by the Presidency of the Council of the European Union. The aim of the reform is to ensure that consumers who buy customised holidays (either when booking packages or via new forms of linked travel arrangements) are suitably protected. The proposals include the requirement that retailers, including airlines, who invite customers to purchase travel services on a linked website will have to provide insolvency protection. In order for these proposals to become law, the European Parliament and the Council of Ministers will need to agree on the

final text of the Directive. If these proposals are implemented in their current form, they could place significant consumer protection obligations and liabilities on Wizz Air and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Airlines may be adversely affected by restrictions at airports and in airspace

Congestion is a problem in the European airspace where the Group operates. Further, the availability and cost of terminal space, slots and aircraft parking are critical to the Group's operations. Ground and maintenance facilities, including gates and hangars, and support equipment, will be required to operate additional aircraft in line with the Group's organic growth plans. The Directors consider that these restrictions are less of an issue for Wizz Air than many other airlines as the Group operates primarily from secondary airports which have significant spare capacity and where the Group does fly to congested airports, such as London-Luton, its flights often constitute in-bound traffic for such airports and take up off-peak capacity. However, these restrictions may limit the Group's ability to provide or increase services at certain airports and may cause the Group to incur additional costs. Any inability to lease, acquire or access airport facilities on reasonable terms or at preferred times to support growth could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, a number of the airports to which the Group operates, such as Dortmund, Paris-Beauvais, Eindhoven, Brussels-Charleroi, Rome-Ciampino, Memmingen, Hamburg-Lübeck, Venice-Treviso and Gothenburg, apply curfews on take-off and landing during night hours or additional extensions to existing restrictions. Some of these curfews are strict and will require the diversion of aircraft if arriving inside the curfew hours. Other airports, such as Budapest, Sofia and Cologne, are more flexible and allow aircraft to land within curfew hours, although the relevant airport may levy additional charges and noise surcharges for doing so. If other airports to which the Group operates implement curfews, the Group is likely to incur additional costs associated with such curfews, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Airlines are reliant on the provision of air traffic control services

Further growth of European air traffic is likely to increase the pressure on the air traffic control system which may result in service disruptions. Air traffic control systems are also subject to disruptions resulting from technical or other operational failures. The Group currently deals with a significant number of different air traffic control authorities (there is one body per country, which in many cases is broken up into different regions) each of whom applies strict protocols to routes, such as following national borders and reserving large areas of airspace for military use, which can lead to increased congestion. In addition, air traffic control services are generally a state-owned monopoly supplier. Such services tend to be heavily unionised and prone to strike action, which can also result in service disruptions. Given the importance of Wizz Air's high levels of aircraft utilisation to the implementation of its ultra low-cost business model, service disruptions may affect Wizz Air more than other airlines and any such disruptions could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Airline insurance may become too difficult or expensive to obtain

The Group carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft. While there have been occasions where certain governments have been prepared to offer war-risk insurance when insurers have withdrawn cover in response to acts of terrorism or war, there can be no assurance that this will be repeated. For example, in the aftermath of the terrorist attacks in New York and Washington D.C. on 11 September 2001, airline insurers withdrew war-risk insurance. At the same time, insurers and re-insurers raised premiums for airline insurance in general, although such premiums increased significantly in a short period and have generally continued to increase since 2002. More recently, airline insurers and re-insurers have included clauses in their insurance contracts which are intended to exclude or significantly curtail coverage for certain risks involving so-called weapons of mass destruction. If insurers or re-insurers exclude coverage for these risks or such coverage is not available on commercially reasonable terms then, if insurance cover is not available from another source (for example, a government entity), the Group may not be able to insure against those risks and, at its most extreme, the Group may not be able to carry on its business and may ultimately be forced to cease its operations.

Airport, airspace and landing fees and other costs which all airlines incur may increase

Certain types of operating costs to which all airlines, including Wizz Air, are subject (for example, airport, airspace and landing fees) have increased significantly in recent years and there can be no assurance that such costs will not continue to rise. The Group seeks to limit the impact of such costs by flying primarily to and from secondary airports and having at least one alternative airport for as many significant destinations as possible. The Group also seeks to mitigate such costs by agreeing long-term deals with key airports with volume rebates wherever possible. However, these factors may not always be sufficient to protect the Group from such increased costs. Future events or developments could also result in heightened security regulations for air traffic, which will increase costs further.

In addition, agreements between airport operators and other administrative authorities and airlines are subject to increasing scrutiny from national and EU regulatory bodies charged with enforcing competition law. For example, in 1995, the European Commission held that, in the circumstances involved, dissimilar airport charge arrangements with airlines amounted to an abuse by the Brussels airport authority of a dominant position in violation of Article 82 of the EC Treaty and were therefore unlawful and unenforceable. Whilst the Group's management does not intend knowingly to enter into airport agreements which are unlawful, there can be no assurance that any agreement that the Group has entered into or may enter into in the future with an airport operator or other authority, in relation to the airports or regions the Group serve, will not be subject to similar scrutiny or that the Group's costs would not be adversely affected as a consequence.

Any such cost increases could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Increases in government taxes, the imposition of additional taxes or charges could adversely affect the Group's business

Airport taxes are levied as a fixed tax on the sale of airline seats in many of the countries in which the Group operates. An increase in such taxes could lead to the loss of customers who are highly sensitive to increases in ticket price. In addition, because the Group's fares are often lower than those of other airlines, increases in taxes which are not proportionate to ticket price would have a larger proportionate effect on the Group's fares than those of the Group's competitors, which could adversely affect the Group's business, results of operations, financial condition and/or prospects.

If airfares become subject to value added tax or other sales taxes in the future, and it was not feasible for the Group to pass on this cost to all of its customers, this would increase the Group's operating costs. If the Group was unable to pass on increases in fees, charges or other costs to its customers the Group charges, or if doing so resulted in reduced passenger demand, the resulting increase in the Group's operating costs could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, over the past few years, there have been discussions at an EU level and within EU Member States regarding the existing tax exemptions for aviation fuel. While such exemptions are the subject of an international treaty and are therefore not within the EU's control, there can be no assurance that the current tax exemptions for aviation fuel will be maintained and any change to these exemptions could lead to a substantial increase in the Group's aviation fuel costs which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

RISKS RELATING TO THE ORDINARY SHARES

Indigo may exercise significant influence over the Group following the Global Offer and/or its interests may differ from the majority of other Shareholders

Immediately following Admission, Indigo will hold 19.6 per cent. of the voting rights in the Company, decreasing to 12.9 per cent. if the Over-allotment Option is exercised in full. Indigo will also hold Indigo's Retained Convertible Notes and Convertible Shares which, on conversion in full, would entitle it to have issued to it a further 46.9 per cent. of the enlarged issued share capital of the Company, based on the number of Ordinary Shares expected to be in issue at Admission. As a result, Indigo has the ability to exercise

significant influence over certain of the Company's corporate decisions, including the election or removal of Directors, the declaration of dividends, whether to accept the terms of a takeover offer and the determinations of other matters to be determined by the Company's shareholders. In exercising its voting rights, Indigo may be motivated by interests that are different from the majority of other Shareholders. The Company and Indigo entered into the Relationship Agreement, details of which are set out in section 4 (*Relationship Agreement with Indigo*) of Part III: "*Relationship with Indigo*" of this Prospectus to regulate their relationship following Admission and, in particular, to ensure that the Company is capable of operating and making decisions for the benefit of Shareholders as a whole and independently of Indigo at all times. Further details of the Relationship Agreement are set out in section 4 (*Relationship Agreement with Indigo*) of Part III: "*Relationship with Indigo*" of this Prospectus.

There has been no prior public trading market for the Ordinary Shares and an active trading market may not develop or be sustained in the future

Prior to Admission, there has been no public trading market for the Ordinary Shares. Although the Company has applied to the FCA for admission to the premium listing segment of the Official List and has applied to the LSE for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, will be sustained following the Global Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected, including by volatility.

The share prices of publicly traded companies can be highly volatile

Publicly traded securities experience from time to time significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. Following Admission, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: (a) fuel price fluctuations; (b) trends in migration; (c) variations in operating results in the Group's reporting periods; (d) changes in estimates by securities analysts; (e) changes in market valuation of similar companies; (f) announcements by the Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; (g) additions or departures of key personnel; (h) any shortfall in revenue or net income or any increase in losses from levels expected by securities analysts; (i) future issues or sales of Ordinary Shares; (j) stock market price and volume fluctuations; (k) competitor and/or sector newsflow; (l) changes in foreign exchange rates and (m) general economic, political and regulatory conditions.

Any or all of these events could result in material fluctuations in the price of the Ordinary Shares which could lead to investors being unable to recover their original investment.

Future sales of Ordinary Shares or the conversion of convertible instruments into Ordinary Shares could depress the market price of the Ordinary Shares

Following the expiry of the applicable lock-up period, the Company's Shareholders who were subject to the lock-up may sell Ordinary Shares in the open market. Further details of the lock-up restrictions are contained in section 9 (*Lock-up arrangements*) of Part VI: "*Details of the Global Offer*" of this Prospectus. There can be no assurance that such parties will not effect transactions upon the expiry of the applicable lock-up period and the Company cannot predict the effect, if any, that future sales of Ordinary Shares, or the availability of the Ordinary Shares for future sale, will have on the market price of the Ordinary Shares. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares and could impair the Group's ability to raise capital through the sale of additional equity securities. In addition, the conversion by Indigo or the Company of all or a significant proportion of Indigo's Retained Convertible Notes and/or Convertible Shares could have a material impact on the market price of Ordinary Shares.

Future issues of Ordinary Shares may dilute the holdings of Shareholders

Other than the Global Offer, the Company has no current plans for an offering of Ordinary Shares and will be unable to do so for a fixed period after Admission (subject to certain limited exceptions). Further details

of these lock-up restrictions are contained in section 9 (*Lock-up arrangements*) of Part VI: "*Details of the Global Offer*" of this Prospectus. However, it is possible that the Company may decide to offer additional Ordinary Shares in the future, either to raise capital or for other purposes. Subject to the pre-emption rights in the Articles, an additional offering may have a dilutive effect on the holdings of Shareholders and could have an adverse effect on the market price of Ordinary Shares as a whole. In addition, following Admission, Indigo will hold Indigo's Retained Convertible Notes and Convertible Shares which will be convertible into Ordinary Shares at their election, subject to compliance with certain requirements relating to the majority ownership and effective control of Wizz Air by the nationals of a member of the EEA ("**EEA Nationals**") as detailed further in section 2 (*Indigo's Retained Convertible Notes*) of Part III: "*Relationship with Indigo*" and section 5.2 (*Share capital*) of Part XI: "*Additional Information*" of this Prospectus. Assuming full conversion of all of Indigo's Retained Convertible Notes and all of the Convertible Shares, Indigo's Retained Convertible Notes and the Convertible Shares would represent 58.3 per cent. of such fully diluted share capital immediately following Admission, with 41.7 per cent. being represented by the Ordinary Shares in issue immediately following Admission. Exercise by Indigo of its conversion rights will result in further issues of Ordinary Shares which will have a dilutive effect on the holdings of Shareholders. In addition, there will be options granted under the ESOP over 1,708,946 Ordinary Shares outstanding at Admission and the issue of additional Ordinary Shares on exercise of those options will have a dilutive effect on the holdings of Shareholders. Awards made following Admission under the Wizz Air Long-term Incentive Plan 2014 (the "**LTIP**") will also dilute Shareholders.

The Company may choose not to pay dividends and it cannot assure investors that it will make dividend payments in the future

The Company may not be able to, or may chose not to, pay dividends in the future. The payment of future dividends will depend on, *inter alia*, the Group's future profit, financial position, distributable reserves, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time. The Company may choose not to pay dividends if the Directors believe that this could cause any Group member to be less than adequately capitalised or if for any other reason the Directors conclude it will not be in the best interests of the Company. There can be no assurance that the Company will pay dividends or, if it does choose to pay dividends, as to the amount of such dividends.

Shareholders may be restricted in transferring their Ordinary Shares due to the rules relating to the nationality of ownership and control of EEA airlines and operations under bilateral air services agreements

In order to continue to be eligible to hold an operating licence granted by the Hungarian Aviation Authority, Wizz Air Hungary must, *inter alia*, be majority owned and effectively controlled by Qualifying Nationals (as defined in section 6 (*EEA National ownership provisions*) of Part XI: "*Additional Information*" of this Prospectus). As the holding company owning and controlling the licence holder, the Company is required to be majority owned and effectively controlled by Qualifying Nationals and must be able to provide evidence of such ownership and control at all times.

To ensure that this is possible, the Articles contain provisions allowing, *inter alia*, the Company to obtain information from Shareholders, to refuse to register transfers of Ordinary Shares, to disenfranchise the affected Ordinary Shares and to force the sale of Ordinary Shares by Non-Qualifying Nationals (as defined in section 6 (*EEA National ownership provisions*) of Part XI: "*Additional Information*" of this Prospectus) should the Group's operating rights be threatened or jeopardised. For further details, please see Part V: "*Regulation*" and section 6 (*EEA National ownership provisions*) of Part XI: "*Additional Information*" of this Prospectus.

If the Company were a passive foreign investment company for U.S. federal income tax purposes for any taxable year, U.S. holders of the Offer Shares could be subject to certain adverse U.S. federal income tax consequences

Based on the composition of the Company's income and assets, the manner in which the Company operates and the expected market value of the Company's assets (as may be indicated by the expected market price of the Ordinary Shares following the Global Offer), the Company does not expect to be a passive foreign

investment company ("**PFIC**") for U.S. federal income tax purposes for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and the Company cannot assure investors that the U.S. Internal Revenue Service will not take a contrary position. Furthermore, this is a factual determination that must be made annually after the close of each taxable year. If the Company is a PFIC for any taxable year during which a U.S. Holder (as defined in section 5.1 (*Introduction*) of Part X: "*Taxation*" of this Prospectus) holds Offer Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See section 5.4 (*Passive Foreign Investment Company*) of Part X: "*Taxation*" of this Prospectus.

If the Company is treated as a financial institution under the U.S. Foreign Account Tax Compliance Act, withholding may be imposed on payments on the Ordinary Shares

Provisions under the U.S. Internal Revenue Code and Treasury Regulations thereunder, commonly referred to as "**FATCA**", generally may impose 30 per cent. withholding on certain "withholdable payments" and "foreign passthru payments" (each as defined in the U.S. Internal Revenue Code) made by a "foreign financial institution" (as defined in the U.S. Internal Revenue Code) that has entered into an agreement with the U.S. Internal Revenue Service to perform certain diligence and reporting obligations with respect to the foreign financial institution's U.S.-owned accounts. The United States has entered into intergovernmental agreements with Switzerland and Jersey, which modifies the FATCA withholding regime described above. Whether the Company would be treated as a financial institution subject to the diligence, reporting and withholding obligations under FATCA may depend on the future legislation in Switzerland and/or Jersey relating to the implementation of the relevant intergovernmental agreement. Furthermore, it is not yet clear how the intergovernmental agreement between the United States and Switzerland will address foreign passthru payments, whether such intergovernmental agreement may relieve Swiss financial institutions of any obligation to withhold on foreign passthru payments, to what extent (if at all) any payments on the Ordinary Shares would be considered foreign passthru payments, and whether the provisions of the intergovernmental agreement with Jersey may be applicable to the Company. Prospective investors should consult their tax advisors regarding the potential impact of FATCA, the Swiss and Jersey intergovernmental agreements and any non-U.S. legislation implementing FATCA, on their investment in the Ordinary Shares.

Shareholders outside the United Kingdom may not be able to participate in future equity offerings

The Articles provide for pre-emption rights to be granted to Shareholders, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise their pre-emption rights unless such an offering is registered under the US Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

IMPORTANT NOTICES

General

Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Global Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors or the Underwriters. No representation or warranty, express or implied, is made by any Underwriter or selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any Joint Global Co-ordinator or any Underwriter or selling agent as to the past, present or future. None of the Company, the Directors or the Underwriters are making any representation to any subscriber for or purchaser of the Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, independent financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of Ordinary Shares.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Directors or any of the Underwriters or any of their representatives that any recipient of this Prospectus should subscribe for or purchase Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase Ordinary Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, prospective investors must rely upon their own examination of the Company, the Group and the information in this Prospectus, including the risks set out in the section entitled "*Risk Factors*".

Investors who subscribe for or purchase Offer Shares in the Global Offer will be deemed to have acknowledged that: (a) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (b) they have relied solely on the information contained in this Prospectus; and (c) no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors or any of the Underwriters.

Sponsor, Joint Global Co-ordinators, Joint Bookrunners and Co-Lead Manager

The Underwriters, each of which are authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the FCA and the PRA, are acting exclusively for the Company and no one else in connection with the Global Offer, and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Global Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Global Offer, Admission or any transaction or arrangement referred to in this Prospectus.

The Underwriters and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and certain of the Selling Shareholders, for which they would have received customary fees. The Underwriters and any of their respective affiliates may provide such services to the Company and the Selling Shareholders and any of their respective affiliates in the future.

In connection with the Global Offer, the Underwriters or any of their agents, may subscribe for and/or purchase Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of the Company or related investments in connection with the Global Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed for, acquired, placed or otherwise dealt in should be read as including any issue

or offer to, or subscription, acquisition, placing or dealing by, the Underwriters and any of their affiliates acting as an investor for its or their own accounts. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, the Underwriters accept no responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made in it by them, or on their behalf, in connection with the Company, the Ordinary Shares or the Global Offer. The Underwriters accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of the Prospectus or any such statement.

Enforcement of judgments

The Company is a public company incorporated under the laws of Jersey. The majority of the Company's Directors and Senior Managers reside outside of the United States and substantially all of the assets of such persons are, and all of the Company's assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce outside the United States judgments obtained against the Company or such persons in the United States, including without limitation judgments based upon the civil liability provisions of the United States federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Jersey. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under the U.S. securities laws.

PRESENTATION OF INFORMATION

Forward-looking statements

Certain information contained or incorporated by reference in this Prospectus, including any information as to the Group's strategy, plans or future financial or operating performance constitutes "forward-looking statements". These forward-looking statements can be identified by the use of terminology such as, "aims", "anticipates", "assumes", "believes", "budgets", "could", "contemplates", "continues", "estimates", "expects", "intends", "may", "plans", "predicts", "projects", "schedules", "seeks", "shall", "should", "targets", "would", "will" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements appear in a number of places throughout this Prospectus and include, but are not limited to, express or implied statements relating to:

- the Group's business strategy and outlook, including the implementation of its "Go East" initiative;
- the Group's future results of operations;
- the Group's future financial and market positions;
- the Group's margins, profitability and prospects;
- expectations as to future growth;
- the Group's ability to grow its fleet of aircraft;
- general economic trends and other trends in the industry in which the Group operates;
- the impact of regulations on the Group and its operations; and
- the competitive environment in which the Group operates.

By their nature, forward-looking statements are based upon a number of estimates and assumptions that, whilst considered reasonable by the Directors, the Company or the Group, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those indicated, expressed or implied in such forward-looking statements.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Any forward-looking statements in this Prospectus reflect the Directors', the Company's or the Group's current view with respect to future events and are subject to certain risks relating to future events and other risks, uncertainties and assumptions including, but not limited to:

- increases in fuel and labour costs;
- changing consumer preferences for air travel;
- inability to enter new markets or retain licences for current markets;
- failure to maintain or establish attractive and profitable routes;
- failure to compete effectively against other carriers;
- operational, safety, technical or personnel issues;
- inability to fund new aircraft deliveries;
- dependence on senior management and key personnel;
- regulatory changes in the EU and internationally; and
- continued weakness in economic conditions.

The forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. Subject to the requirements of the Prospectus Rules, the disclosure and transparency rules made by the FCA under Part VI of the FSMA (the "**Disclosure and Transparency Rules**") and the rules relating to admission to the Official List made in accordance with section 73A(2) of the FSMA (the "**Listing Rules**") or applicable law, the Directors, the Company and the Group explicitly disclaim any intention or obligation or undertaking to publicly release the result of any revisions to any forward-looking statements made in this Prospectus that may occur due to any change in the Directors', the Company's or the Group's expectations or to reflect events or circumstances after the date of this Prospectus.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

Presentation of financial information

Historical financial information

The historical financial information presented in this Prospectus consists of audited consolidated financial information for each of FY 2012, FY 2013, FY 2014 and H1 2015, as well as unaudited consolidated financial information for H1 2014, the nine months ended 31 December 2013 ("**9M FY 2014**") and the nine months ended 31 December 2014 ("**9M FY 2015**"). Unless otherwise stated, no other financial information presented in this Prospectus has been audited.

Certain selected unaudited historical financial information has been included for each of the four quarters of FY 2014 and the three quarters of 9M FY 2015.

The historical financial information in section B of Part VIII: "*Historical Financial Information*" of this Prospectus has been prepared in accordance with the requirements of the Listing Rules and International Financial Reporting Standards, as adopted for use in the EU ("**IFRS**"). The basis of preparation and the significant accounting policies applied are further explained in section B of Part VIII: "*Historical Financial Information*" of this Prospectus.

Non-IFRS measures

In this Prospectus, certain financial measures are presented that are not recognised or defined by IFRS, including "EBITDAR", "EBIT", "EBITDAR Margin" and "EBIT Margin".

Wizz Air defines EBITDAR as profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals.

Wizz Air defines EBIT as profit (or loss) before net financing costs (or gain) and income tax expense (or credit).

The Group calculates EBITDAR Margin and EBIT Margin as, respectively, EBITDAR and EBIT for the relevant period divided by the Group's total revenue for the same period.

EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are not defined by or presented in accordance with IFRS and should not be considered as alternatives to:

- profit after tax from continuing operations (as determined in accordance with IFRS);
- cash flows from operating, investing or financing activities (as determined in accordance with IFRS) or as a measure of the Group's ability to meet its cash needs; or
- any other measure of performance under IFRS.

EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are calculated on a consolidated basis. EBITDAR, EBIT, EBITDAR Margin and EBIT Margin have limitations as analytical tools and an investor should not consider these measures in isolation from, or as a substitute for, analysis of the Group's results of operations. Some limitations of these measures are that:

- these measures do not reflect the Group's cash expenditures or future requirements, for capital expenditure or contractual commitments;
- these measures do not reflect changes in, or cash requirements for, the Group's working capital needs;
- these measures do not reflect interest expense, or the cash requirements necessary to service interest or principal payments in respect of any borrowings;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in the Group's industry may calculate these or similarly titled measures differently from how the Group does, limiting their usefulness as a comparative measure.

EBITDAR, EBIT, EBITDAR Margin and EBIT Margin may not be indicative of the Group's historical operating results, nor are they meant to be a projection or forecast of future results.

The Directors believe that EBITDAR, EBIT, EBITDAR Margin and EBIT Margin provide useful information to investors because these measures are used by management in determining the Group's core performance and in managing the Group's performance. Additionally, the Directors believe that EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are measures commonly used by investors, analysts and other interested parties in the Group's industry. EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are not subject to audit or review by any independent auditors.

A reconciliation of profit for FY 2012, FY 2013, FY 2014, H1 2014 and H1 2015 to EBITDAR and EBIT is set out in section 4 (*Results of operations*) of Part VII: "*Operating and Financial Review*" of this Prospectus.

Exceptional item

Save where otherwise stated, EBITDAR, EBIT, CASK (including ex-fuel CASK and CASK ex-ownership), EBITDAR Margin and EBIT Margin figures for FY 2014 have been calculated excluding an exceptional item of €6.3 million. Details of the exceptional item are set out in the paragraph entitled "*Distribution and marketing*" in section 3.2 (*Operating expenses*) of Part VII: "*Operating and Financial Review*" of this Prospectus.

Unaudited pro forma financial information

The unaudited pro forma statement of net assets contained in section B (*Unaudited pro forma statement of net assets of the Group*) of Part IX: "*Pro Forma Financial Information*" of this Prospectus illustrates the effect of the Global Offer and adjustment of the Convertible Loans and Convertible Notes (except for Indigo's Retained Convertible Notes) as if it occurred on 30 September 2014. The unaudited pro forma financial information is for illustrative purposes only. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's or the Group's actual financial position. Future results of operations may differ materially from those presented in the unaudited pro forma information due to various factors.

The unaudited pro forma financial information has been prepared in a manner which is consistent with the accounting policies adopted by the Company in the preparation of the audited historical information set out in Part VIII: "*Historical Financial Information*" of this Prospectus. The Prospectus Rules regarding the preparation and presentation of the unaudited pro forma financial information vary in certain respects from Article 11 of Regulation S-X promulgated under the US Securities Act and, accordingly, the unaudited pro forma financial information included herein should not be relied upon as if it had been prepared in accordance with such requirements.

Potential investors should refer to the basis of preparation of the unaudited pro forma financial information set forth in section B (*Unaudited pro forma statement of net assets of the Group*) of Part IX: "*Pro Forma Financial Information*" of this Prospectus.

Non-financial operating data

Certain non-financial operating data is presented in this Prospectus, including utilisation, block hours, ASKs, RPKs, load factor, yield, RASK, CASK, ex-fuel CASK and CASK ex-ownership.

This data may not be compatible with similarly titled operational data presented by others in the Group's industry and, while the method of calculation may differ across the industry, the Directors believe that these indicators are important to understanding the Group's performance from period to period and that they facilitate comparison with the Group's peers. This operational data is not intended to be a substitute for any IFRS measures of performance.

The non-financial operating data included in this Prospectus has been extracted without material adjustment from the management records of the Group, is not part of the Group's financial statements and is unaudited.

No profit forecast

No statement in this Prospectus or incorporated by reference into this Prospectus is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per Ordinary Share after Admission will necessarily be greater or less than the historical published earnings or earnings per Ordinary Share for the Company.

Presentation of other information

Market, industry and other statistical data

Market data and certain other information regarding the airline industry used in this Prospectus have been extracted from official and industry sources and other sources unless otherwise stated. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

The information set out in this Prospectus that has been sourced from third parties has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified. Any information sourced from the Economist Intelligence Unit has been re-used herein by permission of the Economist Intelligence Unit.

Rounding

Percentages and certain amounts included in this Prospectus have been rounded for ease of preparation. Accordingly, numerical figures shown as totals in certain tables may not be the exact arithmetic aggregations of the figures that precede them. In addition, certain percentages and amounts contained in this Prospectus reflect calculations based on the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

Currencies

In this Prospectus:

- references to "pounds sterling," "£," "pence" or "p" are to the lawful currency of the United Kingdom;
- references to "$", "US$", "USD" or "US Dollars" are to the lawful currency of the United States of America;
- references to "€" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community;
- references to "Zloty" or "Polish Zloty" are references to the lawful currency of Poland;

- references to "Forint" or "Hungarian Forint" are references to the lawful currency of Hungary;
- references to "Hryvnia" or "Ukrainian Hryvnia" are references to the lawful currency of Ukraine;
- references to "Leu" or "Romanian Leu" are references to the lawful currency of Romania; and
- references to "CHF" or "Swiss Francs" are references to the lawful currency of Switzerland.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Euro. For all companies in the Group other than Dnieper Aviation LLC and Wizz Air Ukraine (for which the functional currency is the Ukrainian Hryvnia) the functional currency is the Euro and the Group prepares its financial information in Euro.

On 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), the exchange rate between the British pound sterling and the Euro was £1:€0.7344, based on the exchange rate quoted by the European Central Bank at 2.00 p.m. (London time). Unless otherwise specified, this rate has been used for translations of British pound sterling into Euros, and *vice versa*, in this Prospectus.

Times

All times referred to in this Prospectus are, unless otherwise stated, references to the time in London, United Kingdom.

Growth rates

CAGRs for certain operating and financial data between FY 2010 and FY 2014 are included in this Prospectus. The Company considers the last five full financial years to be the appropriate period to measure such growth rates.

Available information

Neither the Company nor any of its subsidiaries is required to file periodic reports under section 13 or section 15(d) of the U.S. Exchange Act of 1934 (as amended) (the "**US Exchange Act**"). The Company will, during any period in which it is neither subject to section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) of the US Exchange Act, provide, upon written request, to Shareholders, any owner of any beneficial interest in Ordinary Shares or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

Information not contained in this Prospectus

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and Prospectus Rule 3.4.1, neither the delivery of this Prospectus nor any subscription or sale made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group since the date hereof or that the information contained herein is correct as of any time subsequent to the date of this Prospectus.

The Company will update the information provided in this Prospectus by means of a supplementary prospectus if a significant new factor that may affect the evaluation by prospective investors of the Global Offer occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions made prior to the publication of the supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two days after publication of the supplement).

No incorporation of website information

The contents of the Group's websites, and any other websites referred to in this Prospectus, do not form a part of this Prospectus.

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	William A. Franke (*Chairman*) József Váradi (*Chief Executive Officer*) Thierry de Preux (*Non-Executive Director*) Guido Demuynck (*Non-Executive Director)* Simon Duffy *(Non-Executive Director)* Stephen L. Johnson (*Non-Executive Director*) John McMahon (*Non-Executive Director and Senior Independent Director*) John R. Wilson (*Non-Executive Director*)
Senior Managers	John Stephenson (*Executive Vice President*) Mike Powell (*Chief Financial Officer*) György Abrán (*Chief Commercial Officer*) Diederik Pen (*Chief Operations Officer*) Owain Jones (*Chief Corporate Officer*)
Company Secretary	Elian Corporate Services (Jersey) Limited 44 Esplanade St. Helier JE4 9WG Jersey
Registered office	44 Esplanade St. Helier JE4 9WG Jersey
Head office and Directors' business address	World Trade Center 1 Geneva International Airport 1215 Geneva 15 Switzerland
Sponsor, Joint Global Co-ordinator and Joint Bookrunner	J.P. Morgan Securities plc 25 Bank Street London E14 5JP United Kingdom
Joint Global Co-ordinators and Joint Bookrunners	Barclays Bank PLC 5 The North Colonnade London E14 4BB United Kingdom Citigroup Global Markets Limited Citigroup Centre Canada Square London E14 5LB United Kingdom
Co-lead Manager	Nomura International plc 1 Angel Lane London EC4R 3AB United Kingdom

Legal adviser to the Company as to English and United States law	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF United Kingdom
Legal adviser to the Company as to Jersey law	Ogier 44 Esplanade St. Helier JE4 9WG Jersey
Legal adviser to the Underwriters as to English and United States law	Davis Polk & Wardwell London LLP 99 Gresham Street London EC2V 7NG United Kingdom
Auditors and reporting accountants to the Company	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Registrars	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier JE1 1ES Jersey

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	*2015*
Announcement of results of the Global Offer and notification of allocations	25 February 2015
Commencement of conditional dealings	8.00 a.m. on 25 February 2015
Admission and commencement of unconditional dealings	8.00 a.m. on 2 March 2015
Crediting of Ordinary Shares to CREST accounts	2 March 2015
Dispatch of definitive share certificates (where applicable)	Week commencing 9 March 2015

Each of the times and dates in the above timetable is subject to change without further notice. References to times are to London time unless otherwise stated.

It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned. Temporary documents of title will not be issued.

GLOBAL OFFER STATISTICS

Offer Price (per Offer Share)	£11.50
Offer Shares[(1)]	23,360,008
– New Ordinary Shares to be issued by the Company	9,578,820
– Sale Shares to be sold by the Selling Shareholders	13,781,188
Percentage of the Ordinary Shares being offered in the Global Offer[(1)(2)]	44.7%
Percentage of the Ordinary Shares to be held by persons other than Indigo, the Directors, employees of the Group and their connected persons[(1)(2)]	71.7%
Number of Offer Shares subject to the Over-allotment Option[(3)]	3,504,000
Number of Ordinary Shares in issue immediately following the Global Offer	52,263,615
Expected market capitalisation of the Company on Admission[(4)]	£601.0 million
Estimated net proceeds of the Global Offer receivable by the Company[(5)]	£102.8 million
Estimated net proceeds of the Global Offer receivable by the Selling Shareholders[(1)]	£154.1 million

Notes:

(1) Assumes the Over-allotment Option is not exercised.

(2) Ordinary Shares in issue immediately following Admission.

(3) The Over-allotment Option is to be provided by Indigo.

(4) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

(5) The estimated net proceeds receivable by the Company are stated after deduction of the underwriting commissions and expenses of the Global Offer (including VAT) payable by the Company, which are currently expected to be approximately £7.3 million.

PART I

INFORMATION ON THE GROUP

Investors should read the whole of this Prospectus and not just rely upon the summarised information, including the tables, in this Part I. Where stated, information in this section has been extracted without material adjustment from Part VIII: "Historical Financial Information" of this Prospectus.

1. OVERVIEW

Wizz Air is an ultra low-cost carrier, or ULCC[1], and the largest low-cost carrier in Central and Eastern Europe, or CEE[2], on the basis of scheduled departing seat capacity recorded by Innovata for FY 2014 and H1 2015. Wizz Air provides low-cost air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and into the Caucasus and the Middle East. Wizz Air was established in September 2003 and as at the date of this Prospectus operates from 18 bases in 10 CEE countries with flights to 91 destinations on approximately 300 routes in 33 countries. Wizz Air carried in excess of 15.8 million passengers on more than 100,000 flights in calendar year 2014 and as at 31 December 2014 had carried over 85 million passengers in total since the start of its operations on 19 May 2004. Wizz Air has grown significantly in recent years, with a CAGR in revenue of 21.8 per cent. from FY 2010 to FY 2014 and EBITDAR of 29.4 per cent. from FY 2010 to FY 2014, while Wizz Air's ex-fuel CASK has cumulatively reduced by 2.2 per cent. over the same period. Wizz Air's CASK and ex-fuel CASK are among the lowest of all publicly reporting European low-cost carriers, while Wizz Air's average ancillary revenue per passenger is among the highest of all publicly reporting European low-cost carriers.

Wizz Air has a strong focus on low costs as part of its organisational culture and ULCC business model. Key elements of Wizz Air's ULCC business model include its operation of a uniform and efficient modern fleet of narrow-body aircraft in a high-density (180 seats) all-economy seating layout, high aircraft utilisation, its point-to-point network, operating mainly from less congested secondary airports that typically charge lower fees, high load factors, use of scalable outsourced services, consumer-direct distribution over the internet, high employee productivity and rigorous cost control. Wizz Air utilises its ULCC business model to offer customers consistently low ticket prices. The low ticket prices offered by Wizz Air help to stimulate demand in the markets it serves, creating new and more frequent travellers, and allow Wizz Air to compete effectively in its markets by offering an attractive value proposition to customers.

Wizz Air has unbundled components of its air travel service that have traditionally been included in ticket prices, such as baggage, check-in options and seat and boarding allocation, and has allowed passengers to select and pay for the additional products and services they want to use by offering them as optional services for additional fees (which Wizz Air records as ancillary revenue). This unbundling strategy has allowed Wizz Air to significantly grow its ancillary revenue and total revenue in recent years, with the share of total revenue generated from ancillary revenue increasing from 25.9 per cent. in FY 2010 to 34.9 per cent. in FY 2014 and 32.9 per cent. in H1 2015. In LTM September 2014, Wizz Air had one of the highest average ancillary revenues per passenger of all publicly reporting European low-cost carriers. Wizz Air seeks to drive customer behaviour through its pricing strategy, with the aim of achieving further cost savings and efficiencies in its operations.

Wizz Air's strategy for further growth focuses on expanding its bases, destinations and frequencies in both its existing markets and in new markets. The core of Wizz Air's business is linking CEE destinations with Western Europe. The Company expects CEE to be particularly responsive to further penetration by low-cost

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1 The Company considers ULCCs to be a sub-set of low-cost carriers which distinguish themselves by using a business model with an intense focus on low-cost, efficient asset utilisation and unbundled revenue sources aside from ticket prices with multiple products or services offered for additional fees. Further details are set out in section 1.2 (*Market segmentation*) of Part IV: "*Industry Overview*" of this Prospectus.

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

carriers in the coming years with forecast GDP growth significantly higher than in Western Europe and the propensity of air travel and low-cost carrier penetration in CEE expected by the Company to increase towards Western European averages as average GDP per capita rises. Wizz Air has recently started to increase the number of routes from CEE eastwards to countries outside the EU in Eastern Europe, the Caucasus and the Middle East as part of its "Go East" initiative, with routes launched to Georgia, Israel and Macedonia in 2012, Azerbaijan, Bosnia and Herzegovina, Moldova, Russia, Turkey and the United Arab Emirates in 2013 and Wizz Air will start flights to Egypt in 2015. These launches have demonstrated demand for low-cost air travel in these markets, many of which have historically been underserved by low-cost carriers. Wizz Air's current fleet plan provides for growth from 54 Airbus A320 aircraft as at the date of this Prospectus to approximately 85 Airbus A320-family aircraft by December 2017. This implies an anticipated growth rate of more than 15 per cent. per annum in Wizz Air's fleet for each of the calendar years 2015 to 2017, compared to the approximately three per cent. per annum long-term fleet growth forecast for Europe by Airbus (2014 – 2033) and Boeing (2014 – 2033). Wizz Air has secured the supply of the aircraft that it needs to achieve this growth with committed orders with known delivery dates through to the end of 2017 in respect of 31 new Airbus A320-family aircraft. Wizz Air's total Airbus order book is 57 Airbus A320-family aircraft.

The Group's total revenue was €766.1 million in FY 2012, €851.3 million in FY 2013 and €1,011.8 million in FY 2014 and was €589.0 million (unaudited) in H1 2014 and €727.3 million in H1 2015. The Group recorded a net profit of €41.0 million in FY 2012, €29.3 million in FY 2013 and €87.7 million in FY 2014 and net profit of €109.5 million (unaudited) in H1 2014 and €158.1 million in H1 2015. The Group's EBITDAR Margins were 19.1 per cent. in FY 2012, 18.6 per cent. in FY 2013, 23.9 per cent. in FY 2014, 31.5 per cent. in H1 2014 and 35.0 per cent. in H1 2015, and its profit margins were 5.5 per cent., 3.4 per cent., 8.7 per cent., 18.6 per cent. and 21.7 per cent., respectively. For FY 2014 and H1 2015, Wizz Air's EBITDAR Margins were 23.9 per cent. and 35.0 per cent. and profit margins were 8.7 per cent. and 21.7 per cent., respectively. For LTM September 2014, Wizz Air's EBITDAR Margins were one of the highest amongst its main competitors.

2. KEY STRENGTHS

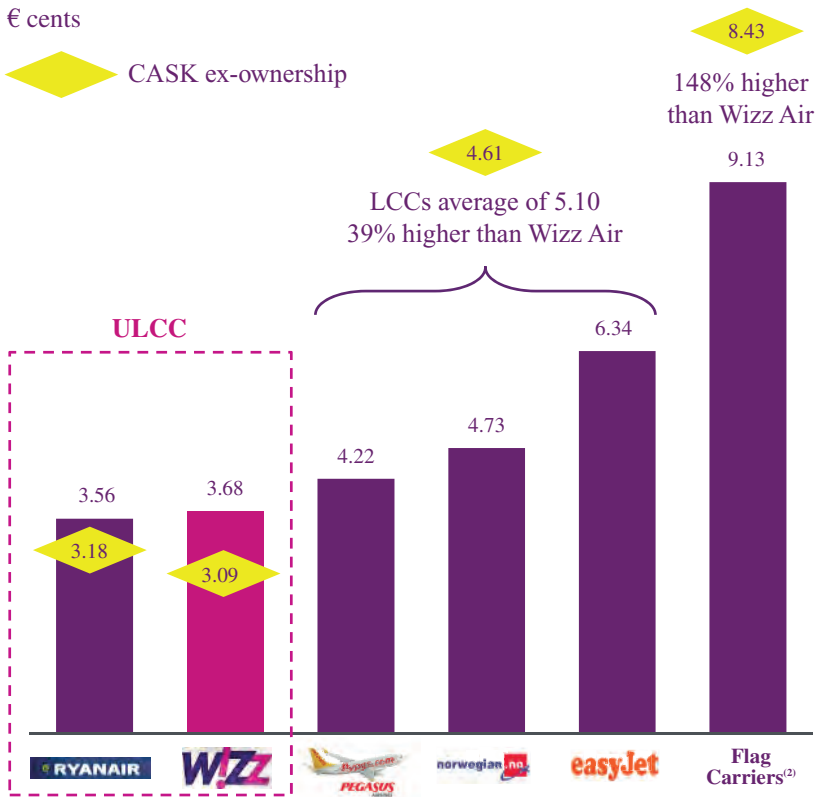
The Company believes that Wizz Air competes successfully in the airline industry by exploiting the following business strengths:

Ultra low-cost structure

Wizz Air's CASK was 3.72 Euro cents in FY 2014 and 3.64 Euro cents in H1 2015. Wizz Air's CASK of 3.68 Euro cents in LTM September 2014 was among the lowest of all publicly reporting European low-cost carriers. Wizz Air's management team enforces rigorous cost control in all aspects of the Group's business and has created a company-wide business culture that is keenly focused on driving costs lower. The Company believes that this cost advantage protects Wizz Air's market position, enables it to offer some of the lowest ticket prices in its markets, stimulates demand in its markets and supports continued profitable growth. Wizz Air's ex-fuel CASK was 2.25 Euro cents in FY 2014 and 2.21 Euro cents in H1 2015. Ex-fuel CASK has been decreasing since the year ended 31 March 2007 ("**FY 2007**"), when it was 2.79 Euro cents, representing an absolute decrease of approximately 20 per cent. from FY 2007 to FY 2014. Wizz Air's ex-fuel CASK reduced further to 2.24 Euro cents in LTM September 2014, which was 2.6 per cent. lower compared to FY 2010. Wizz Air's CASK ex-ownership (excluding depreciation and amortisation and aircraft rental costs) was 3.16 Euro cents in FY 2014 and 3.07 Euro cents in H1 2015, a decrease of 4.4 per cent. and 4.1 per cent., respectively from 3.30 Euro cents in FY 2013 and 3.20 Euro cents in H1 2014 (3.09 for LTM September 2014).

As illustrated by the chart below, Wizz Air's CASK and CASK ex-ownership are among the lowest of the publicly reporting European low-cost carriers, including Ryanair, easyJet, Norwegian Air Shuttle ASA ("**Norwegian**") and Pegasus Airlines ("**Pegasus**"), and significantly below that of the principal European legacy carriers such as Air France-KLM, Deutsche Lufthansa AG ("**Lufthansa**") and International Consolidated Airlines Group, S.A. ("**IAG**") for the last twelve months ("**LTM**") figures reported by such airlines, even after the benefit of wide-body aircraft long-haul operations on the calculation of ex-fuel CASK is taken into account.

Latest LTM CASK and CASK Ex-ownership vs. Peers[1]



Source: Company information and publicly available information.

Notes:

(1) For LTM September 2014.

(2) Flag carriers computed as an average of Air France-KLM, Lufthansa and IAG. All calculations are based on the most recent figures available as at 5 January 2015.

The key drivers of Wizz Air's ultra-low CASK are:

- **Uniform and efficient modern fleet.** Wizz Air operates a uniform and modern fleet of Airbus A320-family aircraft with an average age of 3.8 years as at the date of this Prospectus, which results in greater reliability, lower maintenance costs, lower training costs, easier crew management and lower fuel costs than for an older and/or non-uniform fleet. Utilisation in LTM September 2014 of 12.7 hours per day was higher than the publicly reported daily utilisation rates of easyJet, Norwegian and Pegasus for the equivalent period and the rate for the last period publicly reported by Ryanair. Wizz Air's 180 seat, single-class configuration maximises seat capacity and spreads its costs among a larger number of passengers per flight.

- **High load factors.** In LTM September 2014, Wizz Air had an average load factor of 86.3 per cent., one of the highest load factors of all publicly reporting European low-cost carriers. Maintaining high load factors all year round improves revenue per flight, lowers average costs per flight and accelerates route maturity. Wizz Air seeks to maximise load factors by optimising the frequency of flights per route to match supply with demand and having frequent sales promotions to capture impulse purchases.

- **Point-to-point route network.** Point-to-point flying allows Wizz Air to offer direct, non-stop routes and avoid the costs of providing through services for connecting passengers, including baggage transfer and transit passenger assistance costs associated with disruption and cancellation of connecting flights. In addition, point-to-point flying gives Wizz Air the flexibility to minimise costs relating to crew overnighting.

- **Focus on secondary airports.** Wizz Air operates mainly from secondary airports (65 per cent. of flights in FY 2014 and 63 per cent. of flights in H1 2015) where airport charges and other costs are

generally lower than at primary airports and Wizz Air can leverage its increasing scale. Secondary airports are typically less congested than primary airports. Wizz Air had average scheduled station turnaround times in FY 2014 and H1 2015 of 30 minutes (or less) for 90 per cent. of its flights. Wizz Air's departure punctuality was in excess of 83 per cent. in FY 2014 and approximately 80 per cent. in H1 2015. Turnaround times and punctuality are key to delivering the high utilisation rates referred to above.

- **Employee efficiency and productivity.** Wizz Air seeks to employ crew local to the countries where it has operating bases, being Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Ukraine (the "**Home Markets**") wherever possible, the cost of whom is generally lower than in Western Europe. Detailed crew scheduling has enabled Wizz Air to achieve high utilisation rates for its crew. In FY 2014, Wizz Air achieved utilisation rates for pilots of 91.2 per cent. and for cabin crew of 94.2 per cent. on a full-time equivalent basis of the legal maximum number of duty hours able to be flown by such pilots and cabin crew and ASK of 14,777 per employee, ahead of several European low-cost carrier competitors. Wizz Air also operates a lean management and head office function. Wizz Air's staff costs as a percentage of total operating expenses were 7.6 per cent. in FY 2014 and 6.9 per cent. in H1 2015, lower than for any other major publicly reporting European low-cost carrier.

- **Outsourcing of non-core functions.** Wizz Air outsources all non-core functions, with focused internal functions overseeing third-party contractors providing services including ground handling, maintenance, information technology, accounting and customer services. Wizz Air's purchasing department monitors a number of supplier contracts through efficient and centralised processes, runs selection procedures whenever new services are requested and engages in negotiations with third-party contractors in order to seek to obtain the best possible terms whilst still maintaining international standards of quality. Wizz Air's scalable outsourced information technology model gives Wizz Air access to the latest technologies and quality support which underpin its market-leading ancillary revenue generation and ensure operational flexibility and reliability.

- **Low-cost distribution network.** Wizz Air minimises sales, marketing and distribution costs through consumer-direct marketing, sales via its internally developed mobile telephone applications and the use of wizzair.com as its primary sales channel. Wizz Air has very low advertising costs, with €3.4 million being spent on advertising in FY 2014. Wizz Air does not use global distribution systems and does not pay commissions to travel agents and consolidators, which would impose additional marketing and sales costs.

- **Unbundled pricing strategy.** Wizz Air seeks to drive customer behaviour through its unbundled pricing strategy including, for example, the distribution channels utilised, the use of airport infrastructure and the size of luggage brought on-board the aircraft, with the aim of achieving cost savings and efficiencies in its operations.

Innovative revenue generation

Wizz Air employs an innovative unbundled pricing structure which allows Wizz Air to stimulate demand for its products and services through low ticket prices, while generating revenue by selling ancillary products and services. This enables passengers to identify, select and pay for additional products and services they want to use and, in turn, enables Wizz Air to appeal to a broad cross-section of travellers. In addition, average ancillary revenue per passenger tends to be less exposed to seasonal fluctuations and more stable than ticket prices, which vary significantly throughout the year. Wizz Air seeks to leverage its brand and ultimately increase the amount of each customer's total spending captured in Wizz Air's products and services. Products and services such as on-board catering or bringing on-board larger cabin bags, which equate to a cost for full service carriers, are an additional source of ancillary revenue for Wizz Air.

The Company believes that price is the key driver in airline selection in CEE and that low ticket prices are key to driving load factors and revenue growth. Wizz Air's average ticket revenue per passenger was €47.3 in FY 2014 and €55.2 in H1 2015. Wizz Air's average ticket revenue per passenger in LTM September 2014 of €49.6 was amongst the lowest of all publicly reporting European low-cost carriers.

Wizz Air has grown its average ancillary revenue per passenger from €14.5 in FY 2010 to €25.4 in FY 2014 and €27.1 in H1 2015, with the relative contribution of ancillary revenue to total revenue being 25.9 per cent. in FY 2010, 34.9 per cent. in FY 2014 and 32.9 per cent. in H1 2015. Wizz Air's average ancillary revenue per passenger in LTM September 2014 was €25.9, one of the highest average ancillary revenue per passenger of all publicly reporting European low-cost carriers. Wizz Air's ancillary revenue is generated through:

- Fees charged on travel-related features, including checked-in baggage, large cabin baggage, airport check-in and convenience related services including extra legroom, seat allocation, priority boarding and security fast track, as well as the Wizz Premium product and subscription fees for Wizz Discount Club.
- Booking-related fees, including the conversions between display and payment currencies, call centre fees, administration fees and fees related to changes in a customer's booking and the Wizz Flex service.
- Commissions from the sale of products and services offered in partnership with third parties, including hotels, car rental, airport transfers, parking, travel insurance, co-branded credit cards, on-board retail sales and advertising.

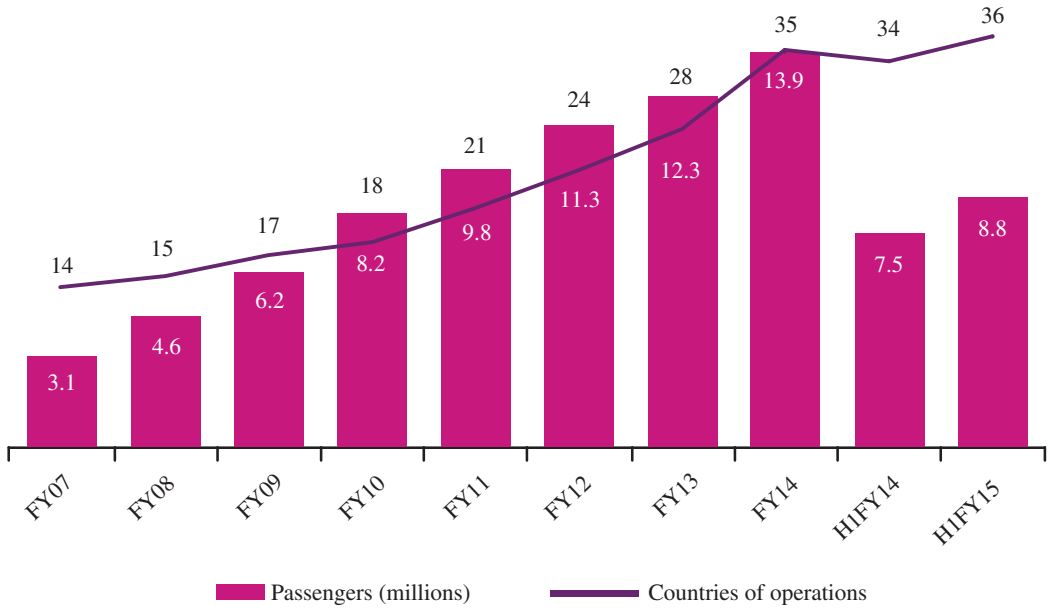
The Company believes that Wizz Air's unbundled pricing structure makes it difficult for other non low-cost carriers that do not employ an unbundled structure to compete with Wizz Air in its markets on the basis of ticket prices. The Company believes that this is both because such competitors do not have sufficiently low CASK to compete profitably with Wizz Air at ticket prices which can be profitable for Wizz Air and also because they do not unbundle their fares and therefore if they do match Wizz Air's ticket prices they are not generating the higher revenue associated with Wizz Air's consistent ancillary revenue.

Track record of growth in CEE and beyond

Wizz Air started operations in May 2004. As illustrated by the graph further below, Wizz Air has grown its passenger traffic from 3.1 million passengers in FY 2007 to 13.9 million passengers in FY 2014, a CAGR of 24 per cent. Wizz Air carried 15.2 million passengers in LTM September 2014, with passenger volumes in this period 86 per cent. higher compared to FY 2010.

The number of cities served and routes operated has increased from 23 and 37, respectively, in March 2006 to 83 and 262, respectively, in March 2014, with the increase coming both in CEE and further afield, for example, the Caucasus and the Middle East. The average number of routes per base has increased from 10 in FY 2007 to 15 in FY 2014. This growth has been driven by Wizz Air:

- **Deploying capacity to create entirely new markets**: for example, the route between Bergen, Norway and Gdansk, Poland which did not exist prior to Wizz Air establishing the route in 2010. Wizz Air carried more than 70,000 passengers on this route in FY 2014.
- **Stimulating existing markets**: for example, the route between Bucharest, Romania and London where the total market size grew by 72 per cent. between 2007 and 2013 and low-cost carriers now have a market share of over 50 per cent. The number of passengers Wizz Air carried grew by 161 per cent. over the same period.
- **Increasing market share**: for example, at Gdansk airport in Poland, where, following gradual capacity deployment since 2005, Wizz Air is now the largest carrier operating out of Gdansk airport.



Source: Internal operating reporting systems.

This expansion has been accompanied by a strategy to achieve profitability by developing a route portfolio that generates increases in passenger traffic and delivers consistently high load factors at attractive yields. Wizz Air employs rigorous assessment of new routes that involves identification of attractive opportunities, assessment of associated costs and continuous monitoring once the route is launched. Routes that do not deliver expected profitability are swiftly reduced or discontinued. In FY 2014 and H1 2015, Wizz Air launched 65 and 36 new routes, respectively, of which 21 (twelve due to the situation in Ukraine) and one route, respectively, have subsequently been discontinued. The number of routes dropped as a percentage of those operated was approximately ten per cent. in FY 2014 and 4 per cent. in H1 2015 and these percentages have remained relatively stable since FY 2007.

On the basis of scheduled departing seat capacity recorded by Innovata for FY 2014 and H1 2015, Wizz Air was the largest low-cost carrier in CEE, with a market share of 37.6 per cent. in FY 2014 and 37.7 per cent. in H1 2015, and has increased from a market share of 19.4 per cent. in FY 2007. Wizz Air now operates in 16 out of 21 countries in CEE, thus avoiding over-reliance on one single market and enjoying first-mover advantage and targeting profitability in some of the smaller markets. Wizz Air has 18 fully-established operational bases in 10 CEE countries and on the basis of scheduled departing seat capacity recorded by Innovata for H1 2015 was the largest low-cost carrier in each of Bulgaria (with approximately 78 per cent. of the low-cost carrier market), Hungary (with approximately 52 per cent. of the low-cost carrier market), Macedonia (with approximately 85 per cent. of the low-cost carrier market), Romania (with approximately 66 per cent. of the low-cost carrier market), Serbia (with approximately 58 per cent. of the low-cost carrier market) and Ukraine (with approximately 62 per cent. of the low-cost carrier market) and the second largest low-cost carrier in each of the Czech Republic (with approximately 15 per cent. of the low-cost carrier market), Lithuania (with approximately 34 per cent. of the low-cost carrier market), Latvia (with approximately 22 per cent. of the low-cost carrier market) and Poland (with approximately 37 per cent. of the low-cost carrier market). On the basis of scheduled departing seat capacity recorded by Innovata for H1 2015 the low-cost carrier penetration in these markets is: Bulgaria, approximately 21 per cent., Hungary, approximately 55 per cent., Macedonia, approximately 51 per cent., Romania, approximately 45 per cent., Serbia, approximately 14 per cent., Ukraine, approximately 11 per cent., the Czech Republic, approximately 22 per cent., Latvia, approximately 22 per cent. and Poland, approximately 49 per cent.

This wide geographical footprint provides a highly diversified exposure to individual markets' competitive landscape, traffic patterns, economic cycles and political development, thus adding stability to Wizz Air's operations and providing protection from shocks to demand affecting any individual market. Passenger traffic was split between Wizz Air's Home Markets in H1 2015 as follows: 29 per cent. to and from Poland, 24 per cent. to and from Romania, 17 per cent. to and from Hungary, seven per cent. to and from Bulgaria, five per cent. to and from Lithuania, four per cent. to and from each of Ukraine and Macedonia,

three per cent. to and from each of Serbia and the Czech Republic and two per cent. to and from Latvia (with the remaining three per cent. being to and from other non-Home Markets). This represents a significant diversification from FY 2007 where 71 per cent. was to and from Poland, 20 per cent. to and from Hungary, two per cent. to and from each of Romania and Bulgaria and five per cent. was to and from other non-base countries at that time. Wizz Air was able to make decisive adjustments to its capacity allocations following the Ukrainian crisis in late 2013 and 2014 which led to a sharp fall in air travel to and from Ukraine and a significant depreciation of the Ukrainian Hryvnia against the Euro. In a period of approximately seven weeks, Wizz Air reduced the number of aircraft based at Kiev from three to two, suspended its Donetsk base and suspended the planned opening of its Lviv base, with the additional capacity being redeployed elsewhere in the Wizz Air network. In addition, Wizz Air halved its capacity from Belgrade, Serbia, in 2014 in response to a significant rise in airport charges.

In recent years, Wizz Air has successfully launched additional routes eastwards to countries outside of the EU as part of its "Go East" initiative, the core strategy of which is to connect CEE countries eastwards to countries outside the EU, providing network diversification and tapping into markets with high fares, many of which have historically been underserved by low-cost carriers. Wizz Air has already started services to Azerbaijan, Bosnia and Herzegovina, Georgia, Israel, Macedonia, Moldova, Russia, Serbia, Turkey, Ukraine and the United Arab Emirates, and Wizz Air will start flights to Egypt in 2015, where in some cases it is the only European low-cost carrier operating in the market, and has identified a number of other potential future markets in South-eastern Europe, the Caucasus, the Middle East, North Africa and Central Asia. CEE, together with the Caucasus, Turkey, markets already served by Wizz Air in the Middle East and North Africa and these other potential future markets, have an aggregate population of nearly 560 million people, more than that of Western Europe (*Source: International Monetary Fund (world economic outlook database*)).

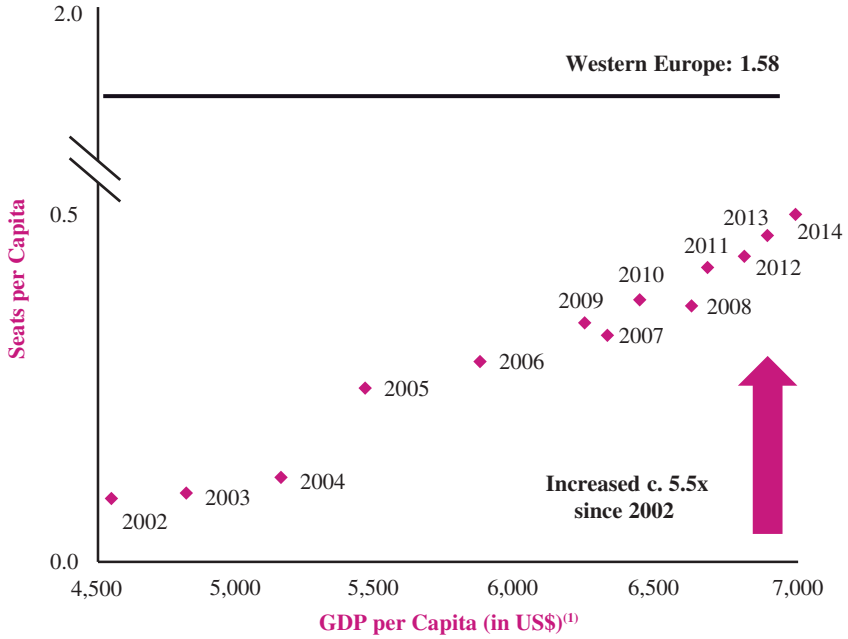
Well-positioned for profitable growth

Wizz Air intends to grow its fleet to approximately 85 Airbus A320-family aircraft by December 2017. With its ultra low-cost structure, innovative unbundled pricing strategy, leading market position among low-cost carriers in CEE and track record of expansion in CEE and beyond, the Company believes that Wizz Air is well-positioned to grow profitably. Wizz Air's infrastructure, including personnel, processes, systems and relationships with suppliers of outsourced services, is scalable and sufficiently flexible to support Wizz Air's growth plans. The Company believes that Wizz Air is still in a strong growth phase 10 years after operations commenced and that its revenue growth in this initial period is comparable to that of major low-cost carriers such as Southwest Airlines in the United States (which has experienced 30 years of growth post airline deregulation in the United States) and Ryanair in Europe (which has experienced almost 20 years of growth since the mid-1990s).

The Company anticipates that CEE will be particularly responsive to further low-cost carrier penetration in the coming years as a result of:

- Projected economic growth in CEE, with a GDP per capita CAGR of 2.5 per cent. forecast for CEE in the period 2014 to 2017, compared to 1.3 per cent. forecast for Western Europe (*Source: International Monetary Fund and Economist Intelligence Unit*). The chart below illustrates the link between GDP growth and seats per capita for CEE.

Seats per Capita vs. GDP per Capita in CEE Countries



Source: Capstats (seats), Economist Intelligence Unit (GDP) and the International Monetary Fund (population).

Note:
(1) Excluding Kosovo and Moldova.

- Low but rising current propensity to travel by air in CEE of 0.36 seats per capita compared to 1.58 seats per capita in Western Europe (*Source: Innovata (departing seat capacity per country, April 2013 to March 2014 inclusive) and International Monetary Fund (population data, April 2013 to March 2014 inclusive)*). CEE propensity to travel by air has increased by approximately 5.5 times since 2002 (*Source: Capstats*).

- Low-cost carrier market penetration in CEE at an average of approximately 20 per cent. in FY 2014 (*Source: Innovata* (*departing seat capacity per country, April 2013 to March 2014 inclusive*)) compared to an average of approximately 35 per cent. in FY 2014 in Western Europe (*Source: Innovata* (*departing seat capacity per country, April 2013 to March 2014 inclusive*)).

- The changing structure of the aviation market in CEE that has seen a number of full-service legacy carriers significantly downsizing their operations or ceasing operations altogether in recent years. Wizz Air is particularly well-positioned to benefit from the opportunities created by these changes given its ultra low-cost structure and existing market leading position among low-cost carriers in CEE.

- Increasing mobility of the populations in CEE countries due to the accession of several CEE countries to the EU since 2004. These accessions have led to, and are expected to continue to lead to, significant ethnic flows from those countries to Western Europe.

The Company believes that Wizz Air is a "pioneering" airline in the markets in which it operates by seeking to bring the low-cost carrier concept and Western European aviation standards into currently under-served new Eastern markets and is at the forefront of airline innovation in these new markets. Wizz Air has a strong track record of working with regulators to develop appropriate regulatory structures in non-EU countries, including setting up a separate airline operating company with an AOC in Ukraine and utilising bilateral agreements to fly to other non-EU countries. Wizz Air has been able to leverage the know-how, market understanding and cultural awareness of its senior management team and employees to build strong relationships with airport operators, suppliers, governments and regulators in new markets and is able to present itself as a reliable partner that, to date, has never exited from a country where it has established an operating base.

Customer focus and excellence in execution

Wizz Air has developed into a successful airline by focussing on its customers, who include travellers working and studying abroad and visiting friends and relatives, leisure travellers and cost-conscious business travellers. Wizz Air has attractive customer demographics, with 69 per cent. of its customers in the age brackets 15-24, 25-34 and 35-44 years old according to internally conducted surveys carried out in April 2014. Wizz Air aims to deliver low ticket prices with a selection of products and services available for each step of the journey, combined with a positive travel experience with passenger-friendly communications and products and discounts available to Wizz Discount Club members. In conjunction with its blue-chip service providers, Wizz Air has achieved excellence in execution, with departure punctuality of 83.3 per cent. and arrival punctuality of 84.5 per cent. in FY 2014 (these percentages were 81.5 per cent. and 83.1 per cent., respectively, in LTM September 2014), and high reliability with 99.9 per cent. of scheduled flights actually operated in FY 2014. The average European rate of cancellations is 1.2 per cent. of scheduled flights operating. In recognition for Wizz Air's operational excellence the Company was awarded the 2012-2013 Airbus Operational Excellence Award – Europe.

Wizz Air's strategy of providing a convenient and reliable travel experience at an affordable price from a network of airports throughout its Home Markets has enabled it to position itself as a "Home Town" airline for its customers and differentiate itself from its airline competitors. This "Home Town" airline status is supported by features such as employing well-educated and service-oriented local cabin crew recruited from Wizz Air's Home Markets who speak the local language, making wizzair.com easy for customers to use and available in 20 different languages, transparency of ticket prices and ancillary charges and providing customers with additional means of payment which are customary for each market, such as direct bank transfers alongside bank card payments and allowing payments in 18 currencies.

Wizz Air has built a strong brand that is well-recognised by customers in its Home Markets. The Company believes that Wizz Air has brand awareness in excess of 50 per cent. in its largest markets of Poland, Romania and Hungary and strong brand awareness in most of its other existing Home Markets.

Financial strength underpinned by ULCC business model execution

Wizz Air's ULCC business model has delivered strong financial results during its initial growth phase in a difficult economic and competitive environment. Wizz Air's profit before income tax has increased from €9.3 million in FY 2010 to €95.4 million in FY 2014 and €164.0 million in H1 2015 (H1 2014: €112.9 million (unaudited)). Wizz Air has also achieved consistently high EBITDAR Margins, with EBITDAR Margins of 23.9 per cent. in FY 2014 and 35.0 per cent. in H1 2015. All of the countries in which Wizz Air has operating bases were individually profitable on an operating results level in FY 2014 and H1 2014 and H1 2015.

Wizz Air has not raised equity or debt financing in the capital markets or obtained bank debt financing since early 2007, other than in relation to certain pre-delivery payment financing. Wizz Air has externally financed US$2.9 billion of aircraft through sale and leaseback arrangements and is currently self-financing US$123.5 million of the pre-delivery payments for aircraft. Wizz Air has been able to conclude aircraft leasing and pre-delivery payment financing with some of the leading aircraft leasing and aviation finance organisations in the world, located in North America, Europe and Asia, including AerCap Holdings N.V., Ansett Worldwide Aviation Services, Babcock & Brown Aircraft Management, the financing arm of China Development Bank ("**CDB Leasing**"), GE Capital Aviation Services ("**GECAS**"), ICBC International Leasing Company Limited ("**ICBC Leasing**"), Jackson Square Aviation ("**JSA**"), MCAP Europe Limited and Goshawk Aviation Limited ("**Goshawk Aviation**"), an aircraft leasing vehicle managed by Investec Bank plc with capital from Investec and Asian institutional partners. Wizz Air's aircraft deliveries through to and including June 2015 have committed finance facilities which await delivery of the relevant aircraft.

Wizz Air had cash and cash equivalents of €340.4 million as at 30 September 2014, equal to 29.6 per cent. of the Group's revenue for LTM September 2014. On the basis of the pro forma financial information in Part IX: "*Pro Forma Financial Information*" of this Prospectus, assuming that the Global Offer had been completed on 30 September 2014, the Group would have had cash and cash equivalents of €485.0 million as at 30 September 2014, equal to 42.2 per cent. of the Group's revenue for LTM September 2014.

Wizz Air operates a hedging policy whereby typically only half of its next twelve month fuel requirements are hedged which allows Wizz Air to benefit relatively quickly from a fall in oil prices. Wizz Air believes this relative flexibility is preferable while recognising that it is only partially protected against fuel price increases.

Experienced and dynamic management team

Wizz Air has an experienced and dynamic management team with an established track record which the Company believes can deliver its ULCC business model and execute its financial and growth objectives. The Senior Managers, led by Chief Executive Officer József Váradi, one of the founders of Wizz Air, have an average of over 17 years' service in the aviation industry and an average of over seven years' service with Wizz Air. The Senior Managers are supported by 21 functional heads with an average of eight years' service with Wizz Air, who together with the Senior Managers, are responsible for oversight of the discipline and rigorous cost-control that are key to Wizz Air's ULCC business model. All of the Group's Senior Managers and functional heads have interests in Ordinary Shares, either as current Shareholders or through the ESOP, which aligns their interests with those of Shareholders. Following Admission, the Senior Managers and functional heads will be eligible for awards under the LTIP.

Wizz Air's flat organisational structure is characterised by small departments which the Company believes are efficient and enables quick decision making and the flexibility to capitalise on opportunities as they arise. Wizz Air's management team is internationally and culturally diverse, with eight different nationalities from Eastern and Western Europe represented at the Senior Manager and functional head level.

Wizz Air has a strong Board who collectively have the necessary mix of skills, knowledge and experience required to provide leadership, control and oversight of the Group and to contribute to the development and oversight of the Group's strategy. Wizz Air's Directors include professionals with extensive experience in corporate governance and the airline industry, including Chairman William A. Franke who is Chairman of Frontier Airlines, Inc., former Chief Executive Officer of America West Airlines and a former chairman of Spirit Airlines and Tiger Airways. Prior to Admission, Wizz Air has maintained high corporate governance standards, which the Company believes are comparable to those of a publicly traded company.

3. STRATEGY

Wizz Air's goal is to maintain sustainable strong growth and profitability with EBITDAR Margins among the highest in the European low-cost carrier industry. Through the following key elements of its strategy, Wizz Air seeks to:

Exploit all opportunities to minimise CASK

Wizz Air intends to support continued low ticket prices by exploiting all opportunities to minimise CASK and improving efficiency by, *inter alia*:

- deploying additional cost-effective A320-family aircraft for high utilisation flying and introducing the 230-seat Airbus A321 aircraft into the fleet which the Company expects to deliver material CASK reductions per aircraft at minimal additional cost;
- increasing the number of aircraft equipped with Sharklets fuel-saving wing-tip fins, utilising new engines and pursuing a range of other fuel-saving and weight-saving initiatives, including fuel supplier competition to reduce into plane premiums;
- reviewing its fleet and engine financing arrangements by evaluating the cost of finance leases or debt financing of additional aircraft compared to operating leases, and considering self-funding its pre-delivery payment obligations to Airbus in respect of ordered aircraft and saving on the related financing costs. The Company expects to be able to obtain improved credit and other terms from aircraft finance providers following Admission and the receipt of its portion of the net proceeds of the Global Offer;

- leveraging Wizz Air's increasing scale when negotiating terms with airports and ground handlers and exploring the potential of regional airports for expansion outside of the EU as part of its "Go East" initiative;
- considering purchasing its own spare engines to save on lease costs for spare engines;
- replacing leased maintenance stock with owned stock, investing in certain infrastructure where it will reduce costs and increasing scale-related improvements in line and base maintenance costs;
- managing Wizz Air's labour force to ensure continued high productivity and low labour costs;
- utilising its strong financial position to create leverage for reductions in certain payment-related fees;
- continuing to increase the proportion of sales made via mobile telephone applications to reduce commissions paid to agents;
- pursuing scale-related cost reductions relating to Wizz Air's reservation systems and focusing on mobile telephone sales; and
- continuing Wizz Air's rigorous competitive tendering procurement policy and renegotiating existing agreements with third-party suppliers and airports.

In addition, as Wizz Air grows its business, the Company expects to benefit from economies of scale which should help to minimise CASK.

Grow its network in its existing markets and new markets

Wizz Air's current fleet plan provides for growth from 54 Airbus A320 aircraft as at the date of this Prospectus to approximately 85 Airbus A320-family aircraft by December 2017. Wizz Air has secured the supply of the aircraft that it needs to achieve this growth with committed orders with known delivery dates through to the end of 2017 in respect of 31 new Airbus A320-family aircraft at competitive pricing. Wizz Air's total Airbus order book is 57 Airbus A320-family aircraft. Wizz Air intends to continue to monitor closely its scheduled ramp-up in aircraft while it expands its network in order to reduce the risk of over-extension and undue exposure in market downturns and to manage its commitments to Airbus in light of its targeted growth rates.

Wizz Air intends to employ this additional capacity both in increasing frequencies, joining the dots to existing destinations and launching new routes in its existing CEE markets, which the Company considers have high growth prospects, and in pursuing initiatives in new markets. Wizz Air employs a disciplined route and fleet expansion strategy that helps maintain profitability across its network. Wizz Air's strategy is to react quickly to changes in the economic environment and market conditions and it aims for each route that it operates to be profitable. Wizz Air will seek to maintain rigorous assessment of all of its existing and new routes in order to determine their profitability and opportunities to improve them.

Wizz Air plans to continue to evaluate and pursue initiatives in new markets, including those eastwards outside of the EU such as Russia and Turkey and into the Caucasus, North Africa and the Middle East as part of its "Go East" initiative, that are currently underserved by low-cost carriers by rolling out its universal ULCC business model to either increase existing frequencies or launch routes to cities and countries not yet served by Wizz Air. Further expansion in these and other countries in the region may require Wizz Air to establish new operating entities and obtain AOCs in order to comply with local legal and regulatory requirements.

Continue to grow its average revenue per passenger and total revenue through focus on ancillary revenue

Wizz Air intends to continue to utilise its ultra low-cost base to minimise ticket prices, generate volume growth and to grow its average revenue per passenger and total revenue by increasing its ancillary revenue. Wizz Air plans to continue expanding its ancillary product and service offering by further developing existing schemes, such as its Wizz Discount Club scheme which was re-launched in November 2012, and seeking new partnerships, such as Wizz Tours which was launched in October 2013. Wizz Air seeks to maximise ancillary revenue opportunities through multiple interactions with customers at different stages of

their travel, from pre-purchase, through travel and post-trip. The Company believes that this strategy will help Wizz Air to maintain its average ancillary revenue per passenger at the highest levels among low-cost carriers in Europe in the future.

Continue to focus on the factors which differentiate Wizz Air from its competitors

Wizz Air intends to continue to focus on the factors which differentiate it from its competitors as it continues to grow its network. In particular, Wizz Air intends to continue to deliver a convenient and reliable travel experience, to focus on its customers and excellence in execution and benefit from customer loyalty driven by its "Home Town" airline status. Wizz Air also intends to continue to act as a "pioneering" airline, leveraging the know-how, market understanding, cultural awareness and experience of developing regulatory solutions in new markets held within its organisation in order to facilitate its continued growth.

4. HISTORY AND CORPORATE STRUCTURE OF THE GROUP

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

Wizz Air operates through two main wholly-owned operating subsidiaries: Wizz Air Hungary, the holder of an AOC and operating licence issued by the Hungarian Aviation Authority, which currently operates 52 aircraft and Wizz Air Ukraine, the holder of an AOC and operating licence issued by the SASU, which currently operates two aircraft.

Since its inception, the Group has in five financing rounds raised €50.8 million in equity and convertible debt financing, as described in more detail in Part XI: "*Additional Information*" of this Prospectus. Indigo has been the largest provider of financing to the Group. Indigo, a private equity fund focused on air transportation, was a founding shareholder of Tiger Airways (an airline based in Singapore), is invested in Volaris Airlines (an airline based in Mexico) and Frontier Airlines (a United States-based airline) and, until its exit in August 2013, was invested in Spirit Airlines (a United States-based airline).

In October 2009, pursuant to a scheme of arrangement sanctioned by the High Court of England and Wales (the "**Scheme**"), the Company became the parent company of the Group and the Group's headquarters were relocated to Geneva. Both the Company and Wizz Air Hungary are tax resident in Switzerland.

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

FY 2005

- By the end of its first year of operation, Wizz Air had established bases in Hungary and Poland, and started flying to eight other European countries (Belgium, France, Germany, Greece, Italy, Spain, Sweden and the United Kingdom) flying a total of 36 routes in March 2005.
- On-board catering, hotel bookings, car rental services and agents at airports were made available.
- Indigo and certain EU investors provided financing to Wizz Air in the form of Convertible Loans and Convertible Notes.
- 0.9 million passengers were carried and Wizz Air had six aircraft in its fleet as at 31 March 2005.

FY 2006

- An additional base was established in Gdansk, Poland.
- First order was placed with Airbus to acquire twelve aircraft.

- 2.1 million passengers were carried and Wizz Air had eight aircraft in its fleet as at 31 March 2006.

FY 2007

- A base was established in Bulgaria, which joined the EU in January 2007 and Wizz Air started flying to Croatia, Romania and the Netherlands, bringing the number of operated routes to 64 at year end.
- Second order was placed with Airbus to acquire 20 aircraft.
- Priority boarding ancillary revenue product was launched.
- Indigo and certain EU investors provided further financing to Wizz Air in the form of Convertible Notes and equity.
- 3.1 million passengers were carried and Wizz Air had ten aircraft in its fleet as at 31 March 2007.

FY 2008

- A base was opened in Romania and Wizz Air started flying to Norway. Wizz Air operated 86 routes at year end.
- Third order was placed with Airbus to acquire 50 aircraft.
- Substantial sale and leaseback aircraft financing arrangement for 14 aircraft was entered into with GECAS.
- Multi-currency pricing launched, offering customers the ability to choose the currency of payment.
- Extra legroom ancillary revenue product using emergency exit row seats was launched.
- Travel insurance products were made available for purchase during booking.
- 4.6 million passengers were carried and Wizz Air had 17 aircraft in its fleet as at 31 March 2008.

FY 2009

- A base was established in Ukraine and Wizz Air started flying to Finland. Wizz Air operated 124 routes at year end. Wizz Air Ukraine was established as a separate corporate entity in July 2008 and was the first low-cost carrier to be established in Ukraine.
- 6.2 million passengers were carried and Wizz Air had 22 aircraft in its fleet as at 31 March 2009.

FY 2010

- A base was established in the Czech Republic and Wizz Air started flying to Latvia.
- Fourth order was placed with Airbus to acquire 50 (later reduced to 30) aircraft.
- First co-branded credit card launched in Hungary, followed by similar programmes in Poland and Romania.
- 8.2 million passengers were carried and Wizz Air had 30 aircraft in its fleet as at 31 March 2010.

FY 2011

- Wizz Air started flying to Serbia and Turkey operating a total of 194 routes at year end and subsequently opened a base in Serbia.
- Wizz Air established a head office in Geneva.
- Online check-in option was established and charges implemented for airport check-in on the Wizz Air Hungary route network.
- 9.8 million passengers were carried and Wizz Air had 35 aircraft in its fleet as at 31 March 2011.

FY 2012

- A base was established in Lithuania and Wizz Air started flying to Cyprus, operating a total of 217 routes at year end.
- Wizz Exclusive Club (the predecessor to the Wizz Discount Club) loyalty programme was launched.
- Wizz Reserved Seat ancillary revenue product using the first two seating rows was launched.
- 11.3 million passengers were carried and Wizz Air had 36 aircraft in its fleet as at 31 March 2012.

FY 2013

- A base was established in Macedonia and Wizz Air started flying to Georgia, Israel, Slovenia and Switzerland, operating a total of 233 routes at year end.
- New cabin baggage policy was introduced. Wizz Air was the first EU airline to charge for large cabin baggage.
- Sale and leaseback and pre-delivery payment financing arrangement covering eight aircraft entered into with ICBC Leasing.
- Re-launch and re-branding of loyalty programme as "Wizz Discount Club".
- 12.3 million passengers were carried and Wizz Air had 40 aircraft in its fleet as at 31 March 2013.
- Mobile sales channel was launched to enable bookings on iOS and Android mobile telephones.

FY 2014

- A base was established in Donetsk, Ukraine and Wizz Air started flying to Azerbaijan, Bosnia and Herzegovina, Malta, Moldova, Russia, Slovakia and the United Arab Emirates.
- Opening of Wizz Air flight simulator and training centre in Budapest, Hungary.
- Wizz Tours package holiday booking platform announced, with sales commencing in October 2013.
- Sale and leaseback arrangement covering six aircraft entered into with CDB Leasing.
- Wizz Air extended the policy of pre-online check-in and charges for airport check-in to the Wizz Air Ukraine route network.
- Part 145 maintenance organisation was established.
- 13.9 million passengers were carried and Wizz Air had 46 aircraft in its fleet as at 31 March 2014.

FY 2015 (to date)

- Additional bases were opened in Riga, Latvia in June 2014 and in Craiova, Romania in July 2014.
- The base in Donetsk, Ukraine was suspended as of 29 April 2014 due to the crisis in Ukraine and the base opening in Lviv, Ukraine planned for April 2014 was also suspended.
- Wizz Air announced the establishment of bases in Tuzla, Bosnia and Herzegovina and Kosice, Slovakia which are expected to commence operations in June 2015.
- Wizz Air announced the start of flights to Egypt, Portugal and Denmark.
- Introduction of a discount on baggage fees to members of the Wizz Discount Club loyalty programme.
- Creation of two types of memberships of the Wizz Discount Club comprising a standard membership for two passengers and a group membership for up to six passengers.
- Significant summer 2015 route expansion announced for Wizz Air's core markets in CEE. New destinations include: Aberdeen, Belfast and Bristol (United Kingdom), Billund (Denmark), Hurghada

(Egypt), Iasi (Romania), Kosice (Slovakia), Lisbon (Portugal), Maastricht and Groningen (The Netherlands), Molde (Norway), Nis (Serbia), Nuremberg (Germany), Ohrid (Macedonia) and Pescara (Italy).

5. BUSINESS OVERVIEW

Wizz Air provides air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and into the Caucasus and the Middle East. Wizz Air currently operates 54 Airbus A320 aircraft with all-economy seating. As at the date of this Prospectus, Wizz Air operates from 18 bases in 10 CEE countries with flights to 91 destinations on approximately 300 routes in 33 countries. Wizz Air has had a CAGR of 35 per cent. in passenger numbers from the year ended 31 March 2005 ("**FY 2005**"), its first year of operations, to FY 2014. Wizz Air has high utilisation rates for its aircraft of over twelve hours per day with 90 per cent. of its flights having scheduled station turnaround times of an average of 30 minutes (or less) in FY 2014 and H1 2015. Wizz Air has unbundled components of air travel service that have traditionally been included in ticket prices, such as baggage and advance seat selection, and offers them as optional services for additional fees. Wizz Air outsources all non-core functions, with focused internal functions overseeing third-party contractors providing services including ground handling, maintenance, information technology, accounting and customer services.

5.1 *Route network*

As at the date of this Prospectus, Wizz Air's route network had grown to approximately 300 routes, flying to 91 destinations in 33 countries. As at the date of this Prospectus, Wizz Air has 18 operating bases in 10 CEE countries, as follows:

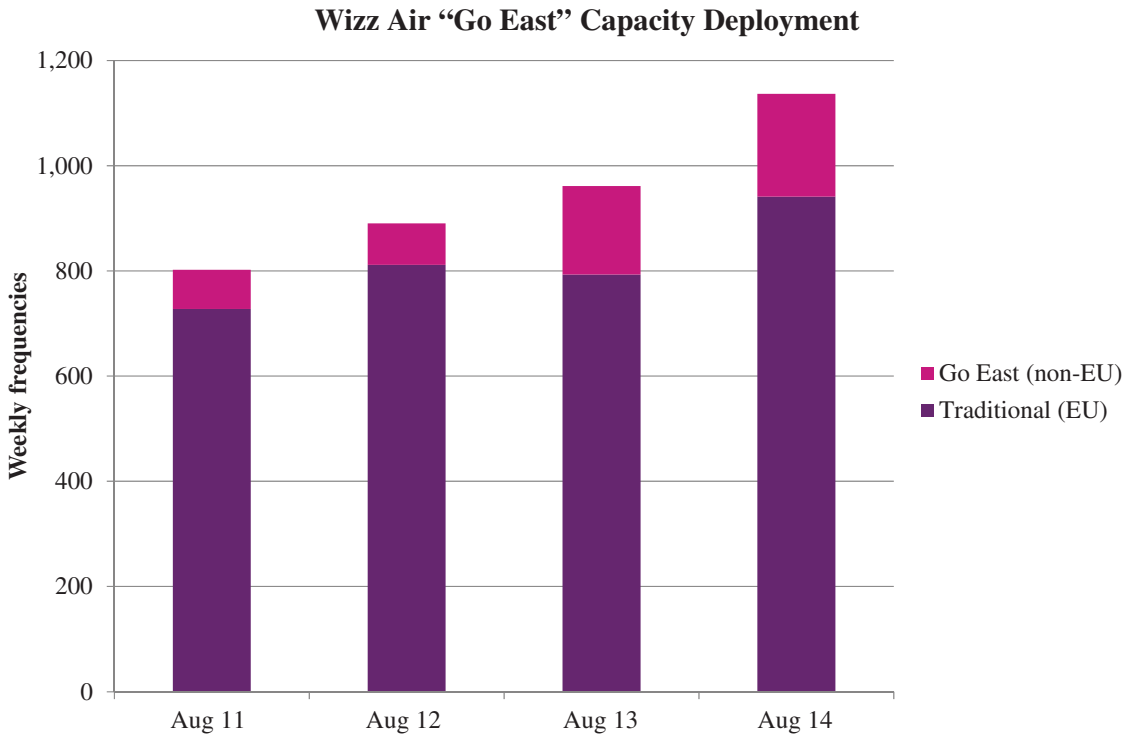
- Bulgaria – Sofia
- Czech Republic – Prague
- Hungary – Budapest
- Latvia – Riga
- Lithuania – Vilnius
- Macedonia – Skopje
- Poland – Katowice, Warsaw, Gdansk, Poznan and Wroclaw
- Romania – Bucharest, Cluj-Napoca, Craiova, Timişoara and Târgu-Mureş
- Serbia – Belgrade
- Ukraine – Kiev

Wizz Air has announced that it will establish bases in Tuzla, Bosnia and Herzegovina and Kosice, Slovakia taking its route network to 20 operating bases in 12 CEE countries by the end of 2015.

The map below shows Wizz Air's bases and destinations as at the date of this Prospectus.

All of Wizz Air's aircraft start and end the day at one of its operating bases save for one aircraft which is stationed overnight at London-Luton in peak summer seasons. In September 2014, Wizz Air's ten largest routes by seat capacity were: Budapest to London-Luton, Bucharest to London-Luton, Warsaw to London-Luton, Gdansk to London-Luton, Katowice to London-Luton, Katowice to Dortmund, Vilnius to London-Luton, Budapest to Brussels-Charleroi, Budapest to Eindhoven and Budapest to Moscow-Vnukovo. In September 2014, Wizz Air was the largest carrier in terms of offered seat capacity on all of these ten largest city pairs (*Source: Innovata, September 2014*).

While Wizz Air's principal business remains the operation of routes between CEE and Western Europe, it has recently started to increase the number of services from CEE to destinations within CEE and non-CEE destinations, as demonstrated by the chart below, as part of its "Go East" initiative. The chart below shows Wizz Air's capacity deployment split between "Go East" (being at least one point outside of the EEA and Switzerland) and intra-EEA (and Switzerland) routes. Total capacity deployed to "Go East" routes increased from nine per cent. in September 2013 to 16 per cent. in September 2014.



Source: Internal operating reporting systems.

Secondary airports accounted for 65 per cent. and 63 per cent. of the flights in Wizz Air's route network in FY 2014 and H1 2015 respectively, with primary airports accounting for the remaining 35 per cent. and 37 per cent., respectively. Wizz Air's choice of airports is driven by a strong cost focus and Wizz Air seeks to leverage competition between airports, through both volume growth and route cuts, and with ground handlers and other supplier competition at particular airports in order to reduce operating costs. Wizz Air continuously manages a strong pipeline of new airports and routes and is typically in discussions with between 20 and 30 new airports at any one time, with some arrangements taking two to three years to complete.

In FY 2014, Wizz Air launched 65 new routes, of which 21 routes have subsequently been discontinued. On average, eight out of ten new routes launched in FY 2014 were maintained in the network, whilst in FY 2013, this figure stood at nine out of ten. The lower figure in FY 2014 is mostly attributable to the crisis in Ukraine. The selection of viable routes avoids unnecessary investment in start-up costs, whilst some churn is required due to changing demand patterns and airport charges. Wizz Air launched 48 routes and discontinued 25 routes in the year ended 31 March 2011 ("**FY 2011**"); that number was 33 and 21, respectively, in FY 2012, 47 and 22, respectively, in FY 2013 and 65 and 26, respectively, in FY 2014 and 36 and one, respectively in H1 2015. Wizz Air utilises internal modelling processes to measure the profitability of its existing routes and to determine where to deploy new capacity. Wizz Air's evaluation methodology involves looking at capacity overviews, competitive fare observations, migration statistics, alternative means of transport, benchmarking with similar markets, analysis of historical bookings and customer surveys. The performance of existing routes is scrutinised with daily updates on new route performances, weekly in-depth network analysis on a route by route basis and at monthly management meetings which include all Senior Managers. Under-performing routes are placed on a "watch list" and if remedial actions are unsuccessful within determined time frames the routes are terminated and the resulting capacity redeployed on other routes.

When Wizz Air is deploying additional capacity from additional aircraft joining the fleet or redeployment from under-performing routes, it has a choice whether to increase frequencies on existing routes, launch new routes between existing airports (connecting network points), commence operations from a new airport or open a new base. In FY 2014, most of Wizz Air's additional capacity

was deployed in increasing frequencies from existing airports (approximately 52 per cent.) and in connecting network points (approximately 24 per cent.). In H1 2015, these percentages were 83 per cent. and 16 per cent., respectively. Given that Wizz Air's current average frequency on its existing routes is 3.2 flights per week, the Company considers that there are significant growth opportunities in increasing the frequencies on certain routes to daily or twice daily and Wizz Air is now focused more on increasing frequencies on existing routes alongside expansion of its route network. Wizz Air evaluates approximately 350 potential additions to its route network per year on a rolling basis.

5.2 ***Scheduling and slot management***

Wizz Air's flight scheduling aims to create rotations with optimal aircraft and crew utilisation, in particular to develop an efficient schedule that does not compromise commercial and operational performance. As Wizz Air's fleet has expanded, its schedules have become more stable from season to season and aircraft are added incrementally without disturbing the rest of the schedule. Wizz Air seeks to optimise available capacity among bases by using its internal modelling processes to establish the optimal frequencies of each route. Block hours are set to cover 70 per cent. of historical performance and minimal buffers are added for crew changes and aircraft swaps to ensure good punctuality. Wizz Air's scheduled station turnaround times for 90 per cent. of its flights were an average of 30 minutes (or less) for FY 2014 and H1 2015. In H1 2015, Wizz Air's aircraft undertook an average of 5.9 sectors, being a one-way point-to-point flight between two destinations, per day and had an average scheduled block hour utilisation of 13.5 hours.

Many of the largest airports and certain smaller airports in the EU have been designated under European regulations as slot co-ordinated airports. At a co-ordinated airport, airlines are allocated take-off and landing slots by an independent co-ordinator managing capacity at that airport. Further information about co-ordinated airports and the allocation of slots is set out in section 2.2 (*Allocation of slots*) of Part V: "*Regulation*" of this Prospectus. Certain airports outside of the EU also have slot constraints. In FY 2014 and H1 2015, Wizz Air served 46 and 47 slot constrained airports, respectively, defined as level 2 or level 3 co-ordinated airports, being in each case approximately 47 per cent. of the total airports served (*Source: Innovata, IATA*). Wizz Air has slots at constrained airports such as London-Luton, Eindhoven, Tel Aviv, Rome Fiumicino, Rome-Ciampino, Barcelona El Prat and Madrid Barajas. The Company does not attribute any value to these slots in its financial statements as it is the Company's policy that such slots do not constitute assets.

5.3 ***Fleet***

Wizz Air currently operates a modern fleet of 54 Airbus A320-family aircraft. Wizz Air's fleet has an average age of 3.8 years as at the date of this Prospectus and average CO^2 emissions of 67.7 grammes per revenue passenger kilometre ("**RPK**") in FY 2014. As at 31 December 2014, approximately 77 per cent. of Wizz Air's IAE V2500-type engines were SelectOne, IAE's latest engine production standard which offers lower fuel burn, total emissions and noise. Aircraft deliveries from 2013 included aircraft equipped with Sharklets fuel-saving wing-tip fins and more than 50 per cent. of the Wizz Air fleet is expected to be equipped with Sharklets by 2017. The Company believes that Wizz Air's fleet is one of the youngest among European listed airlines. All of Wizz Air's aircraft are currently held pursuant to sale and leaseback arrangements. Aircraft (airframes and their two engines) are held on operating leases with average durations of 9.9 years. The average remaining lease term for the whole fleet was 6.4 years as at 30 September 2014.

The locations of Wizz Air's existing aircraft fleet as at the date of this Prospectus are set out in the table below:

Country	Aircraft
Poland	15
Romania	15
Hungary	7
Bulgaria	4
Lithuania	3
Ukraine	2
Macedonia	2
Czech Republic	1
Serbia	1
Latvia	1
Other[(1)]	3
Total	**54**

Note:

(1) "Other" refers to two aircraft in scheduled maintenance and one spare aircraft.

Nine aircraft deliveries are due by September 2015 and as at September 2015 Wizz Air's fleet locations are expected to be as set out in the table below:

Country	Aircraft
Poland	19
Romania	16
Hungary	8
Bulgaria	4
Lithuania	3
Macedonia	3
Ukraine	2
Latvia	2
Czech Republic	1
Bosnia and Herzegovina	1
Serbia	1
Slovakia	1
Maintenance / spare	2
Total	**63**

Wizz Air's current strategy is to operate a single fleet type (currently the Airbus A320-family) and engine type (currently the IAE V2500). The advantages of a single fleet include one standard for pilot and crew training, no requirement for multiple crew reserve pools and simpler support infrastructure for the fleet. Wizz Air will introduce the Airbus A321 aircraft into its fleet from 2015. Wizz Air's configuration of the current Airbus A321 has 50 more seats than the Airbus A320 (230 for the Airbus A321 compared to 180 for the Airbus A320) and therefore is a key contribution to lower CASK. Pilots and cabin crew will be easily interchangeable between the Airbus A320 and the Airbus A321. Wizz Air is evaluating the replacement options for the Airbus A320 and A321 ceo fleet in the future. Wizz Air is focused on maintaining a young, modern fleet with significant emphasis on low fuel consumption, high reliability and high aircraft utilisation.

Wizz Air's current fleet plan provides for growth from 54 Airbus A320 aircraft as at the date of this Prospectus to approximately 85 Airbus A320-family aircraft by December 2017. Wizz Air has secured the supply of the aircraft that it needs to achieve this growth with committed orders through to the end of 2017 in respect of 31 new Airbus A320-family aircraft at competitive pricing. Wizz Air's total Airbus order book is 57 Airbus A320-family aircraft. Wizz Air intends to continue to monitor closely its scheduled ramp-up in aircraft while it expands its network in order to reduce the risk of over extension and undue exposure in market downturns and to manage its commitments to Airbus in light of its targeted growth rates. Wizz Air's agreement with IAE provides for a remaining 56 IAE V2527-A5 engines for 28 of these aircraft, as well as seven spare engines. Details of the agreements with Airbus and IAE are summarised in section 13 (Material contracts) of Part XI: "*Additional Information*" of this Prospectus.

The table below shows Wizz Air's current contracted delivery schedule and contracted retirements for 2013 to 2018:

	Calendar year					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Current contracted delivery schedule	**6**	**13**	**11**	**9**	**12**	**25**
– of which A320	6	13	9	0	0	21
– of which A321	0	0	2	9	12	4
Current contracted retirements	**0**	**–4**	**0**	**0**	**0**	**–5**
– of which A320	0	–4	0	0	0	–5
– of which A321	0	0	0	0	0	0
Net deliveries	**6**	**9**	**11**	**9**	**12**	**20**
– of which A320	6	9	9	0	0	16
– of which A321	0	0	2	9	12	4
Total fleet	**45**	**54**	**65**	**74**	**86**	**106**
– of which A320	45	54	63	63	63	79
– of which A321	0	0	2	11	23	27

5.4 *Fleet financing*

Since 2006, Wizz Air has successfully concluded sale and leaseback financing transactions of US$2.9 billion, has raised US$381 million of pre-delivery payment financing and is currently self-financing US$123.5 million of the pre-delivery payments for aircraft. Wizz Air has successfully financed 62 aircraft to date. Wizz Air's aircraft deliveries through to and including June 2015 have committed finance facilities which await delivery of the relevant aircraft. Three deliveries of aircraft are scheduled for July, November and December 2015 for which funding has not yet been secured. Wizz Air is capable of meeting the purchase price for these three aircraft through its existing cash resources. With Wizz Air's current financial capabilities, the Company's general preference is to secure sale and leaseback transactions 12-18 months ahead of delivery. Wizz Air entered into a sale and leaseback agreement with CDB Leasing for six new Airbus A320-family aircraft to be delivered in 2014 and 2015 (four of which have already been delivered), a sale and leaseback agreement with JSA for three new Airbus A320-family aircraft to be delivered in 2014 and 2015 (two of which have already been delivered) and a sale and leaseback agreement with Goshawk Aviation for seven new Airbus-A320 family aircraft to be delivered in 2014 and 2015 (two of which have already been delivered). Further details of the agreements with CDB Leasing, JSA and Goshawk Aviation are set out in section 13 (*Material contracts*) of Part XI: "*Additional Information*" of this Prospectus.

Lease financing has been the most cost-effective source of financing for Wizz Air to date. In addition, lease financing has the advantage of leaving the residual value risk associated with an aircraft with the lessor. The Company anticipates that all forms of aircraft financing are likely to be cheaper for Wizz Air following Admission and receipt of its portion of the net proceeds of the Global Offer. Wizz Air will assess the options of lease financing, debt financing and/or finance leases when funding future aircraft purchases in order to obtain the most cost-effective financing over the expected active life of a particular aircraft.

Wizz Air has pre-delivery payment obligations to Airbus for financing the production of the ordered aircraft in advance. Wizz Air has historically self-financed the majority of these pre-delivery payments and has financed the remainder through financing provided by third parties, which matures at the time the relevant aircraft is delivered. Going forward, Wizz Air may look to self-fund more of the payment delivery obligations and save on the related financing costs.

Common terms of operating leases

To date, Wizz Air has financed its aircraft acquisitions through sale and lease back arrangements and, in respect of the initial fleet, straight operating leases. Some of the sale and lease back arrangements have included pre-delivery payment financing while others have not. Wizz Air currently operates

aircraft which are leased from twelve leasing companies and, while the forms of lease differ, there are certain key elements which are found in each lease and are summarised below:

Term: the terms of Wizz Air's current leases range from an initially-contracted (but later extended) four years to twelve years. Where it is able to, Wizz Air seeks some flexibility with, ideally, an extension option at the end of the initially-contracted term.

Rent: Wizz Air seeks to contract with an option of fixed or floating rent, with the initial choice being made prior to delivery. The vast majority of the current fleet is currently subject to fixed rent.

Security deposit: a security deposit is provided for each lease (either in the form of cash or a letter of credit), which is repayable (or to be released, as applicable) by the relevant lessor when an aircraft is returned at the end of the lease.

Maintenance reserves: in addition to rent, Wizz Air provides maintenance reserves (either in the form of cash or a letter of credit) to the relevant lessor, the accumulated amount of which is then used towards payment (or released upon completion) of heavy maintenance of, *inter alia*, the airframe.

Operational and maintenance covenants: Wizz Air undertakes to operate and maintain the aircraft in accordance with applicable laws and to certain standards throughout the term. Wizz Air is also responsible for ensuring that compulsory regulatory requirements are incorporated into the aircraft during the lease term and for a certain time afterwards.

Warranties: Wizz Air benefits from all relevant airframe and engine manufacturer warranties during the lease term.

Return conditions: Wizz Air is obliged to return each aircraft to its lessor in a certain condition, with specified life remaining on particular identified components. Compliance with the return conditions is verified by the lessor during the aircraft redelivery process.

Indemnities: Wizz Air provides a comprehensive operational indemnity in favour of the lessor, along with a tax indemnity. In each case, these indemnities are subject to appropriate carve-outs.

Insurance: each lease sets out the lessor's insurance requirements, in terms of coverage and amounts. Each aircraft is insured under Wizz Air's fleet policy.

Events of default: if an event of default occurs and is continuing, a lessor may terminate the leasing of (and repossess) the relevant aircraft. Events of default generally include matters such as failure to pay rent, failure to maintain the required insurance, breach of undertakings and insolvency.

5.5 ***Operations control and performance***

Wizz Air has internal operations control and a crew resource planning function which manage the life cycle of each flight. A team of six duty managers are responsible for decisions on safe and efficient daily flight activity, including disruption management. The duty managers are supported by a team of seven navigators (six navigation officers and one supervisor) who manage slots and plan the most cost-effective route of each flight, with a particular focus on fuel costs and en-route charges. A team of 15 deals with monthly planning, daily dispatch and logistics matters of the crew at all bases. Automated procedures are reinforced by industry-recognised systems and processes used including AIMS (for crewing and tail assignment) and Sabre (for flight planning). Advanced communication ("**ACARS**") is also implemented to support proactive decision-making.

In FY 2014 and H1 2015, with an average of 247 and 301 flights, respectively, per day, departure punctuality was 83.3 per cent. and 79.7 per cent., respectively, and arrival punctuality was 84.5 per cent. and 81.9 per cent., respectively. These percentages were 81.5 per cent. and 83.1 per cent., respectively, in LTM September 2014. First wave performance, being the first flight of the day departing on time, is targeted for 92 per cent., with 95.3 per cent. and 95.4 per cent. being achieved in FY 2014 and H1 2015, respectively. Wizz Air targets very high flight regularity levels

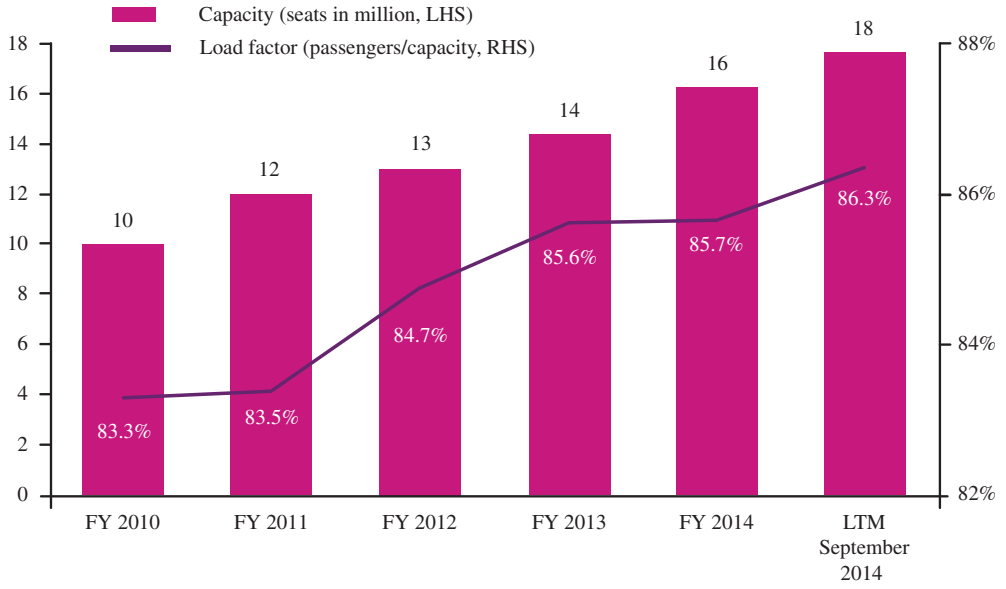
(i.e. operating a high proportion of scheduled flights). In each of FY 2014 and H1 2015, Wizz Air achieved flight regularity levels of 99.9 per cent. and technical dispatch reliability of 99.8 per cent.

5.6 ***Pricing and revenue management***

Wizz Air has an internal team of experienced airline revenue managers focused on revenue monitoring, reporting and forecasting, yield and tariff management and systems and capacity optimisation.

Like other low-cost carriers, Wizz Air offers a range of fares determined solely by expected demand rather than by purpose of travel or length of stay. Wizz Air's business model is a high load factor, low ticket price model, with high passenger load factors achieved by offering a significant number of seats at low ticket prices on a year round basis. In FY 2014, Wizz Air's monthly load factors were maintained above 80 per cent. throughout the year (a low of approximately 80.3 per cent. in February and a high of approximately 91.3 per cent. in August), with an average load factor of 85.7 per cent. Wizz Air's average load factors have increased from 76.6 per cent. in FY 2007 to 85.7 per cent. in FY 2014 and 86.3 per cent. in LTM September 2014, one of the highest load factors of all publicly reported European low-cost carriers.

Load Factors (%)



Source: Internal operating reporting systems.

Whilst load factors are relatively stable throughout the year, Wizz Air's average revenue per passenger varies significantly throughout the year being highest in August and lowest in November and February as detailed in section 2.3 (*Seasonal fluctuations*) of Part VII: "*Operating and Financial Review*" of this Prospectus.

Wizz Air operates simple and transparent fare structures, with pricing being one-way (including taxes). There are no minimum stay restrictions and fares generally increase closer to flight departure. Passengers pay for every additional service, as detailed in section 5.7 (*Ancillary revenue*) below, and prices are clearly displayed to customers showing the price including booking fees. Wizz Air often uses fare promotions to stimulate demand.

Through revenue management airlines are able to control how many seats are sold and at what fares. Generally, revenue management systems aim to maximise revenue by attempting to fill each available seat at as high a fare as possible, by avoiding selling all seats at the lowest fares, increasing fares in response to demand and minimising the number of unsold seats including by permitting overbooking. Wizz Air currently has five revenue managers, each of whom is responsible for the performance of their allocated bases, who monitor on a real-time basis the full revenue booking curve and can make

intra-day fare adjustments. Wizz Air applies a rule-based approach to revenue management, using its own internally developed and highly efficient automated system designed for a ULCC environment, with manual intervention where required. In FY 2014 and H1 2015, approximately 45 per cent. and approximately 48 per cent., respectively, of Wizz Air's revenues were collected in Euros and Pounds Sterling, with approximately twelve per cent. for both periods collected in Romanian Leu, approximately twelve per cent. and approximately 11 per cent., respectively, collected in Polish Zloty, approximately eight per cent. and five per cent., respectively, in Ukrainian Hryvnia and approximately seven per cent. and five per cent., respectively, in Hungarian Forint. There is considerable diversification with a total of 18 currencies being accepted by Wizz Air.

5.7 ***Ancillary revenue***

Wizz Air has one of the highest average ancillary revenue per passenger of all publicly reporting European low-cost carriers. Wizz Air's strategy is to fully unbundle traditional flight services to each of its elements in order to offer customers low ticket prices and a variety of add-on services for additional fees. This gives customers the ability to fully customise their flight and either fly without additional products and services or create a product with some or all of the additional products and services on offer. Strong ancillary revenue generation is particularly important to Wizz Air as this revenue is typically associated with low marginal costs, resulting in higher profit margins. Average ancillary revenue per passenger also tends to be less exposed to seasonal fluctuations and more stable than ticket prices, which vary significantly throughout the year. The Company expects ancillary revenue to remain a key driver of total revenue and profit for the Group in the future as the Company continues to offer competitively low ticket prices.

There are three key drivers of ancillary revenue: (a) product unit price which is reviewed and updated manually on a periodic basis and is seasonal and/or route-specific for various products or services, (b) overall passenger volumes and (c) conversion (the proportion of passengers buying a given component). The table below shows Wizz Air's growth in average ancillary revenue, in total, per passenger and as a percentage of total revenue, from FY 2012 to FY 2014 and H1 2014 to H1 2015:

	Ancillary revenue (€ million)	**Average ancillary revenue per passenger (€) (unaudited)**	**Percentage of total revenue (%)**
FY 2012	213.8	19.0	27.9
FY 2013	274.2	22.2	32.2
FY 2014	353.1	25.4	34.9
H1 2014 (unaudited)	197.9	26.3	33.6
H1 2015	239.4	27.1	32.9

Source: Management accounts and internal financial and operating reporting systems, apart from ancillary revenue and total revenue which are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Wizz Air records all revenue other than passenger ticket revenue as ancillary revenue, as described in more detail in section 3.1 (*Revenue*) of Part VII: "*Operating and Financial Review*" of this Prospectus.

Wizz Air's ancillary revenue is generated through:

- Travel-related features, such as checked-in baggage, large cabin baggage, oversized baggage, airport check-in and convenience-related services including extra legroom, seat allocation and priority boarding and security fast track, as well as the Wizz Premium services which offer customers a selection of products to purchase together at a discounted price and subscription fees for Wizz Discount Club.
- Booking-related fees, including the conversions between display and payment currencies, call centre fees which are currently €10 per passenger, an administration fee which is currently €8 per passenger per flight and fees related to changes in a passenger's booking and the Wizz Flex service which customers can purchase together with the flight ticket to get flexibility to change flights.

- Products and services offered in partnership with third parties, including hotels, car rental, airport transfers, parking, travel insurance, co-branded credit cards, on-board retail sales and advertising. On-board retail sales are provided in partnership with a leading in-flight catering provider. Average on-board revenue spend per passenger increased from €1.2 in FY 2012 to €1.5 in FY 2013, €1.8 in FY 2014 and €1.9 in H1 2015, contributing to the improving growth in profit per passenger from Wizz Air's onboard sales business during this period.

Wizz Air's ancillary revenue initiatives over the last few years include:

- In October 2012, Wizz Air Hungary launched an innovative cabin baggage policy giving passengers the choice to travel with a small cabin bag (up to 42 x 32 x 25 cm or smaller) at no extra cost or pay a fee to bring a large cabin bag (up to 56 x 45 x 25 cm) on-board. This policy aims to incentivise passengers to bring smaller bags on-board the aircraft leading to a less-congested, improved on-board environment, cost savings as a result of lower fuel costs, reduced delays as a result of cabin crews not having to off-load bags due to lack of space and increased ancillary revenue. In the six months ended 30 September 2012, Wizz Air estimated that there was a 30 per cent. conversion from large cabin bags to smaller bags and these percentages were estimated to be 18 per cent. in each of H1 2014 and H1 2015 (based on bag counts on the Katowice-London-Luton route). Wizz Air recorded a 48 per cent. reduction in delays caused by an excessive amount of baggage on board in H1 2014, compared to the six months ended 30 September 2012. Baggage revenue per passenger increased from €8.7 in FY 2012, to €10.3 in FY 2013, an increase of 19 per cent., and increased further to €12.8 in FY 2014, a further increase of 23 per cent. Baggage revenue in H1 2015 was €13.7 per passenger, a one per cent. decrease compared to H1 2014, reflecting the optimising behaviour of passengers experienced in the summer months in 2014. Wizz Air reacted to this change in behaviour by setting baggage fees based on demand observed on each route and incentivising customers to purchase the baggage allowance at the same time as purchasing flight tickets.

- In November 2012, Wizz Air re-launched and re-branded its loyalty programme as the "Wizz Discount Club", a programme designed for customers who travel as a group or purchase more than one Wizz Air ticket a year, offering various fare discounts (including a guaranteed discount of €10 per one-way flight on all ticket fares starting from €19.99) on payment of an annual membership fee of €29.99. This programme creates customer loyalty and encourages repeat bookings whilst also generating incremental revenue because the ticket fare discount offered by the programme is offset by Wizz Air's dynamic ticket pricing. As at 30 September 2014, there were over 529,000 members of Wizz Discount Club and membership increased by approximately 45 per cent. over the preceding twelve months. The share of passenger ticket revenue generated from Wizz Discount Club members increased from approximately twelve per cent. in FY 2013 to approximately 17 per cent. in FY 2014 and from approximately 16 per cent. in H1 2014 to approximately 21 per cent. in H1 2015. The share of ancillary revenue generated from members increased from approximately 16 per cent. in FY 2013 to approximately 23 per cent. in FY 2014 and from approximately 21 per cent. in H1 2014 to approximately 26 per cent. in H1 2015. In October 2014, Wizz Air introduced further benefits to the programme by providing a €5 discount on both the checked-in and large cabin baggage fees for Wizz Discount Club bookings. At the same time a "Standard" membership type with eligibility for two passengers and a "Group" membership with eligibility for six passengers were introduced with annual membership fees of €29.99 and €49.99, respectively.

- In October 2013, Wizz Air launched Wizz Tours in partnership with a leading tour operator as an online travel agent which offers holiday packages combining Wizz Air flights with accommodation in over 30,000 hotels sourced by Expedia Affiliate Network. Wizz Tours is expected to assist with Wizz Air's network development to holiday destinations, including Barcelona, Bourgas, Dubai, Grenoble, Larnaca, Malta and Tel Aviv, as well as generating ancillary revenue. The Company also expects Wizz Tours to make a positive impact on the seasonality of Wizz Air's business over time as it will allow Wizz Air further access to the

winter holiday market with flights to "winter sun" and skiing destinations and increase penetration of the large leisure customer segment. As at 31 December 2014, over 60,000 customer segments and over 54,000 room nights had been booked through the Wizz Tours platform. Wizz Tours is currently marketed to the Polish and Hungarian markets, in addition to offering an English and a German language website for any other market. The Company is currently considering ways to extend and develop the Wizz Tours product in the future.

- In January 2014, Wizz Air launched the Wizz Privilege Pass membership programme, which offers members the unlimited right to bring large cabin bags on-board and to use the priority boarding service for an annual membership fee of €99. The Company expects to generate incremental revenue through this initiative as well as offering its frequent flyers a convenient way to purchase large cabin bag allowance. As at 30 September 2014, there were 7,200 Wizz Privilege Pass members. These members accounted for approximately €300,000 in membership fee revenue in the period from January 2014, when the Wizz Privilege Pass was introduced, to 30 September 2014.

Wizz Air seeks to maximise revenue opportunities through multiple interactions with customers at different stages of their travel, from pre-purchase, through travel and post-trip. Wizz Air's outsourced partnership approach generates considerable revenue, which is incremental to the flight distribution of Wizz Air, with high profit margins and minimal resource required to be employed by Wizz Air in managing these operations.

Through setting and managing its charges efficiently, Wizz Air seeks to change customer behaviour and achieve cost-savings and efficiencies throughout its operations. By way of example, the use of different sales channels (to incentivise purchases through wizzair.com), the required airport infrastructure (to incentivise web check-in) and aircraft weight (through fees for checked in and extra cabin baggage) are all influenced by the application of certain charges on Wizz Air's customers.

Examples of Wizz Air's future ancillary revenue opportunities are:

- Wizz Air has decided to implement an onboard seat assignment policy replacing the current free seating policy. Passengers will be assigned a seat automatically before their travel as a free option and will be offered the ability to change the free seat assignment for a fee. The current extra legroom and reserved seating products will also be marketed and sold as part of the seat allocation process. It is expected that this new policy will be operational across the Wizz Air network by the second quarter of FY 2016. This new policy is intended to give customers certainty on their seat ahead of their trip, smooth the boarding process by reducing stress at the gate and onboard and to attract new customers to Wizz Air who are deterred by the existing boarding process. The Company expects that any negative impact on Wizz Air's other seat revenues will be more than offset by an increased conversion rate for seat selection.

- Developing existing ancillary revenue streams, through further segmentation of Wizz Air's customer base and tailoring ancillary offers, improving conversion by offering ancillary products and services at more relevant touch points, further optimising and yield managing the pricing of ancillary services and fees, continuing to enhance on-board sales, upselling through rebundling (for example, the Wizz Premium product which combines various other services, including pre-paid airport check-in, extra legroom or front row reserved seating, a large cabin bag and an on-time arrival guarantee, for a single fee) and introducing current products to new markets.

- Building on the customer base and visitors of wizzair.com and wizztours.com to capture an increasing share of the holiday market (generating ancillary revenue as well as revenue from ticket sales), enlarging the amount of each customer's total spending captured in Wizz Air's products and services and developing ancillary revenue streams through brand extensions (for example, developing a pan-European pre-paid travel card or expanding the sales channels of duty free offerings).

- Capitalising on technology and social trends and developments through Wizz Air's increasing penetration of iOS and Android mobile applications for sales of its ancillary products and services, leveraging mobile phone technology through the implementation of new products (for example, on-board wireless network and shopping programmes, location-based services and near field technology) and further segmentation of the customer base and tailored ancillary offers.

5.8 ***Distribution***

In FY 2012, FY 2013 and FY 2014 and H1 2014 and H1 2015, total revenue was split between the various distribution channels as follows:

	Percentage of total revenue (unaudited)				
Distribution channel	**FY 2012**	**FY 2013**	**FY 2014**	**H1 2014**	**H1 2015**
wizzair.com (direct bookings by customers and travel agents)	93.0%	93.2%	93.7%	93.6%	94.4%
Call centres	2.2%	2.3%	1.8%	1.9%	1.9%
Airport agents	4.8%	4.5%	4.4%	4.4%	3.6%

Source: Management accounts and internal financial and operating reporting systems.

wizzair.com is Wizz Air's most important channel of distribution. Total passenger ticket sales made through wizzair.com in each of FY 2014 and H1 2015 were 94 per cent. This includes bookings made by travel agents via wizzair.com as well as direct bookings by customers. wizzair.com is available in 20 languages including Bulgarian, Czech, Dutch, English, French, German, Hebrew, Hungarian, Italian, Latvian, Lithuanian, Macedonian, Norwegian, Polish, Romanian, Russian, Serbian, Spanish, Swedish, and Ukrainian. wizzair.com had over 31 million visitors in FY 2014 and Wizz Air has approximately 1.6 million newsletter subscribers. The Company estimates that, on average, approximately 7.5 per cent. of visits to wizzair.com result in a booking.

Wizz Air also sells tickets on its flights through call-centres and through agents at airports. Wizz Air has three call centres, all of which are outsourced to third parties. These call centres handled 1.2 million calls in FY 2014 and operate high customer service standards in 14 different languages. The costs to Wizz Air of sales through wizzair.com are lower than sales through Wizz Air's other distribution channels. Wizz Air seeks to encourage its customers to book online and recover the costs of operating its call centres by charging a call centre fee of €10 per flight per passenger. Airports also charge a service fee for bookings, typically €10 per flight per passenger.

Wizz Air has launched internally developed mobile applications to enable bookings on iOS and Android mobile telephones. After the launch of the iOS version in January 2013 and the Android version in September 2013, the applications accounted for an average of 1.1 per cent. of total passenger ticket sales in FY 2014 and 3.2 per cent. in H1 2015. The Company expects this proportion to continue to increase in the future. Sales through the mobile application reduce revenue leakage from commissions paid to third-party agents at airports and broaden the Wizz Air brand's appeal to a wider market.

5.9 ***Brand, marketing and intellectual property***

Brand and marketing

Wizz Air places significant emphasis on its brand and seeks to distinguish itself from traditional airlines and other low-cost carriers with its distinctive and modern Wizz Air logo, which was designed to translate across languages and be recognisable internationally, in bright pink and purple colours. Wizz Air's customers see a consistent corporate identity throughout their experience with Wizz Air, including when booking online, or reading an advertisement or press announcement issued by Wizz Air, on the aircraft exteriors and interiors and on the crew uniforms and branded products on-board. Wizz Air seeks to differentiate itself from its major competitors. Key drivers of this strategy are:

- The "Home Town" airline concept. Wizz Air ensures that it offers its website and other services in the local language of its bases and that customers are able to pay with the local currency. Well-educated and service-oriented cabin crew are recruited locally and speak the local language. Wizz Air also seeks to foster constructive relationships with local regulatory and other authorities and work with local tourism authorities to promote regions.

- Offering better network coverage to passengers in Wizz Air's Home Markets than other low-cost carriers, including eastwards to popular destinations such as Dubai and Tel Aviv.

- Making wizzair.com easy for customers to use, with transparent ticket prices and ancillary charges.

- Wizz Air's attractive checked-in baggage policy compared to many other low-cost carriers, with a flat rate for bags up to 32 kilogrammes rather than staggered rates charged by most low-cost carriers above a certain weight.

- Allowing for multiple customer-friendly options for paying for tickets with direct bank transfers alongside bank card payments.

The Company believes that Wizz Air has prompted brand awareness in excess of 50 per cent. in its largest markets of Poland, Romania, Hungary, Lithuania and Macedonia and strong brand awareness in most of its other existing Home Markets. Brand awareness is lower in Western European destinations, such as the United Kingdom and Spain, and the Company believes that there is an opportunity to significantly increase Wizz Air's brand awareness in Western Europe.

When Wizz Air enters a new market it usually commences a significant launch campaign to build brand awareness in that market. In many of Wizz Air's new markets eastwards outside the EU, the low-cost carrier concept is new and, accordingly, Wizz Air will usually undertake a significant amount of public relations activity to educate the local population on the low-cost carrier concept as well as on Wizz Air's service offering. The majority of Wizz Air's marketing spend is focused on markets in CEE, with 62.5 per cent. of the total marketing budget for FY 2014 being allocated there, with the remaining 37.5 per cent. being allocated outside of the CEE region.

Wizz Air's marketing objectives are to acquire new customers through focusing on new route launches and entry into new markets and to engage and retain existing customers. In view of its ULCC business model, Wizz Air has a relatively low marketing spend and focusses on effective use of low-cost tools such as press announcements, organisation of press conferences and events, social media, on-line advertising and search engine optimisation to increase the visibility of wizzair.com in major search engines results, rather than high cost marketing and advertising campaigns. Wizz Air also undertakes tactical marketing with price and destination promotions almost every week through online banners or printed media advertising. The Company believes that Wizz Air's low ticket prices are an effective means of attracting attention, creating news by word of mouth in the relevant communities and generating impulse bookings in price-sensitive customer segments. In March 2013, Wizz Air launched "Wizz TV", a series of proprietary travel videos to promote Wizz Air's network.

Intellectual property

The Company believes that the Wizz Air name, logo and Wizz Air and Wizz Tours websites are an integral part of the Wizz Air brand and have significant value to the Group's business. The Group has registered the Wizz Air name and logo as a European Community trademark and has registered the domain names wizzair.com and wizztours.com.

5.10 ***Customers and customer service***

Wizz Air's customers are predominantly travellers working and studying abroad and travellers visiting friends or relatives, leisure travellers and cost-conscious business travellers. Travellers working and studying abroad or visiting friends and relatives have historically been the largest component of Wizz Air's customer base. According to internally conducted surveys carried out in April 2014, Wizz Air's customer base according to purpose of travel was divided as follows:

46 per cent. of passengers worked or studied abroad or were visiting friends or relatives, 41 per cent. of passengers were travelling for leisure or some other reason and 13 per cent. were travelling for business. As Wizz Air's business continues to mature and Wizz Air expands its route network further, the Company expects the proportion of leisure and business travellers to increase. Wizz Air has increasingly focused on leisure travellers with its expansion to holiday destinations in Israel and the United Arab Emirates and the launch of Wizz Tours described in section 5.7 (*Ancillary revenue*) above.

Wizz Air's split of customer demographics by age group as recorded by internally conducted surveys carried out in April 2014 showed a strong bias towards younger age groups, with seven per cent. in the 15-24 age range, 31 per cent. in the 25-34 year age range, 31 per cent. in the 35-44 year age range, 18 per cent. in the 45-54 year age range and 13 per cent. in the over 54 year category, which the Company believes is a very attractive split for a young and growing airline. The same research showed that more than 75 per cent. of customers had higher education and 82 per cent. owned a smartphone.

Wizz Air has strong revenue diversification across its network. Wizz Air's revenue split by point of sale in FY 2014 was 52.2 per cent. from Western Europe and 47.8 per cent. from CEE (made up of 39 per cent. from CEE countries within the EU and nine per cent. from CEE countries outside the EU) and for H1 2015 was 50.9 per cent. and 49.1 per cent. (made up of 40.3 per cent. from CEE countries within the EU and 8.8 per cent. from CEE countries outside the EU), respectively.

Wizz Air has developed into a successful airline by taking care of its customers. The Company believes that focus on excellent customer service in every aspect of Wizz Air's operations including personnel, flight equipment, in-flight and ancillary products and services, on-time performance, flight completion ratios, attractive and simple checked-in baggage policy and baggage handling will further strengthen Wizz Air's customer loyalty and attract new customers to Wizz Air. Wizz Air has an internal customer service team of six people, as well as three outsourced call centres dealing in 14 languages and third-party agents in its airports to manage customer relations including flight disruptions, customer requests and claims handling. The Company believes that Wizz Air performs well compared to key competitors on customer surveys for service related to price and quality of service in its key Home Markets of Hungary, Poland and Romania.

5.11 ***Ground handling and maintenance***

Ground handling

Within Wizz Air there is a team of seven people overseeing ground handling operations at its airports which are fully outsourced to over 375 third-party suppliers. This team maintains stringent control of outsourced operations, setting up new stations, training third-party suppliers and enforcing contractual terms. Wizz Air conducts all contracts with third-party ground handlers using the International Air Transport Association (the "**IATA**") industry standard ground handling agreement as the basis, supplemented with a signed Wizz Air ground specifications document outlining expectations and agreed service levels. Service levels are detailed and standardised and third-party suppliers are all contractually obliged to comply with Wizz Air's passenger handling and ground operations manuals. A comprehensive key performance indicator system usually underpins service level agreements and penalties are levied by Wizz Air in the event of consistent under-performance by a particular supplier. Each supplier is audited and receives updated training from Wizz Air typically once every one to two years. Wizz Air is focused on reducing the expenses paid to third-party suppliers for ground handling operations and cost-cutting initiatives are underway to optimise the procurement of services for flight diversion and cancellation management (being the provision of hotels, meals and transportation to passengers) and additional handling (being de-icing and ad hoc services).

Maintenance

Aircraft maintenance, repair and overhaul are critical to the safety and comfort of Wizz Air's passengers, the efficient use of its aircraft and optimum fleet utilisation. Wizz Air currently outsources almost all of its general aircraft maintenance, with dedicated teams of 14 personnel (plus a separate

chief engineer for Wizz Air Ukraine) managing all aspects of aircraft phase-in and phase-out and continued airworthiness, three personnel managing all material procurement for technical components and seven personnel controlling the technical support provided in respect of maintenance. Two additional employees support Wizz Air's Part 145 maintenance organisation described below. Wizz Air's maintenance systems are subject to repeated audit programmes from the Hungarian Aviation Authority, the SASU and other regulatory bodies.

Wizz Air's aircraft manufacturer, Airbus, and engine manufacturer, IAE, provide dedicated support to Wizz Air through on-site representatives and customised services at 18 maintenance bases. Lufthansa Technik, a market leading operator, is Wizz Air's principal maintenance contractor on a long-term contract that includes service level key performance indicators. A summary of the Group's aircraft maintenance agreement with Lufthansa Technik is set out in section 13.8 (*Lufthansa Technik services agreement*) of Part XI: "*Additional Information*" of this Prospectus. Lufthansa Technik provides line maintenance at seven of Wizz Air's bases, with support being provided by other contractors at the other bases. Lufthansa Technik also undertakes heavy maintenance on Wizz Air's fleet, in particular all types of "C" checks, structural repairs, modifications, storage and logistics and also provides component support as well as other engineering services. Heavy maintenance checks are typically performed in the off-peak winter season and line maintenance or minor checks occur out of hours to maximise aircraft utilisation.

Wizz Air has established a Part 145 maintenance organisation in order to gain experience in aircraft maintenance. The establishment of this organisation is intended to provide a mid-term organisational flexible solution for line maintenance support and aircraft-on-ground recovery in airports where there is no European Aviation Safety Authority ("**EASA**") Part 145 support available. Wizz Air has a team of two licensed aircraft engineers performing line maintenance services under Wizz Air's limited EASA Part 145 approval. Part 145 related overhead functions are shared with Wizz Air's continued airworthiness management organisation.

5.12 ***Safety, training and insurance***

Safety

Wizz Air is subject to regular safety reviews, in particular from the Hungarian Aviation Authority and the EASA and the SASU in Ukraine. Wizz Air has a team of 16 employees embedded in all lines of the business to manage Wizz Air's safety management system, including hazard identification, risk assessment and mitigation of flight safety hazards. This is led by Wizz Air's "Safety Action Group" using professional software (SAMS – safety, assessment and management system) developed by Airbus in co-operation with Wizz Air. Once a quarter, Wizz Air's executive officers meet to go through all safety-related key performance indicators in detail delivered by safety reporting, flight data analyses and threat and error management. Compliance of Wizz Air's operations with aviation regulations and requirements is ensured through compliance monitoring systems working within the framework of annual monitoring programmes supervised by the Hungarian Aviation Authority. Through Blake Emergency Services, a market leading provider of incident response services to the airline and transport industry, Wizz Air has an equipped and readily available crisis management centre and a trained and experienced crisis management team as well as a detailed emergency response plan.

Airline safety is measured by the level of "mandatory incidents" per 1,000 flight cycles. The definition and severity of a mandatory incident is prescribed by the regulators and requires reporting accordingly. Mandatory incidents include air proximity incidents, technical incidents, damaging bird strikes and deviation from altitude or track. Wizz Air recorded 0.46 mandatory incidents per 1,000 flight cycles in each of FY 2014 and H1 2015. Wizz Air's mandatory incidents per 1,000 flight cycles has been on a downwards trend since 2010. One of the most frequent and disruptive of such incidents is a bird strike, which if it results in suspected damage may cause an aircraft to be grounded until it can be assessed and cleared by a licensed engineer. Wizz Air has adopted a pro-active policy in relation to bird strike management and monitors this issue in co-operation with airports in its network.

Wizz Air has had a small number of flight safety serious incidents and one accident involving passengers since commencing operations. No crew or passenger injuries were reported in any such serious incidents or accident.

Training

Wizz Air's training programmes are primarily designed to prevent aircraft incidents and accidents. In addition, cabin crew training addresses customer service and sales. Training covers all aspects of flight deck and cabin operations, such as handling emergencies, winter operations, aviation security and flight safety. Staff training in all operational departments is mandatory. Training records and processes are regularly subject to internal and external review and audit. In May 2013, Wizz Air opened its own flight simulator and training centre in Budapest. The training centre is operated exclusively for Wizz Air by Flight Simulation Company. The flight simulator and training centre was established primarily to reduce the cost of third-party flight simulator providers and to assist with cabin crew training and licensing requirements. Wizz Air Hungary is licensed as an approved training organisation by the Hungarian Aviation Authority and intends to carry out certain type rating training and qualifications internally.

In FY 2014, Wizz Air's pilots conducted approximately 26,500 hours of ground and simulator training, an average of over 50 hours for each of the approximately 580 pilots. In the same period, there were in excess of 790 cabin crew training events for approximately 980 cabin crew, 70 per cent. of which were fulfilling mandatory EU requirements (such as first aid, emergency procedures, quality and safety) and 30 per cent. of which were additional customer service and sales training designed to distinguish Wizz Air from its competitors and maintain industry best practice.

Insurance

The Group maintains aviation insurance covering liability to passengers and crew, third-party liability, terrorist incidents and aircraft loss or damage and general insurance including property, motor, general employer and tenant liability, accident and life insurance, travel insurance, crew related loss of licence and directors' and officers' cover, in each case in amounts that are consistent with industry standards and that meet the Group's obligations under applicable laws and regulations. This insurance coverage has been obtained at competitive pricing levels through volume-based purchasing with Spirit Airlines, Tiger Airways and Volaris (current and former Indigo investee companies). Wizz Air Hungary and Wizz Air Ukraine have the same insurance coverage and terms, but separate certificates, with Wizz Air Ukraine's insurance being placed with a local insurer in accordance with local regulations and re-insured in the international markets.

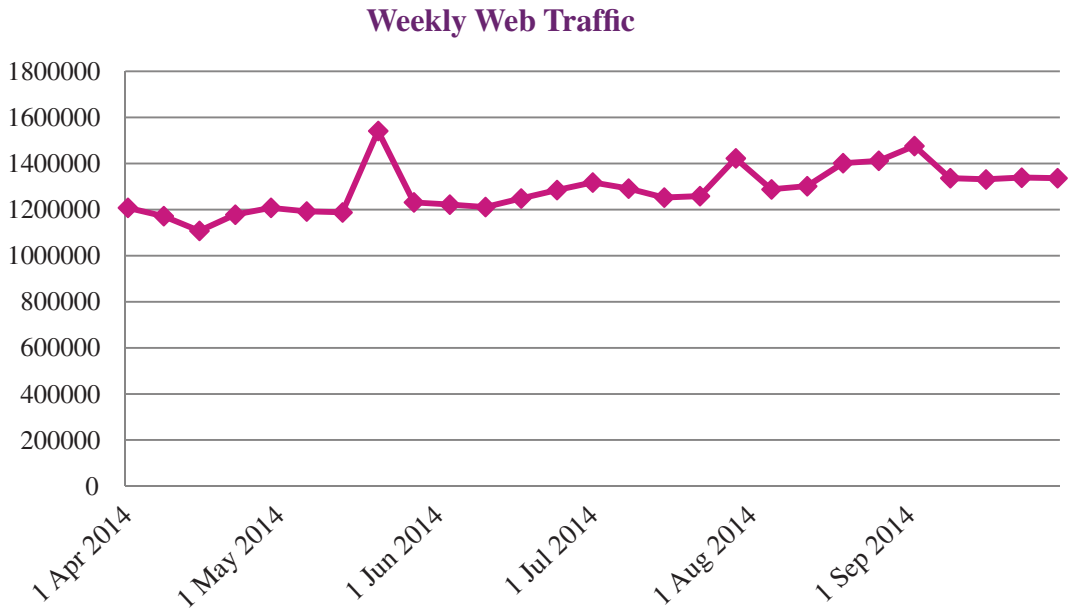
5.13 ***Information technology***

Information technology is an essential part of Wizz Air's business infrastructure. Wizz Air invests in information technology as its use directly lowers costs, enables scalable operations and improves efficiency. Wizz Air's information technology strategy has been to deliver customer and user services using a combination of industry-leading enterprise level proven products and in-house developments. Wizz Air has consistently followed an outsourced model for its information technology function. Information technology vendors are required to follow the latest technologies and trends and to ensure the quality of their employees through regular training. The Company considers that Wizz Air's information technology systems are sufficiently durable and scalable to support Wizz Air's growth plans. Wizz Air had a successful Payment Card Industry Data Security Standard audit in 2012.

Currently, Wizz Air employs nine information technology managers, who report to the Head of Information Technology and manage an outsourced team of 39 on-site information technology operations, development and support personnel running in excess of 100 information technology systems. An information technology lead team was established in 2011 to approve and prioritise business projects requiring information technology development or the introduction or implementation of new services and applications. The Executive Vice President, Chief Financial

Officer, Chief Commercial Officer and Head of Information Technology sit on the steering committee, which meets six to eight times each year.

In FY 2014 and H1 2015, respectively, wizzair.com had a weekly average of 1.2 million and 1.3 million unique visitors compared to 1.1 million and 1.2 million in FY 2013 and H1 2014, respectively. Wizz Air estimates that it had more than 118 million website hits in LTM September 2014. Wizz Air's strategy is to promote the use of wizzair.com as its principal distribution channel whenever possible and Wizz Air actively encourages the use of its website for direct ticket sales by imposing an additional booking fee for telephone bookings. Wizz Air believes it can support a substantial increase in internet bookings through its website without incurring significant incremental expenses. The following charts show weekly web traffic and bounce rate, being the percentage of visitors who enter the site and leave rather than continuing viewing pages within the site, for wizzair.com for H1 2015.

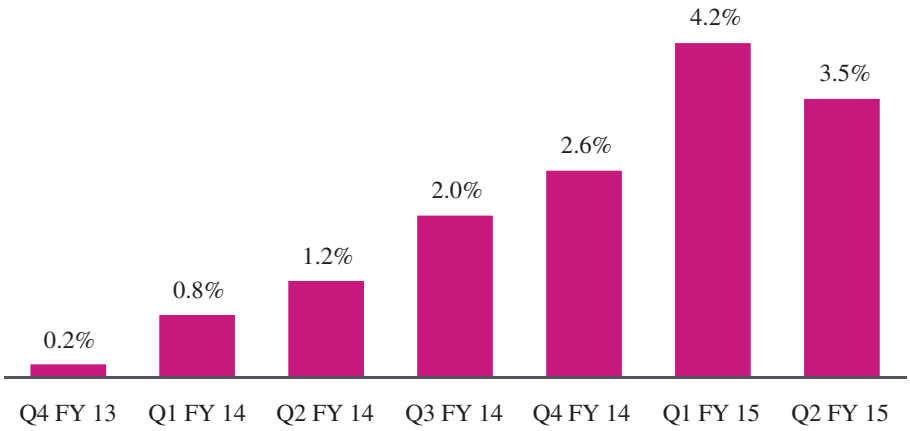


Source: Internal operating reporting systems.

wizzair.com is hosted by an external web hosting provider (Invitel), currently with 20 web servers in two geographical locations. The reservation system is operated and managed by NAVITAIRE Inc. ("**NAVITAIRE**") (an Accenture company) at the London Technology Centre. Four managers oversee all of the sales channels, including web, mobile, travel agencies, call centres and airports. The current web infrastructure availability target is 99.9 per cent. and during FY 2014 there were no penalties induced by outage and/or service level agreement breach. The Company believes that these arrangements ensure that all components of the web and mobile sales channels operate in a stable and reliable way.

In 2012, wizzair.com was redesigned and migrated to NewSkies, a new version of the NAVITAIRE platform. The Company launched an iOS application in December 2012 and an Android version was released in September 2013. Through these mobile phone applications, customers can now check-in, access their boarding pass and book tickets using their mobile device. The Company plans to develop wizzair.com into a responsive, mobile-optimised web site. Use of the mobile application has been strong and continues to grow, as illustrated by the chart below for the period from late 2013 to late 2014:

Weekly Mobile Telephone Sales (%)



Source: Internal operating reporting systems.

Card payment services are provided by third-party service providers, including authorisation, settlement and reconciliation functions. Card payment providers are measured by service availability and they have generally achieved high reliability. Wizz Air's bank transfer payments are supported by an internally developed reconciliation and payment application responsible for matching incoming bank payments to sales transactions, bank reconciliation reporting and outgoing payment support. Fraud risk systems have been developed internally.

The Company's finance function is supported by Dynamics AX, which covers accounts payable and receivable, fixed assets, general ledger, financial reporting and invoicing functions. The system was implemented in 2004 by XAPT Kft. and has been maintained by them since then. Dynamics AX is measured by service availability and has shown a high level of reliability over the past couple of years.

A number of different systems support Wizz Air's operations. Amongst these, AIMS is a proven flight operations application which the Company has used since 2004. Since 2007, in-house-developed class 1/type B electronic flight bag software has been used for a fully paperless cockpit with flight planning utilising the Flugwerkzeuge system from Sabre.

Wizz Air's maintenance function also utilises a number of systems, key among them being AMOS, which is run in-house from Switzerland in a redundant cluster set-up and the ACARS/Airman/AirN@ which enables the monitoring of aircraft performance and faster problem resolution.

Since 2008, Wizz Air has benefitted from a data warehouse which regularly collects business-relevant data and translates it into meaningful information from all major transactional systems (New Skies, AIMS, AIRCOM, Dynamics, Competitive database, Web Analytics etc.). This data is used to support business decisions in different functions and levels on a daily basis, as well as providing compliance reports (for example, in relation to EU ETS) or monthly accounting reconciliation.

5.14 ***Employees***

As at 30 September 2014, the Group had 2,172 staff comprised of 627 pilots, 1,341 cabin crew and 204 office staff. The Group does not employ temporary staff, but a number of pilots are sourced from independent crew contracting companies, with approximately 290 pilots providing services to the Group under such arrangements as at 30 September 2014. The Group's information technology function, as noted above, together with the maintenance function also utilise the services of a number of personnel provided through contracts with third-party companies, with 44 information technology personnel and six maintenance personnel being used by the Group as at 30 September 2014. On average, each aircraft is staffed with twelve pilots and 24 crew who work in rotation. There are four cabin crew and two pilots on each flight.

The number of employees of, and personnel used by, Group companies as at the end of each of the last three financial years was:

	31 March 2012	31 March 2013	31 March 2014
Wizz Air Hungary	255	331	396
Bulgarian branch	127	117	129
Czech branch	46	28	25
Geneva branch	27	27	28
Lithuanian branch	47	55	73
Macedonian branch	0	19	51
Polish branch	458	456	454
Romanian branch	213	238	277
Serbian branch	33	31	56
Agency pilots	202	213	233
Wizz Air Ukraine	74	109	186
IT contractors	25	28	30
Maintenance contractors	–	6	6
Total	**1,507**	**1,658**	**1,944**

Wizz Air has good relations and open communications with its employees and as at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), to the best of the Company's knowledge, there were no representative trade unions present in the Group, although on 23 February 2015, the Group received notification from a trade union in Romania purportedly representing a small number of Wizz Air employees of its affiliation with a Romanian trade union federation.

The Group seeks to employ personnel local to its bases in its Home Markets when recruiting to the extent possible and almost 100 per cent. of its cabin crew have been recruited from these local markets. A significant proportion of Wizz Air's pilots have been hired from Western Europe. Wizz Air provides its pilots with opportunities to gain substantial flight experience as well as fast-track promotion to captain for suitably talented internal candidates. In LTM September 2014, Wizz Air only had to recruit 13 direct entry captains to its fleet. As at 30 September 2014, 46 per cent. of Wizz Air's pilots were rented through arrangements with a small number of pilot placement agencies. These rented pilots had, as at that date, an average of 2.4 years' service with Wizz Air. Wizz Air operates an "Ambassadors" programme for cabin crew which recognises excellent service and consumer focus with selected finalists being voted for by customers via a Facebook application. Wizz Air Ambassadors represent the Wizz Air brand in the media and at community and charity events. In FY 2014, Wizz Air had attrition and sickness rates for pilots of approximately 12.1 per cent. and 2.5 per cent., respectively, and for cabin crew of approximately 9.3 per cent. and 4.3 per cent., respectively, and achieved utilisation rates for pilots of 91.2 per cent. and for cabin crew of 94.2, respectively, on a full-time equivalent basis of the legal maximum number of duty hours able to be flown by such pilots and cabin crew.

Wizz Air's pilots and cabin crew are managed locally by a base manager or base captain on the basis of centrally agreed manuals, processes and procedures. Wizz Air has regional managers and heads of department for pilots and cabin crew. Wizz Air's senior management aim to visit all bases at least twice a year. The Company believes that there is a good reporting structure within Wizz Air's organisation.

Employee compensation

The total salary, pension costs, social security costs and share based payments for all Non-Executive Directors, crew and pilots and administrative and other staff of the Group in FY 2014 was €68.3 million (7.6 per cent. of the total operating costs of the Group). This included compensation paid to crew and pilots of €49.7 million and compensation paid to administrative and other staff of €18.6 million. Wage inflation represented less than one per cent. of salaries for crew and other staff in FY 2014.

The officers and functional heads of the Group participate in an incentive plan (the "**Management Incentive Plan**") which pays on-target bonuses of between four and twelve months' salary based

largely on the Group's financial and operational performance and partly on the manager's own performance.

Pilot compensation is comprised of a fixed monthly base salary equal to approximately 60 to 65 per cent. of total compensation (including all compulsory additions required by the labour code of the country where the crew are employed, such as overtime, shift premiums, standby and length of service premiums) plus variable sector pay compensation that rewards crew members for each flown sector depending on the country and grade of the individual and, in the case of cabin crew only, on-board sales performance. Captains benefit from an automated pay increase of five per cent. per annum for each 1,000 hours flown with Wizz Air, up to 6,000 flight hours. Cabin crew compensation is comprised of approximately one third fixed monthly base salary (again, including all compulsory additions) and approximately two thirds variable pay based on flight performance and commission based on sales performance on-board flights.

Benefits

The Group does not offer any company retirement plan or any company health insurance plan. However, the Group is required to maintain mandatory Pillar 2 insurance coverage under Swiss law and does so with a large insurance provider. The Group offers life insurance to all employees. The Group's employees can also take advantage of an arrangement under which they may travel on Wizz Air's flights at a fixed price (these are confirmed, not standby tickets, which compare favourably to the schemes operated by most other airlines). The Group also provides medical insurance cover for all staff whilst on duty abroad, meals on-board for on duty crew members and loss of licence insurance for pilots.

5.15 ***Regulation***

The airline industry is subject to significant governmental regulation. The regulatory framework in the EU and internationally has had, and will continue to have, a significant effect on the Group's business and operations. Further information on the regulatory framework to which the Group is subject is set out in Part V: "*Regulation*" of this Prospectus.

6. DIVIDEND POLICY

Wizz Air has not paid any dividends since its inception. The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon the Group's results, financial condition, future prospects, profits being available for distribution and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

7. EMPLOYEE SHARE SCHEMES

In 2005, the Group established the ESOP. Options over 5,471,733 Ordinary Shares have been issued to the Group's officers and function heads. The total number of Ordinary Shares available in the ESOP is 5,799,600. No further options will be granted pursuant to the ESOP and, following the exercise of the outstanding options, it is intended that the ESOP will be wound-up. Further information about the ESOP is set out in section 8.1 (*Wizz Air International Employee Share Option Plan 2009*) of Part XI: "*Additional Information*" of this Prospectus.

In June 2014, the Group established the LTIP. The LTIP will replace the ESOP post-Admission and is intended to attract, retain and motivate the Group's senior management and to focus them on delivery of the Group's strategic and business objectives. Dilution under the LTIP will be limited to five per cent. of the issued Ordinary Share capital of the Company over any rolling 10 year period. Further information about the LTIP is set out in section 8.2 (*Wizz Air Long-term Incentive Plan 2014*) of Part XI: "*Additional Information*" of this Prospectus.

8. CURRENT TRADING AND PROSPECTS

In H1 2015, Wizz Air achieved a 23.5 per cent. increase in revenue compared to H1 2014, to €727.3 million, a 37.2 per cent. increase in EBITDAR to €254.8 million and a 44.5 per cent. increase in net profit to €158.1 million. Wizz Air reported an EBITDAR margin of 35.0 per cent. in H1 2015, a 350 basis point increase on H1 2014.

The progress made in H1 2015 continued into the third quarter of FY 2015. Revenue for 9M FY 2015 increased by 21.9 per cent. from 9M FY 2014 to €991.9 million (unaudited), driven by a 17.6 per cent. increase in passenger numbers for the period (to 12.7 million) and the opening of new bases and destinations. Strong demand over the Easter period and favourable macro-economic conditions (including a strong Euro) assisted in delivering performance ahead of expectations. EBITDAR increased by 38.1 per cent. from 9M FY 2014 to €304.8 million (unaudited) driven by further improvements in utilisation and a 240 basis point reduction in CASK. Wizz Air's EBITDAR and net income margins increased from 27.1 per cent. and 13.2 per cent., respectively, in 9M FY 2014 to 30.7 per cent. and 17.9 per cent., respectively, in 9M FY 2015.

The fourth quarter of FY 2015 is expected to be characterised by an increase in seat capacity of 20 per cent. and continued GDP growth in the CEE regions that is greater than levels in Western Europe. The Company expects a modest decline in unit revenue as lower fuel prices feed through and for the benefits of the lower oil prices to be partially offset by the strong US Dollar. The Company also anticipates infrastructure, capacity and maintenance costs pressures for its business.

The Board believes that the Company is well positioned for further growth.

9. REASONS FOR THE GLOBAL OFFER AND USE OF PROCEEDS

The Company estimates that the net proceeds to it from the Global Offer (after deduction of commissions payable to the Underwriters and the estimated expenses of the Global Offer payable by the Company) will be approximately £102.8 million (€140.0 million). The Company intends to use these net proceeds to further strengthen its balance sheet, providing strategic flexibility to fund its future growth plans (including taking advantage of any opportunities for expansion that may arise) and also help funding, in part, its new assets and parts, and for other general corporate purposes.

PART II

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. DIRECTORS AND SENIOR MANAGERS OF THE COMPANY

1.1 *Directors*

The Directors of the Company as at the date of this Prospectus are as follows:

Name	Position
Executive Director	
József Váradi	Chief Executive Officer
Non-Executive Directors	
William A. Franke	Chairman
Thierry de Preux	Non-Executive Director
Guido Demuynck	Non-Executive Director
Simon Duffy	Non-Executive Director
Stephen L. Johnson	Non-Executive Director
John McMahon	Non-Executive Director
John R. Wilson	Non-Executive Director

William A. Franke, *Chairman*

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

József Váradi, *Chief Executive Officer*

Mr Váradi was one of the founders of Wizz Air in 2003. Mr Váradi worked at Procter & Gamble for ten years between 1991 and 2001, and became Sales Director for Global Customers where he was responsible for major clients throughout 11 EU countries. He then joined Malév Hungarian Airlines, the Hungarian state airline, as Chief Commercial Officer in 2001, before serving as its Chief Executive Officer from 2001 to 2003. He has also held board memberships with companies such as Lufthansa Technik Budapest (Supervisory Board, 2001-2003) and Mandala Airlines (Board of Commissioners, 2007-2011). In 2007, Mr Váradi won the Ernst & Young Hungary "Brave Innovator" award. Mr Váradi holds a Master's degree in Economics from the Budapest University of Economic Sciences and a Master's Degree in law from the University of London.

Thierry de Preux, *Non-Executive Director*

Mr de Preux was a founding shareholder of Wizz Air in 2003 and joined the Board in 2012. A qualified chemical engineer, Mr de Preux completed his Master of Business Administration at Harvard Business School and went on to become a General Manager at the Nestlé Group. He subsequently spent 17 years as the head of the Swiss division of Korn/Ferry International, where he

specialised in board consulting and recruitment. In 2008, Mr de Preux founded the Swiss Board Members Forum, an association including board members of the twenty largest companies on the Swiss Market Index.

Guido Demuynck, *Non-Executive Director*

Mr Demuynck joined the Board in February 2014. Mr Demuynck spent more than 25 years with Koninklijke Philips N.V., holding various roles including General Manager, Portable Audio Business Line, General Manager, Audio Business Group and Marantz and Chief Executive, Consumer Electronics (as a member of the group management committee of Royal Philips Electronics and Senior Vice President). He then held the positions of Board Member, responsible for Mobile Division, at KPN (Koninklijke) N.V. and Chief Executive of Kroymans Corporation B.V. and Liquavista B.V. Mr Demuynck is currently a member of the supervisory board and chairman of the remuneration committee of TomTom N.V., a member of the board of directors and of the audit committee of Belgacom N.V., a member of the supervisory board of each of Teleplan International N.V., Divitel Holding B.V. and Aito B.V. and chairman of the audit committee of Belgacom SA. Mr Demuynck has a Master's Degree in Applied Economics (magna cum laude) from the University of Antwerp and a Master's Degree in Marketing and Distribution (magna cum laude) from the University of Gent.

Simon Duffy, *Non-Executive Director*

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

Stephen L. Johnson, *Non-Executive Director*

Mr Johnson joined the Board in 2004, left the Board in 2009 and was re-appointed as a Non-Executive Director in 2011. Mr Johnson is Executive Vice President, Corporate Affairs for American Airlines Group Inc. and its principal subsidiary, American Airlines, Inc. Previously, Mr Johnson served as Executive Vice President, Corporate and Government Affairs for US Airways. Prior to joining US Airways in 2009, Mr Johnson was a partner at Indigo from 2003 to 2009. Between 1995 and 2003, Mr Johnson held a variety of positions with America West Holdings Corporation prior to its merger with US Airways Group, including Executive Vice President, Corporate. Prior to joining America West, Mr Johnson served as Senior Vice President and General Counsel at GPA Group plc, an aircraft leasing company, and as an attorney at Seattle-based law firm Bogle & Gates where he specialised in corporate and aircraft finance and taxation. Mr Johnson earned his Master of Business Administration and Juris Doctor from the University of California, Berkeley, and a Bachelor of Arts in Economics from California State University, Sacramento.

John McMahon, *Non-Executive Director*

Mr McMahon has been a member of the Board since 2012. He has more than 25 years of experience in commercial aviation. He joined Aer Lingus in 1986, moved to GPA Group plc in 1990 and transferred to GECAS upon its formation in 1993. Later, he held senior management positions at debis

AirFinance B.V. and Lloyds TSB Bank plc. In 2006, he led the initial public offering and New York Stock Exchange listing of Genesis Lease Limited, an aircraft leasing company, where he served as Chairman and CEO until its merger with AerCap Holdings N.V. in 2010. Since then, he has served as a consultant, director and lecturer. His non-executive directorships include Airspeed Limited, BNP Paribas Ireland, Investec Aircraft Syndicate Limited, Turbine Engine Securitization Limited and Waypoint Leasing Limited. Mr McMahon holds a Bachelor of Engineering degree from the National University of Ireland, Galway and post-graduate diplomas in Accounting and Finance (Association of Chartered Certified Accountants) and Computer Modelling & Simulation (Trinity College Dublin). He completed the Advanced Management Program at Harvard Business School and is a Chartered Director of the Institute of Directors.

John R. Wilson, *Non-Executive Director*

Mr Wilson has been a member of the Board since 2005 and a Principal of Indigo since 2004. Mr Wilson is a member of the Board of Directors of Frontier Airlines, Inc., together with its holding companies, Frontier Airlines Holdings, Inc. and Falcon Acquisition Group, Inc. Prior to that he served at America West Airlines from 1997 to 2004 as the Vice President of Financial Planning & Analysis, Vice President of Operations Finance and other senior finance positions. From 1991 to 1997 he was employed by Northwest Airlines where he last served as Director of Finance for Asian operations based in Tokyo, Japan. Mr Wilson served on the board of Spirit Airlines Inc. from 2009 to August 2013 and served on the board of Vuela Compañía de Aviación, S.A.P.I. de C.V. from July 2010 to April 2012. Mr Wilson has a Master of Business Administration from the Darden School of Business at the University of Virginia and an undergraduate degree in Finance from Texas Tech University.

1.2 ***Senior Managers***

The Group's senior management team as at the date of this Prospectus, in addition to the Directors listed above, is as follows:

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

John Stephenson, *Executive Vice President*

Mr Stephenson joined Wizz Air as Chief Commercial Officer in 2006, becoming Executive Vice President in April 2009. He joined Wizz Air from easyJet, where he worked from 1997 to 2006 as Head of Yield Management, Head of Revenue and Scheduling, Head of Network Development and, from 2005 to 2006, as acting Commercial Director. Prior to joining easyJet, Mr Stephenson worked for MVA Consultancy from 1991 to 1997 as a consultant in the transport and financial fields. Mr Stephenson holds a Bachelor of Science in Mathematics for Decision Making from the University of Brighton.

Mike Powell, *Chief Financial Officer*

Mr Powell joined Wizz Air as Chief Financial Officer in 2007. Mr Powell was previously Head of Aviation Research at Dresdner Kleinwort Wasserstein (1999 to 2007), SG Securities (1998 to 1999) and Natwest Securities (1993 to 1998). Mr Powell also worked at National Provident Institution as an equity analyst and fund manager from 1989 to 1992. Mr Powell holds a Bachelor in Science in Management Sciences from the University of Manchester Institute of Science and Technology.

György Abrán, *Chief Commercial Officer*

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

Diederik Pen, *Chief Operations Officer*

Mr Pen joined Wizz Air in January 2013, becoming Chief Operations Officer and Accountable Manager in September 2013. He was formerly the Chief Executive Officer and Chief Operating Officer of Martinair Holland. Prior to joining Martinair Holland in 2006, Mr Pen worked for Virgin Blue Airlines in Australia from 2002 to 2006 as Head of Ground Operations, for Brisbane Airport Corporation in Australia as General Manager of Commercial Services and for Amsterdam Airport Schiphol as Manager of Commercial Services. Mr Pen has a Master of Business Administration in Business Economics from the University of Amsterdam.

Owain Jones, *Chief Corporate Officer*

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

2. OTHER DIRECTORSHIPS AND PARTNERSHIPS

In addition to their directorships of the Company and members of the Group, only those Directors and Senior Managers listed in the table below hold, or have held within the past five years, the following directorships and partnerships outside the Group.

Name	Current or former directorships/partnerships	Position still held (Y/N)
Directors		
William A. Franke	Concesionaira Vuela Compañía de Aviación, S.A.P.I. de C.V.	Y
	Falcon Acquisition Group, Inc.	Y
	Frontier Airlines, Inc.	Y
	Frontier Airlines Holdings, Inc.	Y
	Indigo Partners LLC	Y
	America West Airlines, Inc.	N
	Avianova, LLC	N
	Bristol Group	N
	Spirit Airlines	N
	Tiger Aviation Pte. Ltd	N
József Váradi	Dnieper Aviation LLC	Y
	Balkan Aviation EOD	N
	Mandala Airlines	N
Thierry de Preux	Fragrances Inspirations	Y
	Korn/Ferry International	N

Name	Current or former directorships/partnerships	Position still held (Y/N)
Simon Duffy	M Blox Inc.	Y
	Modern Times Group AB	Y
	Oger Telecom	Y
	YouView Ltd	Y
	BWIN. Party Digital Entertainment Plc	N
	Cadogan Petroleum Plc	N
	Cell C Ltd	N
	Symbiotic Technologies Ltd	N
Guido Demuynck	Aito B.V.	Y
	Belgacom S.A.	Y
	Divitel Holding B.V.	Y
	Teleplan International N.V.	Y
	TomTom N.V.	Y
	Liquavista B.V.	N
Stephen L. Johnson	Admirals Club, Inc.	Y
	Airways Assurance, LTD	Y
	American Airlines, Inc.	Y
	American Airlines Realty (NYC) Holdings, Inc.	Y
	Americas Ground Services, Inc.	Y
	Eagle Aviation Services, Inc.	Y
	Envoy Air Inc.	Y
	Envoy Aviation Group Inc.	Y
	Executive Airlines, Inc.	Y
	Executive Ground Services, Inc.	Y
	Material Services Company, Inc.	Y
	Piedmont Airlines, Inc.	Y
	PMA Investment Subsidiary, Inc.	Y
	PSA Airlines, Inc.	Y
	US Airways Group, Inc.	Y
	US Airways, Inc.	Y
John McMahon	AASET 2014-1 International Limited	Y
	AASET 2014-1 US Limited	Y
	Airspeed Limited	Y
	Airspeed Ireland Leasing 1 Limited	Y
	Airspeed Ireland Leasing 2 Limited	Y
	Airspeed Ireland Leasing 3 Limited	Y
	Airspeed Ireland Leasing 4 Limited	Y
	Airspeed Ireland Leasing 5 Limited	Y
	Airspeed Ireland Leasing 6 Limited	Y
	Airspeed Ireland Leasing 7 Limited	Y
	Airspeed Ireland Leasing 8 Limited	Y
	Airspeed Ireland Leasing 9 Limited	Y
	Airspeed Ireland Leasing 10 Limited	Y
	Airspeed Ireland Leasing 11 Limited	Y
	Airspeed Ireland Leasing 12 Limited	Y
	Airspeed Ireland Leasing 13 Limited	Y
	Airspeed Ireland Leasing 14 Limited	Y
	Airspeed Ireland Leasing 15 Limited	Y
	Airspeed Ireland Leasing 16 Limited	Y
	Airspeed Ireland Leasing 17 Limited	Y
	Airspeed Ireland Leasing 18 Limited	Y
	Airspeed Ireland Leasing 19 Limited	Y
	Airspeed UK Leasing 1 Limited	Y
	Airspeed BDA One Limited	Y
	BNP Paribas Ireland	Y
	Investec Aircraft Syndicate Limited	Y
	Mindconnex Learning Limited	Y
	M.J. McMahon & Co Limited	Y
	SASOF II Aviation Ireland Limited	Y
	SASOF II (C) Aviation Ireland Limited	Y
	SASOF II (E) Aviation Ireland Limited	Y
	SASOF II (F) Aviation Ireland Limited	Y
	SASOF II (G) Aviation Ireland Limited	Y
	SASOF II (H) Aviation Ireland Limited	Y
	SASOF II (J) Aviation Ireland Limited	Y
	Starmac Aircraft Opportunity 1 Limited	Y

Name	Current or former directorships/partnerships	Position still held (Y/N)
John McMahon (*continued*)	Turbine Engines Securitization Limited	Y
	Turbine Engines Ireland I Limited	Y
	Turbine Engines Ireland II Limited	Y
	Volostar Aerofinance Limited	Y
	Waypoint Leasing (Ireland) Limited	Y
	Castletroy Leasing Limited	N
	Equavia Limited	N
	Genesis Acquisition Ireland 1 Limited	N
	Genesis Acquisition Ireland 2 Limited	N
	Genesis Acquisition Ireland 3 Limited	N
	Genesis Acquisition Ireland 4 Limited	N
	Genesis Acquisition Ireland 5 Limited	N
	Genesis Acquisition Limited (GAL)	N
	Genesis China Leasing 1 Limited	N
	Genesis China Leasing 2 Limited	N
	Genesis Funding France 1 S.a.r.l.	N
	Genesis Funding France 2 S.a.r.l.	N
	Genesis Funding Limited	N
	Genesis Funding Norway 1 AS	N
	Genesis Funding Sweden I AB	N
	Genesis Ireland Aviation Trading 1 Limited	N
	Genesis Ireland Aviation Trading 2 Limited	N
	Genesis Ireland Aviation Trading 3 Limited	N
	Genesis Ireland Aviation Trading 4 Limited	N
	Genesis Lease Limited	N
	Genesis Leasing USA Inc.	N
	Genesis Portfolio Funding 1 Limited	N
	GLS Atlantic Alpha Limited	N
	GLS Norway Alpha AS	N
	Lare Leasing Limited	N
	Ross Leasing Limited	N
	Roselawn Leasing Limited	N
	Westpark 1 Aircraft Leasing Limited	N
John R. Wilson	Falcon Acquisition Group Inc.	Y
	Frontier Airlines, Inc.	Y
	Frontier Airlines Holdings, Inc.	Y
	Indigo Partners LLC	Y
	Concesionaira Vuela Compañía de Aviación, S.A.P.I. de C.V.	N
	Spirit Airlines	N
	Whitefish Aviation Limited	N
Senior Managers		
John Stephenson	–	–
Mike Powell	–	–
György Abrán	–	–
Diederik Pen	Martinair Holland	N
Owain Jones	–	–

Save as set out above and elsewhere in this Part II, none of the Directors or Senior Managers has any business interests, or performs any activities, outside the Group which are significant to the Group.

3. INTERESTS OF THE DIRECTORS AND SENIOR MANAGERS

As at 24 February 2015 (being the latest practicable date prior to the publication of this Prospectus), the interests (all of which are beneficial) of the Directors and Senior Managers, their respective families and (so far as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 96B of the FSMA) with each of them in the issued share capital of the Company, including: (a) those arising pursuant to transactions notified to the Company pursuant to Rule 3.1.2R of the Disclosure and Transparency Rules or (b) those of connected persons of the Directors or Senior Managers which would, if such connected person were a Director or Senior Manager, be required to be disclosed under (a) above are set out in the following table.

Shareholder	Number of Ordinary Shares[1]	Number of Convertible Shares[1]
Directors		
William A. Franke[2]	10,402,300	48,830,503
József Váradi[3]	2,738,173	–
Thierry de Preux[4]	66,384	–
Guido Demuynck[5]	5,250	–
Simon Duffy[6]	5,250	–
Stephen L. Johnson[7]	52,750	–
John McMahon[8]	14,750	–
John R. Wilson[9]	59,083	–
Senior Managers		
John Stephenson[10]	596,944	–
Mike Powell[11]	417,375	–
György Abrán[12]	282,063	–
Diederik Pen[13]	5,250	–
Owain Jones	–	–

Notes:

(1) Including Ordinary Shares and Convertible Shares to be issued upon conversion of the Convertible Loans and Convertible Notes, conditional on Admission, and following redesignation of certain Ordinary Shares to be issued to Indigo Hungary on conversion of its Convertible Loans as Convertible Shares immediately following Admission. Not including Ordinary Shares to be issued on the exercise of vested options under the ESOP, conditional on Admission.

(2) Mr Franke is deemed to be interested in all of the Ordinary Shares and Convertible Shares held by Indigo Hungary, Indigo Maple Hill, Indigo Hungary Management LLC and Bigfork Partners LLC for the purposes of section 96B of the FSMA. 82,167 of these Ordinary Shares have been granted to Mr Franke under the Wizz Air Holdings Share Award Plan for Non-Executive Directors (the "**DSP**"), of which 77,417 Ordinary Shares are held by Mr Franke personally and 4,750 Ordinary Shares are held by Indigo Hungary Management LLC. 75,500 of these Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(3) 2,727,673 of these Ordinary Shares are held by Mr Váradi's family trust companies. 1,755,075 of these Ordinary Shares were issued during the past year on exercise of options granted under the ESOP; 517,241 were issued at an exercise price of €1.50 per Ordinary Share, 275,334 were issued at an exercise price of €2.00 per Ordinary Share and 962,500 were issued at an exercise price of €2.50 per Ordinary Share. In addition, 40,500 of these Ordinary Shares have been acquired during the past year, 30,000 at 61.7 per cent. less than the Offer Price and 10,500 at 68.1 per cent. less than the Offer Price.

(4) 4,750 of these Ordinary Shares have been granted to Mr de Preux under the DSP. 5,250 of these Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(5) These 5,250 Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(6) These 5,250 Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(7) 47,500 of these Ordinary Shares have been granted to Mr Johnson under the DSP. 5,250 of these Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(8) 9,500 of these Ordinary Shares have been granted to Mr McMahon under the DSP. 5,250 of these Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(9) 53,833 of these Ordinary Shares have been granted to Mr Wilson under the DSP. 5,250 of these Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(10) 586,444 of these Ordinary Shares were issued during the past year on exercise of options granted to Mr Stephenson under the ESOP; 200,000 were issued at an exercise price of €2.00 per Ordinary Share and 386,444 were issued at an exercise price of €2.50 per Ordinary Share. 10,500 Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(11) 396,875 of these Ordinary Shares were issued during the past year on exercise of options granted to Mr Powell under the ESOP; 200,000 were issued at an exercise price of €2.25 per Ordinary Share and 196,875 at an exercise price of €2.50 per Ordinary Share. 20,500 Ordinary Shares have been acquired during the past year, 10,000 at 52.1 per cent. less than the Offer Price and 10,500 at 61.7 per cent. less than the Offer Price.

(12) 271,563 of these Ordinary Shares were issued during the past year on exercise of options granted to Mr Abrán under the ESOP; 60,000 were issued at an exercise price of €1.50 per Ordinary Share, 30,000 were issued at an exercise price of €2.00 per Ordinary Share and 181,563 were issued at an exercise price of €2.50 per Ordinary Share. 10,500 Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

(13) These 5,250 Ordinary Shares have been acquired during the past year at 61.7 per cent. less than the Offer Price.

Save as set out in this section 3, Part III: "*Relationship with Indigo*" and section 4 (*Major interests in shares*) of Part XI: "*Additional Information*", the Company is not aware of any person who holds as shareholder (within the meaning of the Disclosure and Transparency Rules), directly or indirectly, five per cent. or more of the voting rights of the Company.

At the date of this Prospectus, there are no restrictions agreed by any Director or Senior Manager on the disposal within a certain time of their holdings in the Company's securities other than as disclosed in this Prospectus.

None of the Shareholders referred to in this section 3 has different voting rights from any other Shareholder in respect of any Ordinary Shares held by them.

4. SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Save as disclosed in this Part II, there are no existing or proposed service agreements or letters of appointment between the Directors and Senior Managers and any members of the Group.

Certain terms of the Directors' and Senior Managers' service agreements and letters of appointment are summarised below.

4.1 *Service agreements*

József Váradi

Mr Váradi entered into a service agreement with Wizz Air Hungary Limited, Geneva branch ("**WAHL**") effective as of 1 April 2010 in respect of his position as Chief Executive Officer, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Váradi's employment with immediate effect by payment in lieu of notice. Mr Váradi's current annual salary is CHF 620,000. He is covered under the Group's Pillar 2 insurance policy and is entitled to receive other benefits including annual school fee allowance of up to €12,000 per child for up to four years. Mr Váradi is also eligible to participate in both the Wizz Air Management Incentive Plan and ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Váradi from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL operates for a period of one year following the termination of his employment. Mr Váradi will be paid a sum equal to six months' base salary if WAHL chooses to enforce these restrictive covenants. Upon termination of employment other than for cause, Mr Váradi is entitled to a severance payment equal to six months' salary.

John Stephenson

Mr Stephenson entered into a service agreement with WAHL effective as of 1 April 2010 in respect of his position as Executive Vice President, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Stephenson's employment with immediate effect by payment in lieu of notice. Mr Stephenson's current annual salary is CHF 520,000. He is covered under the Group's Pillar 2 insurance policy and is entitled to receive other benefits. Mr Stephenson is also eligible to participate in both the Wizz Air Management Incentive Plan and ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Stephenson from competing with WAHL in Europe for a period of six months following the termination of his employment. During the same period, Mr Stephenson is also prevented from soliciting or dealing with any customers, prospective customers and soliciting or offering employment to any senior employees of WAHL for the benefit of a competing business.

Mike Powell

Mr Powell entered into a service agreement with WAHL effective as of 1 April 2010 in respect of his position as Chief Financial Officer, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Powell's employment with immediate effect by payment in lieu of notice. Mr Powell's current annual salary is CHF 480,000. He is covered under the Group's Pillar 2 insurance policy and receive other benefits including annual school fee allowance of up to €12,000 per child for up to four years. Mr Powell is also eligible to participate in both the Wizz Air Management Incentive Plan and ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Powell from competing with WAHL in Europe for a period of three months following the termination of his employment. During the same period, Mr Powell is also prevented from soliciting or dealing with any customers or prospective customer and soliciting or offering

employment to any senior employees of WAHL for the benefit of a competing business. Mr Powell will be paid his full basic salary for the duration that WAHL chooses to enforce these restrictive covenants.

György Abrán

Mr Abrán entered into a service agreement with WAHL effective as of 1 April 2010 in respect of his position as Chief Commercial Officer, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Abrán's employment with immediate effect by payment in lieu of notice. Mr Abrán's current annual salary is CHF 420,000. He is covered under the Group's Pillar 2 insurance policy and is entitled to receive other benefits including annual school fee allowance of up to €12,000 per child for up to four years. Mr Abrán is also eligible to participate in both the Wizz Air Management Incentive Plan and ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Abrán from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL has operations for a period of one year following the termination of his employment. Mr Abrán will be paid a sum equal to six months' base salary if WAHL chooses to enforce these restrictive covenants. Upon termination of employment other than for cause, Mr Abrán is entitled to a severance payment equal to six months' salary.

Diederik Pen

Mr Pen entered into a service agreement with WAHL effective as of 1 January 2013 in respect of his position as Chief Operations Officer, subject to termination upon three months' notice by either party. WAHL also has the right to terminate Mr Pen's employment with immediate effect by paying him six months' base salary, such payment being inclusive of compensation for his contractual notice period. Mr Pen's current annual salary is €330,000 and he is also entitled to benefits including health insurance and annual school fee allowance of up to €12,000 per child for up to four years. Mr Pen is also eligible to participate in both the Wizz Air Management Incentive Plan and ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Pen from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL has operations for a period of six months following the termination of his employment. Mr Pen will be paid 50 per cent. of his base monthly salary for every month that WAHL chooses to enforce these restrictive covenants.

Owain Jones

Mr Jones entered into a service agreement with WAHL effective as of 20 September 2010 in respect of his position as General Counsel. Mr Jones was promoted to Chief Corporate Officer in June 2014. Mr Jones' employment is subject to termination upon three months' notice by either party. WAHL may at its discretion pay salary in lieu of notice. Mr Jones' current salary is CHF 330,000. He is covered under the Group's Pillar 2 insurance policy and is entitled to receive other benefits. Mr Jones is also eligible to participate in both the Wizz Air Management Incentive Plan and the ESOP. The service agreement contains post-termination restrictive covenants preventing Mr Jones from competing with WAHL or any of its business partners in the EU as well as those non-EU countries where WAHL has operations for a period of twelve months following the termination of his employment.

4.2 ***Letters of appointment***

The Company entered into letters of appointment with each of William A. Franke, Thierry de Preux, Guido Demuynck, Simon Duffy, Stephen L. Johnson, John McMahon and John R. Wilson on 4 June 2014, which will become effective on Admission. Each Non-Executive Director's appointment may be terminated by the Company or the Non-Executive Director with one month's written notice. Continuation of the appointment is contingent on continued satisfactory performance and re-election at the Company's annual general meetings and the appointment will terminate automatically on the termination of the appointment by the Shareholders or, where shareholder approval is required for the appointment to continue, the withholding of approval by the Shareholders. Reappointment will

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

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

5. REMUNERATION AND OTHER MATTERS

5.1 *Remuneration*

The following table sets out the pre-tax remuneration for the Directors and Senior Managers for FY 2014.

Name	Salary	Fees	Pensions	Annual bonus	Total
Directors					
William A. Franke	–	€55,500	–	–	€55,500
József Váradi	CHF 611,815	–	–	CHF 1,177,058	CHF 1,788,873
Thierry de Preux	–	€36,750	–	–	€36,750
Guido Demuynck	–	€6,667	–	–	€6,667
Simon Duffy	–	€11,250	–	–	€11,250
Stephen L. Johnson	–	€34,250	–	–	€34,250
John McMahon	–	€36,750	–	–	€36,750
John R. Wilson	–	€36,750	–	–	€36,750
Senior Managers					
John Stephenson	CHF 516,927	–	–	CHF 622,023	CHF 1,138,950
Mike Powell	CHF 484,633	–	–	CHF 562,473	CHF 1,047,106
György Abrán	CHF 426,464	–	–	CHF 478,160	CHF 904,624
Diederik Pen	€300,000	–	–	€367,000	€667,000
Owain Jones	CHF 257,200	–	–	CHF 166,946	CHF 424,146

5.2 *Options and awards*

The following options and awards have been granted to the Directors and Senior Managers and remain outstanding as at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus).

Name	Ordinary Shares subject to the option/award	Exercise period	Exercise price per Share (€)[1]
Directors			
József Váradi[2]	165,000	11/04/2014 – 11/04/2021	2.59
Senior Managers			
John Stephenson	96,250	11/04/2014 – 11/04/2021	2.59
Mike Powell[3]	68,750	11/04/2014 – 11/04/2021	2.59
György Abrán[4]	62,500	11/04/2014 – 11/04/2021	2.59
Diederik Pen	250,000	05/02/2016 – 05/02/2023	3.10
Owain Jones[5]	30,000	20/09/2013 – 20/09/2020	2.25
	170,000	10/12/2017 – 10/12/2024	13.68

Notes:

(1) The exercise prices for these options will be redenominated from Euros to Pounds Sterling at the European Central Bank closing rate on the date prior to publication of this Prospectus.

(2) These options have been transferred to a family trust company.

(3) Mike Powell has given a notice to exercise all of these options, conditional on Admission.

(4) György Abrán has given a notice to exercise all of these options, conditional on Admission.

(5) Owain Jones has given a notice to exercise 9,000 of these options, conditional on Admission. All of the resulting Ordinary Shares will be sold in the Global Offer.

6. CORPORATE GOVERNANCE

6.1 *Compliance with applicable corporate governance rules and regulations*

The Directors support high standards of corporate governance and it is the policy of the Company to comply with current best practice in UK corporate governance to the extent appropriate for a company of its size. The Company complies with the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council (as amended from time to time) (the "**Corporate Governance Code**"), except as set out below:

(a) William A. Franke, the Chairman, does not meet the independence criteria set out in the Corporate Governance Code, given that he is the Managing Partner of Indigo. However, given the benefits for the Company of his recognised experience in the airline industry, the Board believes that Mr Franke should continue as Chairman after Admission.

(b) Stephen L. Johnson, who is not considered to be an independent Non-Executive Director given his past position with Indigo, is a member of the Audit Committee. The Board considers that given Mr Johnson's experience and familiarity with the Group, and the fact that the Audit Committee chairman, Mr Duffy was recently appointed to the Board, Mr Johnson should remain on the Audit Committee for up to twelve months following Admission.

(c) John R. Wilson, who is not considered to be an independent Non-Executive Director as he is a principal of Indigo, is a member of the Remuneration Committee. The Board considers that given Mr Wilson's experience and familiarity with the Group, and the fact that the Remuneration Committee chairman, Mr Demuynck, was recently appointed to the Board, Mr Wilson should remain on the Remuneration Committee for up to twelve months following Admission.

Save as set out above, the Board intends to continue to comply fully with the requirements of the Corporate Governance Code and will report to Shareholders on compliance with the Corporate Governance Code in accordance with the Listing Rules.

The Company has adopted a code of securities dealings in relation to the Ordinary Shares which is based on the Model Code as published in the Listing Rules. The share dealing code will apply to the Directors, Senior Managers and other relevant employees of the Group.

The Company has implemented internal procedures and measures designed to ensure compliance by it and other members of the Group with the UK Bribery Act 2010 (as amended).

6.2 *Board structure*

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

The Corporate Governance Code recommends that the board should appoint one of its independent non-executive directors as senior independent director. The senior independent director should be available to shareholders if they have concerns that contact through the normal channels of the chairman or chief executive officer has failed to resolve or where such contact is inappropriate. John McMahon will be the senior independent director of the Board from Admission.

As at the date of this Prospectus, and at Admission, the Board will consist of one Executive Director and seven Non-Executive Directors. The Company regards this as an appropriate board structure. Other than William A. Franke, John R. Wilson and Stephen L. Johnson, the Company regards all of its Non-Executive Directors as independent Non-Executive Directors within the meaning of "independent" as defined in the Corporate Governance Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. Mr McMahon and Mr de Preux were nominated as Directors pursuant to investor nomination rights arising under the Company's pre-Admission noteholder and shareholder structure and such

nomination rights will terminate with effect from Admission. Neither of these Directors currently has, or has at any time in the past had, any shareholding or executive or non-executive role with the noteholder or shareholder that nominated them for appointment to the Board and the Company is therefore of the view that these Directors will be independent for the purposes of the Corporate Governance Code following Admission. Accordingly, on Admission, the Company will comply with the requirement of the Corporate Governance Code that at least half of the board (excluding the chairman) of a company with a premium listing should comprise independent non-executive directors.

As set out in section 16 (*City Code*) of Part XI: "*Additional Information*" of this Prospectus, each of William A. Franke, Stephen L. Johnson and John R. Wilson are considered by the Company to be acting in concert with Indigo, for the purposes of the UK City Code on Takeovers and Mergers (the "**City Code**").

6.3 ***Board committees***

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

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

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to (a) financial reporting; (b) external and internal auditors and controls, including reviewing the Company's annual financial statements and, where requested by the Board, advising whether, taken as a whole, the annual report and accounts are fair, balances and understandable; (c) reviewing and monitoring the extent of the non-audit work undertaken by external auditors; (d) advising on the appointment of external auditors; and (e) reviewing the effectiveness of the Company's internal audit activities, internal control and risk management systems. Where the Audit Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board, however, the ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board.

The Corporate Governance Code recommends that the Audit Committee should comprise at least three members, who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience. The membership of the Company's Audit Committee comprises three members, namely Simon Duffy, Stephen L. Johnson and John McMahon, all of whom apart from Stephen L. Johnson are independent Non-Executive Directors. Mr Duffy is considered by the Board to have recent and relevant financial experience and is chairman of the Audit Committee. No members of the Audit Committee have links with the Company's external auditors. The Company therefore considers that it complies with the Corporate Governance Code recommendation regarding the composition of the Audit Committee other than in respect of Stephen L. Johnson's position on that committee for a limited period following Admission.

The Audit Committee will formally meet at least three times per year and otherwise as required. The Chief Executive Officer, other Directors and representatives from the finance function may attend and speak at meetings of the Audit Committee. The Company's external auditor and Chief Financial Officer will be invited to attend meetings of the committee on a regular basis.

Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration policy for all executive directors and the Chairman, including pension rights and any compensation payments, and

recommending and monitoring the remuneration of the Senior Managers. Non-Executive Directors' fees will be determined by the full Board.

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

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

The Corporate Governance Code provides that the Remuneration Committee should comprise at least three members, all of whom should be independent non-executive directors. The membership of the Company's Remuneration Committee comprises three members, namely Guido Demuynck, John R. Wilson and Thierry de Preux, all of whom apart from John R. Wilson are independent Non-Executive Directors. The chairman of the Remuneration Committee is Mr Demuynck. The Company therefore considers that it complies with the Corporate Governance Code recommendations regarding the composition of the Remuneration Committee other than in respect of John R. Wilson's position on that committee for a limited period following Admission.

The Remuneration Committee meets formally at least twice each year and otherwise as required.

Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters.

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

The Nomination Committee meets formally at least twice a year and otherwise as required.

6.4 ***Management committees***

Safety & Quality Council

The Safety & Quality Council considers safety and quality performance, results of investigations, inspections, audits and other indicators. It also monitors the overall effectiveness of the management organisation in achieving stated objections and seeks to identify and correct trends, and prevent, where possible, future non-conformities. The Safety & Quality Council is comprised of 18 members. The chairman of the Council is Diederik Pen, the Company's Chief Operations Officer and Accountable Manager. The Council meets formally at least four times a year and otherwise as required.

Emergency Response Team

The Emergency Response Team comprises a pre-identified and trained group of senior managers who manage all aspects of the response to an incident. The Emergency Response Team is comprised of twelve members. The leader of the Team is Diederik Pen, the Company's Chief Operations Officer. The Team conducts two emergency simulations a year and otherwise convenes as required.

7. DIRECTORS' CONFIRMATIONS

7.1 ***Confirmations***

Save as set out in section 7.2 below, at the date of this Prospectus, none of the Directors or Senior Managers has at any time within the last five years:

(a) had any convictions in relation to fraudulent offences;

(b) been declared bankrupt or been the subject of any individual voluntary arrangement, or been associated with any bankruptcy, receivership or liquidation in his capacity as Director or Senior Manager;

(c) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);

(d) been disqualified by a court from acting as a director or member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company;

(e) been a partner or senior manager in a partnership which, while he was a partner or within twelve months of his ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;

(f) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at a time or within the twelve months preceding such event; or

(g) been an executive director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was an executive director or senior manager of that company or within twelve months after his ceasing to be an executive director or senior manager.

7.2 ***Qualifications***

In the last five years:

(a) Mr Franke was a director of OOO Avianova, a Russian airline company, which ceased operations in October 2011 and was put into liquidation a few months after Mr Franke ceased to be a director.

(b) Mr Wilson was a director of Whitefish Aviation Limited, the owner of OOO Avianova (referred to above), which is currently in the process of being liquidated.

8. CONFLICTS OF INTEREST

8.1 ***Disclosure of conflicts of interest***

The Board has established a policy for the disclosure of interests in line with published guidance and the Jersey Companies Law.

Save as set out in Part III: "*Relationship with Indigo*" of this Prospectus and section 8.2 below, there are:

(a) no potential conflicts of interest between any duties to the Company of the Directors and Senior Managers and their private interests and/or other duties; and

(b) no arrangements or understandings with Indigo, customers, suppliers or others pursuant to which any Director or Senior Manager was selected to be a Director or Senior Manager other than the nomination of William A. Franke, Stephen L. Johnson and John R. Wilson pursuant to

the terms of the Relationship Agreement (see section 4 (*Relationship Agreement with Indigo*) of Part III: "*Relationship with Indigo*" of this Prospectus).

There are no family relationships between any Directors or Senior Managers.

8.2 ***Qualifications***

(a) Mr Johnson is currently the Executive Vice President of American Airlines Group Inc. and a member of the board of directors of various subsidiaries of American Airlines Group Inc.

(b) Mr McMahon is a non-executive director of Investec Aircraft Syndicate Limited, which leases A320 aircraft to Wizz Air.

PART III

RELATIONSHIP WITH INDIGO

1. RELATIONSHIP WITH INDIGO

Following Admission, Indigo will hold approximately 19.6 per cent. of the voting rights attached to the issued share capital of the Company, assuming the Over-allotment Option is not exercised, and approximately 12.9 per cent. of the voting rights assuming the Over-allotment Option is exercised in full. Indigo will also hold Convertible Shares and Indigo's Retained Convertible Notes, as detailed further below, which on full conversion would increase its holding to approximately 66.5 per cent. of the enlarged issued share capital, assuming the Over-allotment Option is not exercised, and approximately 63.7 per cent. of the enlarged issued share capital assuming the Over-allotment Option is exercised in full. Assuming full conversion of all of Indigo's Retained Convertible Notes and all of the Convertible Shares, Indigo's Retained Convertible Notes and the Convertible Shares would represent 58.3 per cent. of such fully diluted share capital immediately following Admission, with 41.7 per cent. being represented by the Ordinary Shares in issue immediately following Admission.

Investors should be aware that any person who (together with any persons with whom they are acting in concert) acquires interests in shares carrying 30 per cent. or more of the Company may, pursuant to Rule 9.1 of the City Code, be required by the Panel on Takeovers and Mergers (the "**Takeover Panel**") to make an offer for the shares in the Company not owned or controlled by them at that time. Except with the consent of the Takeover Panel, an offer is also required to be made if any person (or persons acting in concert) are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights in the Company but does not hold shares carrying more than 50 per cent. of the voting rights of the Company, and any further interests in shares are acquired. See section 16 (*City Code*) of Part XI: "*Additional Information*" of this Prospectus for further details of how the City Code affects the Company.

2. INDIGO'S RETAINED CONVERTIBLE NOTES

Indigo will retain Indigo's Retained Convertible Notes in an aggregate principal amount of €26.3 million, made up of Series A Notes (with a conversion price of €1.00) in an aggregate principal amount of €18.6 million, Series B Notes (with a conversion price of €1.50) in an aggregate principal amount of €6.2 million and Series D Notes (with a conversion price of €1.00) in an aggregate principal amount of €1.5 million. Indigo's Retained Convertible Notes will be convertible into an aggregate of 24,362,938 Ordinary Shares in the circumstances set out below. Full conversion of all of Indigo's Retained Convertible Notes would dilute Shareholders by 31.8 per cent. (on the basis of the number of Ordinary Shares expected to be in issue on Admission).

Indigo Hungary L.P. ("**Indigo Hungary**") and Indigo Maple Hill, L.P. ("**Indigo Maple Hill**") have entered into a new note purchase agreement with the Company and Wizz Air Hungary (as guarantor) which is conditional on, and will come into effect on, Admission and which will govern the terms of Indigo's Retained Convertible Notes (the "**Note Purchase Agreement**").

2.1 *Note Purchase Agreement*

The key terms of Indigo's Retained Convertible Notes as set out in the Note Purchase Agreement are summarised below.

Interest

Interest of eight per cent. per annum will be payable on the principal amount outstanding in respect of the Convertible Notes. Interest will be payable semi-annually in arrears in equal cash instalments on 8 February and 8 August in each year.

Guarantee

Payments under the Convertible Notes will be guaranteed by Wizz Air Hungary.

Redemption

Unless previously converted into Ordinary Shares, or, where applicable, Convertible Shares, repaid or purchased, the Company shall redeem all outstanding Convertible Notes in full on 31 March 2022 (the "**Redemption Date**"). In the event that any Non-Qualifying National holder of Convertible Notes has been unable to convert all of its Convertible Notes into Ordinary Shares prior to the Redemption Date due to EU ownership and control restrictions, the Redemption Date for such Non-Qualifying National noteholder will automatically be extended until such time as the Non-Qualifying National noteholder is permitted to convert all of its Convertible Notes. The Company may not pre-pay or redeem the Convertible Notes prior to the Redemption Date.

Transfers

The Convertible Notes will be freely transferable, subject to the entry into of a deed of adherence to the Note Purchase Agreement by the transferee (in the case of a permitted transfer pursuant to (b) below) and a restriction on transfers to European airlines.

There are no restrictions on transfers of Convertible Notes (a) in the event of a qualifying takeover offer or (b) to affiliates, controlled entities, jointly managed entities, investment managers, investment advisers, general partners, nominees, trustees, limited partners, holders of units in a unit trust or a noteholder's nominee or bare trustee.

On any transfer of Convertible Notes to a person who is a Qualifying National, the Convertible Notes held by such Qualifying National transferee, together with all accrued and unpaid interest thereon, shall automatically convert into fully paid Ordinary Shares on the registration of such Qualifying National transferee as the holder of the Convertible Notes. On any transfer of Convertible Notes to a person who is a Non-Qualifying National, the Convertible Notes held by such Non-Qualifying National transferee, together with all accrued and unpaid interest thereon, shall automatically convert into fully paid Ordinary Shares on the registration of such Non- Qualifying National transferee as the holder of the Convertible Notes, save to the extent that such conversion would result in the number of "Affected Shares" being more than the "Permitted Maximum" (with "Affected Shares" and "Permitted Maximum" being as defined in section 6 (*EEA National ownership provisions*) of Part XI: "*Additional Information*" of this Prospectus) in which case the excess only over the Permitted Maximum shall be converted into Convertible Shares. These provisions do not apply in respect of a permitted transfer pursuant to (b) above.

Conversion rights

The Convertible Notes can be converted in whole or in part into Ordinary Shares at any time by the holder giving a conversion notice to the Company in the prescribed form. Conversion is in all cases subject to the holder providing a nationality declaration (in the form prescribed for Shareholders under the Articles) and either: (a) such nationality declaration confirming that the only persons who will have a direct or indirect interest in the relevant Ordinary Shares are Qualifying Nationals; or (b) if such nationality declaration indicates that Non-Qualifying Nationals will have a direct or indirect interest in some or all of the relevant Ordinary Shares, those Ordinary Shares to be issued pursuant to the relevant conversion notice that will accordingly be classified as Affected Shares, when added to the aggregate number of Ordinary Shares in issue on that date that are already classified as Affected Shares, being less than the "Permitted Maximum". The Convertible Notes can also be converted by the holder in advance of a qualifying takeover offer, being an offer (as defined in the City Code) for the Company, provided that the acquisition by Indigo of a direct or indirect beneficial interest in more than 50 per cent. of the fully diluted share capital shall not constitute a qualifying takeover offer.

The Convertible Notes can also be converted in whole (but not in part) into Ordinary Shares at any time during the period of one week following release of the Company's audited financial statements for the year ending 31 March 2016 ("**FY 2016**") and each financial year thereafter (the "**Company Conversion Window**") by the Company giving notice to the holders thereof during the Company Conversion Window, provided that Indigo will retain a veto over conversion for the Company Conversion Windows following the release of the Company's audited financial statements for FY

2016 to the year ending 31 March 2019 (inclusive) only if in Indigo's reasonable opinion the Group's ability to comply with the EU ownership and control requirements would be prejudiced by such conversion.

Undertakings and covenants

The Company gives certain undertakings to the holders of the Convertible Notes, *inter alia*, to maintain sufficient authorised but unissued share capital, authority to allot shares and pre-emption waivers to enable conversion of the Convertible Notes at all times until the Convertible Notes are converted or repaid in full and not to reduce the Permitted Maximum to below 49 per cent. whilst any Convertible Notes are outstanding.

The Note Purchase Agreement also contains certain other customary covenants, including a negative pledge subject to certain exceptions including for ordinary course aircraft financing, pre-delivery payment financing and security in respect of indebtedness, the outstanding principal amount of which, in aggregate, does not exceed €5,000,000 (or its equivalent in other currencies).

Adjustment events

The Note Purchase Agreement provides for adjustment of the conversion price for the Convertible Notes on the occurrence of certain events, including (a) on any sub-division or consolidation of Ordinary Shares, (b) on any issue of Ordinary Shares by way of capitalisation of profits or reserves, (c) on any repurchase of Ordinary Shares by the Company, (d) on any distribution of assets *in specie*, (e) on any scrip dividend or (f) in respect of any extraordinary cash dividend, rights issue, issue of shares for cash at less than current market value, issue of convertible or exchangeable securities (other than the Convertible Notes and the Convertible Shares), modification of any rights of conversion, exchange or subscription or distribution of securities to holders of Ordinary Shares.

Events of default

The Note Purchase Agreement provides for certain customary events of default, including (a) a cross-default subject to a *de minimis* of €5,000,000 (or its equivalent in other currencies), (b) a compulsory acquisition of all or any material part of the property and assets of the Group where full market compensation is not paid, (c) any regulatory or administrative proceedings of or before any court, governmental body or agency which is reasonably likely to have a material adverse effect on the Group and (d) Wizz Air Hungary's AOC being suspended or revoked.

3. INDIGO'S CONVERTIBLE SHARES

Immediately following Admission, Indigo will hold 48,830,503 Convertible Shares. These Convertible Shares do not entitle the holders to any right of participation in the profits of the Company and are non-voting (save in very limited circumstances). Each Convertible Share is convertible into one Ordinary Share of the Company (a) at the election of the Company provided that the Company will at all times remain compliant with the EU ownership and control requirements, (b) at the election of the holder at any time in whole or in part if only Qualifying Nationals would have an interest in the resulting Ordinary Shares and (c) at the election of the holder at regular monthly intervals in whole or in part where Non-Qualifying Nationals would have an interest in the resulting Ordinary Shares, if such resulting Ordinary Shares in which Non-Qualifying Nationals will have an interest, when taken together with other Ordinary Shares in which Non-Qualifying Nationals have an interest, are less than the Permitted Maximum (as such terms are defined in section 6 (*EEA National ownership provisions*) of Part XI: "*Additional Information*"). Further details of the rights and restrictions attaching to the Convertible Shares are set out in section 5.2 (*Share capital*) of Part XI: "*Additional Information*" of this Prospectus.

Full conversion of all Convertible Shares held by Indigo would dilute shareholders by 48.3 per cent. (based on the number of Ordinary Shares expected to be in issue on Admission).

4. RELATIONSHIP AGREEMENT WITH INDIGO

On 24 February 2015, Indigo Hungary, Indigo Maple Hill and the Company entered into the Relationship Agreement to govern their relationship following Admission. The Relationship Agreement takes effect upon Admission. A summary of the key terms of the Relationship Agreement is set out below.

Independence

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

Board

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

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

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

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

Arm's length transactions

All transactions and relationships between any member of the Group and Indigo or any of their associates shall be conducted at arm's length, on a normal commercial basis and in accordance with the related party transaction rules set out in Chapter 11 of the Listing Rules. In particular, in relation to transactions to which Chapter 11 of the Listing Rules applies: (a) all new transactions or material amendments to existing agreements between any member of the Group and Indigo or any of their associates must also be approved by a majority of the independent directors, (b) all terms of any agreements or arrangements with Indigo, the Company or any of their associates shall be enforced unless a majority of the independent directors decide otherwise, (c) in the event of a matter giving rise to a conflict of interest between Indigo, the Company or any of their associates, on the one hand, and any member of the Group, on the other hand, only the

independent directors may vote in relation to that matter and (d) Indigo will abstain from voting on any resolution to approve a related party transaction involving Indigo or any of its associates.

Provision of information and confidentiality

Indigo shall, subject to the Company's obligations under all applicable laws (including, without limitation, the Listing Rules and the Disclosure and Transparency Rules), be provided with financial, management and/or other information relating to any member of the Group as Indigo (or any of its associates) may reasonably require for the purposes of any internal or external reporting requirements which the relevant party is required by internal compliance, law or regulation to make.

Indigo is entitled to disclose any such financial, management and/or other information to its associates provided that (a) Indigo will (and will procure that any associate to whom any information is passed) keep confidential any such information, (b) such information does not include information relating to any transaction between the Company and Indigo or any of their associates obtained as a result of an Indigo Director's position as a Director, (c) disclosure would not result in the breach by the Company of the Disclosure and Transparency Rules or require the Company to make a public announcement and (d) the name of such persons to whom information is disclosed is added to the Company's insider list.

Non-solicitation

Indigo has agreed for a period of one year from the date of Admission not to solicit for employment, and to procure that none of Indigo's associates solicit for employment, the Company's chief executive officer or any Senior Manager of the Company. This does not prevent a director or Senior Manager being hired who, without solicitation, responds to a general advertisement or any other non-directed search enquiry or who makes an unsolicited contact for employment.

Share disposals

For as long as Indigo together with any of its associates holds at least ten per cent. of the fully converted share capital of the Company, the Company agrees to co-operate and provide such assistance as Indigo may reasonably request in connection with any future sale of Ordinary Shares by Indigo subject to certain exceptions, including that the Company and its representatives are consulted by Indigo as to the timing, size and manner of the disposal and Indigo complies with all reasonable requirements of the Company in relation thereto with a view to maintaining an orderly market prior to and following the disposal of Ordinary Shares. The Company has agreed to cover the administrative costs (but not brokers' fees and commissions) incurred by Indigo in respect of such disposals, capped at €300,000 in aggregate for all such disposals, as well as all costs incurred by the Company in respect of such disposals.

Term

The Relationship Agreement will terminate immediately upon Indigo and its associates, when taken together, ceasing to hold at least ten per cent. of the fully converted share capital of the Company. The Relationship Agreement may also be terminated by Indigo or the Company upon the de-listing of the Company or the occurrence of certain insolvency events.

Accession

If Indigo or another of its associates wishes to transfer Ordinary Shares, Convertible Shares or Convertible Notes to an associate in an off-market transaction, the result of which being that the associate will hold ten per cent. or more of the fully converted share capital of the Company, Indigo must procure that such associate becomes a party to the Relationship Agreement.

PART IV

INDUSTRY OVERVIEW

1. EUROPEAN AIRLINE MARKET

1.1 *Overview of the European airline market*

The airline sector in Europe has evolved significantly since the liberalisation of the EU air transportation market in the 1990s. In 1992, EU Member States adopted a final package of liberalisation measures that, from 1 January 1993, permitted greater access to intra-EU international routes. In 1995, the creation of the EEA extended these measures to Norway, Iceland and Liechtenstein. In April 1997, liberalisation was further extended to the domestic routes of members of the EEA, so that any EEA carrier would be able to provide passenger services on any route within the EEA without restriction on price or capacity. This changed the nature of competition in European aviation and paved the way for the growth of low-cost carriers.

Liberalisation of the air transportation market has continued, with the EU having concluded horizontal agreements with a number of third-party nations, including the United Arab Emirates, as well as full "open-skies" agreements with other third-party nations, including the United States, Israel, the Balkan states, Georgia and Moldova. These "open skies" agreements have progressively liberalised air markets, ultimately allowing any number of carriers from either contracting party to operate services on any route between them, without restrictions on price or capacity.

The European airline market generally follows economic cycles and over the long term RPKs have generally grown in line with GDP. The airline industry and demand for air travel are affected by both local and global economic conditions. A number of European airlines have gone out of business in recent years, including AeroSvit, Cyprus Airways, Spanair, Malév, Sky Europe, Centralwings, Silverjet, Sterling and XL Airways, as a result of many factors including the recent global credit crisis and economic recession, the subsequent European sovereign debt crisis, increases in fuel prices and restrictions on state aid for EU-based carriers.

The European airline market is very fragmented with 268 airlines operating in the 28 EU Member States as at September 2014 (*Source: Innovata*). In general, legacy carriers have progressively been losing ground to low-cost carriers, especially in the short and medium-haul market, over the past ten years. Between 2005 and 2008, European low-cost carriers typically achieved double digit growth rates while during the same period, during a time of global economic growth and overall industry expansion, the majority of European legacy carriers experienced substantially lower growth. Recent years have proved difficult for many European airlines, with mergers and acquisitions becoming more prominent. The Company expects that there will be further consolidation in the European airline market in the future.

1.2 *Market segmentation*

Airlines operating in the European passenger market generally may be divided into the broad categories described below. Most European airlines can easily be categorised into one or the other groupings, but many overlap the once-clear distinctions. Some legacy airlines offer a set of low fares on otherwise standard services, while some of the low-cost carriers have begun to increase the number of legacy-style services that they offer.

Legacy carriers

Legacy carriers operate a "full-service" business model, which aims to offer passengers a comprehensive service. Legacy carriers may enter into alliances with other airlines and/or code-sharing and interline arrangements. Legacy carriers typically have two or more classes of service with a broad range of supplementary services, such as catering, in-flight entertainment and various levels of ticket flexibility. As a result of the comprehensive and varied service offering, a wide range

of price levels exist even on the same journey. The primary aim of these airlines is to develop certain airports as their inter-continental hubs and to feed traffic to these hubs from their own domestic markets, from intra-European markets and from inter-continental interline traffic. These airlines are focused on long-haul premium traffic and high yielding corporate accounts. Legacy carriers hope to obtain a revenue premium by providing expensive services. With regard to their short-haul traffic, they either operate these routes themselves or utilise the services of regional airlines either through ownership or franchise operations.

In Europe, the legacy carriers are predominantly made up of the flag carrier airlines, such as IAG (British Airways and Iberia), Air France-KLM and Lufthansa. In the past the majority of these carriers were state-owned and some may have benefited from state aid. Many of these carriers have been either fully privatised (for example, IAG and Lufthansa) or partly privatised (for example, Air France-KLM and SAS Scandinavian Airlines).

Low-cost carriers

Traditionally, the principal aim within the business model of a low-cost carrier is to offer as simple a product as possible and minimise the business costs in order to offer competitive low ticket prices. Typical low-cost carrier characteristics are summarised below. Most low-cost carriers adhere to the majority of these characteristics, although ULCCs (as detailed further below) will adhere to all of them. Low-cost carriers aim to maximise load factor and aircraft utilisation rates by stimulating demand through offering flights at the lowest cost possible and typically only operating on short-haul point-to-point routes, with a smaller proportion of routes classified as medium-haul. Costs are kept low by having a ticketless service, using a single aircraft-family fleet, having only one class of service and predominantly flying to less-congested secondary airports serving a particular destination to the extent possible. Tickets are generally sold online or directly by the airline in order to avoid agency costs and global distribution system charges. Supplementary services typically included in the ticket price offered by legacy carriers are available at an additional cost. Turnaround times are kept to a minimum by having no pre-flight seating plan for passengers. The operational model means that such airlines typically have unit costs that are as much as 50 per cent. lower than their full-service competitors and hence they are generally able to charge much lower prices.

European low-cost carriers include easyJet, Norwegian, Ryanair, Vueling Airlines S.A ("**Vueling**") and Wizz Air. Some of these carriers are independently owned (for example, easyJet and Ryanair) whilst others have been formed and/or are owned by national flag carriers (for example, Vueling which is majority-owned by IAG).

The Company believes that a sub-set of low-cost carriers has developed in recent years, being ultra low-cost carriers, or ULCCs. The Directors believe that the only European ULCCs are Ryanair and Wizz Air, although there are others elsewhere in the world such as Southwest Airlines and Spirit Airlines in the United States. ULCCs distinguish themselves by using a business model with an intense focus on low-cost, efficient asset utilisation and unbundled revenue sources aside from ticket prices with multiple products and services offered for additional fees. Some other European low-cost carriers have focused less intensely on low costs while others have had an increasing focus on business travellers, on providing some of the supplementary services typically offered by legacy and regional carriers and/or diversifying into longer-haul flights operated by a mixed fleet. ULCCs have significantly lower unit costs than other low-cost carriers.

A key element of a ULCC's offering is a bias towards operating from and to secondary airports. Wizz Air considers primary airports to include (a) the main airport of any capital city, (b) any other airport serving a capital city which serves more than 25 million passengers per year and (c) any airport serving a city other than a capital city that serves more than ten million passengers per year. All other airports are considered by Wizz Air to be secondary airports. In FY 2014, Wizz Air's passenger traffic was split between secondary airports as to approximately 65 per cent. and primary airports as to approximately 35 per cent. In H1 2015, this split was approximately 63 per cent. and 37 per cent.

Regional carriers

Regional carriers are characterised by reference to the smaller aircraft they operate and the regional markets they serve. Regional carriers typically operate regional jets or turboprop aircraft. These regional aircraft, which are generally smaller in terms of passengers carried than those operated by European low-cost carriers, serve scheduled point-to-point European routes. There are primarily two distinct roles of regional airlines in Europe. The first is to provide passenger feed into the main hubs for their main shareholder or franchisor airline and the second is to provide region-to-region air services linking regional communities.

Regional airlines provide services not typically associated with low-cost carriers, such as seats being pre-allocated in advance as part of the standard fare, ticket flexibility, business class services and access to airport lounges. As a result of the varying nature of the service offering provided by regional carriers, a wide range of price levels may exist.

Many regional airlines are owned by national flag carriers (such as Lufthansa CityLine, AirDolomiti and Eurowings which are owned by Lufthansa and HOP! which is owned by Air France-KLM) or operate as franchisees of such carriers (such as Air Nostrum, which is a franchisee of Iberia), although some are independent (such as Flybe, which acquired BA Connect from British Airways in 2007).

Charter airlines

Charter airlines, such as Thomas Cook Airlines, Monarch Airlines ("**Monarch**"), Condor Airlines and Thomson Airways in the United Kingdom, operate primarily on leisure-dominated routes between northern and southern Europe, as well as from Europe to long-haul destinations. The majority of these airlines are owned by major tour operators and flights are included as part of integrated holiday packages, although some charter operators sell left over capacity on a "seat only" basis. In addition, some charter operators have diversified into scheduled flights.

1.3 ***Market growth in Europe***

In response to the global economic downturn in 2008 and 2009, airlines generally sought to reduce capacity by lowering the frequency of services on certain routes and by cancelling services on unprofitable routes. 2010 saw a return to growth in passenger numbers, with IATA reporting that its European-based member airlines achieved year-on-year passenger traffic increases of 5.1 per cent., almost double the seat capacity increase of 2.6 per cent. during the same period, with much of the additional capacity and passenger growth coming from low-cost carriers. Growth for the industry as a whole was stronger in 2011, with IATA reporting that its European-based member airlines achieved year-on-year passenger traffic increases of 9.5 per cent. and combined seat capacity increases of 10.2 per cent. These increases were recorded despite the continuation of the European sovereign debt crisis throughout 2011. 2012 saw slower overall growth, with IATA reporting that its European-based member airlines achieved year-on-year passenger traffic increases of 5.3 per cent. and collective seat capacity increases of 3.1 per cent. IATA reported that approximately one quarter of the growth in European airline international traffic in 2012 came from airlines outside of the EU, with Turkey being a major contributor. IATA reported that passenger traffic in Europe increased by 3.8 per cent. in 2013 compared to 2012, a slight slowdown from the growth rate in 2012 while seat capacity growth in 2013 was also lower than the previous year at 2.8 per cent. Based on IATA figures published for January to November 2014, Europe saw a significant acceleration in passenger traffic by 5.6 per cent. compared to the same period in 2013, while capacity growth climbed 4.9 per cent. IATA noted that this was in large part driven by travel on low cost carriers.

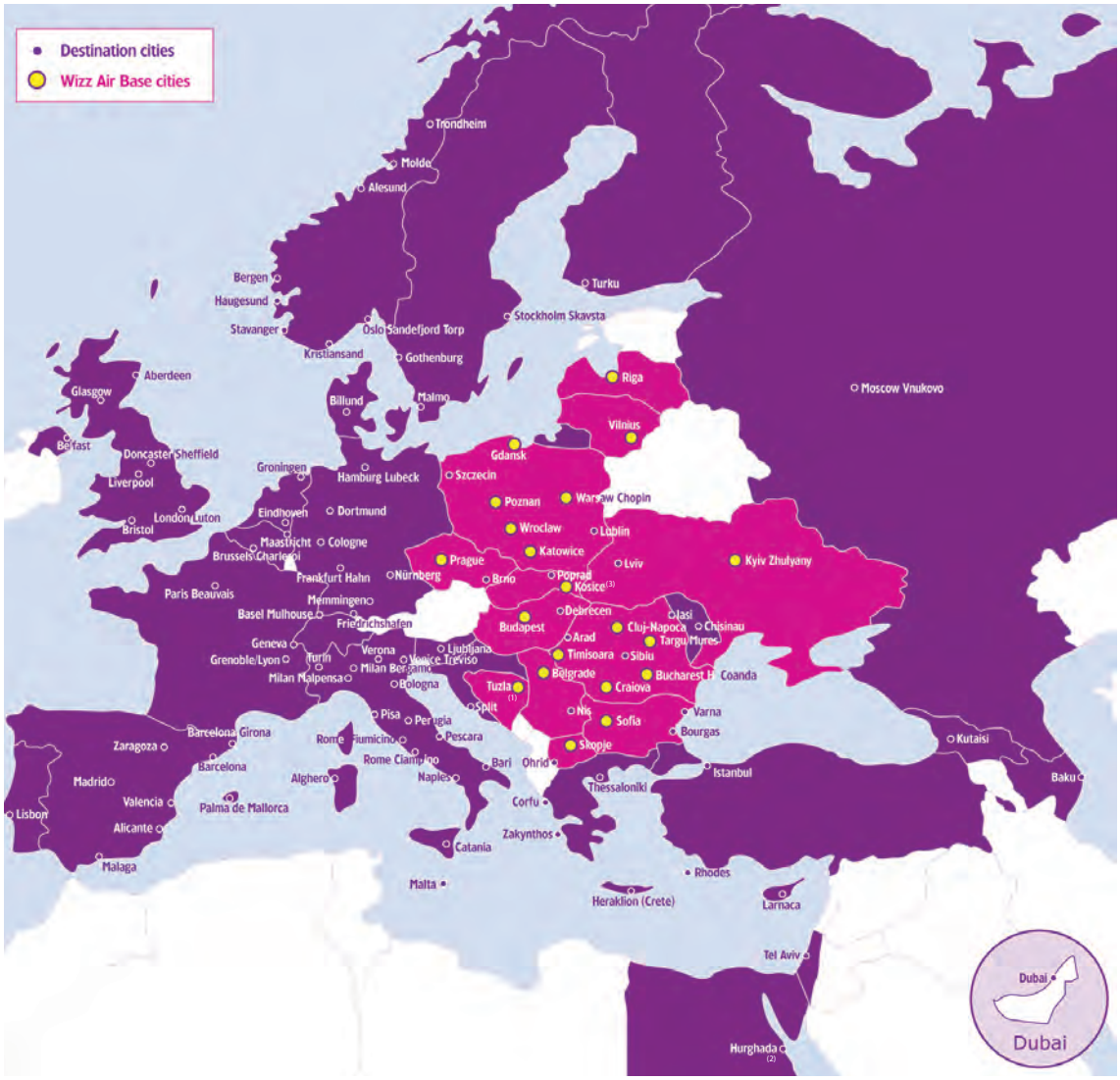
The European Organisation for the Safety of Air Navigation ("**EUROCONTROL**") forecasts that European air traffic will reach 11.2 million instrument flight rules in Europe by 2020, 19 per cent. more than in 2013. However, growth on a country-by-country basis in their forecasts shows a very wide variation, even amongst countries with high volumes of traffic. As detailed further in section 1.4 (*Overview of the low-cost carrier market in CEE*) below, EUROCONTROL forecasts that by 2020, the average annual flight growth rates for 2013 to 2020 are higher towards the east of Europe: between one and two per cent. in Germany, between two and four per cent. in Spain, Italy and Poland, between

four and six per cent. in Ukraine, Romania and Bulgaria and above six per cent. in Turkey (*Source: EUROCONTROL Seven Year Forecast, February 2014*). Airbus' 2014-2033 market forecast predicts that travel between Central Europe (as defined in the forecast) to Western Europe will develop at a CAGR of 5.4 per cent.

1.4 *Overview of the low-cost carrier market in CEE*

Access to large population base with high GDP growth rates

CEE comprises 21 countries with a combined total population of more than 300 million people. The Company believes that this is the most accurate description of the geographical region that it considers to be CEE. CEE, together with the total population of the "Go East" countries, Western Europe and other current and potential markets in North Africa and the Middle East, represents a potential market of over 900 million people (*Source: International Monetary Fund*). The map below shows the location of the 21 CEE countries, noting those which currently have Wizz Air operating bases or are current destinations for Wizz Air.

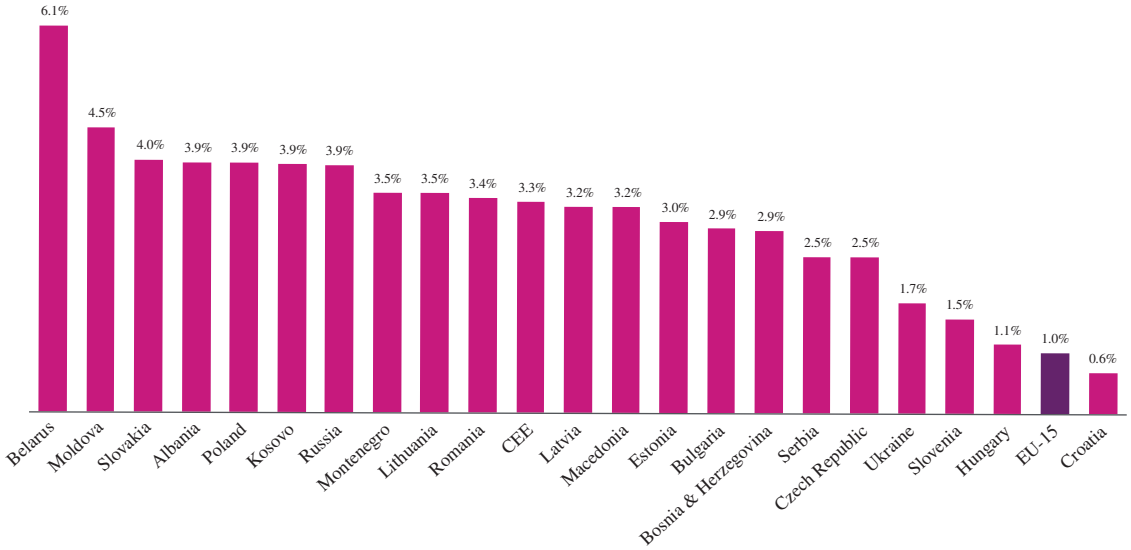


Notes:

(1) Operational from June 2015.
(2) Operational from May 2015.
(3) Operational from September 2015.

The economies of these countries have shown resilient growth as compared to EU-15 countries. Average annual GDP growth rates in CEE for the ten years to 2014 were generally significantly higher than for the EU-15, as set out in the chart below.

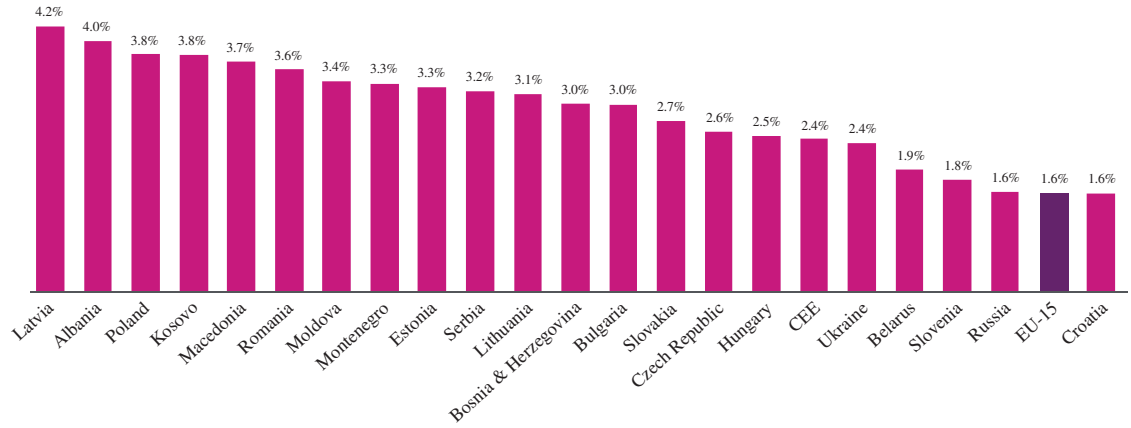
Average Annual GDP Growth (2004-2014)



Source: Economist Intelligence Unit and International Monetary Fund.

As shown in the chart below, from 2014 to 2017, real GDP growth in CEE is expected to be significantly higher than in Western Europe.

Real GDP Growth (2014-2017)



Source: Economist Intelligence Unit and International Monetary Fund.

Based on GDP figures from the Economist Intelligence Unit and population statistics from the International Monetary Fund, the Company estimates that GDP per capita is projected to grow 1.3 per cent. in Western Europe and 2.5 per cent. in CEE between 2014 and 2017 (*Source: International Monetary Fund and Economist Intelligence Unit*). The proportion of the population classified as "middle class" (with an annual net income of more than US$25,000) is 26 per cent. in CEE (for these purposes only Bulgaria, the Czech Republic, Hungary, Romania, Russia and Slovenia), compared to 86 per cent. in Western Europe, but is forecast to increase to 40 per cent. by 2017 (*Source: Economist Intelligence Unit*).

Increasing mobility of the populations in CEE countries

The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia joined the EU in May 2004, Romania and Bulgaria joined the EU in January 2007 and Croatia joined the EU in July 2013. Macedonia, Montenegro and Serbia are official candidates for accession to the EU and

Albania and Bosnia and Herzegovina are potential candidate countries. These accessions have led to, and are expected to continue to lead to, significant ethnic flows from those countries joining the EU to Western Europe, in particular the United Kingdom, Germany, Scandinavia, Italy and Spain. For example, the UK Office for National Statistics estimates that between 2004 and 2013, the Polish-born population of the United Kingdom increased from 69,000 to 726,000. Restrictions on Bulgarian and Romanian nationals working in certain EU countries, including France, Germany and the United Kingdom, were lifted at the end of 2013 and since then Bulgarian and Romanian nationals have had the same rights to work and claim benefits as other EU nationals. These ethnic flows lead to travel from countries in CEE to Western Europe for the initial move and also passengers who are visiting friends and relatives with people travelling back and forth between Western Europe and CEE.

EU membership and the economic growth in the CEE countries referred to above have also increased commercial links between CEE and Western Europe which have led to, and are expected to continue to lead to, a growth in business travel between these destinations.

The airline market in many CEE countries is fragmented without strong legacy carriers

In many of the CEE countries in which Wizz Air operates there was little or no low-cost carrier presence in the airline market prior to Wizz Air launching operations in that country and the only significant airline operating in such countries prior to Wizz Air's arrival was the national or "flag" carrier, such as LOT in Poland, Malév in Hungary and Tarom in Romania. Compared to Western Europe, where flag carriers have consolidated into a few large groups as detailed above, the flag carriers in CEE largely remain unconsolidated and state-dominated. Further, many national flag carriers and regional carriers in CEE have had to cease operating or have been forced to restructure in recent years as a result of factors including the extended European economic slowdown, high fuel prices and, in the case of those carriers based within the EU, restrictions on state aid.

For example, Air Baltic, majority-owned by the Latvian government, filed for bankruptcy protection in 2011 and restructured in 2012. Malév Hungarian Airlines, the Hungarian national airline, went out of business in 2012. LOT, the Polish national airline, had to restructure and downsize in 2013 and received a €100 million bail-out package from the Polish government. The Czech government sold a 44 per cent. stake in Czech Airlines to Korean Air in April 2013. Romania's state-run airline Tarom was placed under private management in 2012 and has been loss-making since 2008. Estonia's government has announced a five year restructuring plan for Estonian Airlines with a grant of €40.7 million which the European Commission is investigating under the state aid rules. The Slovenian government has announced that it is in negotiations to sell Adria Airways. Ukraine International Airlines has asked the Ukrainian government to grant a stabilisation loan of €78.5 million to help it cope with financial losses experienced as a result of the political and economic situation in the region.

Some smaller CEE-based low-cost carriers have also encountered financial problems, including Blue Air Transport Aerian SA ("**Blue Air**") (Wizz Air's principal low-cost carrier competitor in Romania), which went through a sale process in 2013, and Carpatair which filed for insolvency in January 2014. Other airlines operating in CEE which have failed since 2012 include Cimber Air, City Airline, Skyways, OLT Express, Hello, Donbassaero, AeroSvit, FlyGeorgia, Dobrolet and Cyprus Airways.

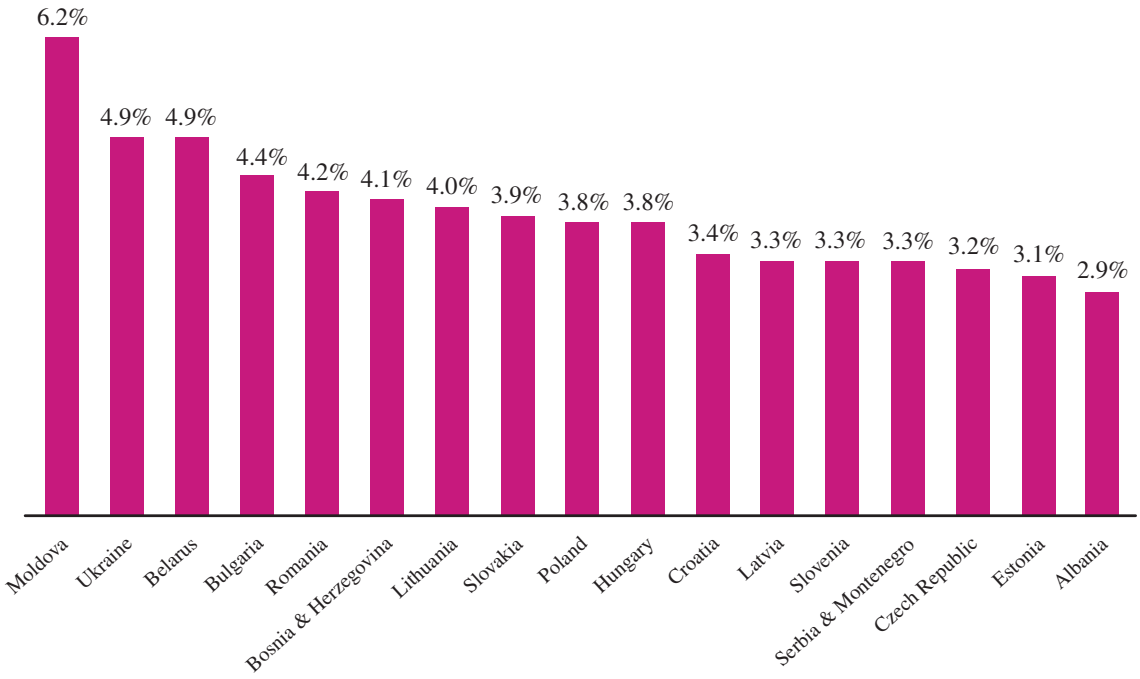
When Malév went out of business in February 2012, it left a significant capacity gap in Hungary. In August 2011, Malév had operated 48 routes, serving 68 cities from Budapest and carrying approximately 3 million passengers per year. Following Malév ceasing operations, Wizz Air launched routes to 11 ex-Malév destinations and other carriers launched routes to a further 13 ex-Malév destinations. In addition, routes to previously unserved markets were opened up from Budapest. As of August 2013, only 10 ex-Malév destinations remained unserved and the total number of markets served from Budapest has remained relatively stable. The airline market in Budapest has become more diverse in Malév's absence with 34 carriers operating as of August 2013 (up from 28 February 2012). Since 2011, Wizz Air has doubled its fleet based in Budapest from four to eight aircraft, growing passenger volumes by over 60 per cent. Wizz Air's network from Budapest has been extended to 35 routes. Point-to-point traffic to and from Budapest rose by 13 per cent. in 2012

compared to 2011 and total traffic to and from Budapest in 2014 was expected to be above 2011 levels (*Source: Budapest Airport Office*). The Company does not believe that Malév going out of business had a negative impact on Hungarian tourism. The total number of guest nights rose by six per cent. in 2012 and by a further five per cent. in 2013 and tourist income in Hungary grew eight per cent. in 2012 and nine per cent. in 2013 to €600 million in 2013 (*Source: Hungarian Central Statistical*).

Airline growth is generally forecast to be higher in CEE than in Western Europe and the propensity of airline travel in CEE is expected to grow

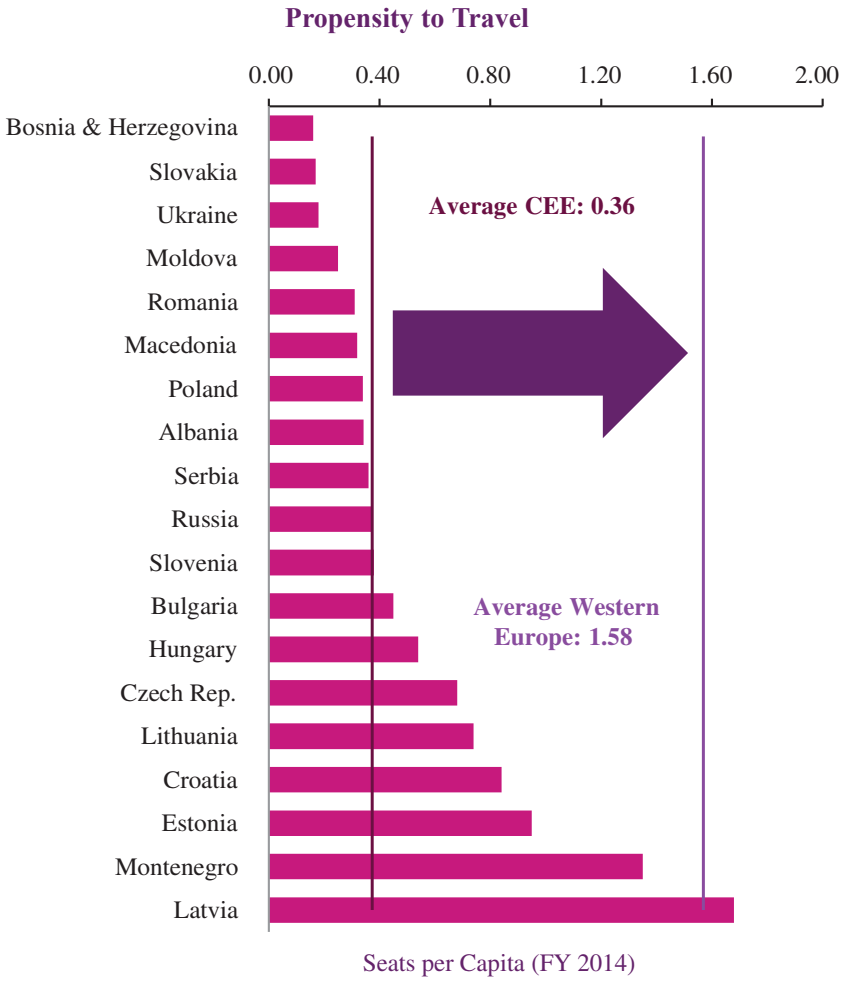
EUROCONTROL's February 2014 forecasts for European air traffic growth are broken down into various functional airspace blocks ("**FABs**"), which are blocks of airspace based on operations regardless of national boundaries. EUROCONTROL expects the Danube FAB (Bulgaria and Romania) to have the highest average annual growth rate in instrument flight rule movements in the seven years to 2020 of 4.2 per cent., followed by the Baltic FAB (Lithuania and Poland) with 3.8 per cent. and FAB CE (Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Slovakia and Slovenia) with 2.9 per cent. These growth rates are significantly higher than the expected annual growth rates for FABEC (Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland) at around 1.8 per cent., North Europe FAB (Estonia, Finland, Latvia and Norway) at around 2.1 per cent., UK-Ireland FAB at around 1.8 per cent., Blue Med FAB (Albania, Cyprus, Greece, Italy and Malta) at around 2.9 per cent. and South-West FAB (Portugal and Spain) at around 2.5 per cent., in each case for the same period. The median expected growth rates for the individual CEE countries (other than Kosovo, Macedonia and Russia, which do not appear in the EUROCONTROL forecasts) are set out below.

Median Expected Movements Growth Rates (2013-2020)



Source: EUROCONTROL Seven Year Forecast, February 2014.

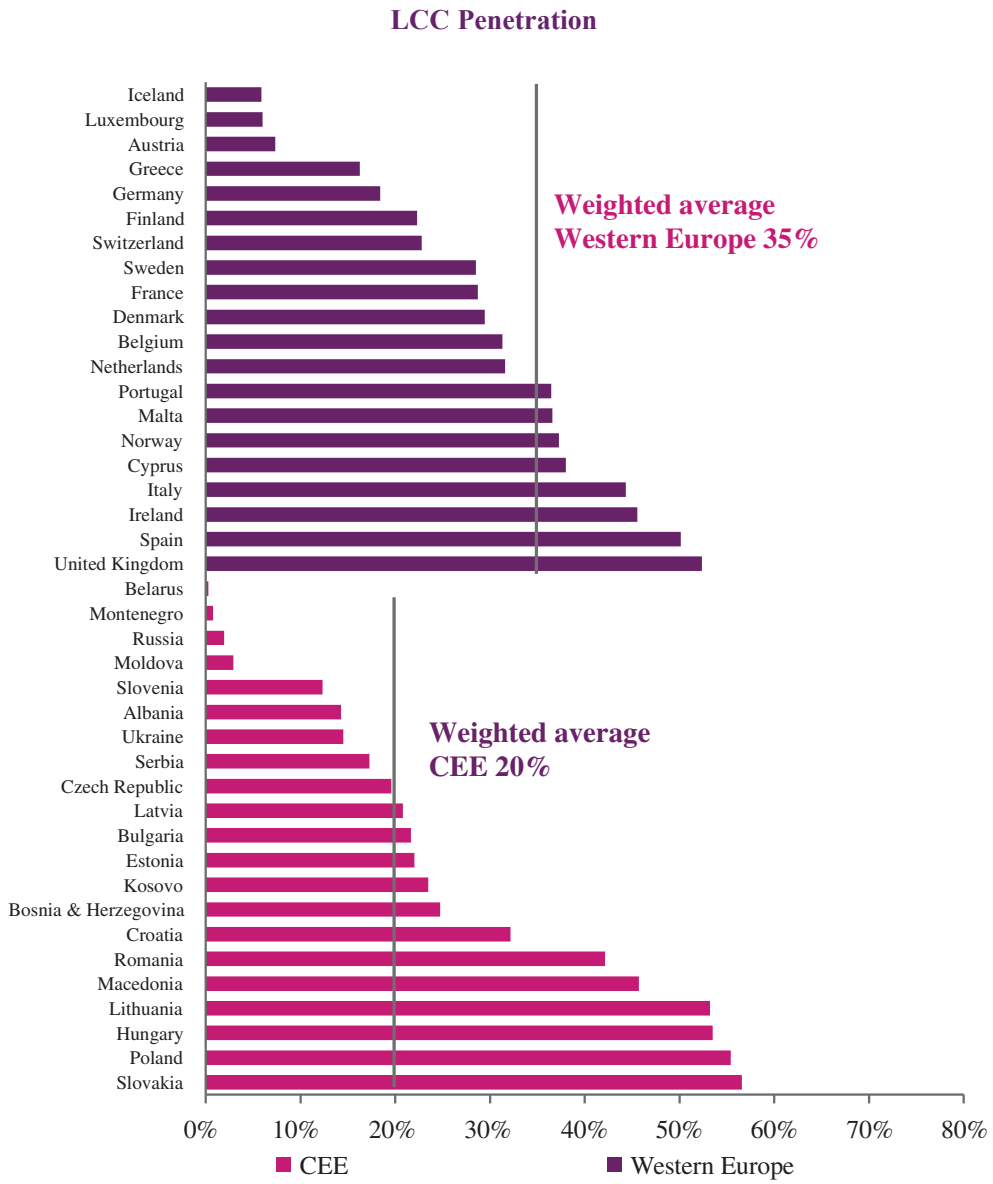
As illustrated in the chart below, the average propensity of air travel in CEE in the year ended 31 March 2014 based on scheduled capacities reported by carriers was 0.36 seats per capita compared to 1.58 seats per capita for Western Europe (*Source: Capstats*)). The Directors believe, therefore, that there is the potential for the propensity of air travel across CEE as a whole to grow significantly in the coming years as average GDP per capita rises.



Source: Capstats.

Low-cost carrier penetration in CEE is expected to increase further

As illustrated in the chart below, average low-cost carrier penetration in CEE as a proportion of total scheduled capacity reported by carriers as at the end of FY 2014 was approximately 20 per cent., compared to an average of approximately 35 per cent. in Western Europe (*Source: Innovata (departing seat capacity per country, April 2013 to March 2014 inclusive*)). There are a number of target markets for Wizz Air in CEE that have very low levels of low-cost carrier penetration, in particular Russia and Ukraine, in the latter of which Wizz Air already has a base. The Directors expect that levels of low-cost carrier penetration in CEE will increase further towards Western European levels in the future given the structural advantages that the low-cost carriers have over the legacy carriers.



Source: Innovata (departing seat capacity per country, April 2013 to March 2014, inclusive).

2. COMPETITION

Based on CASK, Wizz Air's only ULCC competitor is Ryanair. Other notable low-cost carrier competitors are easyJet, Blue Air and Norwegian.

The table below shows the route overlap with Wizz Air's principal low-cost carrier competitors, based on Innovata capacity statistics for September 2014:

Airline	Direct competition[1] (number of routes)	Indirect competition[2] (number of routes)	Overlap in Wizz Air seat capacity (%)
Ryanair	8	59	29.8
Blue Air	12	3	8.5
easyJet	2	15	10.5
Norwegian	1	18	8.6
Vueling	7	3	3.9
FlyDubai	0	3	0.5
Germanwings	0	5	3.1
Air One	0	1	0.2
Pegasus	1	0	0.6
Monarch	0	1	0.2
No low-cost carrier competition	24	46	19.4
No scheduled competition at all	0	160	37.5

Notes:

(1) Direct competition is where another airline operates a flight between the same two airports.

(2) Indirect competition is where another airline operates a flight between two airports which are each in the same region.

In addition to low-cost carriers, Wizz Air also competes with legacy carriers in its markets, including Tarom in Romania and LOT in Poland, and other incumbent airlines such as Ukrainian International in Ukraine.

2.1 *Ryanair*

Ryanair is a low-cost carrier headquartered in Ireland with over 300 aircraft and is one of Europe's largest airlines. The Company believes that Ryanair is the only other European ULCC. According to Innovata capacity statistics for September 2014, Ryanair overlaps on 29.8 per cent. of Wizz Air's seat capacity, which is an overlap of 5.6 per cent. of Ryanair's seat capacity. Ryanair is Wizz Air's principal low-cost carrier competitor in Poland and Hungary, two of Wizz Air's key Home Markets, with Ryanair's and Wizz Air's shares of the low-cost carrier market on the basis of Innovata capacity statistics for H1 2015 being 51.2 per cent. and 37.2 per cent., respectively, for Poland and 20.6 per cent. and 52.3 per cent., respectively, for Hungary. Ryanair is also Wizz Air's main competitor in Lithuania, where it had 61.2 per cent. of the market on the basis of Innovata capacity statistics for H1 2015, compared to 33.7 per cent. for Wizz Air and Latvia, where it had 64.3 per cent. compared to 22.1 per cent. for Wizz Air in the same period.

The overlap in seat capacity between Ryanair and Wizz Air increased significantly, from approximately 19 per cent. to approximately 39 per cent. during 2012, as Ryanair commenced operations from Warsaw Modlin and Budapest. As described in Part VII: "*Operating and Financial Review*" of this Prospectus, this competition had an impact on Wizz Air's profitability in FY 2013. Wizz Air competed effectively in Budapest, deploying additional aircraft and offering low ticket prices. In FY 2014 and H1 2015, Wizz Air was the largest low-cost carrier in Hungary based on scheduled seat capacity (*Source: Innovata*) and will have eight aircraft operating in Hungary in 2015, with a ninth aircraft announced for operation in summer 2016. The reduction in overlap during 2013 was driven primarily by Ryanair significantly reducing its Budapest capacity and Wizz Air's network diversification under the "Go East" initiative. Similarly, in Lithuania Wizz Air strengthened its position at Vilnius airport, despite the entry by Ryanair into the market in 2011, and a third aircraft was deployed in March 2014.

Since September 2013, Ryanair has implemented a number of initiatives designed to attract more business customers. These include flying to primary airports in major cities including Brussels, Rome, Athens and Lisbon, introducing a fast-track security product, reducing certain baggage and other charges, allowing passengers to bring a second carry-on bag on board at no extra cost and making its flights available for booking via third-party agents through the Travelport global distribution system. Ryanair has also announced a significant increase in its marketing budget. The Company believes that these are significant deviations from the ULCC model.

2.2 ***easyJet***

easyJet is a low-cost carrier headquartered in the United Kingdom with over 200 aircraft and is the second largest low-cost carrier in Europe behind Ryanair. The Company does not consider easyJet to be a ULCC. According to Innovata capacity statistics for September 2014, easyJet overlaps on 10.5 per cent. of Wizz Air's seat capacity, which is a 2.4 per cent. overlap in easyJet's seat capacity. Of Wizz Air's Home Markets, easyJet is the largest low-cost carrier in the Czech Republic, the third largest low-cost carrier in Hungary (after Wizz Air and Ryanair), and the second largest in Bulgaria and Serbia (in each case, after Wizz Air) according to Innovata capacity statistics for H1 2015.

2.3 ***Blue Air***

Blue Air is a low-cost carrier based in Bucharest, Romania, with a fleet of approximately 10 aircraft. According to Innovata capacity statistics for September 2014, Blue Air overlaps on 8.5 per cent. of Wizz Air's seat capacity, which is a 57.0 per cent. overlap in Blue Air's seat capacity. Blue Air is Wizz Air's principal low-cost carrier competitor in Romania, where Wizz Air and Blue Air had 66.5 per cent. and 24.1 per cent., respectively, of scheduled capacity according to Innovata capacity statistics for H1 2015.

2.4 ***Norwegian***

Norwegian is a low-cost carrier based in Scandinavia. It has over 90 aircraft and offers both short-haul services within Scandinavia and to other European destinations as well as long-haul flights to the United States and Thailand. The Company does not consider Norwegian to be a ULCC. According to Innovata capacity statistics for September 2014, Norwegian overlaps on 8.6 per cent. of Wizz Air's seat capacity, which is a 3.5 per cent. overlap in Norwegian's seat capacity. Of Wizz Air's Home Markets, Norwegian is the third largest low-cost carrier in Poland (after Ryanair and Wizz Air), the Czech Republic (after easyJet and Wizz Air), Lithuania (after Ryanair and Wizz Air) and Bulgaria (after Wizz Air and easyJet) and Latvia (after Ryanair and Wizz Air according to Innovata capacity statistics for H1 2015.

PART V

REGULATION

1. INTRODUCTION

Wizz Air's commercial aviation business is subject to regulation at two levels: EU and national. Subject to some exceptions, the provisions of EU legislation are also applicable in Iceland, Liechtenstein and Norway, as parties to the agreement establishing the EEA, as well as in Switzerland under the EU-Switzerland Air Transport Agreement. References to EU Member States/nationals in the EU legislation also cover Iceland, Liechtenstein, Norway and Switzerland and their nationals. Moreover, under the agreement establishing the ECAA between the EU, Iceland, Norway and some Eastern European countries (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia and Kosovo), the latter have agreed to the full application of EU aviation law and the opening of their markets to airlines based in the ECAA. Full implementation of the ECAA agreement is currently suspended pending ratification by some signatories.

2. EUROPEAN REGULATORY FRAMEWORK

2.1 *Air Services Regulation*

The rules governing licensing and the operation of air carriers within the EU are set out in the Air Services Regulation. The Air Services Regulation consolidates and updates the Third Aviation Liberalisation Package, which established a single EU air transport market, effective from 1 January 1993. The Air Services Regulation is part of Annex XIII of the European economic area agreement establishing the EEA (the "**EEA Agreement**") as well as the EU-Switzerland Air Transport Agreement and is therefore binding on nationals of Iceland, Liechtenstein, Norway and Switzerland.

The Air Services Regulation sets out the financial conditions that all EU airlines (which the Air Services Regulation refers to as "Community carriers") must fulfil in order to obtain and maintain an operating licence; clarifies the criteria for the granting and validity of operating licences in the EU; introduces uniform standards for the review and monitoring of operating licences in the EU Member States; simplifies the procedure for fulfilling public service obligations; and clarifies the framework for relations with third countries and the requirement that traffic rights for non-EU airlines to operate between European cities be negotiated at the European level. The Air Services Regulation also lays down the conditions for the leasing of aircraft.

The principal features of the regulatory regime established in the Air Services Regulation are as follows:

Operating licences

The Air Services Regulation provides that an operating licence may be granted to an undertaking by the EU Member State in which it has its principal place of business, subject to such undertaking having a valid AOC; demonstrating to the relevant licensing authority that it can meet its actual and potential obligations for a period of 24 months from the start of operations; and demonstrating that it can meet its fixed and operational costs for a period of three months from the start of operations without taking account of revenue from its operations, and subject to the conditions mentioned in the next paragraph below.

Under the Air Services Regulation, an EU airline must (a) have its principal place of business in the EU Member State from which it obtained its licence, (b) have air services as its main occupation and (c) be more than 50 per cent. owned and be effectively controlled by Qualifying Nationals and continue to be so owned and controlled (see section 6 (*EEA National ownership provisions*) in Part XI: "*Additional Information*" of this Prospectus). An EU airline must also comply with insurance requirements, provide proof of good repute of its management if required by its licensing authority and have at least one aircraft available to it through ownership or lease.

An EU airline must notify the licensing authority in advance of changes in its activities, such as the operation of certain new services or a substantial change of scale in its activities, of a merger or acquisition, and within 14 days of a change of ownership of any single shareholding which represents ten per cent. or more of its total share capital or that of its parent or ultimate holding company. The licensing authority may request a revised business plan or resubmission of approval for the licence. Thus, Wizz Air Hungary will be required to notify the Hungarian Aviation Authority of the restructuring of the Company's capital upon Admission.

The licence must be suspended if the carrier cannot meet its obligations during a twelve-month period, although a temporary licence may be issued pending financial reorganisation. The licence must also be suspended if the carrier furnishes false information on an important point, if the AOC is suspended or revoked or if the carrier no longer complies with any good repute requirements.

Access to routes

The Air Services Regulation enables all EU airlines to operate any routes within the EEA and Switzerland, including routes within those states, with no restrictions on capacity and frequency.

Subject to the approval of the European Commission and certain conditions, an EU Member State may make rules distributing traffic between airports serving the same city or conurbation. Such rules cannot be discriminatory.

EU Member States may also enter into agreements with airlines for the operation of services on "public service obligation" routes to ensure standards of continuity, regularity, capacity and pricing of a scheduled service to peripheral or development regions in their territories following consultations with other EU Member States concerned and after having informed the European Commission and air carriers operating on the relevant routes.

Wizz Air's access to intra-EU routes is not currently restricted, nor does Wizz Air operate any public service obligation routes pursuant to the Air Services Regulation.

Pricing

The Air Services Regulation allows EU airlines to fix their own fares on services provided within the EU subject to EU competition law and to fares agreed for public services obligations. The Air Services Regulation also specifies that the published price for a service shall include the fare and all applicable taxes, charges, surcharges and fees which are unavoidable and foreseeable at the time of publication. In addition, details must be given of the different components of the price (fares, taxes, airport charges and other costs).

2.2 ***Allocation of slots***

The rules for the allocation of slots at coordinated airports in the EEA and Switzerland are contained in Council Regulation (EEC) No 95/93 (as amended by Regulation (EC) No 793/2004) (the "**Slot Regulation**"). The principal objective of the Slot Regulation is to facilitate competition between airlines and to encourage and support new entrants in the EU air transport market. The Slot Regulation is part of the EEA Agreement (Annex XIII) as well as of the EU-Switzerland Air Transport Agreement and is therefore binding on Iceland, Liechtenstein, Norway and Switzerland.

The Slot Regulation provides for the designation by EU Member States of congested airports for co-ordination by independent co-ordinators whose appointment must be ensured by the EU Member States concerned. The Slot Regulation draws a distinction between "co-ordinated" airports and "schedules-facilitated" airports.

A schedules-facilitated airport is an airport where there is potential for congestion during some periods of the day, week or year which is amenable to resolution by voluntary co-operation between air carriers and where a schedules facilitator has been appointed to facilitate the operations of air carriers operating services or intending to operate services at that airport.

A co-ordinated airport means an airport where, in order to land or take off, it is necessary for an air carrier or any other aircraft operator to have been allocated a slot by a co-ordinator. EU Member States are obliged to carry out a thorough capacity analysis of an airport (a) when they consider it necessary, (b) when requested to do so either by air carriers representing more than half of the operations at the airport in question or the airport's managing body or (c) upon request of the European Commission. The EU Member State will make its decision whether to designate an airport as co-ordinated on the basis of this capacity report and consultation with the managing body of the airport, the air carriers, their representatives and representatives of general aviation and air traffic control.

The main principles of the Slot Regulation affecting slot allocation are the following:

(a) Provision for the long established principle of historical precedence, under which an airline holding and using a series of slots for a particular industry scheduling period (winter or summer) shall be entitled to that series of slots in the next equivalent period, subject primarily to the "use-it-or-lose-it" rule. The "use-it-or-lose-it" rule means that in order to claim such historical precedence the airline must have operated the series of slots for at least 80 per cent. of the time during the scheduling period for which they were allocated. Otherwise, all the slots constituting the series are placed in the slot pool.

(b) The creation of a slot pool into which newly created slots (created through increases in hourly scheduling limits or new runway capacity) are placed comprises slots returned either voluntarily or under the "use-it-or-lose-it" rule and slots otherwise unclaimed under historical precedence. 50 per cent. of the pool slots must be allocated to new entrants unless they request a fewer number. A new entrant is defined as (i) an airline requesting, as part of a series of slots, a slot at an airport on any day on which that airline holds or has been allocated fewer than five slots or (ii) an airline which requested a series of slots for a non-stop service between two airports in the EU where at most two other carriers operate a direct service between those airports or airport systems on that day and where the applicant airline holds or has been allocated fewer than five slots on that day for that service or (iii) any air carrier requesting a series of slots at an airport for a non-stop service between that airport and a regional airport where no other air carrier operates an air service between those airports on that day, where the applicant holds or would hold fewer than five slots at that airport on that day for that service. Any airline with more than five per cent. of all slots at an airport or more than four per cent. of slots at an airport system (being two or more airports grouped together and serving the same city or conurbation, as listed in Annex II to Council Regulation (EEC) 2408/92) cannot qualify as a new entrant.

(c) Recognition of additional rules. Airport co-ordinators are required to take into account additional rules and guidelines established by the air transport industry worldwide (such as the IATA Worldwide Slot Guide) or in the EU as well as any local guidelines approved by the relevant EU Member State for the airport in question, provided that such rules and guidelines do not affect the independent status of the co-ordinator.

Slots are not route-specific or aircraft-specific and may be used by an airline for any aircraft, type of service or destination. Slots may be exchanged one for one with other airlines. This has given rise to a mechanism for the secondary trading of slots. A practice developed, mainly at London Heathrow airport, whereby airlines exchange a valuable slot for a less valuable one (which may have been obtained from the co-ordinator for this purpose and is returned to the slot pool after the exchange). Payment is made by the airline receiving the more valuable slot. This has allowed airlines to receive payments of millions of pounds for trading series of valuable slots. The English High Court ruled that this practice is compatible with the Slot Regulation in *R v Airport Co-ordination Limited ex parte States of Guernsey Transport Board [1999] EULR 745*. Subsequently, in a communication on the application of the Slot Regulation dated 30 April 2008 (COM(2008)227 final), the European Commission stated: "The text of [the Slot Regulation] is silent on the question of exchanges with monetary and other consideration to reflect differences in value between slots at different times of day

and other factors. Given that there is no clear and explicit prohibition of such exchanges, the Commission does not intend to pursue infringement proceedings against EU Member States where such exchanges take place in a transparent manner, respecting all the other administrative requirements for the allocation of slots set out in the applicable legislation". Slot trading has continued at London Heathrow airport and has been practised at London Gatwick airport and possibly, to a limited extent, at some other co-ordinated airports.

In December 2011, the European Commission adopted a package of measures containing a proposed revised regulation on common rules for the allocation of slots to address capacity shortages at European airports and improve the quality of services offered to passengers (the "**Better Airports Package**").

The proposed regulation has the aim of maximising use by airlines of available capacity. In particular, under the proposed regulation:

(a) airlines will be able to trade slots with each other at airports anywhere in the EU in a transparent way and under clear conditions. Slot trading will be supervised by national authorities;

(b) the rules requiring airlines to demonstrate that they have used their slots sufficiently during the season will be tightened by increasing the slot utilisation threshold from 80 per cent. to 85 per cent. and the length of the slot series from the current five to ten for the winter season and 15 for the summer season. The tightening of the so-called "use-it-or-lose-it" rule should ensure that airlines who wish to keep slots for the coming season fully utilise the capacity; and

(c) there will be additional safeguards for the independence of the slot coordinator and increased level of transparency on slots transactions.

The Better Airports Package falls under the ordinary legislative procedure of the EU; both the European Parliament and the Council are co-legislators and need to approve the same final text of the regulation. On 12 December 2012, the plenary session of the European Parliament adopted legislative resolutions at first reading, introducing amendments to the proposed regulation on slots allocation. The amendments maintain the current slot utilisation thresholds at 80 per cent. and strengthen the penalty system to discourage airlines from holding slots without using them. The proposed revised regulation now awaits final approval by the Council of the EU.

2.3 ***Air carrier liability***

Regulation (EC) No 2027/97 (as amended by Regulation (EC) No 889/2002) imposes provisions equivalent to the Montreal Convention with respect to the carriage of passengers and their baggage by air. The regulation is part of the EEA Agreement as well as of the EU-Switzerland Air Transport Agreement and is therefore binding on nationals of Iceland, Liechtenstein, Norway and Switzerland. The Montreal Convention imposes strict liability on airlines in the event of death or injury to passengers up to a maximum of the equivalent of 113,100 Special Drawing Rights (approximately US$171,000 per passenger). Thereafter, liability is unlimited but an airline can escape liability if it proves either that it was not negligent or guilty of a wrongful act or omission, or that the accident was caused by the fault of a third party. The airline is also required to compensate passengers, or their survivors, for their expenses in the immediate aftermath of an accident within 15 days. Liability for loss, damage or delay to baggage is limited to 1,131 Special Drawing Rights (approximately US$1,171). The implementation of this regulation, which applies to all EU airlines, has not had any material adverse effect on Wizz Air's business, financial condition or operations results.

Regulation (EC) No 785/2004 on insurance requirements for air carriers and aircraft operators (as amended by Regulation (EC) No 1137/2008 and Commission Regulation (EU) No 287/2010) sets out the minimum insurance requirements for liability linked to passengers, baggage, cargo and third parties for air carriers and air traffic operators flying within, into, out of or over the territory of an EU Members State. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore binding on Iceland, Liechtenstein, Norway and Switzerland and their nationals.

2.4 ***Passenger rights and compensation***

Regulation (EC) No 261/2004 establishes common rules on compensation and assistance to passengers in the event of denied boarding, cancellation or a long delay of flights.

The rights apply to any flights, including charters, from an EU airport or to an EU airport from an airport outside the EU when operated by an EU airline. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore also applicable to flights to or from an airport in Iceland, Liechtenstein, Norway and Switzerland. Where a passenger is denied boarding against his will, the airline must offer compensation and assistance, together with a choice of reimbursement of the full cost of the ticket and a return flight to the point of first departure or re-routing to the passenger's final destination, except where there are reasonable grounds to deny the passenger boarding such as reasons of health, safety or security or inadequate travel documentation.

The compensation amount payable depends upon the length of the flight: €250 for all flights of 1,500km or less; €400 for all intra-EU flights of more than 1,500km and non-intra-EU flights between 1,500 and 3,500km; and €600 for all other flights.

The regulation also imposes obligations with regard to care and assistance of passengers in the case of delays which exceed certain defined durations, ranging from two to four hours depending on the length of the delayed flight. A right of reimbursement also arises if a flight is delayed by more than five hours.

Where a flight is cancelled, the airline must offer passengers care and assistance together with the choice of a refund of the passenger's ticket and a return flight to the first point of departure or re-routing to the passenger's final destination. In the case of cancellation, compensation may also be payable at the same amounts as are applicable to denied boarding, unless the airline can prove that the cancellation was caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken. The implementation of this regulation, which applies to all EU airlines as well as airlines from Iceland, Liechtenstein, Norway and Switzerland, has not had any material adverse effect on Wizz Air's business, financial condition or results of operations.

A revision of Regulation (EC) No 261/2004 is currently being considered and the European Commission has put forward a proposal creating new passenger rights and facilitating and strengthening enforcement. On 5 February 2014, the European Parliament adopted a legislative resolution on the European Commission proposal. The proposed Regulation falls under ordinary legislative procedure, meaning the European Parliament and Council, as co-legislators, need to adopt the same final text. The Council may now accept the European Parliament's position or adopt its own position for further discussions with the European Parliament. On 22 May 2014, a Presidency progress report was published in the Council Register outlining major outstanding issues with the revised Regulation, which it is hoped the Council will take note of in future discussions.

2.5 ***Ground handling***

Access to the market for ground handling at EU airports has been liberalised under Directive 96/67/EC (as updated and amended by Regulation (EC) No 1882/2003). This directive is aimed at providing open access to the ground handling market at European airports. EU Member States are obliged to ensure that access to the ground handling market is granted by the airport authorities under a transparent and impartial procedure that prevents airport authorities or airlines from maintaining certain barriers to market entry. This directive is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore binding on airport authorities in Iceland, Liechtenstein, Norway and Switzerland. The implementation of the directive and the later regulation has not materially affected Wizz Air's business, financial condition or results of operations.

The Better Airports Package adopted by the Commission in December 2011 includes a proposal for a new regulation on ground handling services that would repeal Directive 96/67/EU. The proposed regulation intends to improve the quality and efficiency of ground handling services at airports by:

(a) increasing the minimum choice of ground handlers for restricted services (baggage handling, ramp handling, refuelling and oil, freight and mail services) at large airports from two to three;

(b) creating a new role for the airport managing body as the "ground co-ordinator" with overall responsibility for the co-ordination of ground handling services (including minimum quality standards);

(c) allowing EU Member States to impose a requirement on companies that win ground handling contracts in restricted markets to transfer the staff from the previous contract holder with their full existing conditions; and

(d) allowing mutual recognition of national approvals for ground handlers issued by EU Member States, so that a handler approved by one EU Member State would be able to provide the same services in another EU Member State.

The Better Airports Package falls under the ordinary legislative procedure of the EU; both the European Parliament and the Council are co-legislators and need to approve the same final text of the regulation. On 16 April 2013, the plenary session of the European Parliament adopted a legislative resolution at first reading, introducing amendments to the proposed regulation on ground handling services. The European Commission supports the amendments. The proposed regulation now awaits final approval by the Council of the EU.

2.6 ***European Aviation Safety Agency***

The EASA, established by Regulation (EC) No 216/2008 on common rules in the field of civil aviation, is an agency of the EU charged with implementing and monitoring safety rules (including inspections) in EU Member States, providing type-certification of aircraft and components and approval of organisations involved in the design, manufacture and maintenance of aeronautical products. EASA also enforces regulations governing air operations and flight crew licensing. Implementing regulations extending EASA powers to safety certification of airports in the EU are currently under discussion and are likely to come into force in the near future.

On 24 April 2014, Regulation (EU) No. 376/2014 on the reporting, analysis and follow-up of occurrences in civil aviation was published in the Official Journal. The Regulation will be effective from 15 November 2015.

On 29 April 2014, the European Commission adopted Commission Regulation (EU) No. 452/2014, laying down technical requirements and administrative procedures related to air operations of third country operators pursuant to Regulation (EC) 216/2008. According to the Regulation, third country operators will only be able to engage in commercial air transport operations within, into or out of the territory subject to the Treaty if they comply with Annex 1 to the Regulation and hold an authorisation issued by EASA in accordance with Annex 2 to the Regulation. The Regulation makes it possible for airlines from outside the EU to obtain a single safety authorisation that applies to the whole EU and also simplifies the application process.

The Regulation came into force on 26 May 2014.

2.7 ***Rights for disabled passengers***

Regulation (EC) No 1107/2006 strengthening the rights of disabled air passengers and passengers with reduced mobility ("disabled passengers") was formally adopted on 5 July 2006 and entered into force on 15 August 2006. This regulation is binding on all EU airlines, including Wizz Air. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement, and is therefore also binding on airlines from Iceland, Liechtenstein, Norway and Switzerland.

The regulation bans air carriers from refusing reservations or boarding to disabled passengers on the grounds of their disability. All assistance to disabled passengers must be provided free of charge. Wheelchairs and recognised assistance dogs must be accommodated on aircraft.

Reservations and boarding by disabled passengers may be refused on safety grounds or where the size of the aircraft makes embarkation or carriage physically impossible. If a disabled passenger is refused boarding, he must either be re-routed on another flight or be reimbursed. The passenger must be informed in writing of the reasons why his reservation or boarding was refused.

Airlines are responsible for all assistance on-board aircraft. Airport managing bodies are responsible for all assistance in airports but may recover the ensuing costs from airlines, which may be asked to pay a charge proportional to the total quantity of passengers which the airport managing body embarks and disembarks at the airport. The charge is independent of the number of passengers with reduced mobility which the airline carries.

2.8 ***Noise restrictions at EU airports***

On 16 April 2014, the European Parliament adopted at second reading under the co-decision procedure Regulation (EU) No 598/2014 of the European Parliament and of the Council on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a Balanced Approach. The Regulation repeals Directive 2002/30/EC and leaves the responsibility for concrete decisions about noise-related operating restrictions with national and local authorities which has to follow an EU harmonised process. The Commission will review the quality of the process and, if necessary, take action before restricting measures are implemented. The new Regulation shall enter into force on 13 June 2016. The Regulation does not set out noise quality goals, which will continue to derive from Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise, and other relevant Union rules or legislation within each Member State.

2.9 ***EU Code of Conduct***

In late 2009, it was reported that concerns had been raised by some members of the ECOFIN Code of Conduct Group as to whether the current zero-ten business tax regime for companies in Jersey could be interpreted as being outside the spirit of the EU Code of Conduct for Business Taxation. At that time, the Treasury and Resources Minister of the States of Jersey confirmed the fundamental importance of tax neutrality to Jersey's financial services industry and the requirement that this be maintained. ECOFIN met on 7 December 2010 and confirmed the report of the Code Group on Jersey's zero-ten tax regime, which found that the combination of deemed distributions and zero-ten could give rise to harmful effects and proposed a review by the EU High Level Working Party on tax issues. In response, the Jersey Council of Ministers announced on 15 February 2011 that Jersey will maintain its zero-ten tax regime. However, to address ECOFIN's concerns, the deemed distribution and attribution rules were repealed with effect from January 2012. It is possible that, through consultation, other changes to the zero-ten tax regime may be considered by the Jersey government.

3. REGULATION OF NON-EU SERVICES

Wizz Air's services that involve airports located in non-EEA countries are subject to regulation under international air services agreements. These are agreements between states or between a state and a group of states (such as the EU) that establish how airlines are authorised to serve routes between the territories of the parties to the agreement, what routes can be served, regulation of pricing (if any) and conditions for operations and sales in the territory of one party for airlines authorised by the other party. Historically, many bilateral air services agreements contained provisions regarding the designation of airlines by the bilateral partners to operate air services which permitted only the designation of airlines which were owned and controlled by nationals of the relevant country. For EU airlines, the ownership and control requirements in international air services agreements have changed substantially as a result of the *Open Skies* judgment of the ECJ of 5 November 2002 which ruled that the maintenance of restrictive ownership and control provisions in air services agreements with non-EU countries breached EU law.

Following the *Open Skies* judgment, the EU has negotiated "open skies" agreements with a number of important trading partners. These agreements replace the bilateral air services agreements between

individual EU countries and the relevant third country with a single air services agreement. They allow operations between any airport pair in the territory of the EEA and the territory of the other party, free from price regulation, for EU airlines and for airlines licensed by the non-EU party. They also provide that the other party will "implement regulatory requirements and standards equivalent to EU aviation rules in areas such as aviation safety, environment, consumer protection including passenger rights, air traffic management, economic regulation, competition issues and social aspects". For some other countries, the EU has negotiated "horizontal agreements". These agreements supplement the existing bilateral air services agreements between individual EU Member States and the country in question to ensure that any EU airline is entitled to serve routes from the relevant EU Member State to that third country. For several non-EU countries, neither an "open skies" agreement nor a horizontal agreement supplementing the existing operating agreement has been negotiated. Therefore, services between the EU and some important markets (e.g., Russia and Ukraine) are still subject to the requirements of traditional (unamended) bilateral air service agreements between the relevant country and the individual EU Member State.

3.1 ***Wizz Air Hungary***

As an EU airline, Wizz Air Hungary is entitled to provide services on routes between airports in the EEA and airports in countries that have signed an "open skies" agreement. This allows Wizz Air Hungary to operate on routes to, for example, Moldova, Georgia and Israel. Wizz Air Hungary can also provide services on routes between EU airports and airports in countries where the EU has a horizontal agreement in place. Thus Wizz Air Hungary currently operates services between Romania and the United Arab Emirates. For these services Wizz Air Hungary is designated under the Romania-United Arab Emirates air services agreement, as amended by the EU-United Arab Emirates horizontal agreement. Where there is neither an "open skies" agreement nor a horizontal agreement in place, Wizz Air Hungary is limited to operating under bilateral air service agreements where the third country will accept Wizz Air's designation based on its EU majority ownership. Thus for services from Budapest to Moscow, the regulatory structure is the bilateral air services agreement between Hungary and the Russian Federation, since the Russian Federation and the EU have not yet concluded either a horizontal agreement or an "open skies" agreement. However, Wizz Air's designation has been accepted by the Russian authorities, notwithstanding that Wizz Air is not majority-owned by Hungarian nationals.

3.2 ***Wizz Air Ukraine***

Wizz Air Ukraine is authorised to operate by virtue of an operating licence and an AOC issued by the SASU in Ukraine. In accordance with the Regulations Regarding Air Carriage of Passengers and Baggage approved by the Order of the Ministry of Transport and Communications of Ukraine No. 735 dated 30 November 2012, Wizz Air Ukraine's general conditions of carriage for passengers and baggage have been approved by the SASU and so include provisions prescribed by Ukrainian law.

Wizz Air Ukraine's services on routes between airports within Ukraine are subject to the regulatory requirements of Ukrainian law. Wizz Air Ukraine's services on routes between airports in Ukraine and airports in third countries are governed by the bilateral air services agreement between Ukraine and the relevant third country or countries. Applications for designations to operate routes to and from Ukraine are decided by the SASU in an administrative process. Ukraine has bilateral air services agreements with all 28 EU Member States, as well as with EEA members Iceland and Norway. In December 2005, the EU and Ukraine signed a horizontal agreement which amended the bilateral service agreements between EU Member States and Ukraine by removing nationality restrictions. As a result, EU airlines may operate flights between the EU Member State where the airline is established and Ukraine, to the extent such EU Member State where the airline is established has a bilateral air service agreement with Ukraine.

In December 2006, the European Commission received a mandate to negotiate a comprehensive common aviation area agreement with Ukraine. An agreement was announced on 28 November 2013. It aims to gradually open the aviation markets and integrate Ukraine into a wider European common aviation area. Ukraine will have to align its legislation with EU aviation standards and enforce EU requirements in areas such as aviation safety, air traffic management, security, environment, economic

regulation, competition, consumer protection and social aspects. The agreement will offer more direct connections and economic benefits on both sides by (a) allowing all EU airlines to operate direct flights to Ukraine from anywhere in the EU; and (b) removing all limitations to weekly flights between Ukraine and the EU.

Both sides started their respective internal procedures for the signature of the agreement and its entry into force. On the EU side, the agreement will be forwarded to the Council and European Parliament. Following the signature, the ratification process will begin.

On 15 April 2014, the European Commission adopted a proposal for a Council Decision on the conclusion and signature and provisional application of Common Aviation Area Agreement between the EU and its Member States and Ukraine. Signing of the Agreement was scheduled for June 2014, but was subsequently postponed indefinitely.

4. OTHER LEGAL AND REGULATORY DEVELOPMENTS

4.1 *Flight time limitations*

Council Regulation (EEC) 3922/91 on EU civil aviation rules (as last amended by Regulation (EC) No 859/2008 of 20 August 2008) imposes restrictions on maximum total duty time, duty block time and daily flight duty periods for crew members and stipulates rest periods. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement, and is therefore binding on nationals of Iceland, Liechtenstein, Norway and Switzerland.

On 29 January 2014 the European Commission Regulation 83/2014 amending Regulation 965/2012 was published in the Official Journal. It has more than 30 provisions aimed at improving safety rules on pilot and crew fatigue, such as a reduction of flight duty time at night by 45 minutes. It will apply from 18 February 2016.

4.2 *Emissions trading*

In February 2009, Directive 2008/101/EC came into force, amending Directive 2003/87/EC and bringing the aviation industry within EU ETS. EU ETS is a cap and trade scheme established in 2003 by Directive 2003/87/EC as a means of securing compliance with its obligations to reduce greenhouse gas emissions under the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

All flights departing from, and arriving at, EU airports have been included within EU ETS from 2012. The legislation applies to EU and non-EU airlines alike. Emissions from flights to and from Iceland, Liechtenstein and Norway are also covered under the EEA Agreement. As from 1 January 2014, Croatia is fully integrated into the aviation part of the EU ETS. Incoming flights can be exempted from the EU ETS if the EU recognises that the country of origin is taking measures to limit aviation emissions from departing flights.

EU ETS delivers a market price for carbon, capping total emissions to a fixed limit with operators required to surrender allowances for each reporting year to cover their total emissions. Under the legislation, airlines are granted a certain number of allowances free of charge based on historical emissions and their share of the total aviation market; further allowances are auctioned by EU Member States.

The inclusion of the aviation sector in EU ETS is likely to have a substantial negative effect on the European aviation industry, including Wizz Air, despite the young age of its aircraft fleet. In addition to the financial impact, inclusion in EU ETS imposes administrative burdens (in particular, monitoring and reporting obligations) on participants.

While a challenge to the inclusion of the aviation industry in EU ETS on the grounds of international law was rejected by the ECJ in 2011 (Case C-366/10), a number of non-EU countries, including China, India, Russia and the United States, remain strongly opposed to the inclusion of international aviation in EU ETS.

In April 2013, the Council of the EU adopted a decision temporarily deferring enforcement of the obligations of aircraft operations in respect of incoming and outgoing international flights under EU ETS for 2012 ("stop the clock"). This derogation temporarily exempted airlines from the EU ETS requirement to report carbon emissions for flights between EU airports and third countries and sanctions will not be imposed for failure to report. It applied from 24 April 2013. EU ETS continues to apply in full for intra-EU flights. In October 2013, the European Commission published guidance (2013/C 289/01) clarifying how authorities in Member States should implement this decision, including its geographical extent and how aviation allowances should be allocated and returned for 2012.

The EU ETS Aviation Amending Regulation came into force on 30 April 2014 (Regulation (EC) No. 421/2014 amending Directive 2003/87/EC). It established a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions. The Regulation amends the EU ETS by extending the effect of the Stop the Clock Decision of 2013 until 31 December 2016, exempting small non-commercial aircraft operators from 2013 to 2020 and postponing obligations to report emissions for flights within the EEA.

4.3 ***Other legislation***

In addition to the above, there is a wide variety of legislation adopted in different countries which impacts on air services to or from the relevant country. Since 1 July 2006, a solidarity tax is payable on all flights departing from France to finance health systems in developing countries. The surcharge is €1 for economy tickets on domestic or intra-EU routes and €4 on economy tickets on flights to extra-EU destinations. For tickets in business and first class, the surcharge is €10 on domestic or intra-EU routes and €40 on extra-EU routes. There have been discussions in other EU states about introducing similar measures and it is possible that similar measures may be introduced in other EU States.

The airline industry is highly regulated and airlines cannot always pass on to their customers the costs associated with regulation. Regulatory changes can have an adverse impact on airlines' costs, flexibility, marketing strategy, business model and ability to expand.

PART VI

DETAILS OF THE GLOBAL OFFER

1. SUMMARY OF THE GLOBAL OFFER

The Global Offer will comprise an issue by the Company of 9,578,820 New Ordinary Shares representing approximately 18.3 per cent. of the issued share capital of the Company immediately following Admission.

The Selling Shareholders intend to sell 13,781,188 Sale Shares in the Global Offer. Further details of the number of Sale Shares being sold by the Selling Shareholders are set out in section 5 (*Selling Shareholders*) below.

In addition, 3,504,000 Over-allotment Shares are being made available by Indigo pursuant to the Over-allotment Option described below.

Pursuant to the Global Offer, the Company expects to raise proceeds of approximately £102.8 million (€140.0 million), net of underwriting commissions and other estimated fees and expenses of approximately £7.3 million (€10.0 million). The Company will not receive any portion of the proceeds from the sale of the Sale Shares or Over-allotment Shares by the Selling Shareholders.

The Global Offer is being made by way of an offering of Offer Shares to qualified investors in certain EU Member States, including to institutional investors in the United Kingdom, and to certain other institutional investors outside the United States in compliance with Regulation S and to QIBs in the United States in reliance on Rule 144A.

Certain restrictions that apply to the distribution of this Prospectus and the Offer Shares being issued and sold under the Global Offer in jurisdictions outside the United Kingdom are described in section 11 (*Selling and transfer restrictions*) below.

The Global Offer is fully underwritten by the Underwriters in accordance with the terms of the Underwriting Agreement and is conditional on the satisfaction of the conditions set out therein, including Admission becoming effective by no later than 8.00 a.m. (London time) on 2 March 2015 or such later time and/or date as the Company and the Underwriters may agree.

When admitted to trading on the LSE, the Ordinary Shares will be registered with ISIN JE00BN574F90 and SEDOL number BN574F9 and will have the TIDM code WIZZ.

The Offer Shares will, following Admission, rank *pari passu* in all respects with the Ordinary Shares and will carry the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after Admission. The Offer Shares will, immediately following Admission, be freely transferable under the Articles.

Immediately following Admission, it is expected that approximately 45.9 per cent. of the Company's issued share capital will be held in public hands (within the meaning of Listing Rule 6.1.19R) assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to 48.8 per cent. if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

2. ALLOCATION AND PRICING

The rights attaching to the Ordinary Shares will be uniform and they will form a single class for all purposes. The Offer Shares have been underwritten, subject to certain conditions, by the Underwriters as described in section 8 (*Underwriting Agreement*) below and section 13.1 (*Underwriting Agreement and lock-up arrangements*) of Part XI: "*Additional Information*" of this Prospectus. Allocations under the Global Offer will be determined by the Company and Indigo following consultation with the Joint Global Co-ordinators. All Offer Shares will be issued or sold, payable in full, at the Offer Price.

There is no minimum or maximum number of Offer Shares which can be applied for.

Upon accepting any allocation, prospective investors will be contractually committed to acquiring the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or withdraw from, such commitment. Dealing may not begin before notification is made. A number of factors will be considered in determining the Offer Price and basis of allocation, including the level and nature of demand for Offer Shares and the objective of establishing an orderly after market in the Offer Shares.

All Ordinary Shares issued or sold pursuant to the Global Offer will be issued or sold payable in full at the Offer Price.

3. DEALING ARRANGEMENTS, SETTLEMENT

Application has been made to the FCA for the Ordinary Shares to be admitted to the premium segment of the Official List and to the LSE for such Ordinary Shares to be admitted to trading on the LSE's main market for listed securities.

It is expected that dealings in the Ordinary Shares will commence trading on the LSE on a conditional basis at 8.00 a.m. (London time) on 25 February 2015. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued basis" and at the risk of the parties concerned. If the Global Offer does not become unconditional, these dealings will be of no effect.

Admission is expected to take place and unconditional dealings in the Ordinary Shares on the LSE are expected to commence at 8.00 a.m. (London time) on 2 March 2015.

It is expected that Ordinary Shares allocated to investors in the Global Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST System. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if any investor so wishes.

It is intended that, if applicable, definitive share certificates in respect of the Global Offer will be distributed from 9 March 2015 or as soon thereafter as is practicable. No temporary documents of title will be issued. Dealings in advance of the crediting of the relevant CREST account shall be at the risk of the investor concerned.

Each investor will be required to undertake to pay the Offer Price for the Offer Shares issued or sold to such investor in such manner as shall be directed by the Joint Global Co-ordinators.

4. STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offer, the Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. Such stabilisation transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Ordinary Shares on the LSE and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Global Offer.

In connection with the Global Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Ordinary Shares up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the

Global Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Ordinary Shares effected by it during the stabilising period, Indigo has granted to the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may require Indigo to sell in aggregate up to 3,504,000 Over-allotment Shares (being up to a maximum of 15 per cent. of the total number of Ordinary Shares comprised in the Global Offer) at the Offer Price. The Over-allotment Option is exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Ordinary Shares on the LSE. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares, will be purchased on the same terms and conditions as the Ordinary Shares being issued or sold in the Global Offer and will form a single class for all purposes with the other Ordinary Shares.

Stock Lending Agreement

On 25 February 2015, the Stabilising Manager and Indigo Hungary and Indigo Maple Hill entered into a stock lending agreement in connection with settlement and stabilisation (the "**Stock Lending Agreement**"). Pursuant to the Stock Lending Agreement, the Stabilising Manager will be able to borrow up to a maximum of 15 per cent. of the total number of Offer Shares on Admission for the purposes, *inter alia*, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be required to return equivalent securities to Indigo Hungary and Indigo Maple Hill in accordance with the terms of the Stock Lending Agreement. Refer to the summary of the Stock Lending Agreement in section 13.2 (*Stock Lending Agreement*) of Part XI: "*Additional Information*" for further details.

5. SELLING SHAREHOLDERS

The following table sets forth the number of Ordinary Shares held and being sold by each of the Selling Shareholders.

Shareholder	Ordinary Shares owned prior to the Global Offer[(1)]	Ordinary Shares to be sold in the Global Offer	Ordinary Shares owned after the Global Offer assuming no exercise of the Over-allotment Option	Ordinary Shares to be sold if the Over-allotment Option is exercised in full	Ordinary Shares owned after the Global Offer if the Over-allotment Option is exercised in full
Ákos Bús	109,526	32,850	7,026	0	7,026
Andras Hajdu	62,545	62,545	0	0	0
András Sebök	157,250	45,250	112,000	0	112,000
Andrea Horváth	5,000	5,000	0	0	0
Antal Illes	143,313	43,313	100,000	0	100,000
Antal Pekk	134,750	38,500	0	0	0
Balazs Lendvai	29,180	6,000	23,180	0	23,180
Berent Wallendahl	854,592	300,000	554,592	0	554,592
Craig Davie	234,246	200,000	34,246	0	34,246
David Livingstone	112,796	12,796	100,000	0	100,000
David Morgan	25,000	7,500	0	0	0
DCII (Malta) Limited	5,405,406	4,324,325	1,081,081	0	1,081,081
Estate of Friso van Oranje	2,467,786	1,628,739	839,047	0	839,047
Eurohand Zrt.	2,162,208	200,000	1,962,208	0	1,962,208
F.E. DuBose & Co. LLC	2,349,507	1,200,000	1,149,507	0	1,149,507
G&S Trustees (Jersey) Limited	522,909	313,745	209,164	0	209,164
G&S Trustees Limited	522,909	156,873	366,036	0	366,036
Gábor Ozorai	107,225	35,500	9,000	0	9,000
Gabor Tiba	20,000	6,500	0	0	0
George Michalopoulos	20,000	6,000	0	0	0
Glatz és Tsa Kft.	500,240	200,000	300,240	0	300,240
György Abrán	344,563	100,000	244,563	0	244,563
György Mátyásfalvi	56,384	45,000	11,384	0	11,384
Heather Lawrence	29,000	15,000	14,000	0	14,000
Huw Williams	564,159	120,000	444,159	0	444,159
Indigo Hungary L.P.	64,055,462	0	7,864,811	2,690,023	5,174,788

Shareholder	Ordinary Shares owned prior to the Global Offer[1]	Ordinary Shares to be sold in the Global Offer	Ordinary Shares owned after the Global Offer assuming no exercise of the Over-allotment Option	Ordinary Shares to be sold if the Over-allotment Option is exercised in full	Ordinary Shares owned after the Global Offer if the Over-allotment Option is exercised in full
Indigo Maple Hill, L.P.	19,382,612	0	2,379,822	813,977	1,565,845
Iwona Sniady	5,000	5,000	0	0	0
Jacek Szkurlat	194,770	194,700	70	0	70
John Stephenson	693,194	116,944	480,000	0	480,000
John Tierney	41,083	31,083	10,000	0	10,000
József Újhelyi	366,503	90,913	210,000	0	210,000
Karolina Machura-Tiba	53,200	15,960	0	0	0
Knut Wiszniewski	25,333	6,333	19,000	0	19,000
Kranzi Enterprises Pte. Ltd.	2,452,484	1,000,000	1,452,484	0	1,452,484
Krzysztof Kaminski	10,000	10,000	0	0	0
Lajos Farkas	624,565	248,102	180,812	0	180,812
László Biro	189,300	100,000	89,300	0	89,300
Laszlo Wolf	378,769	280,000	98,769	0	98,769
Marc Weber	62,500	18,750	43,750	0	43,750
Marek Sobieski	1,372,858	823,715	549,143	0	549,143
Matt Jaume	86,629	86,629	0	0	0
Melinda Kecskés	144,440	30,000	114,440	0	114,440
Miklos Takacs	20,000	5,000	15,000	0	15,000
Natália Kázmér	187,728	30,500	157,228	0	157,228
Owain Jones	30,000	9,000	0	0	0
Philippe Lenoble	1,099,805	200,000	899,805	0	899,805
Process Solutions Kft.	150,767	100,000	50,767	0	50,767
Randolph Sesson, Jr.	33,333	11,111	22,222	0	22,222
Robert Stalmayer	144,440	20,000	124,440	0	124,440
Robert Wright	1,343,755	500,000	843,755	0	843,755
Roland Tischner	20,000	6,000	0	0	0
Stijn Vandermoere	20,000	6,000	0	0	0
Swing Management Kft.	1,107,761	95,000	1,012,761	0	1,012,761
Terry West	50,000	50,000	0	0	0
Tibor Papp	117,279	117,279	0	0	0
VAXCO Trust Limited Liability Company	342,673	342,673	0	0	0
Zsolt Csernak	159,827	61,900	77	0	77
Zsolt Kovács	119,700	34,000	5,000	0	5,000
Zsolt Nemeth	97,200	29,160	0	0	0

Note:

(1) Calculated on an as converted basis as at Admission and assuming full exercise of vested share options.

6. SETTLEMENT

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and to be transferred otherwise than by a written instrument. CREST is a voluntary system and holders of Offer Shares who wish to receive and retain share certificates will be able to do so. An investor applying for Offer Shares in the Global Offer may, however, elect to receive Offer Shares in uncertificated form if that investor is a member (as defined in the Companies (Uncertificated Securities) (Jersey) Order 1991 (as amended) (the "**Jersey CREST Order**")) in relation to CREST.

7. CONDITIONS

The Global Offer is conditional upon Admission becoming effective and the satisfaction of certain conditions contained in the Underwriting Agreement. See the summary of the Underwriting Agreement in section 13.1 (*Underwriting Agreement and lock-up arrangements*) of Part XI: "*Additional Information*" of this Prospectus for further details regarding these conditions.

8. UNDERWRITING AGREEMENT

On 25 February 2015, the Company, the Directors and the Selling Shareholders entered into the Underwriting Agreement with the Underwriters. Pursuant to the Underwriting Agreement, each Underwriter has severally agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers or purchasers for the Offer Shares and, subject to certain conditions, to the extent that the Underwriters fail to procure subscribers or purchasers for all or some of the Offer Shares, to subscribe for or purchase, as the case may be, these unplaced Offer Shares. All such subscriptions or purchases will be at the Offer Price.

The Underwriting Agreement contains provisions entitling the Joint Global Co-ordinators to terminate the Global Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Global Offer and these arrangements will lapse and any monies received in respect of the Global Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commissions in respect of the Offer Shares issued and/or sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions and fees received by the Underwriters may be retained, and any Offer Shares acquired by them may be retained or dealt in by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in section 13.1 (*Underwriting Agreement and lock-up arrangements*) of Part XI: "*Additional Information*" of this Prospectus.

9. LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement and certain other agreements, the Company, the Directors, the Selling Shareholders and certain other holders of Existing Ordinary Shares, options granted under the ESOP, Convertible Loans and/or Convertible Notes have agreed that, subject to certain exceptions, during the period of 180 days in the case of the Company, the Selling Shareholders (other than the Employee Selling Shareholders and certain other employees of the Group) and the Non-Executive Directors or 360 days in the case of the Executive Director, the Employee Selling Shareholders and certain other employees of the Group from the date of Admission, they will not, subject to customary exceptions, without the prior written consent of the Joint Global Co-ordinators, offer, sell or contract to sell, or otherwise transfer, lend or dispose of, directly or indirectly, any Ordinary Shares beneficially owned, held or otherwise controlled by them at Admission (or any interest therein) or enter into any transaction with the same economic consequences as any of the foregoing. Further details of these arrangements are set out in section 13.1 (*Underwriting Agreement and lock-up arrangements*) of Part XI: "*Additional Information*" of this Prospectus.

10. WITHDRAWAL RIGHTS

In the event that the Company is required to publish any supplementary prospectus, investors who have applied for Offer Shares shall have at least two clear business days following publication of the relevant supplementary prospectus within which to withdraw their offer to subscribe for Offer Shares in its entirety. The right to withdraw an application to subscribe for Offer Shares in these circumstances will be available to all investors in the Global Offer and may be effected by instantaneous electronic communication with the Company. If the application is not withdrawn within the time limits set out in the relevant supplementary prospectus, any offer to apply for Offer Shares will remain valid and binding.

11. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

11.1 *United States*

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any state regulatory authority of any state and are being: (a) sold within the United States only to persons

reasonably believed to be QIBs in reliance on Rule 144A and (b) offered and sold outside the United States in offshore transactions in compliance with Regulation S.

The Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Offer Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Global Offer, an offer, sale or transfer of Offer Shares within the United States by a dealer (whether or not it is participating in the Global Offer) may violate the registration requirements of the US Securities Act.

Due to the following restrictions, purchasers and subscribers of Offer Shares in the United States are advised to consult legal counsel prior to making any offer for the resale, pledge or other transfer of the Offer Shares.

Rule 144A Offer Shares

Each person who purchases or subscribes for the Offer Shares in reliance on Rule 144A who is located in the United States will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that (terms defined in Rule 144A shall have the same meanings when used in this section):

(a) it is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(b) it understands and agrees that the Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (1) (A) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S; (C) pursuant to an exemption from the registration requirements of the US Securities Act provided by Rule 144 thereunder (if available); or (D) pursuant to an effective registration statement under the US Securities Act and (2) in each case, in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;

(c) it is (i) a QIB; (ii) aware, and each beneficial owner of such Offer Shares has been advised, that the sale of Offer Shares to it may be made in reliance on Rule 144A; and (iii) acquiring such Offer Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set out herein;

(d) it acknowledges that the Offer Shares (whether in physical, certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and subject to restrictions on transfer, that the Offer Shares are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Offer Shares;

(e) the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED) (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, TERRITORY OR OTHER JURISDICTION

OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (B) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE, TERRITORY OR JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK UNLESS SUCH SHARES MAY BE RESOLD PURSUANT TO RULE 144(K). EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS."

(f) notwithstanding anything to the contrary in the foregoing, it understands that Offer Shares may not be deposited into an unrestricted depository receipt facility in respect of Offer Shares established or maintained by a depository bank unless and until such time as such Offer Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act;

(g) it agrees that it will give to each person to whom it transfers Offer Shares notice of any restrictions on transfer of such Offer Shares. Prospective investors are hereby notified that the Company and the sellers of the Offer Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided for by Rule 144A;

(h) if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(i) it understands that any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

(j) it acknowledges that the Company, the Joint Global Co-ordinators, the Selling Shareholders, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Regulation S Offer Shares

Each person who purchases or subscribes for Offer Shares outside the United States pursuant to Regulation S will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus, and such other information, as it deems necessary to make an investment

decision and that (terms defined in Regulation S shall have the same meanings when used in this section):

(a) it is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and are subject to restrictions on transfer;

(c) it is purchasing the Offer Shares in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S;

(d) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(e) it and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for such Offer Shares was originated and continues to be located outside the United States and has not purchased such Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Offer Shares or any economic interest therein to any person in the United States;

(f) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(g) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with the US Securities Act and all applicable securities laws of the states of the United States or any other jurisdictions;

(h) it agrees that it will give to each person to whom it transfers Offer Shares notice of any restrictions on transfer of such Offer Shares;

(i) if it is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(j) it understands that any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

(k) it acknowledges that the Company, the Global Co-ordinator, the Selling Shareholders, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Notice to New Hampshire Residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS

PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

11.2 ***European Economic Area***

In relation to each EU Member State which has implemented the Directive 2003/71/EC (and any amendment thereto) (the "**Prospectus Directive**"), an offer to the public of any Offer Shares may not be made in that relevant EU Member State, except if the Offer Shares are offered to the public in that relevant EU Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant EU Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the relevant EU Member State has implemented Directive 2010/73/EU 2010, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any of the Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters and the Company that it is a "qualified investor" within the meaning of the law in that relevant EU Member State which has implemented Article 2(1)(e) of the Prospectus Directive.

For the purposes of this section, the expression an "offer of Offer Shares to the public" in relation to any Offer Shares in any relevant EU Member State means the communication in any form and by any means of sufficient information of the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that EU Member State by any measure implementing the Prospectus Directive in that relevant EU Member State.

In the case of any Offer Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares subscribed for or acquired by it in the Global Offer have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a relevant EU Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Co-ordinators of such fact in writing may, with the consent of the Joint Global Co-ordinators, be permitted to subscribe for or purchase Offer Shares in the Global Offer.

11.3 ***Australia***

This Prospectus has not been, and will not be, lodged with the Australian Securities and Investments Commission as a disclosure document under Chapter 6D of the Australian Corporations Act 2001. This Prospectus does not purport to include the information required of a disclosure document under Chapter 6D of the Corporations Act. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares must

not be issued or distributed directly or indirectly in or into Australia, and no Offer Shares may be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least twelve months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act.

11.4 ***Canada***

The Offer Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The Offer Shares may not be offered or sold, directly or indirectly, in any province or territory of Canada or to or for the benefit of any resident of any province or territory of Canada, except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which the offer or sale is made and only by a dealer duly registered under applicable laws in circumstances where an exemption from applicable registered dealer registration requirements is not available.

The Offer Shares may not be offered or sold, directly or indirectly, within Canada to a resident of Canada, other than in compliance with applicable securities laws. Neither this Prospectus, nor any other offering material in connection with the Global Offer, will be distributed or delivered in Canada other than with the prior approval of the Joint Global Co-ordinators on a basis exempt from the requirement that the Company prepare and file a prospectus with the securities regulatory authorities in each province or territory in Canada where trades of Offer Shares are effected.

11.5 ***Japan***

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended). Accordingly, Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Japanese Financial Instruments and Exchange Act and any other applicable laws and regulations of Japan.

11.6 ***Switzerland***

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Offer Shares described herein. The Offer Shares may not be publicly offered (as such term is defined under the current practice of the Swiss Financial Markets Supervisory Authority), sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the Offering constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

PART VII

OPERATING AND FINANCIAL REVIEW

The following discussion of Wizz Air's financial condition and results of operations should be read in conjunction with the section entitled "Presentation of Information" and Part VIII: "Historical Financial Information" of this Prospectus and with the information relating to Wizz Air's business included elsewhere in this Prospectus. This discussion involves forward-looking statements that reflect the current view of management and involve risks and uncertainties. Wizz Air's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly the risk factors discussed in the section entitled "Risk Factors" of this Prospectus. Certain regulatory and industry issues also affect Wizz Air's results of operations and are described in Part I: "Information on the Group", Part IV: "Industry Overview" and Part V: "Regulation" of this Prospectus.

The financial information in this Part VII has been extracted or derived without adjustment from the audited historical financial information contained in Part VIII: "Historical Financial Information" of this Prospectus, save where otherwise stated. Investors should read the whole of this Prospectus and not just rely on summarised information.

1. OVERVIEW

1.1 *Background*

Wizz Air is a ULCC and the largest low-cost carrier in CEE on the basis of scheduled departing seat capacity recorded by Innovata for FY 2014 and H1 2015. Wizz Air provides low-cost air transportation services on scheduled short-haul and medium-haul point-to-point routes across Europe and into the Caucasus and the Middle East. Wizz Air was established in September 2003 and as at the date of this Prospectus operates from 18 bases in 10 CEE countries with flights to 91 destinations on approximately 300 routes in 33 countries. Wizz Air carried in excess of 15.8 million passengers on more than 100,000 flights in calendar year 2014 and as at 31 December 2014 had carried over 85 million passengers in total since the start of its operations on 19 May 2004. Wizz Air has grown significantly in recent years, with a CAGR in revenue of 21.8 per cent. from FY 2010 to FY 2014 and EBITDAR of 29.4 per cent. from FY 2010 to FY 2014, while Wizz Air's ex-fuel CASK has cumulatively reduced by 2.2 per cent. over the same period. Wizz Air's CASK and ex-fuel CASK are among the lowest of all publicly reporting European low-cost carriers, while Wizz Air's average ancillary revenue per passenger is among the highest of all publicly reporting European low-cost carriers.

Wizz Air has a strong focus on low costs as part of its organisational culture and ULCC business model. Key elements of Wizz Air's ULCC business model include its operation of a uniform and efficient modern fleet of narrow-body aircraft in a high-density (180 seats) all-economy seating layout, high aircraft utilisation, its point-to-point network operating mainly from less congested secondary airports that typically charge lower fees, high load factors, use of scalable outsourced services, consumer-direct distribution over the internet, high employee productivity and rigorous cost control. Wizz Air utilises its ULCC business model to offer customers consistently low ticket prices. The low ticket prices offered by Wizz Air help to stimulate demand in the markets it serves, creating new and more frequent travellers and allow Wizz Air to compete effectively in its markets by offering an attractive value proposition to customers.

Wizz Air has unbundled components of its air travel service that have traditionally been included in ticket prices, such as baggage, check-in options and seat and boarding allocation, and has allowed passengers to select and pay for the additional products and services they want to use by offering them as optional services for additional fees (which Wizz Air records as ancillary revenue). This unbundling strategy has allowed Wizz Air to significantly grow its ancillary revenue and total revenue in recent years, with the share of total revenue generated from ancillary revenue increasing from

25.9 per cent. in FY 2010 to 34.9 per cent. in FY 2014 and 32.9 per cent. in H1 2015. In LTM September 2014, Wizz Air had one of the highest average ancillary revenue per passenger of all publicly reporting European low-cost carriers. Wizz Air seeks to drive customer behaviour through its pricing strategy, with the aim of achieving cost savings and efficiencies in its operations.

The Group's total revenue was €766.1 million in FY 2012, €851.3 million in FY 2013 and €1,011.8 million in FY 2014 and €589.0 million (unaudited) in H1 2014 and €727.3 million in H1 2015. The Group's total revenue in LTM September 2014 was €1,150 million, comprised of €756 million of passenger ticket revenue and €395 million of ancillary revenue, a CAGR in total revenue of 22.3 per cent. from the twelve months ended 30 September 2010 to LTM September 2014. The Group recorded a net profit of €41.0 million in FY 2012, €29.3 million in FY 2013 and €87.7 million in FY 2014 and net profit of €109.5 million (unaudited) in H1 2014 and €158.1 million in H1 2015. The Group's EBITDAR Margins were 19.1 per cent. in FY 2012, 18.6 per cent. in FY 2013, 23.9 per cent. in FY 2014, 31.5 per cent. in H1 2014 and 35.0 per cent. in H1 2015, and its profit margins were 5.5 per cent., 3.4 per cent., 8.7 per cent., 18.6 per cent. and 21.7 per cent., respectively. For FY 2014 and H1 2015, Wizz Air's EBITDAR Margins were 23.9 per cent. and 35.0 per cent. and profit margins were 8.7 per cent. and 21.7 per cent., respectively. For LTM September 2014, Wizz Air's EBITDAR Margins were one of the highest amongst its main competitors. The Group had EBITDAR of €311 million in LTM September 2014 and EBITDAR and profit margins of 27.0 per cent. and 11.9 per cent., respectively, for that period. The Group's EBIT for LTM September 2014 was €151 million.

Wizz Air's financial year end date is 31 March. Wizz Air's financial statements have been prepared in accordance with IFRS, as adopted by the EU. The financial statements are presented in Euros which is the functional currency of all companies in the Group with the exception of Dnieper Aviation LLC and Wizz Air Ukraine for which the functional currency is the Ukrainian Hryvnia. Wizz Air's financial statements are prepared on the historical cost basis, except that certain financial assets and liabilities (including derivative financial instruments) are measured at their fair value.

1.2 ***Current trading and prospects***

In H1 2015, Wizz Air achieved a 23.5 per cent. increase in revenue compared to H1 2014, to €727.3 million, a 37.2 per cent. increase in EBITDAR to €254.8 million and a 44.5 per cent. increase in net profit to €158.1 million. Wizz Air reported an EBITDAR margin of 35.0 per cent. in H1 2015, a 350 basis point increase on H1 2014.

The progress made in H1 2015 continued into the third quarter of FY 2015. Revenue for 9M FY 2015 increased by 21.9 per cent. from 9M FY 2014 to €991.9 million (unaudited), driven by a 17.6 per cent. increase in passenger numbers for the period (to 12.7 million) and the opening of new bases and destinations. Strong demand over the Easter period and favourable macro-economic conditions (including a strong Euro) assisted in delivering performance ahead of expectations. EBITDAR increased by 38.1 per cent. from 9M FY 2014 to €304.8 million (unaudited) driven by further improvements in utilisation and a 240 basis point reduction in CASK. Wizz Air's EBITDAR and net income margins increased from 27.1 per cent. and 13.2 per cent., respectively, in 9M FY 2014 to 30.7 per cent. and 17.9 per cent., respectively, in 9M FY 2015.

The fourth quarter of FY 2015 is expected to be characterised by an increase in seat capacity of 20 per cent. and continued GDP growth in the CEE regions that is greater than levels in Western Europe. The Company expects a modest decline in unit revenue as lower fuel prices feed through and for the benefits of the lower oil prices to be partially offset by the strong US Dollar. The Company also anticipates infrastructure, capacity and maintenance costs pressures for its business.

The Board believes that the Company is well positioned for further growth.

The following table sets out certain unaudited capacity, operating and key financial data for Wizz Air for 9M FY 2014 and 9M FY 2015 and the percentage changes in those items:

	9M FY 2015 (unaudited)	Percentage Change	9M FY 2014 (unaudited)
Passenger ticket revenue (€'000)	654,421	22.4%	534,717
Ancillary revenue (€'000)	337,479	20.9%	279,235
Total revenue (€'000)	**991,900**	**21.9%**	**813,952**
Staff costs (€'000)	60,055	18.1%	50,851
Fuel costs (€'000)	313,385	12.5%	278,572
Distribution and marketing (€'000)	14,717	3.2%	14,257
Maintenance, materials and repairs (€'000)	48,403	28.4%	37,694
Aircraft rentals (€'000)	101,110	20.3%	84,072
Airport, handling and en-route Charges (€'000)	227,725	17.8%	193,321
Depreciation and amortisation (€'000)	27,786	54.6%	17,970
Other expenses (€'000)	22,865	23.1%	18,579
Total operating expenses (€'000)	**816,046**	**17.4%**	**695,316**
Operating profit (before exceptional items) (€'000)	**175,854**	**48.2%**	**118,636**
Operating profit margin (%)	17.7%	3.lppts	14.6%
Exceptional items (€'000)			–
Operating profit (€'000)	**175,854**	**48.2%**	**118,636**
Net financing costs (€'000)	8,209	nm	(8,347)
Profit before income tax (€'000)	**184,063**	**66.9%**	**110,289**
Income tax expense (€'000)	(6,177)	109.5%	(2,948)
Profit for the period (€'000)	**177,886**	**65.7%**	**107,341**
Adjustments (exclusions):			
Unrealised FX (gain)/loss: (€'000)	(10,499)		2,440
Time value of open hedge positions: (€'000)	(12,860)		–
Exceptional item (gain)/loss: (€'000)	2,474		–
Underlying net profit (€'000)	**157,001**	**43.0%**	**109,781**
EBITDAR (before exceptional items) (€'000)	**304,750**	**38.1%**	**220,678**
EBITDAR Margin (%)	30.7%		27.1%
Other key metrics			
Passengers (m)	12.7	17.6%	10.8
CASK (€ cents)	3.65	(2.4%)	3.74
CASK ex-ownership (€ cents)	3.08	(3.4%)	3.19
Unrestricted cash (€m)	320	110.5%	152

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

2. SIGNIFICANT FACTORS AFFECTING WIZZ AIR'S RESULTS OF OPERATIONS

Wizz Air's results of operations are driven by various factors that affect airlines and their markets, trends affecting the broader travel industry and trends affecting the specific markets and customer bases that Wizz Air targets. The following significant factors have during the periods under review affected Wizz Air's historical results of operations and the Directors expect that they will continue to do so. Certain risks and other factors which may affect Wizz Air's business are described in the section of this Prospectus entitled "*Risk Factors*".

2.1 *Aviation fuel prices*

Aviation fuel is a significant variable cost which has had a material impact on Wizz Air's results during the period under review and will continue to do so in the future. Fuel costs (including hedging impact and into-plane premium) were Wizz Air's largest single operating expense in each of FY 2012, FY 2013, FY 2014 and H1 2015, accounting for 39.8 per cent., 40.9 per cent., 40.0 per cent. and 39.4 per cent., respectively, of Wizz Air's total operating expenses (H1 2014: 40.6 per cent. (unaudited)). In FY 2014, Wizz Air used more than 448,000 metric tons of aviation fuel and this amount will increase as Wizz Air's fleet size increases. The table below sets out Wizz Air's aviation fuel unit price and usage for FY 2012, FY 2013 and FY 2014 and H1 2014 and H1 2015:

	FY 2012	FY 2013	FY 2014	H1 2014	H1 2015
Fuel price (USD per ton)[1]	1,087	1,107	1,069	1,059	1,050
Fuel consumption (tons)[2]	366,175	395,004	448,782	234,738	281,757

Source: Internal financial and operating reporting systems.

Notes:

(1) This is the average for Wizz Air for the relevant period, including hedging impact and into-plane premium.

(2) This is the total for Wizz Air for the relevant period.

The Company calculates that a US$100.00 per metric ton increase in the average price per metric ton of aviation fuel for the relevant period would have decreased Wizz Air's after-tax profits for FY 2012, FY 2013 and FY 2014 by €26.5 million, €29.9 million and €33.5 million, respectively, and for H1 2015 by €20.9 million (H1 2014: €17.8 million (unaudited)). A variety of external factors, such as the global economic and political environment, changes in supply and demand for oil and oil-related products, war, hostilities or civil unrest in oil-producing nations and the increasing role of speculators and funds in the futures markets have played their part in making fuel prices highly volatile and this directly impacts Wizz Air's financial performance. See the risk factor entitled "*The Group is exposed to risks associated with fluctuations in fuel prices*" in the section of this Prospectus entitled "*Risk Factors*".

Wizz Air incurs fuel costs in US Dollars. Fuel costs have remained relatively stable for the period under review, with the average for Wizz Air (including hedging impact and into-plane premium) being US$1,087 per ton in FY 2012, US$1,107 per ton in FY 2013, US$1,069 per ton in FY 2014 and US$1,050 per ton in H1 2015. Wizz Air actively hedges its fuel price exposure, as detailed further in section 6.3 (*Commodity price risks*) below.

Wizz Air is in the process of implementing a fuel saving programme which comprises 49 initiatives to save fuel. Consumption of fuel per block hour has continuously reduced on a year-on-year basis. On a fuel per block hour basis, consumption of fuel was 2,293 in FY 2012, 2,273 in FY 2013, 2,233 in FY 2014 and 2,234 in H1 2015 (H1 2014: 2,267).

2.2 *Competition*

The airline industry is highly competitive. The principal competitive factors are ticket pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, access to airports, code-sharing relationships and frequent flier programmes and redemption opportunities. Price competition occurs on a market by market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flier initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods in order to generate cash flow and maximise average revenue per passenger. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell.

By way of example, Wizz Air came under significant competitive pressure in Hungary and Poland in FY 2013. Wizz Air suffered significant yield pressure on its routes from Budapest and Warsaw Modlin in this period and the Company considers that its profitability for FY 2013 was significantly affected by the competition on these routes. As detailed further in Part IV: "*Industry Overview*" of this Prospectus, many national carriers and regional airlines in CEE have had to cease operating or been forced to restructure in recent years as a result of factors including the extended European economic slowdown, increasing fuel prices and, in the case of those carriers based within the EU, restrictions on state aid. While this creates significant opportunities for Wizz Air to gain additional market share in CEE, it can also create competitive pressures as other low-cost operators can move in to take up some of the capacity vacated by higher cost legacy and regional incumbent carriers in markets where Wizz Air operates.

2.3 ***Seasonal fluctuations***

Wizz Air's results of operations, like those of most other airlines in Europe, vary significantly from quarter to quarter within the financial year and are expected to continue to do so. Historically, Wizz Air has had higher passenger revenue during the summer season in comparison to the winter season (with the exception of the period around Christmas, the New Year and Easter) as this is the period during which many Europeans tend to take their annual holiday. Flight frequency typically peaks at approximately 3.6 weekly return flights per route in August and dips to a low of approximately 3.2 weekly return flights per route in February/March each year. Ticket prices tend to also be higher during peak periods. As the majority of Wizz Air's profits are generated in the summer season and the days around Christmas, the New Year and Easter, lower demand for air travel, flight cancellations and other factors that may adversely affect aircraft utilisation during these periods may have a disproportionately strong adverse effect on Wizz Air's business, financial condition and results of operations. See the risk factor entitled "*The airline industry is subject to seasonal fluctuations*" in the section of this Prospectus entitled "*Risk Factors*".

The tables below illustrate how Wizz Air's average revenue per seat varied from quarter to quarter during FY 2012, FY 2013 and FY 2014 and during H1 2014 and H1 2015:

	Average revenue per seat (€)	**Average revenue per seat as percentage of annual average (%)**
FY 2012:	**(unaudited)**	
First quarter	54.83	95.1
Second quarter	72.30	125.4
Third quarter	51.50	89.3
Fourth quarter	49.04	85.0
FY 2013:		
First quarter	56.74	96.0
Second quarter	71.81	121.5
Third quarter	53.98	91.4
Fourth quarter	50.70	85.8
FY 2014:		
First quarter	57.82	92.9
Second quarter	79.20	127.2
Third quarter	57.08	91.7
Fourth quarter	52.24	83.9

	Average revenue per seat (€)	**Average revenue per seat as percentage of annual average (%)**
H1 2014:	**(unaudited)**	
First quarter	57.82	83.7
Second quarter	79.20	114.6
H1 2015:		
First quarter	63.66	86.9
Second quarter	81.64	111.5

Source: Management accounts and internal financial reporting systems.

Heavy maintenance checks are typically performed in the off-peak winter season, from November to April when fewer aircraft are in use due to the decrease in passenger demand. Line maintenance or minor checks of aircraft occur throughout the year.

2.4 ***Ancillary revenue***

Wizz Air's strategy is to fully unbundle traditional flight services to each of its elements in order to offer customers very low ticket prices and a variety of add-on services for additional fees. Strong ancillary revenue generation is particularly important to Wizz Air as this revenue is typically associated with low marginal costs, resulting in higher profit margins. In addition, average ancillary revenue per passenger also tends to be less exposed to seasonal fluctuations and more stable than ticket prices which vary significantly throughout the year. The table below shows Wizz Air's growth in ancillary revenue, in total, on average per passenger and as a percentage of total revenue from FY 2012 to FY 2014 and from H1 2014 to H1 2015:

	Ancillary revenue (€ million)	**Average ancillary revenue per passenger (€)**	**Percentage of total revenue (%)**
		(unaudited)	
FY 2012	213.8	19.0	27.9
FY 2013	274.2	22.2	32.2
FY 2014	353.1	25.4	34.9
H1 2014 (unaudited)	197.9	26.3	33.6
H1 2015	239.4	27.1	32.9

Source: Management accounts and internal financial and operating reporting systems, apart from ancillary revenue and total revenue which are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Wizz Air plans to continue developing its ancillary products and expanding its service offering to meet the needs of the Group's customer base.

2.5 ***Fixed operating cost base***

Although Wizz Air employs an ultra low-cost business model, the airline industry is generally characterised by high fixed operating costs and low profit margins. Fixed operating costs relate predominantly to aircraft financing, head office expenses, part of crew salaries, depreciation and amortisation, insurance and the line and light element of maintenance representing in aggregate 25 per cent. of Wizz Air's total operating expenses for each of FY 2014 and H1 2015. Fixed costs increase in line with the growth of the Group's operations and increased capacity. As a result, changes in Wizz Air's operating expenses may not correspond, and historically have not corresponded, to changes in its revenue. See the risk factor entitled "*The airline industry is generally characterised by high fixed operating costs*" in the section of this Prospectus entitled "*Risk Factors*".

2.6 ***Foreign currency exposure and exchange rate effects***

Wizz Air reports its financial results in Euros. However, it transacts and holds assets and liabilities in currencies other than Euros. A significant proportion (approximately 49 per cent. in FY 2014 and 51 per cent. in H1 2015) of Wizz Air's costs are incurred in US Dollars, including aviation fuel, payments under aircraft leases, a significant part of maintenance payments and insurance.

Wizz Air has recorded significant assets and liabilities denominated in US Dollars. The pre-delivery payments to Airbus made in US Dollars give rise to a US Dollar denominated asset recognised at cost and classified as property, plant and equipment in the statement of financial position, partially offset by a US Dollar denominated liability when a loan is taken by Wizz Air to finance part of these pre-delivery payments. Wizz Air pays maintenance reserves to lessors as a form of security in relation to future required heavy maintenance on its leased aircraft, which payments are all made in US Dollars and are recorded as receivables in the Group's financial statements. Letters of credit are required to be held (with the relevant cash balances being recorded as restricted cash in the Group's financial statements) as a result of agreements with aircraft lessors and other business partners, a substantial part of which are in US Dollars. The Company calculates that a decrease of 0.05 Dollar cents in the

US Dollar to Euro exchange rate over the relevant period would have decreased the Group's after tax profits in FY 2012, FY 2013 and FY 2014 by €13.9 million, €15.5 million and €16.9 million, respectively, and for H1 2015 by €11.3 million (H1 2014: €7.7 million (unaudited)). Wizz Air actively hedges its Euro / US Dollar foreign currency exposure, as set out in more detail in section 6.3 (*Hedging activity*) below.

Wizz Air generates revenues in a number of currencies other than the Euro, most significantly the British Pound, the Polish Zloty, the Romanian Leu, the Hungarian Forint and the Ukrainian Hryvnia. Wizz Air does not currently hedge its currency risk in respect of revenue. If all or a substantial proportion of the 17 currencies in which Wizz Air records sales other than the Euro (which accounted in aggregate for approximately 71 per cent. of the Group's passenger revenue in FY 2014 and approximately 68 per cent. in H1 2015, with Euros accounting for approximately 29 per cent. and approximately 32 per cent., respectively) significantly depreciated against the Euro in the same period, Wizz Air's financial position would be adversely affected. However, given the diversity of those currencies and the split between Eastern Europe and Western Europe, the Company does not consider this to be a material risk. This currency risk is also limited as Wizz Air's flight ticket prices are updated on a regular basis to reflect the currency rate movements. In addition, once a ticket is sold, most of the non-Euro revenues are converted into Euro within a couple of days.

2.7 ***Extraneous events***

Both the historical and future results of Wizz Air's operational and financial performance are influenced by the effects of extraneous events over which Wizz Air has no control. Terrorist incidents or other major incidents involving aircraft may affect customers' willingness to fly. Epidemics, adverse weather conditions and other natural events can adversely affect Wizz Air's operations and financial performance, such as the ash cloud generated by the eruption of the Eyjafjallajökull volcano in Iceland and the floods across Poland also in FY 2011. In addition, major sporting and other events, such as the London Olympics and the UEFA European Championship in Poland and Ukraine in FY 2013, can negatively affect demand for Wizz Air's products and associated services as they deter travel. Recently, the Group's Ukrainian operations have been impacted by the deteriorating economic conditions and political upheaval in Ukraine, although this did not have a material impact on the Group's performance for FY 2014 and H1 2015. Please see the risk factor entitled "*The Group is exposed to deteriorating economic conditions, political upheaval and other risks in Ukraine*" in the section of this Prospectus entitled "*Risk Factors*".

2.8 ***General macro-economic conditions and drivers of air travel***

Wizz Air develops its route network for each particular country in response to general macro-economic conditions and other drivers of air travel, which can change over time. For example, as migration rates from Poland to the United Kingdom and Ireland have slowed since the economic recession of 2008/2009, Wizz Air has made more leisure market routes available from its Polish bases. Each of the markets in which Wizz Air operates will be subject to different drivers of air travel and, as travel reasons develop, Wizz Air utilises its flexible structure to evolve its network to meet the needs of that particular market.

2.9 ***Management of the Group's growth rate***

The Group has grown significantly since inception, and had a CAGR in passenger numbers of 14 per cent. from FY 2010 to FY 2014. Wizz Air intends to continue to grow its fleet to approximately 85 Airbus A320-family aircraft by December 2017. Typically, Wizz Air's best performing routes are its more mature routes that have been in operation for more than twelve months. Wizz Air's route network maturity has increased from an average capacity-weighted age of its routes as at 31 March 2012 of 53 months, to 57 months as at 31 March 2013, to 60 months as at 31 March 2014 and to 65 months as at 30 September 2014. New routes typically incur losses until they mature and therefore the rate of growth and investment in new routes may affect the short-term profitability of the Group.

3. REVENUE AND EXPENSES OVERVIEW

3.1 *Revenue*

Wizz Air's revenue comprises passenger ticket revenue and ancillary revenue. The table below shows the split between passenger ticket revenue and ancillary revenue on an absolute and also an average per passenger basis for FY 2012, FY 2013, FY 2014, H1 2014 and H1 2015.

	Passenger ticket revenue		Ancillary revenue	
	Total (€'000)	Average per passenger (€) (unaudited)	Total (€'000)	Average per passenger (€) (unaudited)
FY 2012	552,299	49.1	213,821	19.0
FY 2013	577,098	46.8	274,213	22.2
FY 2014	658,720	47.3	353,096	25.4
H1 2014 (unaudited)	391,098	52.0	197,909	26.3
H1 2015	487,928	55.2	239,372	27.1

Source: Management accounts and internal financial reporting systems, except for total passenger ticket revenue and total ancillary revenue, which are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Passenger ticket revenue

The majority of Wizz Air's revenue is derived from passenger ticket revenue, being the ticket prices paid by passengers. Passenger ticket revenue accounted for 72.1 per cent., 67.8 per cent. and 65.1 per cent. of Wizz Air's total revenue for FY 2012, FY 2013 and FY 2014, respectively, and 67.1 per cent. of Wizz Air's total revenue for H1 2015 (H1 2014: 66.4 per cent. (unaudited)).

Wizz Air recognises revenue from the sale of flight seats once the related flight departs net of government taxes. Government taxes are collected by Wizz Air on a per passenger basis on behalf of the applicable governmental agency or airport operator acting on behalf of the government agency. Once the related flight departs, Wizz Air records a liability in respect of such charges, which is relieved when payments are remitted to the applicable governmental agency or airport operator. Unearned revenue represents flight seats sold but not yet flown and is included in deferred income in Wizz Air's statement of financial position prior to the period when the flight departs. Wizz Air refunds ticket fares and fees only in limited circumstances in the case of death of an immediate family member of the passenger and up to 30 days prior to the flight's scheduled departure date, plus refunds that are required under Regulation (EC) 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, unless the passenger has purchased seat protection for an additional fee. Refunds made to passengers are recorded as reductions in revenue or deferred revenue, as appropriate, at the time when the refund is confirmed.

Ancillary revenue

In addition to passenger ticket revenue, Wizz Air generates ancillary revenue. Wizz Air's ancillary revenue is generated through:

(a) Travel-related features, such as checked-in baggage, large cabin baggage, oversized baggage, airport check-in and convenience-related services including extra legroom, seat allocation and priority boarding and security fast track, as well as the Wizz Premium services which offer customers a selection of products to purchase together at a discounted price and subscription fees for Wizz Discount Club and Wizz Privilege Pass.

(b) Booking-related fees, including the conversions between display and payment currencies, call centre fees which are currently €10 per passenger, the administration fee which is currently €8 per passenger per flight, fees related to changes in a passenger's booking and the Wizz Flex service which customers can purchase together with the flight ticket to get flexibility to change flights; and

(c) Products and services offered in partnership with third parties, including in respect of hotels, car rental, airport transfers, parking, travel insurance, co-branded credit cards, on-board retail sales and advertising.

Ancillary revenue accounted for 27.9 per cent., 32.2 per cent. and 34.9 per cent. of Wizz Air's total revenue for FY 2012, FY 2013 and FY 2014, respectively, and 32.9 per cent. of Wizz Air's total revenue for H1 2015 (H1 2014: 33.6 per cent. (unaudited)). Wizz Air's strategy is to continue to increase its ancillary revenue in the future.

From April 2013, Wizz Air removed all payment-related booking fees due to regulatory reasons and introduced a flat €7 per passenger per flight administration fee on all bookings, which was increased to €8 per passenger per flight in June 2014.

All travel-related fees and most booking-related fees (including the administration fee) are recognised when the related flight departs. Certain booking-related fees, including change fees and call centre fees, are recognised on a sold basis. Commissions are recognised as revenue on the date that the right to receive the consideration occurs, which is the date on which the underlying service was provided, generally when the related flight takes place. Annual subscription fees for the Wizz Discount Club and from Wizz Privilege Pass are recognised on a straight-line basis over the year to which the subscription relates. Wizz Air's revenue from co-branded credit cards is recognised when the initial payment is made upon the issuance of the cards and then upon each use of the cards which generates commission for Wizz Air. Revenue from Wizz Tours package bookings is split between (i) ticket revenue from the flight booking and (ii) ancillary revenue (commission) from the hotel part of the booking.

3.2 ***Operating expenses***

Wizz Air's operating expenses constitute staff costs, fuel costs, distribution and marketing, maintenance, materials and repairs, aircraft rentals, airport, handling, en-route charges, depreciation and amortisation and certain other costs. Wizz Tours has not had any material impact on Wizz Air's operating expenses in its initial period of operation in H1 2015, FY 2014 and FY 2013.

Staff costs

Wizz Air's staff costs comprise wages and salaries, other pension costs, social security costs and share-based payments to non-executive directors, crew and pilots (including rented pilots), administration and other staff (including specialist contractors). These costs represented 7.4 per cent., 7.0 per cent. and 7.6 per cent. of the total operating expenses of Wizz Air for FY 2012, FY 2013 and FY 2014, respectively and 6.9 per cent. for H1 2015 (H1 2014: 7.2 per cent. (unaudited)). Pilots and cabin crew receive a fixed monthly base salary (including all compulsory additions) and variable sector compensation that rewards crew members for each flown sector depending on the country and grade of the individual and, in the case of cabin crew only, on-board sales performance. Share-based payments relate to the ESOP operated by Wizz Air that allows certain employees to acquire Ordinary Shares and the DSP operated by Wizz Air for the benefit of non-executive directors which will not be active going forwards. The fair value of options and shares granted is recognised as an employee expense. Office staff receive a fixed monthly salary and officers and functional heads are also entitled to performance-based remuneration.

Fuel costs

Fuel costs include the cost of fuel used to operate the Wizz Air fleet and the costs of delivering fuel from suppliers to aircraft. These costs include EU ETS compliance costs, being the cost to Wizz Air of allowances that it is required to purchase under the scheme since the aviation industry came within the scope of the EU ETS in 2012, being €0.8 million, €1.2 million, €1.7 million in FY 2012, FY 2013 and FY 2014, respectively, and €2.3 million in H1 2015. These costs are influenced by the results of Wizz Air's fuel price and US Dollar / Euro hedging strategies. Fuel costs were Wizz Air's largest single operating expense in each of FY 2012, FY 2013, FY 2014 and H1 2015, accounting for 39.8 per cent., 40.9 per cent., 40.0 per cent. and 39.4 per cent., respectively, of Wizz Air's total operating expenses (H1 2014: 40.6 per cent. (unaudited)).

Distribution and marketing

The major components in Wizz Air's distribution expenses are reservation system costs, call centre costs and card acquiring fees. Wizz Air also incurs some external marketing expenses. Distribution and marketing expenses represented 1.8 per cent., 1.9 per cent. and 1.2 per cent. of the total operating expenses of Wizz Air for FY 2012, FY 2013 and FY 2014, respectively, and 1.9 per cent. for H1 2015 (H1 2014: 2.1 per cent. (unaudited)). In FY 2014, the Group recorded an exceptional item of a credit of €6.3 million against its distribution and marketing expenses; this related to a settlement from the credit card acquirer of a member of the Group relating to incorrectly calculated interchange fees for prior years. Excluding this item, distribution and marketing expenses represented 0.5 per cent. of the Group's operating expenses in FY 2014. Save where otherwise stated, in this Part VII (and elsewhere in this Prospectus), the following measures exclude the €6.3 million exceptional item relating to card acquiring described in section 3.2 below: CASK (and ex-fuel CASK), EBITDAR, EBIT, EBITDAR Margin and EBIT Margin.

Maintenance, materials and repairs

Wizz Air outsources all major maintenance functions to third parties, including maintenance planning, base and line maintenance and component maintenance (including engines). Wizz Air's maintenance, materials and repairs constituted 5.6 per cent., 4.5 per cent. and 5.4 per cent. of Wizz Air's total operating costs for FY 2012, FY 2013 and FY 2014, respectively, and 5.2 per cent. for H1 2015 (H1 2014: 5.2 per cent. (unaudited)).

There are five main categories of maintenance costs associated with fleet aircraft:

- Line maintenance costs: relating to small daily, weekly or monthly maintenance, as specified by standard work schedules, of fleet aircraft including all frequent safety checks, which take place during turnarounds and night stops.
- Component maintenance costs: relating to maintenance of parts and components which are removed from the aircraft and sent for repair.
- Cost of ad hoc maintenance: including any additional maintenance which is not included in the framework agreements for line maintenance.
- Heavy maintenance costs: which are incurred at the time of significant maintenance work, which is typically triggered by flight hours, flight cycle or age thresholds.
- Lease return costs: which are incurred when an aircraft is taken out of service and returned to the lessor, typically at the end of a term.

Other aircraft related maintenance costs are associated with third-party management services of management works and supporting functions. Maintenance costs directly expensed through the statement of comprehensive income do not represent the full cash cost to Wizz Air of maintaining its fleet of aircraft. In particular, this excludes heavy maintenance costs which are accounted for using the strict obligation methodology and capitalised and depreciated over the period that Wizz Air benefits from the asset as set out further in section 7.2 (*Aircraft heavy maintenance*) below. Other maintenance costs are expensed as incurred. Annual maintenance cost trends depend on the age and utilisation of each aircraft as well as the number of aircraft in the fleet. For example, the component maintenance cost element depends on the age of each particular aircraft, and there is a significant rate increase in this element when aircraft reach the fourth year of operation (due to expiry of manufacturer warranties).

Aircraft rentals

Aircraft rental costs comprise rental costs for aircraft pursuant to operating leases, the leasing costs of spare engines and short term aircraft hire costs. Wizz Air currently leases all of its fleet of 54 Airbus A320 aircraft. The fleet stood at 36 at 31 March 2012, 40 at 31 March 2013, 46 at 31 March 2014 and 54 as at 30 September 2014. All aircraft lease contracts to which Wizz Air is currently a party are

considered to be operating leases, where payments are considered as operating expenses and recognised in the statement of comprehensive income, rather than finance leases, where the lease is recognised on the statement of financial position as corresponding asset and liability. Payments made under operating leases are recognised by Wizz Air on a straight-line basis over the term of the lease. All of Wizz Air's aircraft rental costs are paid in US Dollars and therefore these costs are influenced by foreign exchange movements and the results of Wizz Air's US Dollar / Euro hedging strategy. Aircraft rental costs represented 11.7 per cent., 12.4 per cent. and 12.5 per cent. of Wizz Air's total operating expenses for FY 2012, FY 2013 and FY 2014, respectively, and 11.9 per cent. for H1 2015 (H1 2014: 11.9 per cent. (unaudited)).

Airport, handling and en-route charges

Wizz Air pays fees to the operators of the airports to and from which it flies, including landing charges, fees relating to use of the airport infrastructure and security charges, as well as charges paid to the providers of air traffic control services. Wizz Air also pays fees to ground handling companies for services including check-in and transportation of passengers, luggage handling and cabin services. En-route charges are tariffs imposed by most air-traffic control authorities in connection with the use of airspace based on distance flown and the maximum take-off weight of the aircraft and are non-negotiable. These charges are expensed when incurred. In aggregate, these charges represented 28.6 per cent., 28.1 per cent. and 27.8 per cent. of Wizz Air's total operating expenses for FY 2012, FY 2013 and FY 2014, respectively, and 28.1 per cent. for H1 2015 (H1 2014: 28.2 per cent. (unaudited)). Certain charges billed by airports that are classified by the Group as government tax (see section 3.1 above) are netted with revenues and therefore are not part of these figures.

Depreciation and amortisation

The major item in Wizz Air's depreciation and amortisation expense is the depreciation of heavy maintenance expenses capitalised and recognised as a tangible fixed asset, termed "aircraft maintenance assets", which are depreciated over the period that Wizz Air benefits from the asset. It also includes the depreciation of other items of property, plant and equipment, principally aircraft spares, fixtures and fittings and leasehold improvement on buildings and amortisation of certain intangible assets, including software licences and website development. Wizz Air leases all of its aircraft and therefore does not incur depreciation expense relating to its aircraft. Should Wizz Air purchase aircraft in the future, it may incur a significant increase in its depreciation expense.

Depreciation and amortisation expenses accounted for 2.4 per cent., 2.4 per cent. and 2.8 per cent. of Wizz Air's total operating expenses for FY 2012, FY 2013 and FY 2014, respectively, and 3.9 per cent. for H1 2015 (H1 2014: 2.4 per cent. (unaudited)).

Other expenses

Other costs include premiums on insurance policies, flight cancellation and delay-related costs, professional advisory fees, office space, utilities, short term hire expenses, software licence fees, information technology and communication expenses, expenses for providing crew with uniforms, meals and medical checks, personnel training and recruitment expenses and other contracted services. Such other expenses represented 2.8 per cent., 2.9 per cent. and 2.8 per cent. of Wizz Air's total operating expenses for FY 2012, FY 2013 and FY 2014, respectively, and 2.6 per cent. for H1 2015 (H1 2014: 2.5 per cent. (unaudited)).

3.3 ***Financial income and expenses***

Financial income comprises interest income, including interest on financial instruments and the effect of the unwinding of previous discounting of long-term deposits. In FY 2012, FY 2013, FY 2014 and H1 2015, Wizz Air recorded interest income of €2.1 million, €0.8 million, €0.4 million and €0.2 million, respectively (H1 2014: €0.2 million (unaudited)) and net foreign exchange gain of €2.7 million, €1.9 million, €nil and €4.0 million, respectively (H1 2014: €nil (unaudited)).

Financial expenses comprise interest expense, including Swiss withholding tax on the interest accrued on Convertible Loans, finance lease interest charges and the initial discounting of long-term deposits. In FY 2012, FY 2013, FY 2014 and H1 2015, Wizz Air recorded interest expense of €7.1 million, €7.0 million, €7.8 million and €6.0 million, respectively (H1 2014: €4.0 million (unaudited)). Of the Convertible Loans and Convertible Notes interest expense of €5.5 million (out of a total interest expense of €6.0 million) in H1 2015, €2.5 million was a one-off charge arising as a result of recalculating the fair value of these debt instruments due to their extension in August 2014.

Foreign exchange gains and losses comprise various currency exchange and translation impacts primarily arising on the matching of transactions, on the revaluation of monetary assets and liabilities and on consolidation of certain subsidiaries of the Group. In FY 2014 and H1 2014, respectively, Wizz Air recorded a net foreign exchange loss of €7.0 million and €1.9 million (unaudited). In FY 2012, FY 2013 and H1 2015, respectively, Wizz Air recorded a net foreign exchange gain of €2.7 million, €1.9 million and €4.0 million.

	FY 2012	FY 2013	FY 2014	H1 2014 (unaudited)	H1 2015
			(€'000)		
Interest income	2,128	805	381	234	157
Interest expense	(7,115)	(6,960)	(7,770)	(4,005)	(5,976)
Net foreign exchange gain	2,701	1,862	–	–	3,953
Net foreign exchange loss	–	–	(7,033)	(1,924)	–
Net financing costs	**(2,286)**	**(4,293)**	**(14,422)**	**(5,695)**	**(1,866)**

3.4 ***Income tax expense***

Taxation on the profit and loss for a particular year comprises current and deferred income tax. Wizz Air recognises income tax in its statement of comprehensive income, except that if it were to relate to an item recognised directly in equity then it would be recognised in equity in its statement of financial position. Current tax is the expected tax payable on the taxable income for the relevant financial year, using tax rates enacted as at the relevant accounting period end date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that sufficient future taxable profits will be available against which the asset can be utilised.

As shown by the table below, Wizz Air had total tax charges of €0.9 million (made up of other income based taxes of €0.3 million and deferred tax of €0.6 million), €4.4 million (made up of current year corporate tax of €1.0 million, other income based taxes of €2.5 million and deferred tax of €1.0 million) and €7.6 million (made up of current year corporate tax of €3.4 million, other income based taxes of €4.0 million and deferred tax of €0.3 million) in FY 2012, FY 2013 and FY 2014, respectively, and €5.8 million (made up of current year corporate tax of €2.4 million, other income based taxes of €3.0 million and deferred tax of €0.4 million) in H1 2015 (H1 2014: €3.4 million (unaudited)). Other income based taxes were an "innovation contribution" and "local business tax" payable by Wizz Air's principal operating subsidiary, Wizz Air Hungary Kft, in Hungary, except in FY 2012 when only the innovation contribution was payable.

	FY 2012	FY 2013	FY 2014	H1 2014 (unaudited)	H1 2015
			(€'000)		
Current year corporate tax	9	1,030	3,356	4,458	2,444
Other income based taxes	318	2,453	3,976	2,157	2,952
Deferred tax	591	956	316	(3,171)	448
Total tax charge	**918**	**4,439**	**7,648**	**3,444**	**5,844**

3.5 ***Other comprehensive income or expense***

Other comprehensive income or expense comprises net movements in cash flow hedging reserve, net of tax (being the change in the mark-to-market value of the open portion of the applicable hedging positions as at the relevant accounting period end dates) and currency translation differences due to

the consolidation of Wizz Air Ukraine whose functional currency is the Ukrainian Hryvnia. Other comprehensive income or expense increased Wizz Air's profits for FY 2012 by €3.1 million, decreased Wizz Air's profits for FY 2013 by €8.2 million, increased Wizz Air's profits for FY 2014 by €0.8 million and increased Wizz Air's profits for H1 2015 by €9.9 million (H1 2014: €5.9 million decrease (unaudited)).

4. RESULTS OF OPERATIONS

4.1 *Comparison of results for H1 2015 and H1 2014*

The following table sets out changes in certain of Wizz Air's income statement items for H1 2015 and H1 2014 and the percentage changes in those items:

	H1 2015		H1 2014 (unaudited)
	Total (€'000)	Percentage change	Total (€'000)
Total revenue	727,300	23.5%	589,007
Total operating expenses	(561,453)	19.4%	(470,411)
Operating profit	165,847	39.8%	118,596
Net financing costs	(1,866)	(67.2)%	(5,695)
Profit before income tax	163,981	45.2%	112,901
Income tax expense	(5,844)	69.7%	(3,444)
Profit for the period	158,137	44.5%	109,457
Other comprehensive income/(expense) for the period, net of tax	9,926	–	(5,919)
Total comprehensive income for the period	168,063	62.3%	103,538

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The following table sets out certain unaudited capacity and operating data for Wizz Air for H1 2015 and H1 2014 and the percentage changes in those items:

	H1 2015	Percentage change	H1 2014
CAPACITY			
Number of aircraft at end of period	54	20.0%	45
Equivalent aircraft	50.9	16.4%	43.7
Utilisation	13.5	4.6%	13.0
Total block hours	126,110	21.8%	103,564
Total flight hours	109,432	22.0%	89,684
Revenue departures	55,168	16.5%	47,356
Average departures per day per aircraft	5.91	(0.1)%	5.92
Seat capacity	9,930,240	16.5%	8,524,080
Average aircraft stage length (km)	1,552	4.9%	1,480
Total ASKs ('000 km)	15,410,040	22.1%	12,616,057
OPERATING DATA			
RPKs ('000 km)	13,686,267	22.7%	11,150,631
Load factor	89.1%	0.8%	88.3%
Number of passenger segments	8,845,825	17.6%	7,525,093
Fuel price (average) (US$ per ton) (including hedging impact and into-plane premium)	1,050	(0.9)%	1,059
Foreign exchange rate (average) (US$ / €) (including hedging impact)	1.35	3.0%	1.31

Source: Management accounts and internal financial and operating reporting systems.

The following table sets out key financial data for Wizz Air for H1 2015 and H1 2014 and the percentage changes in those items:

	H1 2015	Percentage change	H1 2014
		(unaudited)	
Yield (€ cents)	5.31	0.6%	5.28
Average revenue per seat (€)	73.24	6.0%	69.10
Average revenue per passenger (€)	82.22	5.0%	78.27
RASK (€ cents)	4.72	1.1%	4.67
CASK (€ cents)	3.64	(2.3)%	3.73
Ex-fuel CASK (€ cents)	2.21	(0.4)%	2.22
Passenger ticket revenue (€'000)	487,928	24.8%	391,098
Ancillary revenue (€'000)	239,372	21.0%	197,909
Total revenue (€'000)	727,300	23.5%	589,007
Total operating expenses (€'000)	561,453	19.4%	470,411
EBITDAR (€'000)	254,816	37.2%	185,674
EBIT (€'000)	165,846	39.8%	118,596
EBITDAR Margin	35.0%	3.5%	31.5%
EBIT Margin	22.8%	2.7%	20.1%
Profit margin (profit after tax divided by revenue)	21.7%	3.1%	18.6%

Source: All measures in the table above, excluding passenger ticket revenue, ancillary revenue, total revenue and total operating expenses, are extracted from management accounts and internal financial and operating reporting systems and are unaudited. Passenger ticket revenue, ancillary revenue, total revenue and total operating expenses are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Wizz Air defines EBITDAR as profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals. Wizz Air defines EBIT as profit (or loss) before net financing costs (or gain) and income tax expense (or credit). Wizz Air calculates EBITDAR Margin and EBIT Margin as EBITDAR and EBIT, respectively, for the relevant period divided by the Group's revenue for the same period. EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are not defined by or presented in accordance with IFRS and should not be considered as alternatives to profit after tax from continuing operations (as determined in accordance with IFRS), cash flows from operating, investing or financing activities (as determined in accordance with IFRS) or as a measure of Wizz Air's ability to meet its cash needs or any other measure of performance under IFRS. See the paragraph entitled "*Non-IFRS measures*" in the section of this Prospectus entitled "*Presentation of Information*" for details of the limitations of these measures.

A reconciliation of profit for H1 2015 and H1 2014 to EBITDAR and EBIT is set out below:

	H1 2015	H1 2014
	(€'000)	
Profit for the period	158,137	109,457
– Net financing costs	1,866	5,695
– Taxation	5,844	3,444
– Depreciation and amortisation	22,003	11,217
– Aircraft rental costs	66,966	55,861
EBITDAR	254,816	185,674

	H1 2015	H1 2014
	(€'000)	
Profit for the period	158,137	109,457
– Net financing costs	1,866	5,695
– Taxation	5,844	3,444
EBIT	165,847	118,596

Revenue

The following table sets out an overview of Wizz Air's revenue items for H1 2015 and H1 2014 and the percentage change in those items:

	H1 2015			H1 2014 (unaudited)	
	Total (€'000)	Percentage of total revenue	Percentage change	Percentage of total revenue	Total (€'000)
Passenger ticket revenue	487,928	67.1%	24.8%	66.4%	391,098
Ancillary revenue	239,372	32.9%	21.0%	33.6%	197,909
Total revenue	**727,300**	**100.0%**	**23.5%**	**100.0%**	**589,007**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The increase in total revenue in H1 2015 compared to H1 2014 was principally due to a 22.1 per cent. increase in ASKs and 1.1 per cent. growth in RASK. Passenger ticket revenue increased by 24.8 per cent. to €487.9 million in H1 2015 from €391.1 million (unaudited) in H1 2014 and ancillary revenue increased by 20.1 per cent. to €239.4 million in H1 2015 from €197.9 million (unaudited) in H1 2014.

Average revenue per passenger increased from €78.3 in H1 2014 to €82.2 in H1 2015, an increase of 5.0 per cent. Average passenger ticket revenue per passenger increased from €52.0 in H1 2014 to €55.2 in H1 2015, an increase of 6.1 per cent., while average ancillary revenue per passenger also increased from €26.3 in H1 2014 to €27.1 in H1 2015, an increase of 2.9 per cent. This increase in average revenue per passenger was due to:

- The significant increase in average passenger ticket revenue per passenger in H1 2015 compared to H1 2014, which was the result of: (a) the increasing maturity of Wizz Air's route network (the average capacity-weighted age of Wizz Air's routes increased from 56 months as at 30 September 2013 to 65 months as at 30 September 2014) and (b) higher passenger demand in H1 2015 than in H1 2014.
- An increase in average ancillary revenue per passenger due to the increase in convenience services (including Wizz Discount Club membership fees, multi-currency pricing and charge fees) and partner unit revenues by ten per cent. in H1 2015 compared to H1 2014, while baggage and administration fees increased by a lower percentage.

Operating expenses

Total operating expenses increased by 19.4 per cent. to €561.5 million in H1 2015 from €470.4 million in H1 2014. CASK decreased by 2.3 per cent. to 3.64 Euro cents in H1 2015 from 3.7 Euro cents in H1 2014. This reduction in CASK was principally driven by a reduction in average fuel price and management of airport fees. Ex-fuel CASK decreased by 0.4 per cent. to 2.21 Euro cents in H1 2015 from 2.22 Euro cents in H1 2014.

The following table sets out Wizz Air's operating expenses for H1 2015 and H1 2014 and the percentage changes in those items:

	H1 2015			H1 2014 (unaudited)	
	Total (€'000)	Percentage of total operating expenses	Percentage change	Percentage of total operating expenses	Total (€'000)
Staff costs	38,809	6.9%	13.9%	7.2%	34,079
Fuel costs	221,195	39.4%	15.9%	40.6%	190,830
Distribution and marketing	10,835	1.9%	12.0%	2.1%	9,677
Maintenance, materials and repairs	29,131	5.2%	19.9%	5.2%	24,294
Aircraft rentals	66,966	11.9%	19.9%	11.9%	55,861
Airport, handling, en-route charges	157,811	28.1%	19.0%	28.2%	132,563
Depreciation and amortisation	22,003	3.9%	96.2%	2.4%	11,217
Other	14,703	2.6%	23.7%	2.5%	11,890
Total operating expenses	**561,453**	**100.0%**	**19.4%**	**100.0%**	**470,411**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

Staff costs increased by 13.9 per cent. to €38.8 million in H1 2015 from €34.1 million (unaudited) in H1 2014. The increase in overall staff costs reflected a 21.8 per cent. increase in aircraft block hours, which was partially offset by efficiency in crew and overhead headcount.

Fuel costs increased by 15.9 per cent. to €221.2 million in H1 2015, from €190.8 million (unaudited) in H1 2014. This increase was largely due to a 21.8 per cent. increase in block hours, a 3.0 per cent. appreciation of the Euro against the US Dollar and a 1.4 per cent. reduction in fuel consumption per block hour. The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in H1 2015 was US$1,050 per ton, a decrease of 0.9 per cent. from the average of US$1,059 per ton in H1 2014. The recent fall in fuel prices did not have a material impact on Wizz Air's results of operations for this period.

Distribution and marketing costs increased by 12.0 per cent. to €10.8 million in H1 2015 from €9.7 million (unaudited) in H1 2014, primarily due to unit cost improvement in various cost categories.

Maintenance materials and repair costs increased by 19.9 per cent. to €29.1 million in H1 2015 from €24.3 million (unaudited) in H1 2014. These cost movements are as a result of the increase in the overall size of the fleet which impacts the average age of the fleet for daily line and light maintenance and the number of aircraft due for heavy maintenance which was 24 in both H1 2014 and H1 2015.

Aircraft rental costs increased by 19.9 per cent. to €67.0 million in H1 2015, from €55.9 million (unaudited) in H1 2014. This increase was largely due to an increase in equivalent aircraft of 16.4 per cent. and an increasing average aircraft lease rate resulting from older aircraft being retired from the fleet and new, more expensive aircraft being added to the fleet, partially offset by the appreciation of the Euro against the US Dollar.

Airport, handling, en-route charges increased by 19.0 per cent. to €157.8 million in H1 2015 from €132.6 million (unaudited) in H1 2014 (comprised of €91.2 million of airport and handling fees and €66.7 million of en-route and navigation charges in H1 2015 and €76.7 million (unaudited) of airport and handling fees and €55.8 million (unaudited) of en-route and navigation charges in H1 2014), primarily due to an increase in flights of 16.5 per cent., an increase in passengers of 17.6 per cent. and an increase in stage length of 4.9 per cent.

Depreciation and amortisation charges increased by 96.2 per cent. to €22.0 million in H1 2015, from €11.2 million (unaudited) in H1 2014, primarily as a result of a rising number of engine shop visits and scheduled base maintenance events that trigger depreciation. In addition, there were more aircraft re-delivery events that resulted in additional depreciation costs in H1 2015 compared to H1 2014.

Other expenses increased by 23.7 per cent. to €14.7 million in H1 2015 from €11.9 million (unaudited) in H1 2014. This increase was primarily as a result of an increase in non-salary related overhead and crew costs and flight cancellation costs, which were partially offset by lower insurance costs.

Operating profit

As a result of the foregoing factors, Wizz Air had an operating profit of €165.8 million in H1 2015, a 39.8 per cent. increase from the operating profit of €118.6 million (unaudited) in H1 2014.

Net financing costs

Wizz Air's net financing costs decreased from €5.7 million (unaudited) in H1 2014 to €1.9 million in H1 2015. This decrease was due to Wizz Air incurring a net foreign exchange gain of €4.0 million in H1 2015 due primarily to the appreciation of the US Dollar against the Euro by the end of the accounting period, compared to a net foreign exchange loss of €1.9 million (unaudited) in H1 2014. This impact was partially offset by an increase in interest expenses, driven primarily by a €2.5 million one-off charge arising as a result of recalculating the fair value of Convertible Loans and Convertible Notes due to their extension in August 2014.

Taxation

Wizz Air recorded a taxation charge of €5.8 million in H1 2015, compared to a taxation charge of €3.4 million in H1 2014. This increase was primarily due to the increasing profitability of the Group. In H1 2015 and H1 2014, the Company had a tax rate of 7.8 per cent. in Switzerland, where it was tax resident. The effective tax rate for the Group was 3.6 per cent. in H1 2015 and 3.1 per cent. in H1 2014.

Profit for the period

As a result of the foregoing factors, Wizz Air generated a profit for H1 2015 of €158.1 million, a 44.5 per cent. increase from the profit of €109.5 million (unaudited) in H1 2014.

Total comprehensive income for the period

Net movements in cash flow hedging reserve, net of tax for Wizz Air in H1 2015 resulted in a gain of €8.0 million, compared to a loss of €7.1 million (unaudited) in H1 2014, as a result of the changes in mark-to-market value of the open positions as at the relevant accounting period end dates. Currency translation differences amounted to a gain of €2.0 million in H1 2015 and a gain of €1.2 million (unaudited) in H1 2014, resulting from the devaluation of the Ukrainian Hryvnia against the Euro in both periods. This resulted in other comprehensive income of €9.9 million in H1 2015 and other comprehensive expense of €5.9 million (unaudited) in H1 2014, respectively, adjusting the total comprehensive income for the respective years to €168.1 million and €103.5 million.

4.2 ***Comparison of results for FY 2014 and 2013***

The following table sets out changes in certain of Wizz Air's statement of comprehensive income items for FY 2014 and FY 2013 and the percentage changes in those items:

	FY 2014	Percentage change	FY 2013
	Total (€'000)		Total (€'000)
Total revenue	1,011,816	18.9%	851,311
Total operating expenses	(902,032)	10.9%	(813,321)
Operating profit	109,784	189.0%	37,990
Operating profit excluding exceptional item	103,528	172.5%	37,990
Net financing costs	(14,422)	235.5%	(4,293)
Profit before income tax	95,362	183.0%	33,697
Income tax expense	(7,648)	72.3%	(4,439)
Profit for the year	87,714	199.8%	29,258
Other comprehensive income/(expense) for the year, net of tax	882	110.8%	(8,192)
Total comprehensive income for the year	88,596	320.6%	21,066

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The following table sets out certain unaudited capacity and operating data for Wizz Air for FY 2014 and FY 2013 and the percentage changes in those items:

	FY 2014	Percentage change	FY 2013
CAPACITY			
Number of aircraft at end of period	46	15.0%	40
Equivalent aircraft	44.4	13.7%	39.1
Utilisation	12.39	1.7%	12.18
Total block hours	200,991	15.6%	173,815
Total flight hours	174,515	16.3%	150,076
Revenue departures	90,293	12.8%	80,059
Average departures per day per aircraft	5.57	(0.8)%	5.61
Seat capacity	16,252,560	12.8%	14,410,620
Average aircraft stage length (km)	1,500	3.0%	1,456
Total ASKs ('000 km)	24,385,031	16.2%	20,985,751
OPERATING DATA			
RPKs ('000 km)	20,867,032	15.8%	18,017,150
Load factor	85.7%	0.2%	85.6
Number of passenger segments	13,926,541	13.0%	12,328,491
Fuel price (average) (US$ per ton) (including hedging impact and into-plane premium)	1,069	(3.4)%	1,107
Foreign exchange rate (average) (US$/€) (including hedging impact)	1.34	1.0%	1.32

Source: Management accounts and internal financial and operating reporting systems.

The following table sets out key financial data for Wizz Air for FY 2014 and FY 2013 and the percentage changes in those items:

	FY 2014	Percentage change	FY 2013
Yield (€ cents)	4.85	2.6%	4.73
Average revenue per seat (€)	62.26	5.4%	59.08
Average revenue per passenger	72.65	5.2%	69.05
RASK (€ cents)	4.15	2.3%	4.06
CASK (including exceptional item) (€ cents)	3.70	(4.6%)	3.88
CASK (excluding exceptional item) (€ cents)	3.72	(3.9%)	3.88
Ex-fuel CASK (including exceptional item) (€ cents)	2.22	(3.1%)	2.29
Ex-fuel CASK (excluding exceptional item) (€ cents)	2.25	(2.0%)	2.29
Passenger ticket revenue (€'000)	658,720	14.1%	577,098
Ancillary revenue (€'000)	353,096	28.8%	274,213
Total revenue (€'000)	1,011,816	18.9%	851,311
Total operating expenses (including exceptional item) (€'000)	(902,032)	10.9%	(813,321)
Total operating expenses (excluding exceptional item) (€'000)	(908,288)	11.7%	(813,321)
EBITDAR (including exceptional item) (%)	247,632	56.6%	158,085
EBITDAR (excluding exceptional item) (€'000)	241,376	52.7%	158,085
EBIT (including exceptional item) (€ cents)	109,784	189.0%	37,990
EBIT (excluding exceptional item) (€'000)	103,528	172.5%	37,990
EBITDAR Margin (including exceptional item) (%)	24.5	5.9%	18.6
EBITDAR Margin (excluding exceptional item) (%)	23.9	5.3%	18.6
EBIT Margin (including exceptional item) (%)	10.9	6.4%	4.5
EBIT Margin (excluding exceptional item) (%)	10.2	5.7%	4.5
Profit margin (profit after tax divided by revenue) (%)	8.7	5.3%	3.4

Source: All measures in the table above, excluding passenger ticket revenue, ancillary revenue, total revenue and total operating expenses, are extracted from management accounts and internal financial and operating reporting systems and are unaudited. Passenger ticket revenue, ancillary revenue, total revenue and total operating expenses are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Wizz Air defines EBITDAR as profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals. Wizz Air defines EBIT as profit (or loss) before net financing costs (or gain) and income tax expense (or credit). Wizz Air calculates EBITDAR Margin and EBIT Margin as EBITDAR and EBIT, respectively, for the relevant period divided by the Group's revenue for the same period. EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are not defined by or presented in accordance with IFRS and should not be considered as alternatives to profit after tax from continuing operations (as determined in accordance with IFRS), cash flows from operating, investing or financing activities (as determined in accordance with IFRS) or as a measure

of Wizz Air's ability to meet its cash needs or any other measure of performance under IFRS. See the paragraph entitled "*Non-IFRS measures*" in the section of this Prospectus entitled "*Presentation of Information*" for details of the limitations of these measures.

A reconciliation of profit for FY 2014 and FY 2013 to EBITDAR and EBIT is set out below:

	FY 2014	FY 2013
	(€'000)	
Profit for the period	87,714	29,258
– Net financing costs	14,422	4,293
– Taxation	7,648	4,439
– Depreciation and amortisation	25,386	19,130
– Aircraft rental costs	112,462	100,965
EBITDAR (including exceptional item)	247,632	158,085

	FY 2014	FY 2013
	(€'000)	
– Exceptional item	(6,256)	–
EBITDAR (excluding exceptional item)	241,376	158,085
Profit for the period	87,714	29,258
– Net financing costs	14,422	4,293
– Taxation	7,648	4,439
EBIT (including exceptional item)	109,784	37,990
– Exceptional item	(6,256)	–
EBIT (excluding exceptional item)	103,528	37,990

Revenue

The following table sets out an overview of Wizz Air's revenue items for FY 2014 and FY 2013 and the percentage change in those items:

	FY 2014			FY 2013	
	Total (€'000)	Percentage of total revenue	Percentage change	Percentage of total revenue	Total (€'000)
Passenger ticket revenue	658,720	65.1%	14.1%	67.8%	577,098
Ancillary revenue	353,096	34.9%	28.8%	32.2%	274,213
Total revenue	**1,011,816**	**100%**	**18.9%**	**100%**	**851,311**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The increase in total revenue in FY 2014 compared to FY 2013 was principally due to an increase of 16.2 per cent. in total ASKs, an increase of 13.0 per cent. in total passenger segments, a 2.6 per cent. increase in yield and the increase in ancillary revenue per passenger referred to below. Passenger ticket revenue increased by 14.1 per cent. to €658.7 million in FY 2014 from €577.1 million in FY 2013 and ancillary revenue increased by 28.8 per cent. to €353.1 million in FY 2014 from €274.2 million in FY 2013.

Average revenue per passenger increased from €69.1 in FY 2013 to €72.7 in FY 2014. Average passenger ticket revenue per passenger increased slightly from €46.8 in FY 2013 to €47.3 in FY 2014, while average ancillary revenue per passenger increased from €22.2 in FY 2013 to €25.4 in FY 2014. This increase in average revenue per passenger was driven by a combination of the following factors:

- The introduction of new ancillary revenue initiatives during FY 2014, including the launch of Wizz Privilege Pass providing free priority boarding and a large cabin bag for one year for a flat fee, the introduction of an optional flight information fee for providing up-to-date flight information, the extension of airport comfort services such as use of airport lounges and security fast check, the launch of Wizz Tours and the imposition of the flat €7 per passenger per flight administration fee on all bookings (in FY 2013 a small proportion of bookings were still exempted from this fee). This fee was later increased to €8 per passenger per flight in June 2014.

- The enhancement of existing ancillary revenue streams by differentiated pricing of bag fees by season and by route length, improved on-board sales performance (primarily through improved product scope) and extension of airport parking services within Wizz Air's route network.
- The slight increase in average passenger ticket revenue per passenger in FY 2014 compared to FY 2013 was the result of (a) the decline in low-cost competitor capacity in Hungary which led to increased Wizz Air capacity and higher ticket prices in Hungary in FY 2014 compared to FY 2013, (b) the increasing maturity of Wizz Air's route network in FY 2014 compared to FY 2013 and (c) an increase in average stage length. The average capacity-weighted age of Wizz Air's routes as at 31 March 2014 was 60 months, compared to 57 months as at 31 March 2013. The number of routes older than twelve months was 207 as at 31 March 2014, representing 79.0 per cent. of the route network, compared to 181 routes and 82.6 per cent. as at 31 March 2013.

Operating expenses

Total operating expenses increased by 10.9 per cent. to €902.0 million in FY 2014 from €813.3 million in FY 2013. CASK decreased by 4.2 per cent. to 3.72 Euro cents in FY 2014 from 3.88 Euro cents in FY 2013. Ex-fuel CASK decreased by 1.7 per cent. to 2.25 Euro cents in FY 2014 from 2.29 Euro cents in FY 2013.

The following table sets out Wizz Air's operating expenses for FY 2014 and FY 2013 and the percentage changes in those items:

	FY 2014			FY 2013	
	Total (€'000)	**Percentage of total operating expenses**	**Percentage change**	**Percentage of total operating expenses**	**Total (€'000)**
Staff costs	68,306	7.6%	20.1%	7.0%	56,894
Fuel costs	360,575	40.0%	8.4%	40.9%	332,552
Distribution and marketing	10,862	1.2%	(28.8%)	1.9%	15,258
Maintenance, materials and repairs	48,461	5.4%	33.3%	4.5%	36,344
Aircraft rentals	112,462	12.5%	11.4%	12.4%	100,965
Airport, handling, en-route charges	250,350	27.8%	9.7%	28.1%	228,317
Depreciation and amortisation	25,386	2.8%	32.7%	2.4%	19,130
Other	25,630	2.8%	7.4%	2.9%	23,861
Total operating expenses	**902,032**	**100.0%**	**10.9%**	**100.0%**	**813,321**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

Staff costs increased by 20.1 per cent. to €68.3 million in FY 2014 from €56.9 million in FY 2013. The increase in overall staff costs reflected an increase in Wizz Air's workforce required to operate additional aircraft for the 15.6 per cent. increase in total flight hours and a provision for performance-based management remuneration which was off-set in part by certain productivity improvements at both overhead and crew headcount levels (on a full-time equivalent basis).

Fuel costs increased by 8.4 per cent. to €360.6 million in FY 2014, from €332.6 million in FY 2013. This increase was largely due to a 16.2 per cent. increase in total ASKs and a 1.0 per cent. depreciation of the Euro against the US Dollar. The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in FY 2014 was US$1,069 per ton, a decrease of 3.4 per cent. from the average of US$1,107 per ton in FY 2013.

Distribution and marketing decreased by 28.8 per cent. to €10.9 million in FY 2014 from €15.3 million in FY 2012, primarily due to the exceptional item in the amount of €6.3 million against the Group's distribution and marketing expenses described in section 3.2 (*Operating expenses*) above. Excluding the exceptional item, distribution and marketing expenses increased by 12.2 per cent., primarily due to an increase of 13.0 per cent. in passenger volume and the associated credit card costs of the additional passengers and certain underlying distribution and marketing unit cost increases attributable to Wizz Air's continuing "Go East" expansion.

Maintenance, materials and repairs increased by 33.3 per cent. to €48.5 million in FY 2014 from €36.3 million in FY 2013, primarily due to the timing of engine and airframe maintenance events, an increase in component repair and overhaul and on-line maintenance costs. These cost movements are dependent on the overall size of the fleet, the average age of the fleet for daily line and light maintenance and the number of scheduled heavy maintenance events which was 71 in FY 2014 and 33 in FY 2013. Although the cost of scheduled heavy maintenance is by default capitalised and depreciated, in some cases the costs in relation to such heavy maintenance events cannot be capitalised and these costs are therefore recognised by the Group as maintenance expense.

Aircraft rentals increased by 11.4 per cent. to €112.5 million in FY 2014, from €101.0 million in FY 2013. This increase was largely due to a 13.7 per cent. increase in the number of equivalent aircraft from FY 2013 and increasing average lease rates, offset by a 1.0 per cent. appreciation of the Euro against the US Dollar.

Airport, handling, en-route charges increased by 9.7 per cent. to €250.4 million in FY 2014 from €228.3 million in FY 2013 (comprised of €143.9 million of airport and handling fees and €106.5 million of en-route and navigation charges in FY 2014 and €134.2 million of airport and handling fees and €94.1 million of en-route and navigation charges in FY 2013), primarily due to a 13.0 per cent. rise in passenger volumes, partially off-set by favourable weather conditions resulting in lower de-icing expenses for the winter period of FY 2014.

Depreciation and amortisation charges increased by 32.7 per cent. to €25.4 million in FY 2014, from €19.1 million in FY 2013, primarily as a result of an increasing number of heavy maintenance events falling due in the following three year period in FY 2014 compared to FY 2013.

Other costs increased by 7.4 per cent. to €25.6 million in FY 2014 from €23.9 million in FY 2013. This increase was primarily due to an increase in non-salary related overhead costs and flight cancellation costs, which were partially off-set by lower non-salary related crew expenses.

Operating profit

As a result of the foregoing factors, Wizz Air had an operating profit of €109.8 million in FY 2014 and an operating profit excluding exceptional item of €103.5 million which was a 172.5 per cent. increase from the operating profit of €38.0 million in FY 2013.

Net financing costs

Wizz Air's net financing costs increased from €4.3 million in FY 2013 to €14.4 million in FY 2014. This increase was primarily due to a net foreign exchange loss of €7.0 million in FY 2014 compared to a net foreign exchange gain of €1.9 million in FY 2013. Of the net foreign exchange loss in FY 2014, €6.0 million was an unrealised (non-cash) loss due to the devaluation of the Ukrainian Hryvnia and, to a lesser extent, the US Dollar against the Euro during the financial year.

Taxation

Wizz Air recorded a taxation charge of €7.6 million in FY 2014, compared to a taxation charge of €4.4 million in FY 2013. This €3.2 million increase was made up of an increase of €1.7 million in the corporate tax charge for the Group in FY 2014 compared to FY 2013, as a result of the increasing profitability of the Group and an increase of €1.5 million in income based taxes incurred by Wizz Air Hungary, primarily as a result of the increasing revenues of Wizz Air Hungary.

In FY 2014 and FY 2013, the Company had a tax rate of 7.8 per cent. in Switzerland, where it was tax resident. The effective tax rate for the Group was 8.0 per cent. in FY 2014 and 13.2 per cent. in FY 2013. The decrease of the effective tax rate in FY 2014 is due to the fact that profit increased by a higher rate compared to FY 2013 than revenue and therefore the weight of income based taxes decreased compared to FY 2013.

Profit for the year

As a result of the foregoing factors, Wizz Air generated a profit for FY 2014 of €87.7 million compared to a profit of €29.3 million in FY 2013.

Other comprehensive income/(expense) for the year

Net movements in cash flow hedging reserve, net of tax for Wizz Air were a loss of €7.3 million in FY 2014 and a loss of €7.2 million in FY 2013, being the change in the mark-to-market value of the open positions as at the relevant accounting period end dates. Currency translation differences amounted to a gain of €8.2 million in FY 2014 and a loss of €0.9 million in FY 2013, resulting from the consolidation of Wizz Air Ukraine whose functional currency is the Ukrainian Hryvnia. The gain of €8.2 million in FY 2014 was the result of the significant devaluation of the Ukrainian Hryvnia against the Euro during the financial year. Wizz Air Ukraine has a net liability position and therefore the devaluation of its functional currency results in a currency translation gain on consolidation. This resulted in other comprehensive income of €0.9 million in FY 2014 and other comprehensive expense of €8.2 million in FY 2013, adjusting the total comprehensive income for the respective years to €88.6 million and €21.1 million.

4.3 ***Comparison of results for FY 2013 and FY 2012***

The following table sets out changes in certain of Wizz Air's statement of comprehensive income items for FY 2013 and FY 2012 and the percentage changes in those items:

	FY 2013		**FY 2012**
	Total (€'000)	**Percentage change**	**Total (€'000)**
Total revenue	851,311	11.1%	766,120
Total operating expenses	(813,321)	12.7%	(721,918)
Operating profit	37,990	(14.1)%	44,202
Net financing costs	(4,293)	87.8%	(2,286)
Profit before income tax	33,697	(19.6)%	41,916
Income tax expense	(4,439)	383.6%	(918)
Profit for the year	29,258	(40.1)%	40,998
Other comprehensive income/(expense) for the year, net of tax	(8,192)	(365.8)%	3,082
Total comprehensive income for the year	21,066	(52.2)%	44,080

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The following table sets out certain unaudited capacity and operating data for Wizz Air for FY 2013 and FY 2012 and the percentage changes in those items:

	FY 2013	**Percentage change**	**FY 2012**
CAPACITY			
Number of aircraft at end of period	40	11.1%	36
Equivalent aircraft	39.1	10.6%	35.3
Utilisation	12.18	(1.3)%	12.35
Total block hours	173,815	8.8%	159,712
Total flight hours	150,076	8.8%	137,889
Revenue departures	80,059	8.5%	73,801
Average departures per day per aircraft	5.61	(1.7)%	5.71
Seat capacity	14,410,620	8.5%	13,284,180
Average aircraft stage length (km)	1,456	0.1%	1,454
Total ASKs ('000 km)	20,985,751	8.6%	19,319,543

	FY 2013	**Percentage change**	**FY 2012**
OPERATING DATA			
RPKs ('000 km)	18,017,150	9.6%	16,441,188
Load factor	85.6	1.0%	84.7
Number of passenger segments	12,328,491	9.5%	11,254,704
Fuel price (average) (US$ per ton) (including hedging impact and into-plane premium)	1,107	1.8%	1,087
Foreign exchange rate (average) (US$/€) (including hedging impact)	1.32	(4.3)%	1.38

Source: Management accounts and internal financial and operating reporting systems.

The following table sets out key financial data for Wizz Air for FY 2013 and FY 2012 and the percentage changes in those items:

	FY 2013	Percentage change	FY 2012
Yield (€ cents)	4.73	1.4%	4.66
Average revenue per seat (€)	59.08	2.4%	57.67
Average revenue per passenger	69.05	1.4%	68.07
RASK (€ cents)	4.06	2.3%	3.97
CASK (€ cents)	3.88	3.7%	3.74
Ex-fuel CASK (€ cents)	2.29	1.8%	2.25
Passenger ticket revenue (€'000)	577,098	4.5%	552,299
Ancillary revenue (€'000)	274,213	28.2%	213,821
Total revenue (€'000)	851,311	11.1%	766,120
Total operating expenses (€'000)	(813,321)	12.7%	(721,918)
EBITDAR (€'000)	158,085	8.2%	146,041
EBIT (€'000)	37,990	(14.1)%	44,202
EBITDAR Margin (%)	18.6	(0.5)%	19.1
EBIT Margin (%)	4.5	(1.3)%	5.8
Profit margin (profit after tax divided by revenue) (%)	3.4	(2.0)%	5.4

Source: All measures in the table above, excluding passenger ticket revenue, ancillary revenue, total revenue and total operating expenses, are extracted from management accounts and internal financial and operating reporting systems and are unaudited. Passenger ticket revenue, ancillary revenue, total revenue and total operating expenses are extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Wizz Air defines EBITDAR as profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals. Wizz Air defines EBIT as profit (or loss) before net financing costs (or gain) and income tax expense (or credit). Wizz Air calculates EBITDAR Margin and EBIT Margin as EBITDAR and EBIT, respectively, for the relevant period divided by the Group's revenue for the same period. EBITDAR, EBIT, EBITDAR Margin and EBIT Margin are not defined by or presented in accordance with IFRS and should not be considered as alternatives to profit after tax from continuing operations (as determined in accordance with IFRS), cash flows from operating, investing or financing activities (as determined in accordance with IFRS) or as a measure of Wizz Air's ability to meet its cash needs or any other measure of performance under IFRS. See the paragraph entitled "Non-IFRS measures" in the section of this Prospectus entitled "Presentation of Information" for details of the limitations of these measures.

A reconciliation of profit for FY 2013 and FY 2012 to EBITDAR and EBIT is set out below:

	FY 2013	FY 2012
	(€'000)	
Profit for the period	29,258	40,998
– Net financing costs	4,293	2,286
– Taxation	4,439	918
– Depreciation and amortisation	19,130	17,174
– Aircraft rental costs	100,965	84,665
EBITDAR	158,085	146,041
Profit for the period	29,258	40,998
– Net financing costs	4,293	2,286
– Taxation	4,439	918
EBIT	37,990	44,202

Revenue

The following table sets out an overview of Wizz Air's revenue items for FY 2013 and FY 2012 and the percentage change in those items:

	FY 2013			FY 2012	
	Total (€'000)	Percentage of total revenue	Percentage change	Percentage of total revenue	Total (€'000)
Passenger ticket revenue	577,098	67.8%	4.5%	72.1%	552,299
Ancillary revenue	274,213	32.2%	28.2%	27.9%	213,821
Total revenue	**851,311**	**100%**	**11.1%**	**100%**	**766,120**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

The increase in total revenue in FY 2013 compared to FY 2012 was principally due to increases of 8.6 per cent. in total ASKs, load factor increases of 1.0 per cent., a 1.4 per cent. increase in yield and the significant increase in average ancillary revenue per passenger from FY 2012 to FY 2013 described below. Passenger ticket revenue increased by 4.5 per cent. to €577.1 million in FY 2013 from €552.3 million in FY 2012 and ancillary revenue increased by 28.2 per cent. to €274.2 million in FY 2013 from €213.8 million in FY 2012.

Average revenue per passenger increased from €68.1 in FY 2012 to €69.1 in FY 2013. Average passenger ticket revenue per passenger declined from €49.1 in FY 2012 to €46.8 in FY 2013, while average ancillary revenue per passenger increased from €19.0 in FY 2012 to €22.2 in FY 2013. This increase in average revenue per passenger was driven by a combination of the following factors:

- The introduction of new ancillary revenue initiatives during FY 2013, including the re-launch and re-branding of Wizz Air's loyalty programme as the Wizz Discount Club and Wizz Air's new cabin baggage policy, as well as the significant improvement in on-board sales performance compared to FY 2012, primarily as a result of the new contract with Wizz Air's partner and an associated improved product scope, and the successful introduction and re-branding of certain convenience-related products in FY 2013 such as extra legroom, priority boarding and reserved seating. Additional ancillary revenue generated in FY 2013 was not entirely accretive to average revenue per passenger due to the negative effect that certain of these new ancillary products and services, in particular travel-related fees such as the fees charged pursuant to the new cabin baggage charges introduced in October 2012 had on average passenger ticket revenue per passenger.

- The slight decline in average passenger ticket revenue per passenger in FY 2013 compared to FY 2012 was the result of (a) the significant competition in two of Wizz Air's principal Home Markets and (b) the negative impact that the UEFA European Championships in Poland and Ukraine and the London Olympics had on passenger numbers in the summer of 2012, which was partially off-set by the positive effects of the increasing maturity of Wizz Air's route network in FY 2013 compared to FY 2012. The average capacity-weighted age of Wizz Air's routes at 31 March 2013 was 57 months, compared to 53 months as at 31 March 2012. The number of routes older than twelve months was 181 as at 31 March 2013 representing 82.6 per cent. of the route network, compared to 173 routes and 86.1 per cent. as at 31 March 2012.

Operating expenses

Total operating expenses increased by 12.7 per cent. to €813.3 million in FY 2013 from €721.9 million in FY 2012. CASK increased by 3.7 per cent. to 3.88 Euro cents in FY 2013 from 3.74 Euro cents in FY 2012. Ex-fuel CASK increased by 1.8 per cent. to 2.29 Euro cents in FY 2013 from 2.25 Euro cents in FY 2012.

The following table sets out Wizz Air's operating expenses for FY 2013 and FY 2012 and the percentage changes in those items:

	FY 2013			FY 2012	
	Total (€'000)	**Percentage of total operating expenses**	**Percentage change**	**Percentage of total operating expenses**	**Total (€'000)**
Staff costs	56,894	7.0%	7.1%	7.4%	53,130
Fuel costs	332,552	40.9%	15.9%	39.8%	286,983
Distribution and marketing	15,258	1.9%	16.1%	1.8%	13,141
Maintenance, materials and repairs	36,344	4.5%	(9.5)%	5.6%	40,167
Aircraft rentals	100,965	12.4%	19.3%	11.7%	84,665
Airport, handling, en-route charges	228,317	28.1%	10.4%	28.6%	206,792
Depreciation and amortisation	19,130	2.4%	11.4%	2.4%	17,174
Other	23,861	2.9%	20.1%	2.8%	19,866
Total operating expenses	**813,321**	**100.0%**	**12.7%**	**100.0%**	**721,918**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus, except for percentages.

Staff costs increased by 7.1 per cent. to €56.9 million in FY 2013 from €53.1 million in FY 2012. The increase in overall staff costs reflected an increase in Wizz Air's workforce required to operate additional aircraft for the 8.8 per cent. increase in total flight hours, which was offset in part by certain productivity improvements at both overhead and crew headcount levels (on a full-time equivalent basis).

Fuel costs increased by 15.9 per cent. to €332.6 million in FY 2013, from €287.0 million in FY 2012. This increase was largely due to an 8.6 per cent. increase in total ASKs and a 4.3 per cent. appreciation of the US Dollar against the Euro. The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in FY 2013 was US$1,107 per ton, an increase of 1.8 per cent. from the average of US$1,087 per ton in FY 2012.

Distribution and marketing increased by 16.1 per cent. to €15.3 million in FY 2013 from €13.1 million in FY 2012, primarily due to an increase of 9.5 per cent. in passenger volume and the associated credit card costs of the additional passengers and certain underlying distribution and marketing unit cost increases attributable to Wizz Air's "Go East" expansion.

Maintenance, materials and repairs decreased by 9.5 per cent. to €36.3 million in FY 2013 from €40.2 million in FY 2012, primarily due to a cost saving of €3.0 million in FY 2013 compared to FY 2012 due to lower re-delivery related costs and other savings achieved by the renegotiation of certain contracts. Excluding re-delivery costs, these costs were broadly flat in FY 2012 and FY 2013. These cost movements are dependent on the overall size of the fleet, the average age of the fleet for daily line and light maintenance and the number of aircraft due for scheduled heavy maintenance which was 33 in both FY 2012 and FY 2013. Although the cost of scheduled heavy maintenance is by default capitalised and depreciated, in some cases the costs relating to such heavy maintenance events cannot be capitalised and these costs are therefore recognised by the Group as maintenance expense.

Aircraft rentals increased by 19.3 per cent. to €101.0 million in FY 2013, from €84.7 million in FY 2012. This increase was largely due to a 10.6 per cent. increase in the number of equivalent aircraft from FY 2012, a 4.3 per cent. appreciation of the US Dollar against the Euro and increasing average lease rates.

Airport, handling, en-route charges increased by 10.4 per cent. to €228.3 million in FY 2013 from €206.8 million in FY 2012 (comprised of €134.2 million of airport and handling fees and €94.1 million of en-route and navigation charges in FY 2013 and €121.6 million of airport and handling fees and €85.2 million of en-route and navigation charges in FY 2012), primarily due to a 9.5 per cent. increase in passenger volumes compared to FY 2012.

Depreciation and amortisation charges increased by 11.4 per cent. to €19.1 million in FY 2013, from €17.2 million in FY 2012, primarily as a result of an increasing number of heavy maintenance events falling due in the following three year period in FY 2013 compared to FY 2012.

Other costs increased by 20.1 per cent. to €23.9 million in FY 2013 from €19.9 million in FY 2012. This increase was primarily as a result of other costs being relatively low in FY 2012 due to the recognition of profit from an exceptional item in that period.

Operating profit

As a result of the foregoing factors, Wizz Air had an operating profit of €38.0 million in FY 2013, a 14.1 per cent. decrease from the operating profit of €44.2 million in FY 2012.

Net financing costs

Wizz Air's net financing costs increased from €2.3 million in FY 2012 to €4.3 million in FY 2013. This increase was primarily due to lower interest income on the Group's cash deposits in FY 2013 compared to FY 2012 and a reduction in foreign exchange gains, partly off-set by lower interest expense in FY 2013.

Taxation

Wizz Air recorded a taxation charge of €4.4 million in FY 2013, compared to a taxation charge of €0.9 million in FY 2012. This increase was primarily due to the fact that Wizz Air Hungary became liable for "local business tax" in FY 2013 (which it was exempt from in FY 2012) in the amount of €2.1 million and corporate income tax of €0.9 million incurred by Wizz Air in Ukraine in FY 2013. In FY 2013 and FY 2012, the Company had a tax rate of 7.8 per cent. in Switzerland, where it was tax resident. The effective tax rate for the Group was 13.2 per cent. in FY 2013 and 2.2 per cent. in FY 2012.

Profit for the year

As a result of the foregoing factors, Wizz Air generated a profit for FY 2013 of €29.3 million compared to a profit of €41.0 million in FY 2012.

Other comprehensive income/(expense) for the year

Net movements in cash flow hedging reserve, net of tax for Wizz Air in FY 2013 were a loss of €7.2 million, compared to a €4.1 million gain in FY 2012, being the change in the mark-to-market value of the open positions as at the relevant accounting period end dates. Currency translation differences amounted to a loss of €0.9 million in FY 2013 and a loss of €1.0 million in FY 2012, resulting from the consolidation of Wizz Air Ukraine whose functional currency is the Ukrainian Hryvnia. This resulted in other comprehensive expense of €8.2 million in FY 2013 and other comprehensive income of €3.1 million in FY 2012, adjusting the total comprehensive income for the respective years to €21.1 million and €44.1 million.

5. LIQUIDITY AND CAPITAL RESOURCES

5.1 *Capital resources*

Overview

Wizz Air's business is capital intensive. Wizz Air's principal sources of liquidity used to finance its capital requirements have been, and following the Global Offer and receipt of the net proceeds to the Company from the Global Offer will continue to be, a combination of cash flows from operations and sale and leaseback financing arrangements and pre-delivery payment financing for the acquisition of new aircraft.

Wizz Air's cash and cash equivalents were €84.5 million, €103.5 million, €185.6 million and €340.4 million as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014, respectively (30 September 2013: €177.0 million (unaudited)). Wizz Air also had €39.1 million, €48.8 million, €42.3 million and €54.0 million as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014, respectively (30 September 2013: €26.3 million (unaudited)), of "restricted cash" held on deposit against which there are letters of credit issued or other restrictions in place governing the use of that cash, resulting predominantly from agreements with aircraft lessors or other business partners (for example, card acquirers). "Restricted cash" refers to the balance of current restricted cash as at the relevant date only. As a percentage of revenue, cash represented 11.0 per cent., 12.2 per cent. and 18.3 per cent., respectively, in FY 2012, FY 2013 and FY 2014 and 29.6 per cent. in LTM 30 September 2014 (19.0 per cent. (unaudited) in the twelve months ended 30 September 2013).

Cash flow data

The following table sets out select cash flow data and the Group's cash and cash equivalents for the periods indicated:

	FY 2012	FY 2013	FY 2014	H1 2014 (unaudited)	H1 2015
			(€'000)		
Net cash generated by operating activities	47,263	52,868	196,373	117,627	157,970
Net cash used in investing activities	(41,778)	(47,466)	(94,008)	(28,694)	(2,437)
Net cash from/(used in) financing activities	(3,861)	13,540	(19,183)	(15,238)	(524)
Effect of exchange rate fluctuations on cash and cash equivalents	358	25	(1,131)	(161)	(176)
Cash and cash equivalents at end of period	84,532	103,499	185,550	177,033	340,383

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Cash flow from operating activities

The vast majority of Wizz Air's cash inflows from operating activities are derived from passenger ticket sales. Net cash flows from operating activities are also materially affected by movements in trade payables/creditors, trade receivables/debtors, restricted cash, deferred income (both ticket revenue collected from customers ahead of the date of the relevant flight and cash concessions received from aircraft and component manufacturers).

H1 2015 and H1 2014: Net cash generated by operating activities increased by €40.3 million, or 34.3 per cent., to €158.0 million in H1 2015 from €117.6 million (unaudited) in H1 2014. This movement was primarily driven by improved profitability.

FY 2014 and FY 2013: Net cash generated by operating activities increased by €143.5 million, or 271.4 per cent., to €196.4 million in FY 2014 from €52.9 million in FY 2013. This movement was primarily driven by improved profitability, a substantial increase in deferred income and a decrease of trade and other receivables during FY 2014.

FY 2013 and FY 2012: Net cash generated by operating activities increased by €5.6 million to €52.9 million in FY 2013 from €47.3 million in FY 2012. The increase was primarily driven by an increase in trade and other payables during FY 2013.

Cash flow from investing activities

H1 2015 and H1 2014: Net cash used in investing activities decreased by €26.3 million from a net cash outflow of €28.7 million (unaudited) in H1 2014 to a net cash outflow of €2.4 million in H1 2015. Purchase of aircraft maintenance assets decreased from €31.4 million (unaudited) in H1 2014 to €15.2 million in H1 2015 primarily due to fewer scheduled heavy maintenance events, particularly engine shop visits and engine life part replacements, being performed in H1 2015 than in H1 2014. Purchases of tangible and intangible assets increased from €3.3 million (unaudited) in H1 2014 to €4.1 million in H1 2015. Advances paid for aircraft, net of refunds of advances, increased from a net cash inflow of €5.9 million (unaudited) in H1 2014 to a net cash inflow of €16.7 million in H1 2015. Interest received on the Group's cash balances was €0.1 million in each of H1 2014 and H1 2015 (H1 2014 unaudited).

FY 2014 and FY 2013: Net cash used in investing activities increased by €46.5 million to a net cash outflow of €94.0 million in FY 2014 from a net cash outflow of €47.5 million in FY 2013. Purchase of aircraft maintenance assets increased from €26.4 million in FY 2013 to €54.9 million in FY 2014 due to an increased number of scheduled heavy maintenance events being performed in FY 2014 than in FY 2013 and many of these being engine shop visits and engine life part replacements (which are the most expensive type of overhaul work). Purchase of an available for sale financial asset (being government bonds behind an insurance product provided as security to a business partner) was €1.0 million in FY 2014 compared to €nil in FY 2013. Purchases of tangible and intangible assets increased from €2.4 million in FY 2013 to €6.5 million in FY 2014 due to more aircraft parts acquired in FY 2014 than in FY 2013. Advances paid for aircraft, net of refunds of advances, increased from a net cash outflow of €19.0 million in FY 2013 to a net cash outflow of €31.8 million in FY 2014 due to more aircraft scheduled to be delivered in FY 2015 than in FY 2014. Interest received on the Group's cash balances decreased slightly from €0.3 million to €0.2 million.

FY 2013 and FY 2012: Net cash used in investing activities increased by €5.7 million to a net cash outflow of €47.5 million in FY 2013 from a net cash outflow of €41.8 million in FY 2012. Purchase of aircraft maintenance assets increased from €20.6 million in FY 2012 to €26.4 million in FY 2013 due to an increased number of scheduled heavy maintenance events, particularly engine shop visits and engine life limited part replacements, being performed in FY 2013 than in FY 2012. Proceeds from sales of property, plant and equipment decreased from €1.6 million in FY 2012 to €9,000 in FY 2013 primarily due to profits from an exceptional item in FY 2012. Purchases of tangible and intangible assets remained relatively stable at €2.4 million for FY 2013 compared to €2.5 million for FY 2012. Advances paid for aircraft, net of refunds of advances, decreased from a net cash outflow of €21.2 million in FY 2012 to a net cash outflow of €19.0 million in FY 2013. Interest received on the Group's cash balances decreased from €1.0 million in FY 2012 to €0.3 million in FY 2013.

Cash flow from financing activities

H1 2015 and H1 2014: Net cash used in financing activities decreased by €14.7 million to €0.5 million in H1 2015 from €15.2 million (unaudited) in H1 2014. This was due to commercial loans (related to financing of aircraft pre-delivery payments) being repaid in the amount of €14.7 million in H1 2014.

FY 2014 and FY 2013: Net cash used in financing activities increased by €32.7 million to a net cash outflow of €19.2 million in FY 2014 from a net cash inflow of €13.5 million in FY 2013. This was due to commercial loans (related to financing of aircraft pre-delivery payments) that were received in FY 2013 and mostly repaid in FY 2014.

FY 2013 and FY 2012: Net cash generated from financing activities increased from a net cash outflow of €3.9 million in FY 2012 to a net cash inflow of €13.5 million in FY 2013. This increase was due to the entry by Wizz Air into arrangements with ICBC Leasing to provide financing in respect of Wizz Air's aircraft pre-delivery payment obligations of which €17.5 million was received directly by Wizz Air during FY 2013. Interest paid remained stable at €3.9 million in FY 2013 and FY 2012.

Net current assets/liabilities

	31 March 2012	31 March 2013	31 March 2014	30 September 2014
		(€'000)		
Current assets	182,615	187,955	264,420	449,800
Current liabilities	210,932	267,757	345,710	289,802
Net current assets/(liabilities)	**(28,317)**	**(79,802)**	**(81,290)**	**159,998**

In each of FY 2012, FY 2013 and FY 2014, Wizz Air had current liabilities in excess of current assets. This was a result of Wizz Air's substantial deferred income (primarily relating to customers paying for tickets in advance of flights, which as at 31 March 2014 equated to around eight weeks' of revenue in FY 2014) and trade creditors (relating primarily to aviation fuel, airport charges and air navigation charges which as at 31 March 2014 equated, in aggregate, to around 1.6 months' of operating expenses in FY 2014), in conjunction with its relatively minor inventory and receivables (which as at 31 March 2014 equated in aggregate to around 26 days' of revenue in FY 2014). This net current liability position grew in FY 2013, primarily as a result of an increase in trade and other payables and in current borrowings (commercial loans taken during the year for financing of aircraft pre-delivery payments). In contrast, as at 30 September 2014, Wizz Air had current assets significantly in excess of current liabilities. Compared to 31 March 2014, this was as a result of the substantial increase in cash and cash equivalents due to increased profits, pre-delivery payment financing and working capital and the decrease in deferred income (due to the seasonality of Wizz Air's business, the balance of tickets paid in advance of flights is always higher at the end of March than at the end of September).

Current levels of liquidity

Due to the seasonality of the business (see section 2.3 (Seasonal fluctuations) above), the Group has had small negative cash flow from operating activities since 30 September 2014.

5.2 ***Borrowings***

Overview

The following table shows total borrowings of Wizz Air as at 31 March 2012, 31 March 2013 and 31 March 2014 and as at 30 September 2013 and 30 September 2014:

	31 March 2012	31 March 2013	31 March 2014	30 September 2013 (unaudited)	30 September 2014
			(€'000)		
Borrowings	–	23,411	20,167	18,013	9,765
Convertible debt	37,904	40,333	43,242	43,411	48,534
Borrowings are repayable as:					
Within one year (shown as current liabilities)	–	20,819	15,977	11,184	5,760
After one year (shown as non-current liabilities)	–	2,592	4,190	6,829	4,005
Total borrowings	**–**	**23,411**	**20,167**	**18,013**	**9,765**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus.

Borrowings represent primarily commercial loan financing provided by third parties in respect of the aircraft pre-delivery payment obligations of Wizz Air. The loans existing as at 30 September 2014 mature by the time the respective aircraft will be delivered in 2014 and 2015. The commercial loans are summarised in section 13.6 (*Aircraft sale and leaseback agreements*) of Part XI: "*Additional Information*" of this Prospectus. Borrowings in FY 2014 and H1 2015, respectively, also include €4.5 million and €4.3 million of finance lease obligations in relation to a flight training simulator leased by Wizz Air.

Wizz Air issued Convertible Loans in August and December 2004, with a ten year term and an interest rate of twelve per cent. annually, with compound interest payable on expiry. Wizz Air also issued Convertible Notes in February 2005, March 2006 and June 2006, with a four to five year term and with an interest rate of five per cent. to ten per cent. annually with interest payable annually. The terms of these Convertible Notes were extended for an additional five years in 2009 (thus expiring in February 2015), with an interest rate of ten per cent. with interest payable annually. The terms of the Convertible Loans and the Convertible Notes were amended in August 2014 to extend the repayment dates to August 2019 and adjust the interest rate to eight per cent. per annum for all periods from and including 14 August 2014 in respect of the Convertible Loans and 9 February 2015 in respect of the Convertible Notes. The Convertible Loans were also amended to change the interest from being rolled up and compounded quarterly in arrears to being paid in cash annually in arrears for all periods from and including 14 August 2014.

Principal and any accrued interest on these Convertible Loans and Convertible Notes are convertible into Ordinary Shares upon the occurrence of certain events. All of the Convertible Loans and all of the Convertible Notes other than Indigo's Retained Convertible Notes will be converted into Ordinary Shares or Convertible Shares, as the case may be, upon Admission. See Part III: "*Relationship with Indigo*" and Part XI "*Additional Information*" of this Prospectus for further details.

5.3 ***Capital expenditure***

For the purposes of this paragraph, capital expenditure is defined as cash outflows in the statement of cash flows related to the "purchases of tangible and intangible assets". Therefore, it excludes, in particular, expenditure on aircraft maintenance assets (or any advances paid for these) and on advances paid for aircraft. The Group incurred capital expenditures of €2.5 million, €2.4 million and €6.5 million in FY 2012, FY 2013 and FY 2014, respectively, and €4.1 million in H1 2015 (H1 2014: €3.3 million (unaudited)). These capital expenditures principally related to the acquisition of spare parts for aircraft and information technology and office equipment.

Apart from the aircraft spare parts, information technology and office equipment referred to above, the Group does not have any material physical fixed assets or plant and equipment. The Group holds all of its aircraft on operating leases and leases all of its properties. Other than the aircraft acquisitions

described in section 5.3 (*Fleet*) of Part I: "*Information on the Group*" of this Prospectus, the Group has not entered into any firm commitments to acquire any material physical fixed assets or plant and equipment or to incur any other material capital expenditures. More detailed information about the Group's aircraft and the financing arrangements for the Group's aircraft (where relevant) is set out in section 5.3 (*Fleet*) and section 5.4 (*Fleet financing*) of Part I: "*Information on the Group*" of this Prospectus and in section 13 (*Material contracts*) of Part XI: "*Additional Information*" of this Prospectus.

5.4 ***Capital commitments***

Wizz Air has significant capital commitments to purchase additional aircraft and engines. As at 30 September 2014, Wizz Air had the following capital commitments:

- commitment to purchase 60 Airbus aircraft of the A320-family in the period 2014 to 2018. The commitment is valued at US$6.1 billion (€4.8 billion) at list prices in 2014 US Dollar terms. As at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), 11 of the 60 aircraft are covered by sale and leaseback arrangements and three of these 11 have already been delivered to Wizz Air; and

- commitment to purchase seven IAE spare engines in the period 2014 to 2017. The commitment is valued at US$72.6 million (€57.3 million) at list prices in 2014 US Dollar terms. As at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), the seven engines are not yet financed. Wizz Air's obligation to finance these engines has been factored into its working capital requirements. Whilst the Company's intention is to enter into financing arrangements to fund the purchase of these engines, these funding obligations can be met through existing cash resources.

Wizz Air anticipates fulfilling these capital commitments through a combination of sale and leaseback arrangements and potentially also using a portion of the net proceeds of the Global Offer receivable by it to fund equity contributions to enable it to enter into finance leases and/or secure debt financing. Further details are set out in section 5.4 (*Fleet financing*) of Part I: "*Information on the Group*" of this Prospectus.

5.5 ***Lease commitments***

Wizz Air has significant obligations in respect of aircraft and spare engine lease contracts that are classified as operating leases and are therefore not recognised on its statement of financial position. As at 30 September 2014, all 54 aircraft in operation in Wizz Air's fleet were subject to operating leases, expiring in the period October 2014 to September 2026. Wizz Air's total future minimum lease payments under such non-cancellable operating leases were €1,168.8 million as at 31 March 2014 (31 March 2013: €1,130.7 million and 31 March 2012: €787.3 million) and €1,345.5 million as at 30 September 2014 (30 September 2013: €1,258.3 million (unaudited)). These can be broken down by their maturity as set out in the following table:

	31 March 2012	31 March 2013	31 March 2014	30 September 2013 (unaudited)	30 September 2014
			(€ million)		
Within one year	104.5	124.6	141.8	129.9	172.0
Between one year and five years	387.0	529.0	600.6	612.5	719.3
More than five years	295.8	476.9	426.4	515.9	454.2
Total lease commitments	**787.3**	**1,130.7**	**1,168.8**	**1,258.3**	**1,345.5**

The table above includes the lease cost of aircraft not yet delivered but for which the lease contract had been signed prior to the relevant date.

In December 2012, Wizz Air signed an agreement for a new crew training centre that was opened in Budapest in April 2013. The training centre, which is operated by a third party, features a modern A320 full flight simulator, aircraft cabin mock-up facilities and fire fighter training. The contract

includes a commitment for Wizz Air to pay rent to the operator of the centre during the ten year contract term. Part of the commitment has been classified as a finance lease and the remainder as an operating lease; the amount of commitment that relates to the operating lease is included in the figures above. Other than the above, the figures in the table also include commitments in respect of office leases and the minimum usage fees payable for the reservation system of the Group.

5.6 ***Capitalisation and indebtedness***

Capitalisation and indebtedness

The following table shows the capitalisation of the Group as at 30 September 2014 and the indebtedness of the Group as at 31 December 2014:

	As at 31 December 2014 (unaudited)
	(€ million)
Current debt	
Guaranteed	0.0
Secured	3.2
Unguaranteed/Unsecured	0.5
Total current debt	3.7
Non-current debt (excluding current portion of long term debt)	
Guaranteed	0.0
Secured	41.8
Unguaranteed/Unsecured	8.2
Total non-current debt	50.0
Total indebtedness	53.7

	As at 30 September 2014
	(€ million)
Equity attributable to owners of the parent	
Share capital	0.001
Share premium account	207.1
Reorganisation reserve	(193.0)
Equity part of convertible debt	11.1
Cash flow hedging reserve	4.8
Cumulated translation adjustments	10.7
Retained earnings	287.3
Total capitalisation	328.1

Note:

(1) Since 30 September 2014, there has been no material change in the capitalisation of the Group.

Financial indebtedness

The following table sets out the Company's net financial indebtedness as at 31 December 2014:

	As at 31 December 2014 (unaudited)
	(€ million)
Cash and cash equivalents	185.6
Liquidity	185.6
Current financial debt	
Commercial loans (PDP)	0.0
Convertible debt[(1)]	3.3
Finance lease liabilities	0.4
Current financial debt	3.7
Net current financial indebtedness	(181.9)

	As at 31 December 2014 (unaudited)
	(€ million)
Commercial loans (PDP)	0.0
Convertible debt[1]	46.1
Finance lease liabilities	3.9
Non-current financial indebtedness	50.0
Net financial indebtedness	(131.9)

Note:

(1) The Convertible Loans and the Convertible Notes, excluding the balance recognised in equity.

Contractual obligations

The following table sets out the Group's total future commitments to settle contractual obligations as at 30 September 2014:

	Payment due by period				
	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
			(€ million)		
Borrowings	9.8	5.8	0.4	1.4	2.2
Operating lease commitments	1,345.5	172.0	188.7	530.6	454.2
Convertible debt	48.5	2.5	0.0	46.0	0.0
Trade and other payables	142.3	142.3	0.0	0.0	0.0
Derivative financial liabilities	10.4	10.4	0.0	0.0	0.0
Capital commitments[1]	4,024.0	115.1	799.0	3,109.9	0.0
Total	5,580.6	448.1	988.1	3,688.0	456.4

Note:

(1) Aircraft and spare engine ordered from manufacturers to be delivered after 30 September 2014, measured at 2014 list prices, excluding those already financed through sale and leaseback agreements (the commitment for which is included in the Operating lease commitments line).

Contingent liabilities

Wizz Air's contingent liabilities comprise legal disputes with the European Commission in relation to various agreements Wizz Air entered into with certain airports (see section 14.1 (*European Commission state aid investigations*) of Part XI: "*Additional Information*" of this Prospectus for further details), court cases instigated by Carpatair and the uncertain tax position in respect of Wizz Air Ukraine's dispute with the Ukrainian tax authorities on certain assessments the Ukrainian tax authorities have made primarily in relation to corporate income tax (see note 34 of the financial information set out in section B of Part VIII: "*Historical Financial Information*" of this Prospectus for further details).

Financial guarantees

The Company has provided parental guarantees to certain lessors of its aircraft fleet to guarantee the performance of its airline subsidiaries under the respective lease contracts. The total amount of such financial guarantees was €408.3 million as at 31 March 2014 and €569.0 million as at 30 September 2014.

The Company has also provided guarantees to certain hedging counterparties to guarantee the performance of Wizz Air Hungary under the respective hedge contracts.

The Convertible Loans and the Convertible Notes are secured as follows: (a) a debenture between the Company and Indigo Hungary pursuant to which the Company granted first priority fixed and floating charges over its assets in favour of Indigo Hungary as security agent; (b) a quota pledge agreement between the Company and Indigo Hungary pursuant to which the Company pledged its quota in Wizz

Air Hungary (representing 100 per cent. of the issued quota capital of Wizz Air Hungary) in favour of Indigo Hungary as security agent; and (c) a deed of guarantee between Wizz Air Hungary and Indigo Hungary as security agent pursuant to which Wizz Air Hungary, *inter alia*, guaranteed to Indigo Hungary the punctual performance by the Company of its obligation under various documents. The security referenced at (a) and (b) will be released effective on Admission. The guarantee referenced in (c) will be replicated in the new Note Purchase Agreement in respect of the Company's obligations under that agreement.

The respective liabilities for these financial guarantees are reflected under the appropriate line of the table above. Since the liability itself is already reflected in the table, it would not be appropriate to include also the financial guarantee provided by another Group entity for the same obligation.

6. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISK FACTORS

6.1 *Overview*

Wizz Air is exposed to market risk relating to fluctuations in commodity prices, interest rate and currency exchange rates. In addition, Wizz Air is also subject to capital risk, liquidity risk and credit risk.

Financial risk management is carried out by Wizz Air's treasury department under policies approved by the Board. 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 to supervise Wizz Air's hedging activities and compliance with the policies approved by the Board.

6.2 *Capital risk management*

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

The capital structure of the Group consists of financial liabilities and equity. Financial liabilities primarily consist of commercial loans relating to aircraft financing and convertible debt as disclosed in notes 23 and 24, respectively, to the historical financial information set out in section B of Part VIII: "*Historical Financial Information*" of this Prospectus. Equity comprises issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. Since the year ended 31 March 2008 ("**FY 2008**"), the Group's growth has been financed entirely out of cash from operations and commercial debt with financial institutions. The overall capital risk management strategy remains unchanged from prior years.

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

6.3 *Market risks*

Commodity price risk

As detailed further in section 2.1 (*Aviation fuel prices*) above, one of Wizz Air's most significant costs is aviation fuel, the price of which can be volatile and directly impacts Wizz Air's performance. Wizz Air actively hedges its fuel price risk as detailed further below.

Interest rate risk

Wizz Air is exposed to interest rate risk on certain operating lease contracts which have floating rates of interest, interest income on cash investments and in relation to the valuation of financial instruments as they are carried at fair value. The Company estimates that an increase in 100 basis points in the London Interbank Offered Rate for FY 2014 would have increased Wizz Air's profit after tax by €1.1 million and for H1 2015 by €1.2 million. Wizz Air did not use financial derivatives to

hedge its interest rate risk during FY 2012, FY 2013 or FY 2014 or H1 2015. The Directors may in the future consider hedging interest rate risk to reduce the potential earnings volatility arising from fluctuations in interest rates.

Foreign currency risk

As detailed further in section 2.6 (*Foreign currency exposure and exchange rate effects*) above, Wizz Air is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the Euro. Wizz Air actively hedges its US Dollar / Euro foreign currency risk as detailed further below.

Hedging activity

Wizz Air's policy is to hedge a portion of its US Dollar exposure and fuel price risk. External derivative financial instruments are used to partly hedge Wizz Air's US Dollar and fuel price exposure. Wizz Air uses zero-cost collar instruments which achieve a fixing of the future price within a given price range to hedge against both the US Dollar and fuel price exposures. From December 2014, Wizz Air also uses fuel caps to hedge its aviation fuel exposure. These exposures are generally hedged on an 18 months "reducing coverage" basis, that reduces the hedged portion coverage in later periods. Wizz Air's policy is to hedge between 50 to 70 per cent. of the total US Dollar and commodity price exposure in the upcoming quarter, decreasing to 0 per cent. to 20 per cent. of the exposure in the sixth quarter. In H1 2015, the Company extended its fuel hedge coverage out to the end of FY 2017. This is achieved through a rolling programme of periodically reviewing and updating the hedging position. In addition, some of Wizz Air's existing US Dollar denominated asset positions on its statement of financial position acted as natural hedges against US Dollar exposures in FY 2013.

The volume of Wizz Air's aviation fuel hedging transactions during FY 2012, FY 2013 and FY 2014 were 141,150 metric tons, 174,750 metric tons and 260,000 metric tons, respectively, and 150,750 metric tons in H1 2015 (H1 2014: 154,000 metric tons). The fair values of Wizz Air's open fuel hedge positions as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014 were €4.4 million gain, €nil, €0.7 million loss and €10.4 million loss, respectively (30 September 2013: €0.4 million loss (unaudited)), with the notional amount of these open positions being 67,000 metric tons, 161,000 metric tons, 192,500 metric tons and 298,500 metric tons as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014, respectively (30 September 2013: 137,000 metric tons).

As at 30 September 2014, Wizz Air had hedged 61 per cent. of its expected fuel exposure for the remainder of FY 2015 and 31 per cent. of its expected fuel exposure for FY 2016. The average capped rate for the remainder of FY 2015 was US$1,012 and the average floor rate was US$918. The average capped rate for FY 2016 was US$998 and the average floor rate was US$917. The Company estimates that Wizz Air's unhedged exposure for the remainder of FY 2015 as at 30 September 2014 was approximately 96,000 metric tons and for FY 2016 was approximately 414,000 metric tons.

As at 24 February 2015, Wizz Air has hedged 53 per cent. of its expected fuel exposure for the remainder of FY 2015, 70 per cent. for FY 2016 and 60 per cent. for FY 2017, with average cap (for zero cost collars and fuel caps) and floor prices for zero cost collars of US$999 and US$907, respectively, for the remainder of FY 2015, US$832 and US$808, respectively, for FY 2016 and US$677 and US$672, respectively, for FY 2017.

The volume of Wizz Air's US Dollar hedging transactions during FY 2012, FY 2013 and FY 2014 were US$353.3 million, US$270.5 million and US$349.5 million, respectively, and during H1 2015 were US$246.5 million (H1 2014: US$153.5 million (unaudited)). The fair values of the open positions for foreign exchange hedges with derivatives as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014 were €7.1 million gain, €2.6 million gain, €2.4 million loss and €15.3 million gain, respectively (30 September 2013: €2.5 million loss (unaudited)) with the notional amounts of these open positions being US$230.0 million, US$194.5 million, US$450.0 million and US$336.5 million as at 31 March 2012, 31 March 2013, 31 March 2014 and

30 September 2014, respectively (30 September 2013: US$252.5 million (unaudited)). The notional amount of the open positions for foreign exchange hedges with non-derivatives as at 31 March 2013 was US$62 million, as at 31 March 2014 and as at 30 September 2014 was US$nil (30 September 2013 US$nil (unaudited)) (non-derivative hedges were not used by Wizz Air before and after FY 2013).

As at 30 September 2014, Wizz Air had hedged 59 per cent. of its expected US Dollar exposure for the remainder of FY 2015 and 32 per cent. for FY 2016. The average capped rate was US$1.37 and US$1.38 for the remainder of FY 2015 and FY 2016, respectively, and the average floor rate was US$1.34 and US$1.35, respectively. The Company estimates that Wizz Air's unhedged exposure for the remainder of FY 2015 as at 30 September 2014 was US$136 million and for FY 2016 was US$519 million.

As at 24 February 2015, Wizz Air has hedged 65 per cent. of its expected US Dollar exposure for the remainder of FY 2015, 44 per cent. for FY 2016 and six per cent. for FY 2017, at an average capped and floor rate of US$1.36 and US$1.30, respectively, for the remainder of FY 2015, US$1.32 and US$1.29, respectively, for FY 2016 and US$1.21 and US$1.13, respectively, for FY 2017.

6.4 ***Liquidity risk***

Liquidity risk is the risk that Wizz Air will be unable to meet its future payment obligations. Prudent liquidity risk management involves maintaining sufficient cash and the availability of funding. Wizz Air invests excess cash in a conservative way, primarily in AAA rated money market funds and also in short-term time deposits with high quality bank counterparties.

The table below analyses Wizz Air's financial assets and liabilities as at 30 September 2014 (receivable or payable either on cash base or net settled derivative financial assets and liabilities) into relevant maturity groupings based on the remaining period at the accounting period date to the contractual maturity date. The amounts disclosed in the table 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 the table can be different from the respective amounts presented in Wizz Air's statement of financial position.

	Within 3 months	Between 3 months-1 year	Between 1-5 years	Above 5 years	Total
			€'000		
Financial assets					
–Trade and other receivables	79,168	2,175	63,776	2,076	147,195
–Financial assets available for sale	–	967	–	–	967
–Derivative financial assets	3,479	9,667	2,093	–	15,239
–Cash	340,383	–	–	–	340,383
–Restricted cash	428	3,902	12,233	37,479	54,042
Total financial assets	**423,485**	**16,711**	**78,102**	**39,555**	**557,826**
Financial liabilities					
–Borrowings	5,577	537	2,864	2,565	11,543
–Convertible debt	–	4,137	60,917	–	65,054
–Trade and other payables	142,328	–	–	–	142,328
–Derivative financial liabilities	2,953	6,041	1,397	–	10,391
–Financial guarantees	569,001	–	–	–	569,001
Total financial liabilities	**719,859**	**10,715**	**65,178**	**2,565**	**798,317**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus.

6.5 ***Credit risk***

Wizz Air's exposure to credit risks from individual customers is limited as the large majority of the payments for its flight tickets are collected before the service is provided. However, Wizz Air has significant banking, hedging, aircraft manufacturer and card acquiring relationships that represent counterparty credit risk. Wizz Air analyses the creditworthiness of the relevant business partners in order to assess the likelihood of non-performance of liabilities due to Wizz Air. The credit quality of

Wizz Air's financial assets as at 30 September 2014 is assessed by reference to external credit ratings (published by Standard & Poor's) of the counterparties as follows:

	AAA	A	A-	Other	Unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Financial assets						
–Trade and other receivables	–	–	421	12,491	130,660	143,572
–Derivative financial assets	4,572	8,476	2,191	–	–	15,239
–Financial asset available for sale	–	967	–	–	–	967
–Cash	304,804	34,644	–	–	935	340,383
–Restricted cash	–	53,942	–	–	100	54,042
Total financial assets	**309,376**	**98,029**	**2,612**	**12,491**	**131,695**	**554,203**

Source: Extracted from Part VIII: "Historical Financial Information" of this Prospectus.

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

From the "Unrated" category within trade and other receivables Wizz Air had €73.9 million receivables as at 30 September 2014 from different aircraft lessors in respect of maintenance reserves and lease security deposits paid. However, given that Wizz Air physically possesses the aircraft owned by the lessors and has significant future lease payment obligations towards the same lessors, the Directors do not consider the credit risk on maintenance reserve receivables to be material.

7. CRITICAL ACCOUNTING POLICIES

Wizz Air's accounting policies are more fully described in the historical financial information contained in section B of Part VIII: "*Historical Financial Information*" of this Prospectus, which has been prepared in accordance with IFRS.

The preparation of such financial information requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and on assumptions determined to be reasonable and realistic based on the related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of Wizz Air's contingent assets and liabilities at the accounting period date and the reported amount of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. Summarised below are those accounting policies that require management to use more subjective judgment when making assumptions or estimates regarding the effects of the matter that are inherently uncertain and for which changes in conditions may significantly affect the results reported in section B of Part VIII: "Historical Financial Information" of this Prospectus.

The Company believes the following to be the most significant critical accounting policies used in the preparation of its consolidated financial information.

7.1 *Revenue*

Revenue comprises the invoiced value of flight seats and ancillary revenue. Passenger ticket revenue arises from the sale of flight seats and is recognised by Wizz Air net of government taxes in the period in which the service is provided, being when the airplane has departed. Unearned revenue represents flight seats sold but not yet flown and is included in deferred income. Refunds made to passengers are recorded as reductions in revenue. Ancillary revenue arises from the sale of other services made by the Group and from commissions earned in relation to services sold on behalf of other parties. Revenues from other services comprise mainly baggage charges, booking, payment/handling fees, airport check-in fees, fees for various convenience services (priority boarding, extended legroom, reserved seat) and loyalty programme membership fees. Commission revenue arises in relation to the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded credit cards. Ancillary revenues are recognised as revenue on the date that the right

to receive consideration occurs which is the date when the underlying service was provided. This, depending on the type of service, might be either the date of sale, the date of flight or (in the case of membership fees) over the period of membership.

While revenue recognition is listed here as a critical accounting policy it does not involve critical accounting estimates or judgments.

7.2 ***Aircraft heavy maintenance***

The two most significant items of Wizz Air's heavy maintenance relate to airframes and engines.

Aircraft heavy maintenance events known as "C-checks" are required under aviation regulation and the terms of Wizz Air's operating leases. Aircraft lessors require prepayment towards the largest of the C-checks and the major components on the aircraft and engines, with the prepayments linked to calendar time, flight hours or other usage metrics depending on the component. These "maintenance reserve" payments are recorded in the Group's financial statements as receivables owed by the lessors until the respective maintenance event happens and the reimbursement from the lessor is received. A significant proportion of these receivables are recorded in the Group's financial statements as non-current receivables. An alternative to maintenance rent prepayments, which Wizz Air has utilised for a number of its aircraft, is to provide a bank letter of credit to the lessor. The cash on deposit with the issuing bank remains inaccessible until completion of the maintenance event and is recorded in the Group's financial statements as restricted cash. As with the maintenance rent prepayments, the letters of credit are generally reduced to the extent that a heavy maintenance event takes place.

Similarly to C-checks and major component maintenance, Wizz Air makes monthly prepayments to IAE (its engine supplier) for engine heavy maintenance based on actual flight hours for the majority of its installed and spare engines, which are recorded in the Group's financial statements as advances paid for aircraft maintenance assets (part of property, plant and equipment).

For aircraft held under operating lease agreements Wizz Air is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return. Wizz Air makes provision for the minimum unavoidable cost of specific future obligations created by the lease at the time when the relevant aircraft component no longer meets the lease redelivery condition. For the airframe, this amount broadly equates to the cost of the next major maintenance event plus end of lease obligations to remove Wizz Air bespoke material (for example, upholstery and exterior paint). For the engine, this amount relates to the cost of the next scheduled heavy maintenance overhaul (including the replacement of life-limited parts where required). The relevant provision is utilised when the relevant maintenance event occurs and is replaced thereafter by the next obligation, whether that be at the same time or at some time in the future.

The cost of heavy maintenance is capitalised on the basis that it is deemed a "leasehold improvement". The fixed asset is then depreciated over the estimated period until the relevant component next becomes "out of condition" for redelivery to the lessor and a strict obligation arises, or until the end of the lease term, whichever happens earlier. Other enhancement maintenance (often carried out at the same time as the mandatory heavy maintenance) is also capitalised and usually depreciated over the remaining lease term.

There are different applications of the accounting treatment depending on whether the heavy maintenance relates to airframes, engines, auxiliary power units, landing gear or "hard time" parts, but the principle of the strict obligation methodology is consistently applied.

7.3 ***Leases***

If the risk and rewards incidental to ownership of an asset, including a leased aircraft, is substantially transferred to Wizz Air then it will be handled as a finance lease. Wizz Air analyses five criteria, as follows: (a) transfer of ownership of the asset at the end of the lease term, (b) option to purchase the asset at sufficiently below fair value so that it is reasonably certain that the option will be exercised, (c) major part of the asset's economic life is with the lessee, (d) the asset is so special that it can

only be used by the lessee and (e) the present value of minimum lease payments is substantially all (i.e. more than 80 per cent.) of the fair value of the asset. Wizz Air's management uses these criteria as guidelines for their analyses, however the substance of a transaction is always considered during the assessment. As a result of these assessments, all aircraft and spare engine lease contracts currently entered into by Wizz Air are considered as operating leases. As a result, payments on the leases are considered as operating expenses and recognised in the statement of comprehensive income rather than finance leases where the relevant assets and liabilities are shown in the statement of financial position. Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

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

7.4 ***Derivative financial instruments and hedging***

The Group enters into foreign exchange (US Dollar / Euro) and aviation fuel hedging transactions to minimise the impact of fluctuations in foreign exchange rates insurance premiums and fuel prices on the Group. Both types of hedging transactions are cash-flow hedges under IAS 39 (Financial Instruments: Recognition and Measurement). The Group primarily uses zero cost collar instruments to hedge both foreign exchange and aviation fuel. In December 2014, the Group commenced hedging using full cap instruments (call options) to supplement the zero cost collars in place.

These derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and are subsequently re-measured at the fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain depends on the nature of the item being hedged. Where a derivative financial instrument is designated as a hedge in the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any unrealised gain or loss on the derivative financial instrument is recognised directly in the hedging reserve within other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income. The associated cumulative gain or loss is removed from other comprehensive income and recognised in the statement of comprehensive income in the same period or periods as the hedged forecast transaction. When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the hedged transaction is recognised in the statement of comprehensive income. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is immediately recognised in the statement of comprehensive income.

Before expiry, the fair value of an option comprises (a) its intrinsic value, being a function of the difference between contracted and market (or spot) prices and (b) its time value, being the difference of the fair value and the intrinsic value at any point in time. Subject to hedge effectiveness, any increase or decrease in the intrinsic value of the hedging instrument is taken to equity within other comprehensive income or expense. However, any increase or decrease in the time value of the hedging instrument is recognised immediately in the statement of comprehensive income as financial income or expense. This reflects the fact that variations in the time value of an option are required to be excluded from the hedge relationship in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Accordingly, (a) the open position on the derivative hedging instrument is recorded as an asset or liability on the statement of financial position at fair value and the effective portion of changes in

intrinsic element of the fair value is recorded in other comprehensive income and (b) the realised gains or losses on the hedging instrument are recorded against the relevant expense line(s) in the statement of comprehensive income. Changes in the fair value of unexpired options attributable to the time value, or the ineffective portion, if any, are recorded as financial income or expense in the statement of comprehensive income.

8. SELECTED HISTORICAL QUARTERLY DATA

Set out below is selected historical quarterly financial and operating data for Wizz Air for the four quarters of FY 2014 and the three quarters of 9M FY 2015. The data is unaudited.

	FY 2014 (unaudited)			
	Quarter ended 30 June 2013	Quarter ended 30 September 2013	Quarter ended 31 December 2013	Quarter ended 31 March 2014
	(€'000)			
Passenger ticket revenue	148,128	242,970	143,619	124,003
Ancillary revenue	84,598	113,311	81,326	73,861
Total revenue	232,726	356,281	224,945	197,864
Fuel costs	87,596	103,234	87,742	82,003
Other expenses	132,347	147,234	137,163	130,969(1)
Total operating expenses	219,943	250,468	224,905	212,972(1)
Operating profit	12,783	105,813	40	(15,108)(
Other key metrics				
Total ASKs ('000 km)	5,925,043	6,691,013	5,967,554	5,801,421
RPKs ('000 km)	5,146,441	6,004,190	5,002,611	4,713,790

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

Note:

(1) Excluding €6,256,000 exceptional credit (refund from card acquirer) in the quarter ended 31 March 2014.

	FY 2015 (unaudited)		
	Quarter ended 30 June 2014	Quarter ended 30 September 2014	Quarter ended 31 December 2014
	(€'000)		
Passenger ticket revenue	192,951	294,977	166,493
Ancillary revenue	102,201	137,171	98,107
Total revenue	295,153	432,148	264,600
Fuel costs	101,412	119,783	92,190
Other expenses	160,810	179,448	162,403
Total operating expenses	262,222	299,231	254,593
Operating profit	32,931	132,917	10,007
Other key metrics			
Total ASKs ('000 km)	7,166,210	8,243,829	6,930,347
RPKs ('000 km)	6,247,691	7,438,576	5,859,747

Source: All measures in the table above are extracted from management accounts and internal financial and operating reporting systems and are unaudited.

PART VIII

HISTORICAL FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP

The Directors
Wizz Air Holdings Plc
44 Esplanade
St. Helier JE4 9WG
Jersey

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP
United Kingdom

25 February 2015

Dear Sirs

Wizz Air Holdings Plc

We report on the financial information set out in section B of Part VIII of the prospectus dated 25 February 2015 (the "**Prospectus**") of Wizz Air Holdings Plc (the "**Company**", together with its subsidiaries, the "**Group**") for the three years ended 31 March 2014 and the six months ended 30 September 2014 (the "**IFRS Financial Information**"). The IFRS Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in Note 2 to the IFRS Financial Information. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

We have not audited the financial information for the six months ended 30 September 2013 and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the IFRS Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the IFRS Financial Information gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising

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out of, or in connection with this report required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the IFRS Financial Information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP

Consolidated statement of comprehensive income

	Note	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
		€'000	€'000	€'000	€'000	€'000
Passenger ticket revenue		552,299	577,098	658,720	487,928	391,098
Ancillary revenue		213,821	274,213	353,096	239,372	197,909
Total revenue		766,120	851,311	1,011,816	727,300	589,007
Staff costs		(53,130)	(56,894)	(68,306)	(38,809)	(34,079)
Fuel costs		(286,983)	(332,552)	(360,575)	(221,195)	(190,830)
Distribution and marketing		(13,141)	(15,258)	(10,862)	(10,835)	(9,677)
Maintenance materials and repairs		(40,167)	(36,344)	(48,461)	(29,131)	(24,294)
Aircraft rentals		(84,665)	(100,965)	(112,462)	(66,966)	(55,861)
Airport, handling, en-route charges		(206,792)	(228,317)	(250,350)	(157,811)	(132,563)
Depreciation and amortisation		(17,174)	(19,130)	(25,386)	(22,003)	(11,217)
Other expenses		(19,866)	(23,861)	(25,630)	(14,703)	(11,890)
Total operating expenses		(721,918)	(813,321)	(902,032)	(561,453)	(470,411)
Operating profit		44,202	37,990	109,784	165,847	118,596
Comprising						
– operating profit excluding exceptional item		44,202	37,990	103,528	165,847	118,596
– exceptional item		–	–	6,256	–	–
Financial income	10	2,128	805	381	157	234
Financial expenses	10	(7,115)	(6,960)	(7,770)	(5,976)	(4,005)
Net foreign exchange gain/(loss)	10	2,701	1,862	(7,033)	3,953	(1,924)
Net financing costs		(2,286)	(4,293)	(14,422)	(1,866)	(5,695)
Profit before income tax		41,916	33,697	95,362	163,981	112,901
Income tax expense	11	(918)	(4,439)	(7,648)	(5,844)	(3,444)
Profit for the period		40,998	29,258	87,714	158,137	109,457
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:						
Net movements in cash flow hedging reserve, net of tax		4,110	(7,248)	(7,338)	7,962	(7,106)
Currency translation differences		(1,028)	(944)	8,220	1,964	1,187
Other comprehensive income/(expense) for the period, net of tax		3,082	(8,192)	882	9,926	(5,919)
Total comprehensive income for the period		44,080	21,066	88,596	168,063	103,538
Earnings per share (euro/share)	12	4.73	3.37	10.04	18.09	12.54
Diluted earnings per share (euro/share)	12	2.48	1.79	5.21	9.31	6.46

Consolidated statement of financial position

	Note	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
		€'000	€'000	€'000	€'000	€'000
ASSETS						
Non-current assets						
Property, plant and equipment	13	96,277	156,739	221,839	204,889	167,349
Intangible assets	14	879	2,382	2,998	3,219	2,966
Restricted cash	22	13,153	44,449	38,554	49,712	32,815
Deferred tax assets	15	–	–	–	–	3,187
Deferred interest	21	8,473	7,376	7,327	7,931	7,422
Trade and other receivables	18	51,957	58,092	50,027	62,230	50,063
Total non-current assets		170,739	269,038	320,745	327,981	263,802
Current assets						
Inventories	17	3,630	5,378	6,231	6,395	5,878
Trade and other receivables	18	55,944	70,890	66,383	81,342	87,700
Financial assets available for sale	19	–	–	977	967	–
Derivative financial instruments	20	11,472	2,681	420	15,239	372
Current tax receivables		192	117	–	–	–
Deferred interest	21	938	1,030	1,080	1,144	1,080
Restricted cash	22	25,907	4,360	3,779	4,330	26,310
Cash and cash equivalents		84,532	103,499	185,550	340,383	177,033
Total current assets		182,615	187,955	264,420	449,800	298,373
Total assets		353,354	456,993	585,165	777,781	562,175
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	28	1	1	1	1	1
Share premium	28	207,149	207,149	207,149	207,149	207,149
Reorganisation reserve	28	(192,987)	(192,987)	(192,987)	(192,987)	(192,987)
Equity part of convertible debt	28	11,105	11,105	11,105	11,105	11,105
Cash flow hedging reserve	28	11,472	4,224	(3,114)	4,848	(2,882)
Cumulated translation adjustments	28	1,430	486	8,706	10,670	1,673
Retained earnings		11,835	41,260	129,082	287,279	150,731
Total equity		50,005	71,238	159,942	328,065	174,790
Non-current liabilities						
Borrowings	23	–	2,592	4,190	4,005	6,829
Convertible debt	24	37,444	39,882	–	46,033	30,310
Deferred income	26	43,134	42,599	53,673	69,932	55,944
Deferred tax liabilities	15	1,513	2,469	2,785	3,233	2,533
Provisions for other liabilities and charges	29	10,326	30,456	18,865	36,711	19,866
Total non-current liabilities		92,417	117,998	79,513	159,914	115,482
Current liabilities						
Trade and other payables	25	85,715	114,459	120,660	142,329	134,520
Current tax liabilities		154	5	1,048	4,213	5,182
Borrowings	23	–	20,819	15,977	5,760	11,184
Convertible debt	24	460	451	43,242	2,501	13,101
Derivative financial instruments	20	–	640	3,534	10,391	3,254
Deferred income	26	115,566	115,470	152,569	119,010	95,376
Provisions for other liabilities and charges	29	9,037	15,913	8,680	5,598	9,286
Total current liabilities		210,932	267,757	345,710	289,802	271,903
Total liabilities		303,349	385,755	425,223	449,716	387,385
Total equity and liabilities		353,354	456,993	585,165	777,781	562,175

Consolidated statement of changes in equity

	Share capital	Share premium	Tied up reserve	Reorganisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulated translation adjustments	(Accumulated losses)/ Retained earnings	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 April 2011	**1**	**207,149**	**80**	**(192,987)**	**11,105**	**7,362**	**2,458**	**(29,336)**	**5,832**
Comprehensive income									
Profit for the year	–	–	–	–	–	–	–	40,998	40,998
Other comprehensive income									
Hedging reserve	–	–	–	–	–	4,110	–	–	4,110
Currency translation differences	–	–	–	–	–	–	(1,028)	–	(1,028)
Total other comprehensive income	–	–	–	–	–	4,110	(1,028)	–	3,082
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**4,110**	**(1,028)**	**40,998**	**44,080**
Transactions with owners									
Share based payment recharge	–	–	–	–	–	–	–	93	93
Tied up reserve transferred to retained earnings	–	–	(80)	–	–	–	–	80	–
Total transactions with owners	**–**	**–**	**(80)**	**–**	**–**	**–**	**–**	**173**	**93**
Balance at 31 March 2012	**1**	**207,149**	**–**	**(192,987)**	**11,105**	**11,472**	**1,430**	**11,835**	**50,005**

	Share capital	Share premium	Reorganisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulated translation adjustments	Retained earnings	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 April 2012	**1**	**207,149**	**(192,987)**	**11,105**	**11,472**	**1,430**	**11,835**	**50,005**
Comprehensive income								
Profit for the year	–	–	–	–	–	–	29,258	29,258
Other comprehensive income								
Hedging reserve	–	–	–	–	(7,248)	–	–	(7,248)
Currency translation differences	–	–	–	–	–	(944)	–	(944)
Total other comprehensive income	–	–	–	–	(7,248)	(944)	–	(8,192)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(7,248)**	**(944)**	**29,258**	**21,066**
Transactions with owners								
Share based payment recharge	–	–	–	–	–	–	167	167
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**167**	**167**
Balance at 31 March 2013	**1**	**207,149**	**(192,987)**	**11,105**	**4,224**	**486**	**41,260**	**71,238**

	Share capital	Share premium	Reorganisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulated translation adjustments	Retained earnings	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 April 2013	**1**	**207,149**	**(192,987)**	**11,105**	**4,224**	**486**	**41,260**	**71,238**
Comprehensive income								
Profit for the year	–	–	–	–	–	–	87,714	87,714
Other comprehensive income								
Hedging reserve	–	–	–	–	(7,338)	–	–	(7,338)
Currency translation differences	–	–	–	–	–	8,220	–	8,220
Total other comprehensive income	–	–	–	–	(7,338)	8,220	–	882
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(7,338)**	**8,220**	**87,714**	**88,596**
Transactions with owners								
Share based payment recharge	–	–	–	–	–	–	108	108
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**108**	**108**
Balance at 31 March 2014	**1**	**207,149**	**(192,987)**	**11,105**	**(3,114)**	**8,706**	**129,082**	**159,942**

	Share capital	Share premium	Reorga-nisation reserve	Equity part of convertible debt	Cash flow hedging reserve	Cumulated translation adjustments	Retained earnings	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 April 2014	**1**	**207,149**	**(192,987)**	**11,105**	**(3,114)**	**8,706**	**129,082**	**159,942**
Comprehensive income								
Profit for the year	–	–	–	–	–		158,137	158,137
Other comprehensive income								
Hedging reserve	–	–	–	–	7,962		–	7,962
Currency translation differences	–	–	–	–	–	1,964	–	1,964
Total other comprehensive income	–	–	–	–	7,962	1,964	–	9,926
Total comprehensive income for the year	–	–	–	–	**7,962**	**1,964**	**158,137**	**168,063**
Transactions with owners								
Share based payment recharge	–	–	–	–	–	–	60	60
Total transactions with owners	–	–	–	–	–	–	**60**	**60**
Balance at 30 September 2014	**1**	**207,149**	**(192,987)**	**11,105**	**4,848**	**10,670**	**287,279**	**328,065**

Consolidated statement of cash flows

	Note	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
		€'000	€'000	€'000	€'000	€'000
Cash flows from operating activities:						
Profit before tax		41,916	33,697	95,362	163,981	112,900
Adjustments for:						
Depreciation	13	16,663	18,237	24,177	21,323	10,635
Amortisation	14	511	893	1,209	680	582
Financial income		(9,336)	723	(381)	(7,195)	(234)
Financial expense		7,115	6,960	12,938	5,976	6,177
(Profit)/Loss on sale of property, plant and equipment		(1,547)	–	18	–	11
Share-based payment charges	7	93	167	108	60	15
		55,415	60,677	133,431	184,825	130,086
Changes in working capital (excluding the effects of exchange differences on consolidation)						
(Increase)/Decrease in trade and other receivables		(18,281)	(19,542)	5,261	(22,078)	(12,969)
(Increase)/Decrease in restricted cash		(7,338)	(9,749)	6,476	(11,709)	(10,316)
(Increase)/Decrease in deferred interest		895	974	(1)	(582)	(183)
Increase in inventory		(1,436)	(1,770)	(865)	(97)	(557)
Increase/(Decrease) in provisions		435	(387)	88	1,108	2,588
Increase/Decrease in trade and other payables		(4,398)	28,092	7,751	23,564	19,027
(Decrease)/Increase in deferred income		22,080	(1,869)	50,516	(14,830)	(8,777)
Cash generated by operating activities before tax		47,372	56,426	202,657	160,201	118,899
Comprising						
– cash flow excluding exceptional item		–	–	197,326	159,276	–
– exceptional item	9	–	–	5,331	925	–
Income tax paid		(109)	(3,558)	(6,284)	(2,231)	(1,272)
Net cash generated by operating activities		47,263	52,868	196,373	157,970	117,627
Cash flows from investing activities:						
Purchase of aircraft maintenance assets		(20,575)	(26,366)	(54,939)	(15,190)	(31,406)
Purchase of available for sale financial asset		–	–	(977)	–	–
Proceeds from sale of property, plant and equipment		1,583	9	–	–	–
Purchases of tangible and intangible assets		(2,523)	(2,373)	(6,529)	(4,093)	(3,307)
Advances paid for aircraft		(28,184)	(41,175)	(72,569)	(26,392)	(35,849)
Refund of advances paid for aircraft		6,947	22,150	40,802	43,090	41,786
Interest received		974	289	204	148	82
Net cash used in investing activities		(41,778)	(47,466)	(94,008)	(2,437)	(28,694)
Cash flows from financing activities:						
Interest paid		(3,861)	(3,929)	(4,313)	(354)	(533)
Commercial loan received		–	17,469	–		–
Commercial loan repaid		–	–	(14,870)	(170)	(14,705)
Net cash (used in)/generated from financing activities		(3,861)	13,540	(19,183)	(524)	(15,238)
Net increase in cash and cash equivalents		1,624	18,942	83,182	155,009	73,695
Cash and cash equivalents at the beginning of the year		82,550	84,532	103,499	185,550	103,499
Effect of exchange rate fluctuations on cash and cash equivalents		358	25	(1,131)	(176)	(161)
Cash and cash equivalents at the end of the year		84,532	103,499	185,550	340,383	177,033

Notes to the historical financial information

1. General information

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

2. Accounting policies

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

Basis of preparation

This consolidated financial information presents the financial track record of the Group for the three years ended 31 March 2012, 31 March 2013, 31 March 2014 and the half year ended 30 September 2014 and the 30 September 2013 comparative period, that has been prepared for inclusion in the Prospectus of the Company for the purposes of admission on the main market operated by the London Stock Exchange. This consolidated financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules and this basis of preparation. This consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations and with those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The Group historical financial information consolidates the financial information of the Company and its subsidiaries.

The financial information is presented in Euros which is the functional currency of all companies in the Group with the exception of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC for which the functional currency is the Ukrainian Hryvnia (national currency of Ukraine).

New standards and interpretations

- ***Standards, amendments and interpretations effective and adopted by the Group***

  The first annual financial statements of the Group subsequent to the listing of the Company's ordinary share capital on the main market of the London Stock Exchange will be for the year ended 31 March 2015. IFRSs that are expected to be applicable, to the extent that they can be identified as at 30 September 2014, have been applied in preparing this financial information. The accounting policies adopted in the presentation of the consolidated historical financial information as of 1 April 2011, being the start of the earliest period presented, reflect the adoption of the following standards:

  – **IFRS 10, 'Consolidated financial statements'** (effective for annual periods beginning on or after 1 January 2013) The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

2. Accounting policies *(continued)*

– **IFRS 11, 'Joint arrangements'** (effective for annual periods beginning on or after 1 January 2013) focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

– **IFRS 12, 'Disclosures of interests in other entities'** (effective for annual periods beginning on or after 1 January 2013) includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other 'off statement of financial position' vehicles.

– **IFRS 13, 'Fair value measurement'**, (effective for annual periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

– **Amendment to IAS 19, 'Employee Benefits'** (effective for annual periods beginning on or after 1 January 2013) eliminates the corridor approach and calculates finance costs on a net funding basis.

– **Amendment to IAS 32, 'Financial instruments: presentation'** (effective for annual periods beginning on or after 1 January 2014) These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position.

– **Amendment to IAS 36, 'Impairment of assets'** (effective for annual periods beginning on or after 1 January 2014) This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

– **Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement'** effective for annual periods beginning on or after 1 January 2014). This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.

– **IFRIC 21, 'Levies'** (effective for annual periods beginning on or after 1 January 2014) This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

• ***Standards early adopted by the Group***

Other than those required to be applied for the year ending 31 March 2015 (identified above), the Group has not early adopted any standards.

2. Accounting policies *(continued)*

- ***Interpretations and standards that are not yet effective and have not been early adopted by the Group***

  – **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018, subject to EU endorsement) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in final form in July 2014 and replaces IAS 39, 'Financial instruments: recognition and measurement'.

  – **IFRS 14, 'Regulatory deferral accounts'** (effective for annual periods beginning on or after 1 January 2016) The objective of this Standard is to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

  – **IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2017). The objective of this Standard is to establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Group will apply the above standards in its financial statements for the year ending 31 March 2017 (depending on the adoption by the EU) and in subsequent periods except as otherwise stated above. The Group anticipates that the adoption of the above standards will not have a material effect on its results or financial position.

Basis of consolidation

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

The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group controls an SPE, management make judgements about its exposure to the risks and rewards, as well as its ability to make operational decisions for the SPE in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an SPE, but when considered together make it difficult to reach a clear conclusion. In cases where more arguments are in place towards existence of control, the SPE is consolidated.

The results of all the subsidiaries are consolidated up to the date of 31 March which is the financial year end of the Company. For the preparation of half year figures the results of all subsidiaries are consolidated up to 30 September which is the half year end of the Company.

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

Going concern

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

2. Accounting policies *(continued)*

Foreign currency

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

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

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

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013
	UAH/EUR	UAH/EUR	UAH/EUR	UAH/EUR	UAH/EUR
Closing rate	10.60	10.36	15.07	16.45	10.82
Weighted Average rate	10.33	9.56	13.99	16.93	8.13

Financial assets and liabilities

The Group classifies its financial assets and liabilities – in line with IAS 39 'Financial Instruments: Recognition and Measurement' – into the following categories:

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

2. Accounting policies *(continued)*

The Group classifies its financial assets and liabilities in the following categories: financial assets and liabilities at fair value through profit and loss, loans and receivables, available-for-sale financial assets and other financial liabilities measured at amortised costs. The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

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

(b) Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, that are classified as non-current assets. The Group's receivables comprise trade and other receivables, cash and cash equivalents and restricted cash in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. Available-for-sale financial assets are subsequently carried at fair value.

(d) Other financial liabilities measured at amortised costs

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

They are included in current liabilities, except for maturities greater than 12 months after the statement of financial position date that are classified as non-current liabilities. The Group's other financial liabilities comprise trade and other payables and interest bearing loans and borrowings in the statement of financial position.

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

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of comprehensive income, within financial income or expenses.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below). The Group enters into foreign exchange and jet fuel price hedging transactions to minimize the impact of fluctuations in foreign exchange rates and fuel price on the Group. Both types of hedging transactions are cash-flow hedges under IAS39.

Cash flow hedges

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

2. Accounting policies *(continued)*

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

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

Before expiry, the fair value of an option comprises i) its intrinsic value, being a function of the difference between contracted and market (or spot) prices; and ii) its time value, being the difference of the fair value and the intrinsic value at any point in time. Subject to hedge effectiveness, any increase or decrease in the intrinsic value of the hedging instrument is taken to equity within other comprehensive income or expense. However, any increase or decrease in the time value of the hedging instrument is recognised immediately in the statement of comprehensive income as financial income or expense. This reflects the fact that variations in the time value of an option are required to be excluded from the hedge relationship in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Accordingly:

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

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

Hedging with non-derivatives

The Group uses its selected financial assets denominated in foreign currency to hedge highly probable future cash expenses in foreign currency. The accounting treatment of non-derivatives designated as hedging instruments is identical to cash flow hedges with derivatives, that is:

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

During the year ended 31 March 2014 the Group stopped using non-derivatives as hedging instruments.

Trade and other receivables

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

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

2. Accounting policies *(continued)*

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

Cash and cash equivalents

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

Restricted cash

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

Trade and other payables

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

Interest-bearing borrowings

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

Convertible debt

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

Classification of compound instruments issued by the Group

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

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

2. Accounting policies *(continued)*

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

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

Impairment of financial assets

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

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

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

Non financial assets and liabilities

Property, plant and equipment

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

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

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

Leasehold improvement on buildings	3-10 years being the shorter of useful economic life and the lease term
Aircraft maintenance assets	2-7 years being the shorter of useful economic life and the lease term
Aircraft spares	7 years
Fixtures and fittings	3 years

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

Assets received free of charge

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

Pre-delivery payments (PDP)

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

2. Accounting policies *(continued)*

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

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

Advances paid for aircraft maintenance assets (FHA)

Advances paid for aircraft maintenance assets represent advance payments made in relation to heavy maintenance scheduled to be performed in the future (for the definition of heavy maintenance see the accounting policy section on maintenance). Such advance payments are made by the Group particularly to the engine maintenance service provider under Fleet Hour Agreements ("**FHA**"). The balance of such assets is re-categorised into aircraft maintenance assets at the time when the aircraft maintenance asset is recognised in respect of the same component and the same heavy maintenance event. Advances paid for aircraft maintenance assets are not depreciated.

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

Intangible assets

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

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

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

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

Software licences	3 years
Web development costs	3-5 years

Inventories

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

2. Accounting policies *(continued)*

Emissions Trading Scheme

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

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

Deferred interest

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

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

Impairment of non-financial assets

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

Employee benefits

Share-based payment transactions

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

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

2. Accounting policies *(continued)*

Provisions

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

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

Revenue

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

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

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

Leases

Finance leases

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

- Transfer of ownership of the asset at the end of lease term.
- Option to purchase the asset at sufficiently below fair value, therefore it is reasonably certain that the option will be exercised.
- A major part of the asset's economic life is with the lessee.
- The asset is so special that it can be used only by the lessee.
- Present value of minimum lease payments is substantially all of the fair value of the asset.

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

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

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

2. Accounting policies *(continued)*

Operating leases

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

Sale and leaseback transactions

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

Maintenance

Aircraft maintenance provisions

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

Aircraft maintenance assets

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

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

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

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

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

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

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

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

2. Accounting policies *(continued)*

Other receivables from lessors – maintenance reserve

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

Other

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

Payments for scheduled maintenance work are recognised as Advances paid for aircraft maintenance assets until the maintenance asset for the respective engine overhaul is created. After this point any further FHA payments are either used to settle previously established aircraft maintenance provisions (to the extent a provision for the respective FHA contract exists) or, in the absence of a provision, are added to the amount previously capitalised within Property, plant and equipment as Advances paid for aircraft maintenance assets.

Payments that are made to provide guaranteed coverage for the performance of unscheduled maintenance events are considered as insurance payments and are expensed as incurred.

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

Supplier credits

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

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

Net financing costs

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

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

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

Share capital

Ordinary shares are classified as equity. Qualifying transaction costs directly attributable to the issuing of new shares are debited to equity, reducing the share premium arising on the issue of shares. Qualifying costs that relate to both existing shares and new shares are allocated based on the number of new shares issued compared to the total number of shares being listed. Any costs attributable to (or allocated to) the listing of existing shares is expensed.

As long as a public offering is regarded as an anticipated equity transaction, all the relevant transaction costs are booked as deferred expense (part of trade and other receivables) in the statement of financial position.

2. Accounting policies *(continued)*

Taxation

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

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

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

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

Exceptional items

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

Segment reporting

Operating and reportable segments

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

3. Financial risk management

Financial risk factors

The Group is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Wizz Air is to minimize 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.

Financial 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.

3. Financial risk management *(continued)*

Risk analysis

Market risks

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and commitments that are denominated in a currency other than the Euro. The main currency that gives rise to foreign currency risk related to purchases is primarily the U.S. Dollar (USD), while the currencies giving rise to foreign currency risk related to sales revenues are primarily the GBP and the PLN.

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

The Group chooses the Euro/USD foreign currency rate as the underlying foreign currency pair in its foreign currency rate hedging strategies. The main objective is to cover the Group's ongoing USD cash flow requirements. The Group's maximum target hedge coverage level is 75% of the total anticipated USD purchases hedged by the time the respective quarter on monthly rolling forward basis is reached. This maximum target hedge coverage level was 70% until 31 March 2014 and increased to 75% in the half year ended 30 September 2014. The maximum level was not always maintained in the years ended 31 March 2014, 2013 and 2012 and was strategically exceeded at certain points in the year ended 31 March 2014 and in the half year ended 30 September 2014.

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

	EUR	USD	Other	Total
	€'000	€'000	€'000	€'000
At 30 Sept 2014				
Financial assets				
Trade and other receivables	38,128	92,472	12,972	143,572
Financial assets available for sale	–	–	967	967
Derivative financial assets	–	15,239	–	15,239
Cash	326,417	1,033	12,933	340,383
Restricted cash	2,144	51,798	100	54,042
Total financial assets	**366,689**	**160,542**	**26,972**	**554,203**
Financial liabilities				
Borrowings	4,368	5,397	–	9,765
Convertible debt	48,534	–	–	48,534
Trade and other payables	116,522	25,458	349	142,329
Derivative financial liabilities	–	10,391	–	10,391
Total financial liabilities	**169,424**	**41,246**	**349**	**211,019**

	EUR	USD	Other	Total
	€'000	€'000	€'000	€'000
At 31 March 2014				
Financial assets				
Trade and other receivables	32,004	79,517	4,889	116,410
Financial assets available for sale	–	–	977	977
Derivative financial assets	–	420	–	420
Cash	176,477	221	8,852	185,550
Restricted cash	2,222	39,769	342	42,333
Total financial assets	**210,703**	**119,927**	**15,060**	**345,690**
Financial liabilities				
Borrowings	4,538	15,629	–	20,167
Convertible debt	43,242	–	–	43,242
Trade and other payables	79,720	32,388	8,552	120,660
Derivative financial liabilities	–	3,534	–	3,534
Total financial liabilities	**127,500**	**51,551**	**8,552**	**187,603**

3. Financial risk management *(continued)*

	EUR	USD	Other	Total
	€'000	€'000	€'000	€'000
At 31 March 2013				
Financial assets				
Trade and other receivables	26,633	94,994	7,355	128,982
Derivative financial assets	–	2,681	–	2,681
Cash	85,827	2,240	15,432	103,499
Restricted cash	20,844	27,562	403	48,809
Total financial assets	**133,304**	**127,477**	**23,190**	**283,971**
Financial liabilities				
Borrowings	–	23,411	–	23,411
Convertible debt	40,333	–	–	40,333
Trade and other payables	78,649	27,733	8,077	114,459
Derivative financial liabilities	–	640	–	640
Total financial liabilities	**118,982**	**51,784**	**8,077**	**178,843**

	EUR	USD	Other	Total
	€'000	€'000	€'000	€'000
At 31 March 2012				
Financial assets				
Trade and other receivables	26,500	75,211	6,190	107,901
Derivative financial assets	–	11,472	–	11,472
Cash	72,769	4,242	7,521	84,532
Restricted cash	17,913	20,326	821	39,060
Total financial assets	**117,182**	**111,251**	**14,532**	**242,965**
Financial liabilities				
Convertible debt	37,904	–	–	37,904
Trade and other payables	56,994	18,631	10,090	85,715
Derivative financial liabilities	–	–	–	–
Total financial liabilities	**94,898**	**18,631**	**10,090**	**123,619**

Interest rate risk

The Group has future commitments under certain operating lease contracts that are based on floating interest rates. The floating nature of the interest charges on the operating leases exposes the Group to interest rate risk. Interest rates charged on convertible debt liabilities and on short and long term loans to finance the deposits of aircraft are not sensitive to interest rate movements as they are fixed until maturity. See Notes 24 and 30.

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 period ended 30 September 2014. The directors may in the future consider hedging interest rate risk to reduce the potential Group earnings volatility arising from fluctuations in interest rates.

Commodity price risk

One of the most significant costs for the Group is jet fuel. The price of jet fuel can be volatile and directly impacts the Group's financial performance. The Group's maximum target hedge coverage level under its hedge program is 75% of the total anticipated fuel purchases hedged by the time the respective quarter on a monthly rolling forward basis is reached. This maximum target hedge coverage level was 70% until 31 March 2014 and increased to 75% in the half year ended 30 September 2014. The maximum level was not reached in the half year ended 30 September 2014 and in any of the presented periods.

Hedge transactions during the periods

The Group uses non-derivatives and zero cost collar instruments to hedge its foreign exchange exposures and uses zero cost collar instruments to hedge its jet fuel exposures. The time horizon of the hedging program with derivatives is a maximum of 18 months, with non-derivatives is a maximum of 11 years (being the average aircraft lease term). Hedge accounting on non-derivatives was applied only in the year ended 31 March 2013. The volume of hedge transactions expired during the periods was as follows:

3. Financial risk management *(continued)*

(a) Foreign exchange hedge (USD versus EUR)
Half year ended 30 September 2014: USD 246.5 million (year ended 31 March 2014: USD 349.5 million, year ended 31 March 2013: USD 270.5 million, year ended 31 March 2012: USD 353.3 million).

(b) Fuel hedge
Half year ended 30 September 2014: 150,750 metric tons (year ended 31 March 2014: 260,000 metric tons, year ended 31 March 2013: 174,750 metric tons, year ended 31 March 2012: 141,150 metric tons).

Hedge year end open positions

At the end of each period the Group had the following open hedge positions:

(a) Foreign exchange hedge with derivatives
The fair value of the open positions was €15.3 million gain as at 30 September 2014 (31 March 2014: €2.4 million loss, 31 March 2013: €2.6 million gain, 31 March 2012: €7.1 million gain). The fair value hedges of are recognised as assets or liabilities, depending on whether they are in-the-money or out-of-the-money, respectively.

The notional amount of the open positions was USD 336.5 million as at 30 September 2014 (31 March 2014: USD 450.0 million, 31 March 2013: USD 194.5 million, 31 March 2012: USD 230 million).

(b) Foreign exchange hedge with non-derivatives
The notional amount of the open positions was nil as at 30 September 2014 (31 March 2014: nil, 31 March 2013: USD 62 million, 31 March 2012: USD nil). Foreign exchange revaluation gain was nil in the half year ended 30 September 2014 (year ended 31 March 2014: nil, year ended 31 March 2013: €2.2 million gain, year ended 31 March 2012: nil).

Non-derivatives are existing financial assets that hedge highly probable foreign currency cash flows in the future, therefore act as a natural hedge. Hedge accounting on non-derivatives ceased on 1 April 2013.

(c) Fuel hedge
The fair value of the open positions was €10.4 million loss as at 30 September 2014 (31 March 2014: €0.7 million loss, 31 March 2013: €nil, 31 March 2012:€4.4 million gain). The fair value of hedges are recognised as assets or liabilities, depending on whether they are in-the-money or out-of-the-money, respectively.

The notional amount of the open positions was 298,500 metric tons as at 30 September 2014 (31 March 2014: 192,500 metric tons, 31 March 2013: 161,000 metric tons, 31 March 2012: 67,000 metric tons).

Hedge effectiveness

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

3. Financial risk management *(continued)*

Sensitivity analysis

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	Difference in profit after tax (in €million)				
Fuel price sensitivity					
Fuel price $100 higher per metric ton	-26.5	-29.9	-33.5	-20.9	-17.8
Fuel price $100 lower per metric ton	+26.5	+29.9	+33.5	+20.9	+17.8
FX rate sensitivity (USD/EUR)					
FX rate 0.05 higher (meaning EUR stronger)	+14.9	+14.7	+18.7	+11.3	+5.8
FX rate 0.05 lower	-13.9	-15.5	-16.9	-11.3	-7.7
FX rate sensitivity (GBP/EUR)					
FX rate 0.03 higher (meaning EUR stronger)	-2.6	-3.6	-3.9	-3.3	-2.3
FX rate 0.03 lower	+2.6	+3.9	+3.9	+3.3	+2.3
FX rate sensitivity (PLN/EUR)					
FX rate 0.15 higher (meaning EUR stronger)	-3.4	-2.6	-2.8	-2.3	-1.8
FX rate 0.15 lower	+3.4	+2.8	+3.0	+2.3	+1.8
Interest rate sensitivity (EUR)					
Interest rate is higher by 100 bps	+0,47	+ 0,5	+ 1,1	+1,2	+ 0,5
Interest rate is lower by 100 bps	-0,19	+ 0,8	+ 0,3	–	+ 0,1

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

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

Liquidity risk

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

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

The amounts disclosed in the table 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.

3. Financial risk management *(continued)*

	Within 3 months	Between 3 months and 1 year	Between 1-5 years	Above 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 30 Sept 2014:					
Financial assets					
Trade and other receivables	79,168	2,175	63,776	2,076	**147,195**
Financial assets available for sale	–	967	–	–	**967**
Derivative financial assets	3,479	9,667	2,093	–	**15,239**
Cash	340,383	–	–	–	**340,383**
Restricted cash	428	3,902	12,233	37,479	**54,042**
Total financial assets	**423,458**	**16,711**	**78,102**	**39,555**	**557,826**
Financial liabilities					
Borrowings	5,577	537	2,864	2,565	**11,543**
Convertible debt	–	4,137	60,917	–	**65,054**
Trade and other payables	142,328	–	–	–	**142,328**
Derivative financial liabilities	2,953	6,041	1,397	–	**10,391**
Financial guarantees	569,001	–	–	–	**569,001**
Total financial liabilities	**719,859**	**10,715**	**65,178**	**2,565**	**798,317**

	Within 3 months	Between 3 months and 1 year	Between 1-5 years	Above 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 31 March 2014:					
Financial assets					
Trade and other receivables	55,195	11,189	45,022	7,908	**119,314**
Financial assets available for sale	–	977	–	–	**977**
Derivative financial assets	53	262	105	–	**420**
Cash	185,550	–	–	–	**185,550**
Restricted cash	3,034	1,207	4,342	33,749	**42,332**
Total financial assets	**243,832**	**13,635**	**49,469**	**41,657**	**348,593**
Financial liabilities					
Borrowings	5,151	11,195	2,864	2,923	**22,133**
Convertible debt	–	46,928	–	–	**46,928**
Trade and other payables	120,660	–	–	–	**120,660**
Derivative financial liabilities	791	2,551	192	–	**3,534**
Financial guarantees	408,259	–	–	–	**408,259**
Total financial liabilities	**534,861**	**60,674**	**3,056**	**2,923**	**601,514**

	Within 3 months	Between 3 months and 1 year	Between 1-5 years	Above 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 31 March 2013:					
Financial assets					
Trade and other receivables	54,131	16,759	31,847	27,930	**130,667**
Derivative financial assets	961	1,720	–	–	**2,681**
Cash	103,499	–	–	–	**103,499**
Restricted cash	2,766	1,596	20,586	24,140	**49,088**
Total financial assets	**161,357**	**20,075**	**52,433**	**52,070**	**285,935**
Financial liabilities					
Borrowings	20,819	–	2,592	–	**23,411**
Convertible debt	–	3,229	47,860	–	**51,089**
Trade and other payables	114,459	–	–	–	**114,459**
Derivative financial liabilities	211	429	–	–	**640**
Financial guarantees	442,196	–	–	–	**442,196**
Total financial liabilities	**577,685**	**3,658**	**50,452**	**–**	**631,795**

3. Financial risk management *(continued)*

	Within 3 months	Between 3 months and 1 year	Between 1-5 years	Above 5 years	Total
	€'000	€'000	€'000	€'000	€'000
At 31 March 2012:					
Financial assets					
Trade and other receivables	41,606	13,927	50,675	3,535	**109,743**
Derivative financial assets	4,315	7,157	–	–	**11,472**
Cash	84,532	–	–	–	**84,532**
Restricted cash	24,124	856	551	12,764	**38,295**
Total financial assets	**154,577**	**21,940**	**51,226**	**16,299**	**244,042**
Financial liabilities					
Convertible debt	–	3,238	50,296	–	**53,534**
Trade and other payables	85,716	–	–	–	**85,716**
Financial guarantees	452,087	–	–	–	**452,087**
Total financial liabilities	**537,803**	**3,238**	**50,296**	**–**	**591,337**

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

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

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

Credit risk

The Group's exposure to credit risk from individual customers is limited as the large majority of the payments for flight tickets are collected before the service is provided. See Note 26

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

	AAA	A	A-	Other	Unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 30 Sept 2014:						
Financial assets						
Trade and other receivables	–	–	421	12,491	130,660	**143,572**
Derivative financial assets	4,572	8,476	2,191	–	–	**15,239**
Financial assets available for sale	–	967	–	–	–	**967**
Cash	304,804	34,644	–	–	935	**340,383**
Restricted cash	–	53,942	–	–	100	**54,042**
Total financial assets	**309,376**	**98,029**	**2,612**	**12,491**	**131,695**	**554,203**

3. Financial risk management *(continued)*

	AAA	A	A-	Other	Unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 31 March 2014:						
Financial assets						
Trade and other receivables	–	378	–	4,976	111,056	**116,410**
Derivative financial assets	41	77	–	–	302	**420**
Financial assets available for sale	–	977	–	–	–	**977**
Cash	157,246	27,182	–	–	1,122	**185,550**
Restricted cash	–	42,234	–	–	99	**42,333**
Total financial assets	**157,287**	**70,848**	**–**	**4,976**	**112,579**	**345,690**

	AAA	A	A-	Other	Unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 31 March 2013:						
Financial assets						
Trade and other receivables	–	–	–	10,094	118,888	**128,982**
Derivative financial assets	800	1,194	446	–	241	**2,681**
Cash	82,309	19,886	–	–	1,304	**103,499**
Restricted cash	–	48,710	–	–	99	**48,809**
Total financial assets	**83,109**	**69,790**	**446**	**10,094**	**120,532**	**283,971**

	AAA	A	A-	Other	Unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 31 March 2012:						
Financial assets						
Trade and other receivables	–	–	–	10,241	97,660	**107,901**
Derivative financial assets	5,827	–	5,645	–	–	**11,472**
Cash	60,730	–	21,752	–	2,050	**84,532**
Restricted cash	–	–	38,960	–	100	**39,060**
Total financial assets	**66,557**	**–**	**66,357**	**10,241**	**99,810**	**242,965**

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

From the 'Unrated' category within trade and other receivables at 30 September 2014 the Group has €73,907,000 (31 March 2014: €63,698,000, 31 March 2013: €80,209,000, 31 March 2012: €62,693,000) receivables from different aircraft lessors in respect of maintenance reserves and lease security deposits paid (see also Note 18). However, given that the Group physically possesses the aircraft owned by the lessors and that the Group has significant future lease payment obligations towards the same lessors (see Note 32), management does not consider the credit risk on maintenance reserve receivables to be material.

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

Fair value estimation

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

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

Level 2: Fair value is determined based on inputs other than quoted prices, that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

3. Financial risk management *(continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2014.

	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Assets				
Financial assets available for sale	967	–	–	967
Derivative financial instruments	–	15,239	–	15,239
	967	15,239	–	16,206
Liabilities				
Derivative financial instruments	–	10,391	–	10,391
	–	**10,391**	–	**10,391**

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

The Group measures its derivative financial instruments at fair value, calculated with a mark-to-market method by the banks involved in the hedging transactions, that fall into the Level 2 category.

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

Capital risk management

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

The capital structure of the Group consists of financial liabilities, cash and cash equivalents and equity. Financial liabilities primarily consist of commercial loans relating to aircraft financing and convertible debt as disclosed in Notes 23 and 24 respectively. Equity comprises issued capital, reserves and retained earnings as disclosed in the statement of changes in equity. Since the financial year beginning on 1 April 2007, the Group's growth has been financed entirely out of cash from operations and commercial debt with financial institutions. The overall capital risk management strategy remains unchanged from prior years.

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

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

(a) Maintenance policy

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

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

(b) Fair value of derivatives and other financial instruments

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

4. Critical accounting estimates and judgements made in applying the Group's accounting policies *(continued)*

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

(c) Compound instruments

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

For more information please see the Accounting policy section on Financial assets and liabilities and Note 24 and Note 30.

(d) Leasing classification

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

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

(e) Sale and leaseback calculation

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

See the Accounting policy section on Leases.

5. Segment information

Reportable segment information

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Segment revenue	766,120	851,311	1,011,816	727,300	589,007
Segment operating profit	44,202	37,990	109,784	165,847	118,596

5. Segment information *(continued)*

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Segment operating profit	44,202	37,990	109,784	165,847	118,596
Financial income and expenses (net)	(2,286)	(4,293)	(14,422)	(1,866)	(5,695)
Income tax expense	(918)	(4,439)	(7,648)	(5,844)	(3,444)
Consolidated profit after income tax	40,998	29,258	87,714	158,137	109,457

Entity-wide disclosures

Products and services

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Passenger ticket revenue	552,299	577,098	658,720	487,928	391,098
Ancillary revenues	213,821	274,213	353,096	239,372	197,909
Total revenue from external customers	766,120	851,311	1,011,816	727,300	589,007

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

Geographic areas

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Jersey (country of domicile)	–	–	–	–	–
EU	732,223	800,721	909,218	662,925	536,865
Other (non-EU)	33,897	50,590	102,598	64,375	52,142
Total revenue from external customers	766,120	851,311	1,011,816	727,300	589,007

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

Major customers

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

6. Auditors' remuneration

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Fees payable to Company's auditor for the audit of the parent company and consolidated financial statements	114	124	198	90	59
Fees payable to the Company's auditor and its associates for other services					
Audit of financial statements of subsidiaries pursuant to legislation	87	78	49	47	40
Other services relating to taxation	30	128	360	187	138
Audit related assurance and transaction services	–	–	730	553	357
All other services	27	24	35	8	19
Total remuneration of auditors	258	354	1,372	885	613

7. Staff numbers and costs

The average monthly number of persons employed during the period, including non-executive directors, but excluding subcontracted staff, analysed by category, was as follows:

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	Number	Number	Number	Number	Number
Non-executive directors	7	7	7	9	7
Crew and pilots	1,104	1,186	1,364	1,635	1,326
Administration and other staff	164	169	184	202	180
Total staff number	1,275	1,362	1,555	1,846	1,513

The aggregate compensation of these persons was as follows:

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Wages and salaries	33,728	37,378	47,300	26,189	23,693
Pension costs	3,366	2,356	2,670	1,667	1,336
Social security costs	2,851	4,727	5,812	3,654	2,740
Share based payments	93	167	108	60	15
Subtotal	40,038	44,628	55,890	31,570	27,784
Subcontracted staff costs (pilots)	13,092	12,266	12,416	7,239	6,295
Total staff costs	53,130	56,894	68,306	38,809	34,079

The pension contribution decreased, while other social security costs increased between 2012 and 2013 due to legislation change in Hungary, though the nature of charges in substance remained the same.

8. Directors' emoluments

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Salaries and other short term benefits	788	538	1,626	735	776
Social security costs	57	39	122	40	47
Share based payments	84	112	116	51	37
Directors' services and related expenses	110	108	215	132	88
Total emoluments of directors	1,039	797	2,079	958	948

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	Number	Number	Number	Number	Number
Directors receiving emoluments	8	8	10	9	10
The number of directors who in respect of their service received shares under long term incentive schemes during the period	6	6	7	–	7

9. Exceptional items

The exceptional credit of €6,256,000 presented in the statement of comprehensive income in 2014 relates to Distribution and marketing expenses, specifically to a settlement received from the credit card acquirer of one of the entities of the Group. The settlement relates to incorrectly calculated interchange fees paid in prior years. The amount of the settlement was agreed between the parties during the year ended 31 March 2014.

Out of the €6,256,000 agreed, €5,331,000 was received in cash by the Group during the year ended 31 March 2014. The balance was received shortly after the year-end. These amounts have been presented as exceptional operating cash inflows in the statement of cash flows. The Group does not expect a similar adjustment to occur in the future.

10. Net financing costs

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Interest income	2,128	805	381	157	234
Financial income	2,128	805	381	157	234
Interest expense:					
Convertible debt	5,893	6,357	6,859	5,458	3,443
Finance lease	–	–	362	188	167
Other	1,222	603	549	330	395
Financial expenses	7,115	6,960	7,770	5,976	4,005
Net foreign exchange gain/(loss)	2,701	1,862	(7,033)	3,953	(1,924)
Net financing costs	(2,286)	(4,293)	(14,422)	(1,866)	(5,695)

10. Net financing costs *(continued)*

Interest income and expense contain interest on financial instruments and the effect of the initial discounting of long term deposits and the later unwinding of such discounting.

Interest expense includes also withholding tax paid in Switzerland on the interest accrued on convertible loans. This withholding tax for these instruments is the liability of the Group according to the terms of the respective loan agreements.

Of the net foreign exchange loss of €7,033,000 for the year ended 31 March 2014, €6,014,000 was unrealised (non-cash) loss due to the devaluation of the Ukrainian Hryvnia, and to a lesser extent, the United States Dollar, against the Euro during the financial year.

The net foreign exchange gain of €3,953,000 for the half year ended 30 September 2014 was caused primarily by the appreciation of the United States Dollar against the Euro during the period, arising on the USD net financial asset position of the Group.

Of the convertible debt interest expense of €5,458,000 for the half year ended 30 September 2014, €2,474,000 was a one-off charge arising as a result of recalculating the fair value of convertible debt due to extension in August 2014 (see Note 24).

11. Income tax expense

Recognised in the statement of comprehensive income

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited))
	€'000	€'000	€'000	€'000	€'000
Current year corporate tax	9	1,030	3,356	2,444	4,458
Other income based taxes	318	2,453	3,976	2,952	2,157
Deferred tax	591	956	316	448	(3,171)
Total tax charge	918	4,439	7,648	5,844	3,444

The Company has a tax rate of 7.8% (2014, 2013 and 2012: 7.8%). The tax rate relates to Switzerland, where the Company is tax resident.

The current tax charge for the year is different to the standard rate of corporation tax of 7.8% (2014, 2013 and 2012: 7.8%). The difference is explained below.

Reconciliation of effective tax rate

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Profit before tax	41,916	33,697	95,362	163,981	112,901
Tax at the corporation tax rate of 7.8% (2013 and 2012: 7.8%)	3,269	2,628	7,438	12,791	8,806
Effect of different tax rate of subsidiaries versus the parent company	(2,669)	(642)	(3,766)	(9,899)	(7,519)
Other income based foreign tax	318	2,453	3,976	2,952	2,157
Total tax charge	918	4,439	7,648	5,844	3,444
Effective tax rate	2.2%	13.2%	8.0%	3.6%	3.1%

The Company had no taxable income. Other income based foreign tax represents the 'innovation contribution' and the 'local business tax' payable in Hungary (2012: only 'innovation contribution') by one of the subsidiaries of the Group. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

12. Earnings per share

Basic earnings per share

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Profit from the period attributable to the owners of the parent	40,998	29,258	87,714	158,137	109,457
Weighted average number of ordinary shares in issue (thousands)	8,670	8,694	8,734	8,740	8,727
Basic earnings per share	4.73	3.37	10.04	18.09	12.54

Diluted earnings per share

Diluted earnings per share has been calculated by adjusting the weighted average number of ordinary shares in issue with the number of ordinary shares that could have been issued in the respective year as a result of the conversion of certain convertible debt instruments. Not all of the shares which would be issued on full conversion of the convertible debt instruments have been included in the diluted earnings per share calculation as there are contractual restrictions limiting the number which could be converted. Similarly, conversion of employee share options was not assumed for the purposes of calculating diluted earnings per share because the vesting conditions were not met in any of the years presented here – see Note 27 for further details. The Profit from the period attributable to the owners of the parent 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.

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Profit from the period attributable to the owners of the parent	40,998	29,258	87,714	158,137	109,457
Interest expense on convertible debt (net of tax)	1,102	1,098	1,098	489	550
Profit used to determine diluted earnings per share	42,100	30,356	88,812	158,626	110,007
Weighted average number of ordinary shares in issue (thousands)	8,670	8,694	8,734	8,740	8,727
Adjustment for assumed conversion of convertible debt (thousands)	8,309	8,303	8,307	8,307	8,307
Weighted average number of ordinary shares for diluted earnings per share (thousands)	16,979	16,997	17,041	17,047	17,034
Diluted earnings per share	2.48	1.79	5.21	9.31	6.46

13. Property, plant and equipment

	Land and buildings	Aircraft maintenance assets	Aircraft parts	Fixtures & fittings	Advances paid for aircraft	Advances paid for aircraft maintenance assets	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 April 2011	125	66,021	4,851	2,264	54,721	10,641	138,623
Additions	57	10,959	1,067	1,110	28,184	15,646	57,023
Disposals	(6)	(38,145)	–	(60)	(36,098)	–	(74,309)
Transfers	–	18,303	–	–	–	(18,303)	–
At 31 March 2012	176	57,138	5,918	3,314	46,807	7,984	121,337
Additions	24	33,321	255	2,610	47,118	20,439	103,767
Disposals	–	(4,370)	(32)	(2,920)	(22,150)	–	(29,472)
Transfers	–	10,177	–	–	–	(10,177)	–
At 31 March 2013	200	96,266	6,141	3,004	71,775	18,246	195,632
Additions	4,840	12,534	5,522	351	86,380	27,517	137,144
Disposals	(6)	(10,598)	–	(34)	(47,819)	–	(58,457)
Transfers	–	20,332	–	–	–	(20,332)	–
Foreign exchange differences	(1)	(49)	(69)	(42)	–	–	(161)
At 31 March 2014	5,033	118,485	11,594	3,279	110,336	25,431	274,158
Additions	–	18,268	3,173	656	31,708	9,236	63,041
Disposals	–	(4,705)	–	(52)	(58,638)	–	(63,395)
Transfers	–	5,338	–	–	–	(5,338)	–
Foreign exchange differences	–	(21)	(20)	(9)	–	–	(50)
At 30 Sept 2014	**5,033**	**137,365**	**14,747**	**3,874**	**83,406**	**29,329**	**273,754**
Accumulated depreciation							
At 1 April 2011	52	43,745	1,149	1,657	–	–	46,603
Depreciation charge for the year	15	15,877	398	373	–	–	16,663
Disposals	(6)	(38,103)	(37)	(60)	–	–	(38,206)
At 31 March 2012	61	21,519	1,510	1,970	–	–	25,060
Depreciation charge for the year	15	17,069	769	384	–	–	18,237
Disposals	–	(4,371)	(25)	(8)	–	–	(4,404)
At 31 March 2013	76	34,217	2,254	2,346	–	–	38,893
Depreciation charge for the year	366	22,205	1,213	393	–	–	24,177
Disposals	(1)	(10,598)	14	(34)	–	–	(10,619)
Foreign exchange differences	(1)	(45)	(47)	(39)	–	–	(132)
At 31 March 2014	440	45,779	3,434	2,666	–	–	52,319
Depreciation charge for the period	199	19,985	916	223	–	–	21,323
Disposals	–	(4,705)	–	(52)	–	–	(4,757)
Foreign exchange differences	–	(3)	(9)	(8)	–	–	(20)
At 30 Sept 2014	**639**	**61,056**	**4,341**	**2,829**	**–**	**–**	**68,865**
Net book amount							
At 31 March 2012	115	35,619	4,408	1,344	46,807	7,984	96,277
At 31 March 2013	124	62,049	3,887	658	71,775	18,246	156,739
At 31 March 2014	4,593	72,706	8,160	613	110,336	25,431	221,839
At 30 Sept 2014	**4,394**	**76,309**	**10,406**	**1,045**	**83,406**	**29,329**	**204,889**

13. Property, plant and equipment *(continued)*

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half Year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Cost from capitalised finance lease	–	–	4,833	4,833
Accumulated depreciation	–	–	(352)	(543)
Net book amount	–	–	4,481	4,290

14. Intangible assets

	Software licences and web development
	€'000
Cost	
At 1 April 2011	1,961
Additions	702
Disposal	(19)
At 31 March 2012	2,644
Additions	2,396
At 31 March 2013	5,040
Additions	1,825
At 31 March 2014	6,865
Additions	901
At 30 Sept 2014	**7,766**

	Software licences and web development
	€'000
Accumulated amortisation	
At 1 April 2011	1,273
Amortisation for the year	511
Disposal	(19)
At 31 March 2012	1,765
Amortisation for the year	893
At 31 March 2013	2,658
Amortisation for the year	1,209
At 31 March 2014	3,867
Amortisation for the period	680
At 30 Sept 2014	**4,547**
Net book amount	
At 31 March 2012	879
At 31 March 2013	2,382
At 31 March 2014	2,998
At 30 Sept 2014	**3,219**

15. Tax assets and liabilities

Deferred tax liabilities/recognised

	Provisions for other liabilities and charges	Property, plant and equipment	Advances paid for aircraft maintenance assets	Losses carried forward	Fair value adjustment	Other	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 April 2011	**584**	**270**	**240**	**(172)**	**(38)**	**38**	**922**
Additions	82	157	–	–	–	140	379
Utilised	–	–	(25)	172	14	51	212
At 31 March 2012	**666**	**427**	**215**	**–**	**(24)**	**229**	**1,513**
Additions	334	493	110	–	(4)	130	1,063
Utilised	–	–	–	–	–	(107)	(107)
At 31 March 2013	**1,000**	**920**	**325**	**–**	**(28)**	**252**	**2,469**
Additions	157	221	75	–	–	(78)	375
Utilised	–	–	–	–	22	(81)	(59)
At 31 March 2014	**1,157**	**1,141**	**400**	**–**	**(6)**	**93**	**2,785**
Additions	138	62	62	–	(6)	192	448
Utilised	–	–	–	–	–	–	–
At 30 Sept 2014	**1,295**	**1,203**	**462**	**–**	**(12)**	**285**	**3,233**

Deferred tax assets

Until 31 March 2010 Wizz Air Hungary was Hungarian tax resident and up to this date had accumulated €25,956,000 tax loss in Hungary. This balance remains unchanged at 30 September 2014. This loss can be utilised only to offset profits subject to Hungarian taxation. Management does not expect Wizz Air Hungary to have profit subject to Hungarian taxation in the foreseeable future and therefore no deferred tax asset is recognised in this respect.

As at 30 September 2014 there was an unrecognised deferred tax asset related to Wizz Air Ukraine Airline LLC of €.2,307,000 (31 March 2014: €2,538,000; 31 March 2013: €2,886,000; 31 March 2012: €2,960,000). It comprises accumulated tax losses, cash taxed revenues and cost accruals/provisions that are not yet deductible for tax purposes. In these periods Management considered that there was insufficient evidence on the future profitability of Wizz Air Ukraine Airline LLC, therefore no deferred tax asset was recognised in this respect.

The Wizz Air Ukraine deferred tax asset was recognized only in the half year ending September 2013, in the amount of €3,187,000. Management assessed at that time that this would be recoverable in the foreseeable future.

16. Subsidiaries

The Group has the following subsidiaries:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Percentage held
Wizz Air Limited	England & Wales	Dormant	Ordinary	100%
Wizz Air Hungary Kft	Hungary	Airline operator	Ordinary	100%
Wizz Air Polska Sp. Z.o.o.	Poland	Dormant	Ordinary	100%
Wizz Air Netherland Holding B.V.	Netherland	Holding company	Ordinary	100%
Dnieper Aviation LLC	Ukraine	Holding company	Ordinary	100%
Wizz Air Ukraine Airlines LLC	Ukraine	Airline operator	Ordinary	100%

Wizz Air Polska Sp. z.o.o has been under solvent liquidation since 2012. Wizz Air Limited was closed in a solvent liquidation in November 2014.

17. Inventories

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Aircraft consumables	3,630	4,370	6,231	6,395
Emission trading scheme purchased allowances	–	1,008	–	–
Total inventories	3,630	5,378	6,231	6,395

18. Trade and other receivables

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Non-current				
Receivables from lessors	51,957	58,092	50,027	62,230
Current				
Trade receivables	30,946	29,012	25,188	31,617
Receivables from lessors	10,736	22,117	13,671	11,679
Other receivables	5,080	5,844	2,123	2,214
Total current other receivables	15,816	27,961	15,794	13,893
Less: provision for impairment of other receivables	(541)	(214)	–	–
Other current receivables net	15,275	27,747	15,794	13,893
Prepayments, deferred expenses and accrued income	9,723	14,131	25,401	35,832
Total trade and other receivables	55,944	70,890	66,383	81,342

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

Impairment of trade and other receivables

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Impaired receivables – other receivables	541	214	–	–
Allowances on impaired receivables – other receivables	541	214	–	–

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

19. Financial assets available for sale

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Unit linked insurance serving as security deposit	–	–	977	967
Total financial assets available for sale	–	–	977	967

Financial assets available for sale represent a unit linked insurance product which is invested in government bonds by the insurer. This insurance serves as a security for the acquirer bank which collects card payments for the Group. The Group was required to place a HUF300,000,000 security deposit behind this insurance. This amount is restricted until March 2015.

20. Derivative financial instruments

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Current assets				
Cash flow hedges	11,472	2,681	420	15,239
Current liabilities				
Cash flow hedges	–	(640)	(3,534)	(10,391)
Net position of derivative financial instruments	11,472	2,041	(3,114)	4,848

The derivative financial instruments represent cash flow hedges (see also Note 3). The full value of a hedging derivative is classified as a current asset or current liability if the remaining maturity of the hedged item is less than 12 months.

During the period covered by this financial information the cash flow hedges had no material ineffective portion.

The net position in 2013 does not match to the Cash flow hedging reserve (€4,224,000 credit) in the statement of financial position because the Cash flow hedging reserve at 31 March 2013 includes also the impact of non-derivative hedge positions open at the end of the year (refer to Note 3 for further details).

21. Deferred interest

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Non-current				
Deferred interest expense	2,016	1,740	2,491	2,873
Deferred PDP interest	6,457	5,636	4,836	5,058
	8,473	7,376	7,327	7,931
Current				
Deferred PDP interest	938	1,030	1,080	1,144

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

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

22. Restricted cash

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Non-current financial assets	13,153	44,449	38,554	49,712
Current financial assets	25,907	4,360	3,779	4,330
Total restricted cash	39,060	48,809	42,333	54,042

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

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

23. Borrowings

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Non-current liabilities				
Commercial loans (PDP)	–	2,592	–	–
Finance lease liabilities	–	–	4,190	4,005
Total non-current borrowings	–	2,592	4,190	4,005
Current liabilities				
Commercial loans (PDP)	–	20,819	15,629	5,398
Finance lease liabilities	–	–	348	362
Total current borrowings	–	20,819	15,977	5,760
Total borrowings	–	23,411	20,167	9,765

Commercial loans represent financing provided by third parties in respect of the aircraft pre-delivery payment ("**PDP**") obligations of the Group. The loans existing at 30 September 2014 mature by the time the respective aircraft will be delivered in 2014-2015.

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

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Gross finance liabilities – minimum lease payments due				
Within one year	–	–	716	716
Between one and five years	–	–	2,864	2,863
More than five years	–	–	2,923	2,565
	–	–	6,503	6,144
Future finance charges on finance lease liabilities	–	–	(1,965)	(1,777)
Present value of finance lease liabilities	–	–	4,538	4,367
Present value of finance liabilities				
No later than 1 year	–	–	348	362
Later than 1 year and no later than 5 years	–	–	2,252	1,797
Later than 5 years	–	–	1,938	2,208
	–	–	4,538	4,367

24. Convertible debt

This note provides information about the contractual terms of the Group's convertible debt instruments. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 3.

The Company holds convertible debt instruments in two forms:

– Convertible loans: Issued in August and December 2004, with a ten year term and a coupon rate of interest of 12% with compound interest payable on expiry. The loans were extended in August 2014 by five years, i.e. until August 2019. In this period interest is payable in cash with a coupon rate of interest of 8%. As a result of recalculating the fair value of loans due to the extension the Company recognised additional interest cost of €387,000 in the period ended 30 September 2014.

– Convertible notes: Issued in February 2005, March 2006 and June 2006, with a four to five year term and with a coupon rate of interest of 5% to 10%. The notes were extended with an additional five years first in 2009, with an interest of 10%. They were further extended in August 2014, for the period between February 2015 and August 2019. In this period interest is payable in cash with a coupon rate of interest of 8%. As a result of recalculating the fair value of notes due to the extension the Company recognised additional interest cost of €2,087,000 in the period ended 30 September 2014.

Principal and any accrued interest on these debt instruments are convertible into ordinary shares in Wizz Air Holdings Plc upon the occurrence of certain events, including a sale or change of control of Wizz Air Holdings Plc or a listing of its shares on a recognised investment exchange. The conversion factor is in the range of €0.2-€1.5 for one share.

Certain convertible debts are secured by the assets of Wizz Air Holdings Plc – see Note 31.

All convertible debts are issued in Euro. See Note 30 for the maturity profile of these instruments.

25. Trade and other payables

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Current liabilities				
Trade payables	37,728	51,052	48,296	54,029
Other trade payables	4,636	4,983	5,623	5,143
Accrued expenses	43,351	58,424	66,741	83,157
Total trade and other payables	85,715	114,459	120,660	142,329

26. Deferred income

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Non-current financial liabilities				
Deferred income	43,134	42,599	53,673	69,932
Current financial liabilities				
Unflown revenue	109,388	107,704	143,537	107,547
Other	6,178	7,766	9,032	11,463
Total current deferred income	115,566	115,470	152,569	119,010
Total deferred income	158,700	158,069	206,242	188,942

Non-current deferred income represents the value of benefit for the Group coming from assets (cash credits and free aircraft components) received from aircraft and certain component suppliers for no consideration, that will be recognised as a credit (an Aircraft rentals expenses decreasing item) on a straight line basis over the lease term of the respective asset.

Current deferred income represents the value of tickets paid by passengers for which the flight service is yet to be performed and the current part of the value of assets received for no consideration.

27. Employee benefits

Share-based payments

Employee Share Option Program (ESOP)

Share options issued during the financial year

Terms and conditions:

	Year ended 31 March 2012/A	Year ended 31 March 2012/B	Year ended 31 March 2013	Year ended 31 March 2014/A	Year ended 31 March 2014/B	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013/A (unaudited)	Half year ended 30 Sept 2013/B (unaudited)
Number of options	700,375	20,000	290,000	20,000	25,000	20,000	20,000	25,000
Exercise price	€2.59	€3.10	€3.10	€3.10	€7.23	€8.39	€3.10	€7.23
Vesting period	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Termination	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years

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

The options can only be exercised to the extent vested and on or after occurrence of certain future equity events. Such event is defined as a change of control of the Group or an Initial Public Offering (IPO) of the Group's shares if the pre-money valuation of the Group reaches a threshold defined in the ESOP. This restriction is considered both in the valuation of the options at grant date as a market based condition and in determining the 'effective vesting period' after which the options become exercisable without any further conditions.

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

	Year ended 31 March 2012/A	Year ended 31 March 2012/B	Year ended 31 March 2013	Year ended 31 March 2014/A	Year ended 31 March 2014/B	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013/A (unaudited)	Half year ended 30 Sept 2013/B (unaudited)
Exercise price of the options	€2.59	€3.10	€3.10	€3.10	€7.23	€8.39	€3.10	€7.23
Expected volatility of the underlying shares	39%	39%	39%	39%	39%	39%	39%	39%
Fair value of the underlying shares as at the grant date	€2.50	€3.10	€3.10	€3.10	€7.23	€7.23	€3.10	€7.23
Expected life of the options (from grant date)	6 years	6 years	5 years	5 years	4 years	4 years	5 years	4 years
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	3.52%	3.52%	1.30%	1.30%	1.76%	1.76%	1.30%	1.76%
Fair value of each share option	€0.21	€0.19	€0.16	€0.16	€2.16	€2.16	€0.16	€2.16

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

The fair value of the underlying equity shares of the Company as at the grant date of the options was determined based on EV/EBITDAR multiples of major listed European and US low cost airlines. The expected life of the options was determined based on management's estimate about the future exercise behaviour of the relevant employee groups.

27. Employee benefits *(continued)*

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

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

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

All share options in issue

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

	Year ended 31 March 2012		Year ended 31 March 2013	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	€		€	
Outstanding at the beginning of the period	2.18	5,162,858	2.22	5,451,733
Granted during the period	2.60	720,375	3.10	290,000
Forfeited during the period	2.37	(431,500)	2.36	(45,000)
Outstanding at the end of the period	2.22	5,451,733	2.26	5,696,733
Exercisable at the end of the period	–	–	–	–

	Year ended 31 March 2014		Half year ended 30 Sept 2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	€		€	
Outstanding at the beginning of the period	2.26	5,696,733	2.33	5,241,733
Granted during the period	5.39	45,000	8.39	20,000
Forfeited during the period	1.88	(500,000)	–	–
Outstanding at the end of the period	2.33	5,241,733	2.35	5,261,733
Exercisable at the end of the period	–	–	–	–

The range of exercise prices on options outstanding at 30 September 2014 was €1.50-€8.39 (2014: €1.50-€7.23, 2013 and 2012: €1.50-€3.10). At 30 September 2014 the outstanding options had a weighted average outstanding contractual life of 3 years and 8 months (2014: 4 years and 1 month, 2013: 4 years and 11 months, 2012: 5 years and 8 months).

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

Including the impact of this period end true-up, the total expense recognised for the year ended 30 September 2014 arising from all share options was €14,000 (2014: €12,000 credit, 2013: €86,000 expense, 2012: €14,000 expense) for the Group.

27. Employee benefits *(continued)*

Non-executive director Share Award Program

Terms and conditions of the share awards issued during the periods:

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
Number of awards	32,250	27,500	37,000	–	37,000
Fair value at measurement date	€2.50	€3.10	€7.23		€7.23
Purchase price	0.0001 GBP	0.0001 GBP	0.0001 GBP		0.0001 GBP
Vesting period	3 years	3 years	3 years		3 years

The directors were awarded the shares subject to restrictions such as the directors may not sell, assign, transfer, pledge, exchange, encumber or dispose of any of the award shares for a period of three years.

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

The number of share awards is as follows:

	Number of shares awarded	Number of shares awarded	Number of shares awarded	Number of shares awarded
	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sep 2014
Outstanding at the beginning of the year	275,082	307,332	334,832	371,832
Granted in the year	32,250	27,500	37,000	–
Outstanding at the end of the year	307,332	334,832	371,832	371,832

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

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

The total expense recognised for the year ended 30 September 2014 arising from share awards is €46,000 (2014: €120,000, 2013: €81,000, 2012: €79,000) for the Group.

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

28. Capital and reserves

Share capital

	Ordinary shares			
	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sep 2014
Number of shares				
In issue at beginning of the period	8,643,718	8,675,968	8,703,468	8,740,468
Issued during the period for cash	32,250	27,500	37,000	–
In issue at end of the year– fully paid	8,675,968	8,703,468	8,740,468	8,740,468

	Year ended 31 March 2012	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2014
	£	€	£	€	£	€	£	€
Authorised								
Equity: 140,000,000 (*2013: 110,000,000, 2012: 110,000,000*) ordinary shares of £0.0001 each	11,000	13,192	11,000	13,192	14,000	16,947	14,000	17,954
Allotted, called up and fully paid								
Equity: 8,740,468 (*2013: 8,703,468, 2012: 8,675,968*) ordinary shares of £0.0001 each	868	938	870	941	874	946	874	946

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

Capital reserves

Share premium

Share premium was recognised as a result of the Group reorganisation in October 2009. It represents the estimated fair value of the Group at the date of the transaction less the value of shares cancelled since that date.

Re-organisation reserve

Re-organisation reserve was recognised as a result of the Group reorganisation in October 2009. It is equal to the difference between the fair value of the Group at the date of reorganisation (€209,000,000) and the share capital of the Group at the same date (€16,013,000).

Equity part of convertible debt

The equity part of convertible debt in equity comprises the equity component of compound instruments issued by the Company. The amount of the convertible debts classified as equity of €11,105,000 is net of attributable transaction costs of €545,000.

Share based payment charge

The share based payment balance of €1,461,000 credit (2014: €1,401,000, 2013: €1,293,000 credit, 2012: €1,126,000 credit) corresponds to the recognised cumulative charge of share options and share awards provided to the employees and directors. This balance is recognised directly in retained earnings.

Cash flow hedging reserve

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

Cumulated translation adjustment

The translation adjustment represents the translation differences arising from the consolidation of subsidiaries with functional currency other than Euro.

29. Provisions for other liabilities and charges

	Aircraft maintenance	Other	Total
	€'000	€'000	€'000
At 1 April 2011	**12,206**	**693**	**12,899**
Capitalised within Property, plant and equipment	11,068	–	11,068
Charged to comprehensive income	–	1,190	1,190
Used during the year	(5,039)	(755)	(5,794)
At 31 March 2012	**18,235**	**1,128**	**19,363**
Non-current provisions	**10,326**	**–**	**10,326**
Current provisions	**7,909**	**1,128**	**9,037**
Capitalised within Property, plant and equipment	33,345	–	33,345
Charged to comprehensive income	–	620	620
Used during the year	(5,951)	(1,008)	(6,959)
At 31 March 2013	**45,629**	**740**	**46,369**
Non-current provisions	**30,456**	**–**	**30,456**
Current provisions	**15,173**	**740**	**15,913**
Capitalised within Property, plant and equipment	10,989	–	10,989
Charged to comprehensive income	–	640	640
Used during the year	(29,722)	(731)	(30,453)
At 31 March 2014	**26,896**	**649**	**27,545**
Non-current provisions	**18,865**	**–**	**18,865**
Current provisions	**8,031**	**649**	**8,680**
Capitalised within Property, plant and equipment	17,326	–	17,326
Charged to comprehensive income	–	1,314	1,314
Used during the period	(3,652)	(224)	(3,876)
At 30 Sept 2014	**40,570**	**1,739**	**42,309**
Non-current provisions	**36,711**	**–**	**36,711**
Current provisions	**3,859**	**1,739**	**5,598**

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines. Current aircraft maintenance provisions relate to maintenance obligations expected to be fulfilled in the coming financial year. Other provisions relate to future liabilities under the Group's customer loyalty program, all within one year.

30. Financial instruments

Fair values

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

	Carrying amount	Fair value	Carrying amount	Fair value
	Year ended 31 March 2012	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2013
	€'000	€'000	€'000	€'000
Trade and other receivables due after more than one year	53,798	51,957	59,777	58,092
Restricted cash	39,060	39,060	48,809	48,809
Financial assets available for sale	–	–	–	–
Derivative financial assets	11,472	11,472	2,681	2,681
Trade and other receivables due within 1 year	55,944	55,944	70,890	70,890
Cash and cash equivalents	84,532	84,532	103,499	103,499
Trade and other payables due within 1 year	(85,715)	(85,715)	(114,459)	(114,459)
Derivative financial liabilities	–	–	(640)	(640)
Convertible debt	(37,904)	(37,904)	(40,333)	(40,333)
Borrowings	–	–	(23,411)	(23,411)
	121,187	**119,346**	**106,813**	**105,128**

30. Financial instruments *(continued)*

	Carrying amount	Fair value	Carrying amount	Fair value
	Year ended 31 March 2014	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Trade and other receivables due after more than one year	52,930	50,027	65,853	62,230
Restricted cash	42,333	42,333	54,042	54,042
Financial assets available for sale	977	977	967	967
Derivative financial assets	420	420	15,239	15,239
Trade and other receivables due within 1 year	66,383	66,383	81,342	81,342
Cash and cash equivalents	185,550	185,550	340,383	340,383
Trade and other payables due within 1 year	(120,660)	(120,660)	(142,329)	(142,329)
Derivative financial liabilities	(3,534)	(3,534)	(10,391)	(10,391)
Convertible debt	(43,242)	(43,242)	(48,534)	(48,534)
Borrowings	(20,167)	(20,167)	(9,765)	(9,765)
	160,990	**158,087**	**346,807**	**343,184**

The fair value of financial instruments that are not traded in an active market (such as long term deposits among the non-current other receivables) is determined by estimated discounted cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables. Long term financial assets and liabilities which are classified as fair value through profit and loss are recognised on fair value.

The fair value of deposits due after more than one year is determined by discounting at a rate of interest of 3 months USD LIBOR rate prevailing on the last day of the financial year.

The fair value of long term other assets is determined by discounting at a rate of interest of 4 years USD swap rate prevailing on the last day of the financial year.

The fair value of derivative financial instruments is based on their actual mark-to-market evaluation of the financial institutions.

Effective interest rates analysis

Interest bearing financial liabilities

The following table indicates the effective interest rate of the interest bearing liabilities of the Group on the statement of financial position date and the periods in which they mature. Convertible loans and notes and finance lease are denominated in EUR, while the other short term loans are denominated in USD.

	Year ended 31 March 2012				
	Effective interest rate	Total	Within 1 year	1 to <2 years	2 to <5 years
	%	€'000	€'000	€'000	€'000
Convertible notes	13.2%	29,761	460	–	29,301
Convertible loans	22%	8,143	–	–	8,143
Commercial loans (PDP)	–	–	–	–	–
Finance lease liability	–	–	–	–	–

	Year ended 31 March 2013				
	Effective interest rate	Total	Within 1 year	1 to <2years	2 to <5 years
	%		€'000	€'000 €'000	€'000
Convertible notes	13.2%	30,398	451	29,947	–
Convertible loans	22%	9,935	–	9,935	–
Commercial loans (PDP)	6.1%	23,411	20,819	2,592	–
Finance lease liability	–	–	–	–	–

30. Financial instruments *(continued)*

	Year ended 31 March 2014				
	Effective interest rate	Total	Within 1 year	1 to <2 years	2 to <5 years
	%		€'000	€'000	€'000	€'000
Convertible notes	13.2%	31,121	31,121	–	–
Convertible loans	22%	12,121	12,121	–	–
Commercial loans (PDP)	6.1%	15,629	15,629	–	–
Finance lease liability	8.4%	4,538	348	378	3,812

	Half year ended 30 Sept 2014				
	Effective interest rate	Total	Within 1 year	1 to <2 years	2 to <5 years
	%		€'000	€'000	€'000	€'000
Convertible notes	7.42%	35,027	2,371	–	32,656
Convertible loans	7.42%	13,507	130	–	13,377
Commercial loans (PDP)	6.1%	5,398	5,398	–	–
Finance lease liability	8.4%	4,367	362	394	3,611

Interest earning financial assets

The Group invests excess cash in a conservative way, primarily in AAA rated money market funds and also in short term time deposits on market rate.

31. Financial guarantees

The Company has provided parent guarantees to certain lessors of its aircraft fleet, to guarantee the performance of its airline subsidiaries under the respective lease contracts.

The Company has provided parent guarantees to certain hedging counterparties, to guarantee the performance of Wizz Air Hungary Kft, under the respective hedge contracts.

The convertible notes and the convertible loan with Indigo Hungary LP are secured by the assets of the Company as follows:

(a) Debenture between the Company (as Chargor) and Indigo Hungary LP (as Chargee) pursuant to which the Company grants first priority fixed and floating charges over its assets in favour of Indigo Hungary LP, the holder of the loans and notes.

(b) Quota pledge agreement entered into by and between the Company (as Pledgor) and Indigo Hungary LP (as Pledgee) pursuant to which the Company pledges its quota in Wizz Air Hungary Kft. (representing 100% of the issued quota capital of Wizz Air Hungary Kft) in favour of Indigo Hungary LP.

(c) Deed of Guarantee between Wizz Air Hungary Kft (as Guarantor) and Indigo Hungary LP (as Security agent) pursuant to which Wizz Air Hungary Kft, inter alia, guarantees to Indigo Hungary LP the punctual performance by, inter alios, the Company of its obligations under the Transaction documents (which term includes the security documents described above).

32. Lease commitments

The total future minimum lease payments under non-cancellable operating lease rentals are as follows:

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014
	€'000	€'000	€'000	€'000
Payments due:				
Within one year	104,465	124,673	141,819	171,984
Between one and five years	386,994	529,045	600,575	719,337
More than five years	295,827	476,940	426,382	454,204
Total lease commitments	787,286	1,130,658	1,168,776	1,345,525

The above table includes also the lease costs of those aircraft that are not yet delivered but for which the lease contract was already signed before the statement of financial position date.

The lease payments are not subject to future escalation, but six of the lease contracts are on floating rate and thus the lease payments for these vary with the USD market rates of interest.

In December 2012 the Group signed an agreement with a third party to open a new crew training centre in Budapest in April 2013. The new Wizz Air training centre, operated by the third party, features a modern A320 full flight simulator, aircraft cabin mock up facilities and a fire fighting trainer. The contract includes a commitment for the Group to pay a rent to the operator of the centre during the 10 year term of the contract.

Part of the commitment has been classified as finance lease and the remainder as operating lease. The amount of commitment that relates to the operating lease is included in the figures above.

33. Capital commitments

At 30 September 2014 the Group had the following capital commitments:

Commitment to purchase 60 Airbus aircraft of the A320 family in the period of 2014-2018. The commitment is valued at USD 6.1 billion (€4.8 billion) at list prices in 2014 USD terms (as at 31 March 2014: USD 6.9 billion (€5.0 billion), valued at 2014 list prices). As at the date of approval of this document 11 of the 60 aircraft are covered by sale and leaseback agreement; out of which three have already been delivered after 30 September 2014.

Commitment to purchase seven IAE aircraft spare engines in the period 2014-2017. The commitment is valued at USD 72.6 million (€57.3 million) at list prices in 2014 USD terms (as at March 2014: USD 72.6 million (€52.8 million), valued at 2014 list prices). As at the date of approval of this document the seven engines are not yet financed.

34. Contingent liabilities

Legal disputes

The European Commission started an in-depth investigation into Wizz Air Hungary's ("**WAH**") contractual arrangements with Timişoara airport ("**TSR**") in May 2011. The European Commission's preliminary decision, published in September 2011, considered that these contracts might involve an element of state aid. WAH then made a detailed submission to the European Commission, supported by expert economic analysis which showed that its contractual arrangements were legitimate commercial arrangements which were justified both from a legal and economic perspective.

Independently, during 2012 and 2013 Carpatair initiated a number of court cases against TSR in the Romanian domestic courts, alleging (amongst other things) state aid in favour of WAH as a result of the published airport charges which provide for volume discounts. WAH is intervening as an interested party in each of these cases and is submitting its own defence in support of TSR. Crucially, WAH believes that other operators at TSR would have been able to take advantage of the same scheme of discounts but that this was not taken into account. One of these cases made a finding of state aid, without the benefit of any evidence. Given that the courts did not consider any expert economic evidence, the courts as yet have been unable to quantify the amount of the alleged but disputed state aid.

No reliable estimate can be made at this moment of the amount of the obligation for the Group in relation to these issues, however management estimates that the maximum potential exposure could be in the region of €9 million. No provision has been made by the Group in relation to these issues because there is currently no reason to believe that the Group will incur charges from these cases.

Uncertain tax position

Since November 2009 the Ukrainian subsidiary has disputed certain assessments made by the Ukrainian tax authority primarily on corporate income tax. According to management's opinion, that is supported by input from professional advisors, it is more likely than not that the subsidiary's appeal in these cases will be successful, therefore no provision was made in the financial information related to these cases. The maximum exposure, including taxes and penalties, is €0.9 million.

35. Subsequent events

There were no matters arising, between the statement of financial position date and the date on which this financial information was approved by the Board of Directors, requiring adjustment or disclosure in accordance with IAS 10 'Events After the Reporting Period'.

36. Related parties

Identity of related parties

Related parties are

- Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as "**Indigo**" here), because they appointed four directors to the Board of Directors;
- DCII (Malta) Limited, because they appointed one director to the Board of Directors; and
- Key management personnel (directors and officers).

At 30 September 2014 these related parties hold 69.78% (31 March 2014: 69.78%, 31 March 2013: 69.0%, 31 March 2012: 72.1%) of the voting shares of the Company.

36. Related parties *(continued)*

Transactions with related parties

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

Transactions with Indigo

Indigo has interest in certain debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €42,382,000 at 30 September 2014 (31 March 2014: €37,711,000, 31 March 2013: €35,572,000, 31 March 2012: €33,775,000).

During the half year ended 30 September 2014 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 €2,476,000 (year ended 31 March 2014: €5,219,000, 31 March 2013: €4,885,000, 31 March 2012: €4,605,000) and
- Fees of €67,500 (year ended 31 March 2014: €87,210, 31 March 2013: €10,000, 31 March 2012: €12,000) were paid to Indigo in respect of the remuneration of directors that were delegated by Indigo to the Board of Directors of the Company.

Liabilities and interest expenses are determined according to the effective interest method required by IFRS. These might be different from the respective amounts derived from the underlying contracts,

Transactions with key management personnel

Officers (members of executive management) and directors of the board are considered to be key management personnel. The compensation of key management personnel is as follows:

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Salaries and other short term employee benefits	2,667	2,017	5,119	2,130	2,479
Social security costs	257	188	541	194	228
Share based payments	89	145	112	55	25
Amounts paid to third parties in respect of directors' service	110	108	215	132	88
Total key management personnel compensation	3,123	2,458	5,987	2,511	2,820

The salaries and other short term employee benefits contain the remuneration of non-executive directors as well.

37. Ultimate controlling party

In the opinion of the directors there is no individual controlling party.

38. Adjusted earnings

	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014	Half year ended 30 Sept 2014	Half year ended 30 Sept 2013 (unaudited)
	€'000	€'000	€'000	€'000	€'000
Profit for the period	40,998	29,258	87,714	158,137	109,457
Adjustments (exclusions)					
Unrealised foreign exchange (gain)/loss	(6,861)	1,553	6,014	(7,213)	2,026
Exceptional items (gain)/loss	–	–	(6,256)	2,474	–
Sum of adjustments	(6,861)	1,553	(242)	(4,739)	2,026
Underlying profit after tax	34,137	30,811	87,472	153,398	111,483

The exceptional gain in the year ended 31 March 2014 was a one-off settlement received from the credit card acquirer related to earlier periods (see Note 9).

The exceptional loss in the half year ended 30 September 2014 was a one-off charge arising as a result of recalculating the fair value of convertible debt due to their extension in August 2014 (see Note 10).

PART IX

PRO FORMA FINANCIAL INFORMATION

SECTION A: REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE GROUP

The Directors
Wizz Air Holdings Plc
44 Esplanade
St. Helier JE4 9WG
Jersey

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP
United Kingdom

25 February 2015

Dear Sirs

Wizz Air Holdings Plc (the "Company")

We report on the pro forma statement of net assets (the "**Pro Forma Financial Information**") set out in Section B of Part IX of the Company's prospectus dated 25 February 2015 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed Global Offer and conversion of the Convertible Loans and Convertible Notes (other than Indigo's retained Convertible Notes) might have affected the net assets and liabilities of the Group presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 September 2014 as if the Global Offer had taken place on 30 September 2014. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f) we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The following unaudited consolidated pro forma statement of net assets as of 30 September 2014 is based on the historical consolidated statement of net assets of the Group as at 30 September 2014.

The unaudited consolidated pro forma statement of net assets set out below has been prepared to illustrate the effect of (a) the net proceeds of the Global Offer and (b) adjustment of the Convertible Loans and Convertible Notes other than Indigo's Retained Convertible Notes on the net assets and liabilities of the Group as if the Global Offer had taken place on 30 September 2014. The unaudited information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The unaudited pro forma statement of net assets has been prepared on the basis set out in the notes below and in accordance with Annex II of Regulation number 809/2004 of the European Commission.

	Group as at 30 September 2014	Adjustment – net proceeds from the Global Offer	Adjustment – Convertible Debt	Unaudited Pro forma total
	(€000)	(€000)	(€000)	(€000)
	(Note (1))	(Note (2))	(Note (3))	(Notes (4 and 5))
ASSETS				
Non-current assets				
Property, plant and equipment	204,889	–	–	204,889
Intangible assets	3,219	–	–	3,219
Restricted cash	49,712	–	–	49,712
Deferred interest	7,931	–	–	7,931
Trade and other receivables	62,230	–	–	62,230
	327,981	–	–	327,981
Current assets				
Inventories	6,395	–	–	6,395
Trade and other receivables	81,342	(2,322)	–	79,020
Derivative financial instruments	15,239	–	–	15,239
Deferred interest	1,144	–	–	1,144
Restricted cash	4,330	–	–	4,330
Cash and cash equivalents	340,383	144,608	–	484,991
Financial assets available for sale	967	–	–	967
	449,800	142,286	–	592,086
Total assets	**777,781**	**142,286**	**–**	**920,067**
LIABILITIES				
Non-current liabilities				
Borrowings	4,005	–	–	4,005
Convertible debt	46,033	–	(19,721)	26,312
Deferred income	69,932	–	–	69,932
Deferred tax liabilities	3,233	–	–	3,233
Provisions for other liabilities and charges	36,711	–	–	36,711
	159,914	**–**	**(19,721)**	**140,193**
Current liabilities				
Trade and other payables	142,329	–	–	142,329
Current tax liabilities	4,213	1,500	150	5,863
Borrowings	5,760	–	–	5,760
Convertible debt	2,501	–	(2,501)	–
Derivative financial instruments	10,391	–	–	10,391
Deferred income	119,010	–	–	119,010
Provisions for other liabilities and charges	5,598	–	–	5,598
	289,802	**1,500**	**(2,351)**	**288,951**
Total liabilities	**449,716**	**1,500**	**(22,072)**	**429,144**
Net Assets	**328,065**	**140,786**	**22,072**	**490,923**

Notes:

(1) The financial information for the Group has been extracted, without material adjustment, from the audited historical financial information for the Group as at 30 September 2014 as presented in Part VIII: "*Historical Financial Information*" of this Prospectus.

(2) An adjustment has been made to reflect the net proceeds of the Global Offer receivable by the Group of €145 million, being gross proceeds of €150 million less estimated fees and expenses in relation to the offering of €5.4 million. Additional impacts are the recognition of €1.5 million tax liability (Swiss issuance stamp tax) and the transfer into equity of €2.3 million transaction costs (advisory expenses) already incurred prior to 30 September 2014.

(3) All of the Convertible Loans and all of the Convertible Notes other than Indigo's Retained Convertible Notes will be converted into Ordinary Shares upon Admission.

(4) No adjustment has been made to reflect the trading results of the Group since 30 September 2014.

(5) This pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

PART X

TAXATION

1. GENERAL

The comments below are intended only as a general guide to certain Jersey, Swiss, UK and US federal income tax considerations and apply only to certain categories of person and only to certain aspects of holding Offer Shares. The summary does not purport to be a complete analysis or listing of all potential tax consequences of acquiring, holding or disposing of the Offer Shares. It is based on current Jersey, Swiss, UK and US tax law and published practice, which law or practice is subject to change (potentially with retrospective effect). The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject. Prospective subscribers or purchasers of Offer Shares are advised to consult their own tax advisers concerning the consequences under Jersey law, Swiss law, UK law and US federal, state and local and other laws of acquisition, ownership and disposition of the Offer Shares.

2. CERTAIN UNITED KINGDOM TAX CONSIDERATIONS

The following statements are of a general nature and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding and disposing of the Offer Shares. They are based on current UK tax law and on the current practice of Her Majesty's Revenue and Customs ("**HMRC**"), as of the date of this Prospectus, both of which are subject to change, possibly with retroactive effect. They are intended to address only certain United Kingdom tax consequences for Shareholders who are tax resident in the United Kingdom, and in the case of individuals, domiciled in the United Kingdom (except where expressly stated otherwise) who are the beneficial owners of the Offer Shares and who hold the Offer Shares as capital assets. They do not address the UK tax consequences which may be relevant to certain classes of Shareholders such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, trustees, persons connected with the Company or the Group, persons holding their Offer Shares as part of hedging or conversion transactions, Shareholders who have (or are deemed to have) acquired their Offer Shares by virtue of an office or employment, and Shareholders who are or have been officers or employees of the Company or a company forming part of the Group. The statements do not apply to any Shareholder who either directly or indirectly holds or controls ten per cent. or more of the Company's share capital (or class thereof), voting power or profits.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular prospective subscriber for, or purchaser of, the Offer Shares. Accordingly, prospective subscribers for, or purchasers of, the Offer Shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Offer Shares or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.

2.1 *Taxation of dividends*

UK Shareholders

The Company will not be required to withhold UK income tax at source when paying dividends.

UK tax resident individual Shareholders will, subject to their personal circumstances, be liable to UK income tax on dividends received on the Offer Shares. The income tax charge in respect of dividends for UK tax resident individual Shareholders will (depending on the amount of the Shareholder's overall taxable income) be at the dividend ordinary rate of ten per cent., the dividend higher rate of 32.5 per cent. or the dividend additional rate of 37.5 per cent. For this purpose, dividends are treated as the top slice of an individual Shareholder's income.

UK tax resident individual Shareholders are entitled to a tax credit equal to one ninth of the value of a dividend received from the Company (before the deduction of any Swiss withholding tax) and are taxed on the amount of the dividend (before the deduction of any Swiss withholding tax) plus the tax

credit. For basic rate taxpayers, the credit discharges their UK income tax liability in respect of the dividend. Taxpayers subject to the dividend higher rate or dividend additional rate will have additional tax to pay, subject to their personal circumstances.

A UK tax resident individual Shareholder who is not liable to UK income tax in respect of the dividend and other UK tax resident taxpayers who are not liable to UK tax on dividends will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Swiss tax withheld from the payment of a dividend should generally give rise, subject to certain limitations and conditions, to a credit against the UK income tax payable by an individual Shareholder in respect of the dividend. To the extent any Swiss special withholding tax is withheld from a payment of a dividend to an individual Shareholder (see "*Certain Swiss tax considerations – Taxation of the holders of Ordinary Shares – Non-Swiss resident holders of Ordinary Shares – Withholding tax*") this should settle (in whole or in part) an individual Shareholder's liability to UK income tax on dividends in respect of the income covered by the special withholding tax.

Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by the Company, subject to such credit, if any, for Swiss withholding tax as may be applicable, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. It is expected that dividends will generally fall within an exempt class such that UK tax resident corporate Shareholders will typically not be liable to UK corporation tax on dividends received from the Company.

Non-UK Shareholders

The Company will not be required to withhold UK income tax at source when paying dividends.

Shareholders who are not resident in the United Kingdom for UK tax purposes and do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK by which the Offer Shares are used or by or for which the Offer Shares are held will not normally be liable to UK tax on dividends received on the Offer Shares.

Shareholders who are not resident in the United Kingdom for UK tax purposes but who are carrying on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment by which the Offer Shares are used or by or for which the Offer Shares are held may, depending on their circumstances, be liable to UK income tax or UK corporation tax on dividends paid by the Company.

2.2 ***Taxation of capital gains***

A disposal of Offer Shares by a Shareholder who is tax resident in the United Kingdom may, subject to any available exemptions or reliefs, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

Special rules apply to tax gains on disposals made by individuals at a time when they are temporarily not tax resident in the United Kingdom.

Any chargeable gain (or allowable loss) will generally be calculated by reference to the consideration received for the disposal of the Offer Shares less the allowable cost to the Shareholder of acquiring such Offer Shares.

For corporate Shareholders within the charge to UK corporation tax, indexation allowance on the acquisition cost may be available to reduce the amount of chargeable gain realised on a disposal of Offer Shares but will not create or increase an allowable loss.

To the extent any Swiss special withholding tax is withheld from gains realised on the disposal of the Offer Shares by individuals with beneficial interests in the Offer Shares (see "*Certain Swiss tax considerations – Taxation of the holders of Ordinary Shares – Non-Swiss resident holders of Ordinary Shares – Withholding tax*") this should settle (in whole or in part) such individual Shareholder's liability to UK tax on chargeable gains in respect of the gains covered by the special withholding tax.

2.3 ***UK stamp duty and UK stamp duty reserve tax***

There is generally no liability to UK stamp duty or UK stamp duty reserve tax on the issue of Offer Shares by the Company.

UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Offer Shares or agreement to transfer an equitable interest only in the Offer Shares executed within the United Kingdom or which relates to any property situated, or any matter or thing done or to be done, in the United Kingdom where the value of the consideration provided exceeds £1,000. However, in practice it should not be necessary to pay any UK stamp duty on such an instrument or agreement unless the instrument or agreement is required for any purposes in the United Kingdom. If it is necessary to pay UK stamp duty, it may also be necessary to pay interest and penalties.

UK stamp duty reserve tax is charged (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer) on certain agreements to transfer chargeable securities. Since the Company is incorporated outside of the United Kingdom, no stamp duty reserve tax should be payable in respect of agreements to transfer the Offer Shares provided that the Offer Shares are not registered on a register kept in the United Kingdom and are not paired with shares issued by a body corporate incorporated in the United Kingdom.

2.4 ***Other UK tax considerations***

Persons in the United Kingdom by or through whom a "foreign dividend" is paid or credited may be required to provide certain information to HMRC regarding the identity of the payee or the person entitled to the "foreign dividend" and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Dividends paid on the Offer Shares may constitute "foreign dividends" for this purpose. However, HMRC published practice indicates that HMRC will not generally exercise its power to obtain information where such amounts are paid or credited on or before 5 April 2015.

There are anti-avoidance provisions in UK legislation which may potentially affect shareholders in non-UK tax resident companies, and shareholders should consult their professional advisers regarding the effect of UK anti-avoidance legislation in general.

3. CERTAIN JERSEY TAX CONSIDERATIONS

The following summary of the anticipated treatment of the Company and holders of Ordinary Shares (other than residents of Jersey) is based on Jersey taxation law and practice as it is understood to apply at the date of this Prospectus. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as it applies to any land or building situate in Jersey). Prospective investors in the Ordinary Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Ordinary Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

3.1 ***Taxation of the Company***

The Company is resident for tax purposes in Switzerland and on the basis that the Company is neither a financial services company nor a utility company for the purposes of the Income Tax (Jersey) Law 1961 (as amended) the Company is subject to income tax in Jersey at a rate of 0 per cent. Dividends on Ordinary Shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax and holders of Ordinary Shares will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Ordinary Shares.

3.2 ***Goods and services tax***

Jersey has introduced a tax on goods and services supplied in the island ("**GST**"). On the basis that the Company has obtained international services entity status, GST is not chargeable on supplies of

goods and/or services made by the Company. The Directors intend to conduct the business of the Company such that no GST will be incurred by the Company.

3.3 ***Stamp duty***

In Jersey, no stamp duty is levied on the issue or transfer of the Ordinary Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Ordinary Shares on the death of a holder of such Ordinary Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Ordinary Shares domiciled in Jersey, or situate in Jersey in respect of a holder of Ordinary Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

3.4 ***Jersey resident shareholders and deemed dividends***

Shareholders who are resident in Jersey for Jersey income tax purposes will suffer deduction of tax on payment of dividends by the Company at the standard rate of Jersey income tax for the time being in force. Shareholders who are not resident in Jersey for Jersey income tax purposes will receive dividends without deduction of Jersey income tax. If you are in any doubt as to your tax position you should consult your professional adviser.

4. CERTAIN SWISS TAX CONSIDERATIONS

4.1 ***Taxation of the Company***

Corporate income tax and net equity tax

Corporate income taxes are levied at federal, cantonal and municipal levels in Switzerland. As per Swiss tax legislation, Swiss holding companies are however exempt from cantonal and municipal corporate income taxes.

The Company is currently Swiss tax resident and is thus subject to ordinary corporate income taxes levied in Switzerland. The Company currently qualifies for the holding company tax regime and is hence exempt from cantonal and municipal taxes, apart from the returns on real estates (if any).

Based on the above, the corporate income tax rate to which the Company is subject is 7.8 per cent. (federal corporate income tax). Qualifying dividend income received by the Company and gains realized by the Company on the sale of qualifying participations do however benefit from the participation reduction that is available to reduce or even eliminate federal corporate income taxes on these earnings.

Qualifying dividend income is defined by Swiss legislation as dividends (of any form or source) that are paid on a participation representing more than ten per cent. of the capital (e.g. share capital in case of companies limited by shares) or representing a market value of more than CHF 1 million. Qualifying participations are participations representing more than ten per cent. of the capital and that are held for more than one year.

Swiss cantons also levy a net equity tax. In the canton of Geneva where the company is tax resident, the net equity tax is currently levied at the rate of 0.067 per cent. per year (special rate for holding companies) and is calculated on the basis of the net equity of the Company appearing in its standalone financial statements.

Swiss withholding tax

Pursuant to the Swiss Withholding Tax Act Swiss companies are to levy a 35 per cent. Swiss withholding tax on dividend distributions. This also applies to the Company as it is a Swiss resident for tax purposes.

The Company is responsible for levying the withholding tax irrespective of where the holders of Ordinary Shares have their residence.

The return of share capital, of capital contributions and premiums do not qualify as dividend distributions and therefore are exempt from Swiss withholding tax.

4.2 ***Stamp duty***

Swiss tax legislation provides for the levy of an issuance stamp duty (due on contributions to a Swiss company) as well as a transfer stamp duty (due by Swiss securities dealers involved in a transaction comprising a transfer for a consideration of shares, bonds and units in collective investment schemes).

Issuance stamp duty

The Company is liable to Swiss issuance stamp duty, as if it was a company incorporated in Switzerland.

The issuance stamp duty is thus owed by the Company being the issuer of New Ordinary Shares at a rate of one per cent. calculated on the sale price of the New Ordinary Shares, or, if greater, on their nominal value.

Transfer stamp duty

The issuance of the New Ordinary Shares qualifies for an exemption from Swiss transfer stamp duty. This applies to all primary market transactions.

In principle, secondary market transactions on securities such as the Ordinary Shares and carried out by or via the intermediation of "Swiss securities dealers" within the meaning of the Swiss stamp duty Act are subject to a Swiss transfer stamp duty levied at the rate of up to 0.3 per cent. The Swiss securities dealers are responsible for levying the transfer stamp duty.

The notion of Swiss securities dealer is very broad and encompasses Swiss and Lichtenstein banks, Swiss and Lichtenstein securities brokers, and even companies incorporated or tax resident in Switzerland and Lichtenstein holding in their books taxable securities for an amount exceeding CHF 10 million.

If the securities dealer is a party to the transaction, it will have to settle half of the stamp duty for itself and the other half for the counterparty to the extent that the latter does not qualify as a Swiss securities dealer or as an exempt investor (e.g. Swiss or foreign investment schemes). If the Swiss securities dealer acts as an intermediary, it will be liable for half of the stamp duty for each party to the transaction that does not qualify as a securities dealer or an exempt investor.

The Company will not cause the intervention of Swiss securities dealers in transactions on Offer Shares in which it is not involved as a party. A Swiss securities dealer may however be involved in the transaction by one of the counterparties to the secondary market transaction (i.e. because the counterparty is a Swiss securities dealer or acts via its intermediation).

4.3 ***Taxation of the holders of Ordinary Shares***

Swiss resident holders of Ordinary Shares

Income tax

Capital gains realised by a Swiss resident upon disposal of Ordinary Shares would be treated differently depending on the qualification of the Swiss resident holder of Ordinary Shares as a private or business investor.

Capital gains realised upon disposal of Ordinary Shares by private investors are tax exempt. Such exemption would, however, not be available if the Ordinary Shares are redeemed by the Company or its affiliates in order to cancel them. In case of redemption in view of cancellation, the difference

between the redemption price and the nominal value of the Ordinary Shares and the pro rata amount of capital contribution (or premium) is treated as a taxable dividend.

Private investors would be liable to individual income tax on income generated by distributions from the Company to the holders of Ordinary Shares.

Business investors, i.e. Swiss resident individuals holding Ordinary Shares as part of their business assets, as well as Swiss resident legal entities, would be liable to income or profit taxes on the gain realized upon disposal of the Ordinary Shares as well as on income generated by distributions from the Company to the holders of Ordinary Shares. For capital gains, the difference between book value and market value would be included in the taxable income or profit and taxed as such.

Wealth tax

Ordinary Shares held by Swiss residents are included in their net wealth and are subject to cantonal/municipal wealth taxes or cantonal/municipal net equity taxes.

Withholding tax

Capital gains realised on Ordinary Shares are not subject to withholding tax.

Dividends and other returns on securities such as the Ordinary Shares will be subject to the 35 per cent. Swiss withholding tax, directly deducted from the gross amount of the distributions made by the Company. Swiss resident shareholders will then be entitled to claim the credit or reimbursement of the withholding tax provided that certain conditions are met.

Non-Swiss resident holders of Ordinary Shares

Income tax

Non-Swiss resident holders of Ordinary Shares are not subject to Swiss income tax merely because of the fact that they hold Ordinary Shares.

Withholding tax

Dividends and other returns on securities such as the Ordinary Shares will be subject to the 35 per cent. Swiss withholding tax, directly deducted from the gross amount of the distributions made by the Company.

Non-Swiss resident holders of Ordinary Shares may be entitled to claim a partial or full reimbursement of the Swiss withholding tax based on an existing tax treaty between Switzerland and the country of residence of the holder of the Ordinary Shares. Under the current U.S.-Switzerland income tax treaty and the current UK-Switzerland income tax treaty, the Swiss withholding tax rate on dividends is generally reduced to 15 per cent. To the extent that non-Swiss resident holders of ordinary shares are not entitled to reimbursement by the Swiss authorities of the taxes withheld in application of a tax treaty, the non-Swiss resident holders of the Ordinary Shares may be entitled to a foreign tax credit in their country of residence.

In addition to Swiss withholding tax, certain UK resident individuals with beneficial interests in Ordinary Shares and certain Austrian resident individual holders of Ordinary Shares may be subject to a special withholding tax on dividends and gains realised on the disposal of the Ordinary Shares and on certain other income arising from the Ordinary Shares pursuant to agreements concluded in 2011 and 2012 by Switzerland with the United Kingdom and with Austria, respectively. Residence for the purposes of the agreements is governed by special rules. This withholding tax may apply where Offer Shares are booked or deposited with a Swiss paying agent (as defined by the relevant agreement) and is levied by the relevant Swiss paying agent. In respect of dividends, the rate of the withholding is generally 35 per cent. for UK resident individuals and 25 per cent. for Austrian resident individuals. In respect of capital gains, the rate of withholding is generally 27 per cent. for UK resident individuals and 25 per cent. for Austrian resident individuals. In respect of other income, the rate of withholding is generally 43 per cent. for UK resident individuals and 25 per cent. for Austrian

resident individuals. However, UK and Austrian holders of the Ordinary Shares can typically avoid the withholding tax by authorising the relevant paying agent to share information with the relevant tax authority of their country of residence. In cases where both the ordinary Swiss withholding tax and the special withholding tax are applicable, Swiss tax authorities would grant a credit of the Swiss withholding tax against the special tax.

5. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

5.1 *Introduction*

The following discussion describes certain U.S. federal income tax consequences to U.S. Holders (defined below) under present law of an investment in the Offer Shares. This summary applies only to U.S. Holders that acquire Offer Shares in the Global Offer, hold Offer Shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this Prospectus and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. This summary does not address any estate or gift tax consequences or any state, local, or non-U.S. tax consequences, nor does it address the Medicare Contribution tax on net investment income.

The following discussion does not deal with the tax consequences to any particular investor and does not describe all of the tax consequences to persons in special tax situations such as:

(a) banks;

(b) certain financial institutions;

(c) regulated investment companies;

(d) insurance companies;

(e) broker dealers;

(f) traders that elect to mark to market;

(g) tax-exempt entities;

(h) persons liable for alternative minimum tax;

(i) certain U.S. expatriates;

(j) persons holding the Offer Shares as part of a straddle, hedging, constructive sale, conversion or integrated transaction;

(k) persons that actually or constructively own ten per cent. or more of the Company's voting stock;

(l) persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the U.S.;

(m) persons who acquired the Offer Shares pursuant to the exercise of any employee share option or otherwise as compensation; or

(n) persons holding the Offer Shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE OFFER SHARES.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" applies to a person that is a beneficial owner of the Offer Shares and is, for U.S. federal income tax purposes,

(a) an individual who is a citizen or resident of the United States;

(b) a corporation (or other entity taxable as a corporation) organised under the laws of the United States, any State thereof or the District of Columbia;

(c) an estate whose income is subject to U.S. federal income taxation regardless of its source; or

(d) a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of an entity taxable as a partnership for U.S. federal income tax purposes that holds the Offer Shares generally will depend on such partner's status and the activities of the partnership.

5.2 ***Dividends***

Subject to the PFIC rules discussed below, the gross amount of distributions made by the Company with respect to the Offer Shares (including the amount of any non-U.S. taxes withheld therefrom) generally will be includable in a U.S. Holder's gross income in the year received as dividend income, but only to the extent that such distributions are paid out of the Company's current or accumulated earnings and profits as determined under U.S. federal income tax principles. The Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, and, accordingly, a U.S. Holder should therefore expect to treat all cash distributions as dividends for such purposes. The dividends will generally be foreign source. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations. Dividends received by non-corporate U.S. Holders may be "qualified dividend income", which is taxed at the lower applicable capital gains rate, provided that (a) the Company is eligible for the benefits of the tax treaty between the United States and Switzerland, (b) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, (c) the U.S. Holder satisfies certain holding period requirements, and (d) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to the Offer Shares.

Subject to certain conditions and limitations, non-U.S. taxes withheld from a distribution may be eligible for credit against the U.S. Holder's U.S. federal income tax liability. If a refund of the tax withheld is available to the U.S. Holder under the laws of Switzerland or under the tax treaty between the United States and Switzerland, the amount of tax withheld that is refundable will not be eligible for such credit against the U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against the U.S. Holder's U.S. federal taxable income). If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to Offer Shares will generally constitute "passive income" but could, in the case of certain U.S. Holders, constitute "general category income." The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available. If a U.S. Holder does not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year, the U.S. Holder may instead claim an itemized deduction for all foreign taxes paid in that taxable year.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency on the date such distribution is includible in income by the recipient, regardless of whether the payment is in fact converted into U.S. dollars at that time. Any gain or loss on a subsequent

conversion or other disposition of the currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. The amount of any distribution of property other than cash (and other than certain pro rata distributions of Ordinary Shares or rights to acquire Ordinary Shares) will be the fair market value of such property on the date of distribution.

5.3 ***Sale or other disposition of the Offer Shares***

Subject to the PFIC rules discussed below, upon a sale or other disposition of the Offer Shares, a U.S. Holder will recognise a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realised and the U.S. Holder's tax basis in such Offer Shares. Any such gain or loss generally will be U.S. source gain or loss and will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Offer Shares exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain, if any, realised by a U.S. Holder on the sale or other disposition of the Offer Shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes.

If the consideration received upon the sale or other disposition the Offer Shares is paid in foreign currency, the amount realised will be the U.S. dollar value of the payment received. A U.S. Holder may realise additional gain or loss upon the subsequent sale or disposition of such currency, which will generally be treated as U.S. source ordinary income or loss. If the Offer Shares are treated as traded on an established securities market and the relevant holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the Internal Revenue Service), such holder will determine the U.S. dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If a U.S. Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realised using the spot rate on the settlement date, it will recognise foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realised on the date of disposition and the U.S. dollar value of the currency received at the spot rate on the settlement date.

A U.S. Holder's initial tax basis in the Offer Shares generally will equal the cost of such Offer Shares. If a U.S. Holder used foreign currency to purchase the Offer Shares, the cost of the Offer Shares will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. If the Offer Shares are treated as traded on an established securities market and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such holder will determine the U.S. dollar value of the cost of such Offer Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

5.4 ***Passive Foreign Investment Company***

The Company would be classified as a PFIC for any taxable year if either: (a) at least 75 per cent. of its gross income is "passive income" for purposes of the PFIC rules, or (b) at least 50 per cent. of the value of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For this purpose, the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25 per cent. or more (by value) of the stock.

Under the PFIC rules, if the Company was considered a PFIC at any time that a U.S. Holder holds the Offer Shares, the Company would continue to be treated as a PFIC with respect to such holder's Offer Shares unless (a) the Company ceased to be a PFIC and (b) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

Based on the composition of the Company's income and assets, the manner in which the Company operates and the expected market value of the Company's assets (as may be indicated by the expected market price of the Company's Ordinary Shares following the Global Offer), the Company does not expect to be a PFIC for U.S. federal income tax purposes for the current taxable year or in the

foreseeable future. This is a factual determination, however, that must be made annually after the close of each taxable year. Therefore there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year.

If the Company is considered a PFIC at any time that a U.S. Holder holds Offer Shares, any gain recognised by the U.S. Holder on a sale or other disposition of the Offer Shares, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated rateably over the U.S. Holder's holding period for the Offer Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its Offer Shares exceeds 125 per cent. of the average of the annual distributions on the Offer Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Offer Shares.

If the Company is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own shares in any of our subsidiaries that are also PFICs. However, an election for mark-to-market treatment would likely not be available with respect to any such subsidiaries. If the Company is considered a PFIC, a U.S. Holder will also be subject to information reporting requirements, possibly on an annual basis. U.S. Holders should consult their own tax advisors about the potential application of the PFIC rules to an investment in the Offer Shares.

5.5 ***U.S. information reporting and backup withholding***

Dividend payments with respect to the Offer Shares and proceeds from the sale, exchange or redemption of the Offer Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

5.6 ***Information with respect to foreign financial assets***

Certain U.S. Holders who are individuals (and, under proposed regulations, certain entities) may be required to report information relating to the Offer Shares, subject to certain exceptions (including an exception for Offer Shares held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the Offer Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE OFFER SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

PART XI

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE

The Company and its Directors (whose names and functions appear on page 51 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. INCORPORATION

The Company was incorporated and registered in Jersey on 3 June 2009 under the Jersey Companies Law as a public limited company with the name Wizz Air Holdings Plc and with registered number 103356. The Company became the parent company of the Group on 6 October 2009 pursuant to the Scheme. The Company's registered office is situated at 44 Esplanade, St. Helier, JE4 9WG, Jersey.

The principal place of business of the Company is World Trade Center 1, Geneva International Airport, 1215, Geneva 15, Switzerland. The telephone number of the Company's principal place of business is +41 22 555 9858. The Company is tax resident solely in Switzerland.

The principal legislation under which the Company operates and the Ordinary Shares have been created is the Jersey Companies Law and regulations made thereunder.

By a resolution of a general meeting of the Company dated 6 October 2009, PricewaterhouseCoopers LLP ("**PwC**"), whose address is at 1 Embankment Place, London WC2N 6RH, were appointed as the first auditors of the Company. PwC is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. SHARE CAPITAL OF THE COMPANY

3.1 *Overview*

The Ordinary Shares are in registered form. Subject to the provisions of the Jersey CREST Order, the Directors may permit the holding of any class of shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Jersey CREST Order). Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.

The Company was incorporated with a share capital of £8,500 divided into 85,000,000 shares of £0.0001 each.

3.2 *Issued share capital*

Prior to Admission

All of the share capital of the Company has been issued and fully paid.

The issued and fully paid share capital of the Company as at 24 February 2015 (being the latest practicable date prior to publication of this Prospectus), was as follows:

Class of shares	Number	Amount (£)
Ordinary Shares	11,891,175	1,189

Post-Admission

The issued and fully paid share capital of the Company immediately after Admission will be as follows:

Class of shares	Number	Amount (£)
Ordinary Shares	52,263,615	5,226
Convertible Shares	48,830,503	4,883

3.3 ***Changes to the Company's share capital***

Since incorporation of the Company the following changes have been made to the share capital of the Company:

(a) On incorporation the authorised share capital of the Company was £8,500 divided into 85,000,000 shares of £0.0001 each. On 3 June 2009, the Jersey Financial Services Commission granted the Company consent pursuant to the Control of Borrowings (Jersey) Order 1958 (as amended) to issue up to 85,000,000 shares at a nominal value of £0.0001 each.

(b) At the Company's annual general meeting held on 17 November 2011, resolutions were passed to increase the authorised share capital of the Company to £11,000 divided into 110,000,000 shares of £0.0001 each and to amend the memorandum of association and articles of association of the Company accordingly.

(c) On 12 December 2011, the Jersey Financial Services Commission granted the Company consent pursuant to the Control of Borrowing (Jersey) Order 1958 (as amended) to issue an unlimited number of shares.

(d) At the Company's extraordinary general meeting held on 7 January 2014, a resolution was passed to increase the authorised share capital of the Company to £14,000 divided into 140,000,000 shares of £0.0001 each and to amend the memorandum of association and articles of association of the Company accordingly.

(e) At the extraordinary general meeting of the Company held on 20 February 2015, it was resolved (i) to increase the authorised share capital of the Company to £25,000, divided into 170,000,000 Ordinary Shares of £0.0001 each and 80,000,000 Convertible Shares of £0.0001 each subject to and conditional upon Admission and the adoption of the Articles; (ii) to approve all disapplications needed under the Company's existing articles of association in connection with the issue of the New Ordinary Shares and the sale of the Sale Shares; (iii) to adopt the new Articles conditional on and with effect from Admission and immediately following the issue of the Conversion Shares, the Option Shares and the New Ordinary Shares; and (iv) to redesignate 37,487,208 of the Ordinary Shares to be issued to Indigo Hungary on conversion of its Convertible Loans (see paragraph 3.4 below) as Convertible Shares immediately following Admission.

(f) As at the date of this Prospectus, the Company had 11,891,175 ordinary shares of £0.0001 each in issue. In addition, conditional upon and with effect from Admission: (i) all of the existing Convertible Loans and all of the existing Convertible Notes apart from Indigo's Retained Convertible Notes will convert into an aggregate of 30,181,540 Ordinary Shares and 48,830,503 Convertible Shares, with 37,487,208 of such Ordinary Shares that are issued to Indigo Hungary on conversion of its Convertible Loans being redesignated as Convertible Shares immediately following Admission; and (ii) the Company has received valid exercise notices from holders of options granted under the ESOP in respect of 612,080 Ordinary Shares.

Save as disclosed in this Part XI and Part II: "*Directors, Senior Managers and Corporate Governance"* of this Prospectus:

(a) there has been no change in the amount of the share or loan capital of the Company and no material change in the amount of the share or loan capital of any of its subsidiaries (other than intra-group issues by wholly-owned subsidiaries) since the incorporation;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the allotment of any share or loan capital of the Company or any of its subsidiaries since the incorporation; and

(c) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed, conditionally or unconditionally, to be put under option.

3.4 ***Convertible Loans and Convertible Notes***

Background

Pursuant to the Scheme and in consideration for the cancellation of convertible loans and convertible notes issued by Wizz Air Limited, the Company issued the Convertible Loans and the Convertible Notes in October 2009.

Convertible Loans

Indigo Hungary entered in to a convertible loan agreement with the Company, Wizz Air Hungary, Wizz Air Polska Sp. Z.o.o ("**Wizz Air Polska**"), József Váradi and Swing Management Company Ltd on 12 October 2009 ("**Indigo Hungary's Convertible Loan**"). The agreement for Indigo Hungary's Convertible Loan was amended and restated in August 2014. Under the terms of that agreement, Indigo Hungary may at its option require the conversion of the Convertible Loan made pursuant to that agreement, and all interest accrued and unpaid interest thereon, into Ordinary Shares at any time up to 3.00 pm on the last business day prior to Admission and such conversion can be conditional upon Admission occurring.

Indigo Hungary gave notice to the Company on 3 February 2015 that it required all of its Convertible Loans, and all interest accrued and unpaid interest thereon, to be converted into Ordinary Shares with effect on and conditional upon Admission.

Additional convertible loan agreements were entered into between the Company and a number of additional lenders on 12 October 2009 (which agreements were also amended and restated in August 2014) and each such agreement provides that the relevant Convertible Loan, together with all accrued and unpaid interest thereon, will automatically convert into Ordinary Shares following the conversion of Indigo Hungary's Convertible Loan.

All of these Convertible Loans, and all accrued and unpaid interest thereon, will therefore convert into an aggregate of 63,879,882 Ordinary Shares with effect on and conditional upon Admission, with such Ordinary Shares being issued fully paid. Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 20 February 2015, 37,487,208 of such Ordinary Shares that will be issued to Indigo Hungary will be redesignated as Convertible Shares immediately following Admission.

Convertible Notes

The Company, Wizz Air Hungary, Wizz Air Polska, Indigo Hungary and a number of other participating creditors and founders entered into a note purchase agreement on 12 October 2009 governing the terms of issue of the Convertible Notes. The Company, Wizz Air Hungary, Wizz Air Polska and the participating investors and founders entered into a second supplemental note purchase agreement on 12 October 2009 relating to an additional aggregate amount of €1,251,879 of new Series D notes held by the relevant participating investors. The note purchase agreement and second supplemental note purchase agreement were amended and restated in August 2014. Pursuant to the conditions of the Convertible Notes, all of the Convertible Notes held by Europeans (as defined in the agreements) and all accrued and unpaid interest thereon will automatically convert into Ordinary Shares on Admission. In addition, on the conversion of Convertible Notes held by a non-European holder in connection with an initial public offering the non-European holder can elect to be issued Convertible Shares in substitution for some or all of the Ordinary Shares that would otherwise be issued to them.

Indigo is the only non-European holder of Convertible Notes and has delivered conversion notices to the Company electing to convert €1.9 million of its Series C Notes, €1.7 million of its Series D Notes and €0.5 million of its Series E Notes, in each case with all accrued and unpaid interest thereon, and to receive, in aggregate, 2,379,822 Ordinary Shares and 11,343,295 Convertible Shares with effect from Admission.

All of the Convertible Notes, apart from Indigo's Retained Convertible Notes, and all accrued and unpaid interest thereon, will convert into 3,788,866 Ordinary Shares and 11,343,295 Convertible Shares with effect from Admission, with such Ordinary Shares and Convertible Shares being issued fully paid.

Indigo, the Company and Wizz Air Hungary have entered into the new Note Purchase Agreement described in section 2 (*Indigo's Retained Convertible Notes*) of Part III: "*Relationship with Indigo*" of this Prospectus, which will govern the terms on which Indigo's Retained Convertible Notes are held following Admission.

Release of security

All of the security for the Convertible Loans and the Convertible Notes granted by the Group will be released on or shortly following Admission following conversion of the Convertible Loans and Convertible Notes as described above.

4. MAJOR INTERESTS IN SHARES

Other than the interests that may arise under the Underwriting Agreement (and assuming no exercise of the Over-allotment Option), in so far as the Directors are aware, the following persons as at 24 February 2015 (being the latest practicable date prior to this Prospectus), hold, and will following Admission hold, directly or indirectly, three per cent. or more of the Company's voting rights, being the level at which notification is required to be made to the Company pursuant to the Disclosure and Transparency Rules:

	Immediately prior to Admission		Immediately following Admission	
Name	**Number of Ordinary Shares[(1)]**	**Percentage of voting Ordinary Share capital[(3)]**	**Number of Ordinary Shares**	**Percentage of voting Ordinary Share capital[(2)(3)]**
DCII (Malta) Limited	5,405,406	12.7%	1,081,081	2.1%
Eurohand Zrt.	2,162,208	5.1%	1,962,208	3.8%
F.E. DuBose & Co. LLC	2,349,507	5.5%	1,149,507	2.2%
Estate of Friso van Oranje	2,467,786	5.8%	839,047	1.6%
Indigo Hungary LP	7,864,811	18.4%	7,864,811	15.0%
Indigo Maple Hill, L.P.	2,379,822	5.6%	2,379,822	4.6%
József Váradi (including family trust companies)	2,903,173	6.4%	2,395,500	4.6%
Kranzi Enterprises Pte Ltd.	2,452,484	5.7%	1,452,484	2.8%
Marek Sobieski	1,372,858	3.2%	549,143	1.1%
Robert Wright	1,343,755	3.1%	843,755	1.6%

Notes:

(1) Including Ordinary Shares to be issued on conversion of Convertible Loans and Convertible Notes and exercise of vested options granted under the ESOP, conditional on Admission.

(2) Assuming no exercise of the Over-allotment Option.

(3) Also include beneficial interests in Ordinary Shares.

The Company's significant Shareholders do not have and will not have voting rights attached to the Ordinary Shares they hold that are different to those held by the other Shareholders.

Save as set out in this Part XI, Part III: "*Relationship with Indigo*" and Part II: "*Directors, Senior Managers and Corporate Governance*" of this Prospectus, the Company is not aware of any person who immediately following Admission, directly or indirectly, jointly or severally, will or could exercise control over the Company.

5. ARTICLES OF ASSOCIATION OF THE COMPANY

5.1 *General*

Under the Jersey Companies Law, the doctrine of *ultra vires* in its application to companies is abolished and, accordingly, the capacity of a Jersey company is not limited by anything contained in its memorandum or articles of association or by any act of its members. Accordingly, the memorandum of the Company does not contain an objects clause.

Matters which are required by the Articles or the Jersey Companies Law to be passed as an ordinary resolution of the Company require to be passed by a simple majority of the Company's Shareholders who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company. Pursuant to the Articles, matters which are required by the Articles or the Jersey Companies Law to be passed at a special resolution of the Company require to be passed by three-fourths of the Company's Shareholders who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company.

Set forth below is a summary of certain material provisions of the Articles. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles and the relevant provisions of the Jersey Companies Law as in force on the date of this Prospectus. This summary does not constitute legal advice regarding those matters and should not be regarded as such. The full text of the Articles is available at the offices of the Company during regular business hours and on the Company's website.

Reference should also be made to section 17 (*Jersey Companies Law*) below, which contains further information regarding the Jersey Companies Law.

The Articles contain, amongst others, provisions to the following effect:

5.2 *Share capital*

The Company's share capital is divided into Ordinary Shares and Convertible Shares. The Ordinary Shares and the Convertible Shares have attached to them the rights, privileges and restrictions set out in the Articles.

Rights and restrictions attached to the Convertible Shares

On a return of capital on a winding-up or otherwise, the holders of Convertible Shares rank *pari passu* with the holders of Ordinary Shares in respect of entitlement to repayment of the nominal capital paid up on such Convertible Shares. The holders of Convertible Shares are not entitled to any further right of participation in the profits of the Company.

The Convertible Shares do not carry a right to vote at any meeting of the Company save in respect of matters affecting the rights attaching to the Convertible Shares or the Ordinary Shares into which they convert or on a resolution for the winding- up of the Company.

All, but not some, of the Convertible Shares may be converted by the Company into Ordinary Shares on the basis of one Ordinary Share for one Convertible Share. The ability of the Company to convert the Convertible Shares is dependent upon on-going compliance with the Air Services Regulation following such conversion.

The holders of Convertible Shares may at any time convert Convertible Shares held by them into Ordinary Shares (on a one for one basis) provided that such conversion will not result in the Ordinary Shares arising from such conversion being Affected Shares (as defined below).

In addition, the holders of Convertible Shares may, on a monthly basis after Admission, apply to the Company to convert all or any of the Convertible Shares held by them into Ordinary Shares (on a one for one basis). In no circumstances must the number of resulting Affected Shares (as defined below) exceed the Permitted Maximum as a result of such conversion by the holders of Convertible Shares.

The holders of Convertible Shares may participate in any pre-emptive issue of securities provided that the holders of Convertible Shares shall be entitled only to receive further Convertible Shares.

Rights and restrictions attaching to Ordinary Shares

The holders of Ordinary Shares are entitled to be paid any profits of the Company available for distribution by way of dividends. On a return of capital on a winding-up or otherwise, after paying any holders of shares which carry a preferential right to payment, and subject to any payment due to holders of Convertible Shares as referred to above, any further payments are payable to the holders of Ordinary Shares pro rata to the number of Ordinary Shares issued and fully paid by such Shareholders.

The holders of Ordinary Shares have the right to receive notice of and to attend, speak and vote at general meetings of the Company.

Authority to allot shares

Pursuant to the Articles, all unissued shares for the time being in the capital of the Company are at the disposal of the Board. However, because the Jersey Companies Law does not contain provisions requiring the Directors to be authorised by Shareholders in order to issue shares and with a view to providing Shareholders with similar protections to those that would be available were the Company incorporated in the United Kingdom, subject to certain exceptions, the Articles require the Board to be authorised from time to time by ordinary resolution of the Company to issue Equity Securities (as defined in the Articles) and the Board's authority to issue such Equity Securities will be limited by the terms of any such ordinary resolution and must be renewed by ordinary resolution.

Subject to the foregoing, the Board may allot unissued shares on any terms and conditions, grant options over them, offer them for sale or otherwise dispose of them in any other way. The Board may issue shares that are to be redeemed or are liable to be redeemed at the option of the Company or the holder on such terms as provided by the Articles subject to the provisions of the Jersey Companies Law.

Voting rights on shares

Subject to any rights or restrictions as to voting attached to any shares, on a show of hands, every Shareholder present in person or by proxy shall have one vote, and on a poll, every Shareholder present in person or by proxy has one vote for every Ordinary Share of which he is the holder.

If at the time of any general meeting or class meeting, a Shareholder owes the Company any money presently payable in relation to his share, he will not be entitled to vote that share (either in person or by proxy) at that general meeting or class meeting. A Shareholder may not, *inter alia*, exercise voting rights in the Company in respect of shares that are the subject of a restriction notice served after failure to provide the Company with information concerning interests in certain shares required to be provided by the Company in accordance with the Articles (see the paragraph headed "Disclosure of interests" below).

Purchase of shares and treasury shares

Subject to the Jersey Companies Law, including the requirement that the Shareholders approve the same by way of special resolution, the Company may purchase its own shares. Such shares may be held as treasury shares, which can subsequently be cancelled, sold, transferred or continued to be held by the Company. Pursuant to the Jersey Companies Law, shares held in treasury are subject to various restrictions, including that they may not be voted while held as treasury shares.

Pre-emption rights

If the Board proposes to issue Equity Securities (as defined in the Articles) for cash, Shareholders will generally have pre-emption rights to those securities on a pro rata basis pursuant to the Articles. Pre-emption rights are transferable during the subscription period relating to a particular offering. The

Shareholders may, by way of special resolution, grant authority to the Board to allot Equity Securities for cash as if the pre-emption rights did not apply. Issues of shares for a consideration other than cash, or partly for cash and partly for another form of consideration, are not subject to such pre-emption rights. The entitlement of holders of Convertible Shares to participate in such an offering of Ordinary Shares, shall be satisfied by the offer or issue to them of Convertible Shares.

Reduction of share capital

Subject to the Jersey Companies Law, including any requirement to obtain approval of the same by way of special resolution of the Company, the Company may reduce its capital accounts, including any share capital account, in any way.

Variation of rights

Pursuant to the Articles, rights attached to any class of shares in the capital of the Company may, subject to the Jersey Company Law, be varied or abrogated either with the written consent of the holders of at least three quarters in nominal value of the issued shares of the class, or with the sanction of a special resolution passed at a separate class meeting of the class of shareholders affected and may be so varied or abrogated either whilst the Company is a going concern or during or in a contemplated winding up. The Articles impose no conditions that are more significant than required by Jersey Law on changing the rights of holders of any class of shares in the capital of the Company.

Transfer of shares

A transfer of a certificated share must be in the usual transfer form or in any other form that the Board approves. The transfer form must be signed by or on behalf of the person transferring the share and, unless the share is fully paid, by or on behalf of the person acquiring the share. The transfer form does not need to have a seal attached. If the certificated shares being transferred are only partly paid, the Board is entitled to refuse to register the transfer without giving any reason for the refusal as long as it does not prevent dealings in shares from taking place on an open and proper basis. The Board can also refuse to register the transfer of a certificated share if: (a) the transfer form is not lodged, properly stamped (if stamping is required), at the registered office (or any other place chosen by the Board); (b) is accompanied by the appropriate share certificate for the shares being transferred and any other evidence of transfer that the Board reasonably asks for; (c) the transfer is for more than one class of shares; and (d) the transfer is to more than four joint Shareholders.

If the Board refuses to register a transfer of a share, it must notify the person to whom the shares were being transferred of this refusal. This notice must be sent out within two months of the date on which the transfer form was received by the Company (in the case of certificated shares). An instrument of transfer that the Board refuses to register shall be returned to the person lodging it when notice of the refusal is sent. Neither the Board nor anyone else can charge a Shareholder for registering a transfer form or other documents relating to his shares or affecting his title to a share.

Disclosure of interests

The Disclosure and Transparency Rules, as applied to the Company pursuant to the Articles, require shareholders to notify the Company if the voting rights attached to shares held by them (subject to some exceptions) reach, exceed or fall below three per cent. and each one per cent. threshold thereafter up to 100 per cent. Pursuant to the Articles, the Company may also send a notice to any Shareholder requiring such Shareholder to confirm the identities of all persons having a beneficial interest in all or any of the shares held by such Shareholder and, if so, details of those interests. Under the Articles, if such Shareholder fails to supply the information requested in the notice or provides information that is false or inadequate, the Board may serve a restriction notice on the relevant Shareholder as described in section 5.15 (*Other*) below.

General meetings

The Company will hold an annual general meeting each year in accordance with the requirements of the Jersey Companies Law. The Board can call a general meeting whenever it decides to. All annual general meetings can only be held if shareholders have been given at least 14 clear days' notice. Shareholders must be given at least 14 clear days' notice of all other general meetings.

Notice of a general meeting must be sent to all of the Company's Shareholders (subject to certain exceptions), the Board and the auditors. The notice calling a general meeting must specify the place, day, time and general nature of the business of the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting. A shareholder may attend and/or vote at general meetings or class meetings in person or by proxy (unless otherwise prohibited from doing so by the Articles). The Articles contain provisions for the appointment of proxies, including electronic communication of appointments and cut off times for appointments prior to general meetings. Even if a director is not a Shareholder, he is entitled to attend and speak at any general meeting or class meeting. A quorum for a general meeting is two people (including Shareholders and/or proxies) entitled to vote at the meeting. If a quorum is not present within 30 minutes of the time set for the general meeting (or such longer time not exceeding one hour as the chairman of the meeting may determine), the meeting shall be adjourned to such later time, date and place as the chairman of the meeting may determine, unless the meeting was called at the request of the shareholders, in which case it shall be dissolved. If the general meeting is adjourned for more than 30 days, the Board must give shareholders at least seven clear days' notice of the adjourned meeting.

Shareholders who, at the time of deposit of such requisition, hold not less than one-tenth of the total voting rights of the shareholders of the Company who have the right to vote at the meeting requisitioned, can requisition the Company to convene a general meeting in accordance with the Jersey Companies Law.

5.3 ***Directors***

Appointment of directors

The Company must have at least three directors on the Board (not counting alternate directors). There is no maximum number of directors. Subject to the Articles, shareholders (by ordinary resolution) or the Board can appoint any person willing to be a director either to fill a vacancy or as an additional director. Where the appointment is made by the Board, the director must retire at the next annual general meeting and can then be put forward by the Board for reappointment by shareholders in accordance with the Articles.

If and for so long as the Company has a "controlling shareholder" (as defined in the Listing Rules), the election or re-election of any director whom the Company has determined to be independent under the Corporate Governance Code must be approved by (a) the Company by ordinary resolution and (b) a simple majority of those persons entitled to vote on the election or re-election of directors that are not a controlling shareholder (independent shareholders). If either of such resolutions is not passed, the Company may propose a further resolution to elect or re-elect the proposed independent director; such further resolution must be voted on within a period of between 90 and 120 days from the date of the original vote and may be passed by an ordinary resolution without the need for any separate resolution of independent shareholders.

Eligibility of new directors

A person will only be eligible for appointment as a director of the Board if: (a) he is a director who has retired by rotation; (b) he is recommended by the Board; or (c) a Shareholder who is entitled to vote at the general meeting has given the Company a written notice at least seven days (but not more than 21 days) before the date for which the meeting is called of his intention to propose someone (other than himself) as a director. The notice must include all the details of that person which would be required to be included in the register of directors, and be accompanied by a written confirmation from the proposed director confirming his willingness to be appointed as a director.

No share qualification

Directors do not need to be Shareholders in the Company. A majority of the directors shall at all times be Qualifying Nationals.

Retirement of directors by rotation

At every annual general meeting, the Articles require that one third of the directors on the Board must retire or, if the number of directors is not divisible by three, the number of directors nearest to one third shall retire from office but if any directors will have been a director for three years or more since he was last appointed (or re-appointed) at the date fixed for the annual general meeting, he must retire. A director who retires at an annual general meeting may be re-appointed if he is willing to act as a director.

Subject to the Jersey Companies Law and the Articles, the directors to retire by rotation will firstly be those directors who wish to retire without re-appointment, and secondly those who have served the longest as a director since their last appointment or re-appointment. If directors were last re-appointed directors on the same day, they can agree among themselves who is to retire. If they cannot agree, they must draw lots to decide.

Remuneration of directors

If a non-executive performs any other service that in the Board's opinion is beyond the scope of his role as a non-executive director, the Board can decide to pay him additional remuneration. This can take the form of a salary, commission or anything else the Board decides. The benefits paid to an executive director will be decided by the Board (or any duly constituted committee of the Board), and can be of any description.

Pursuant to the Articles, the provisions contained in sections 215 to 221 of the Companies Act 2006 of England and Wales (as amended) (the "**Companies Act 2006**") in relation to payments made to directors (or a person connected to such directors) for loss of office and the circumstances in which such payments would require the approval of shareholders are broadly applied to the Company, and the Company is required to comply with such provisions as if it were a company incorporated in the United Kingdom.

Appointment of executive directors

Subject to the Jersey Companies Law, the Board can appoint a director to any executive position (except that of auditor), on such terms and for such period as it thinks fit. The Board can also terminate or vary an executive appointment whenever it wishes and decide on any fee or other form of remuneration to be paid for such appointment. This fee or other remuneration may be as well as, or instead of, any fees payable as a director.

Permitted interests of directors

Subject to the provisions of the Jersey Companies Law, as long as a director has disclosed the nature and extent of his interest to the Board, a director can: (a) be a party to, or otherwise have an interest in, any transaction or arrangement with the Company or in which the Company has a direct or indirect interest; (b) act by himself or through his firm in a paid professional role for the Company (other than as auditor); and (c) be a director, officer or employee of or a party to a transaction or arrangement with, or otherwise interested in, anybody corporate in which the Company has any interest whether direct or indirect. A director who has, and is permitted to have, any interest can keep any remuneration or other benefit that he derives as a result of having that interest as if he were not a director. Any disclosure may be made at a meeting of the Board, by notice in writing or by general notice or otherwise in accordance with the Jersey Companies Law. The Board may authorise directors' actual and potential conflicts of interests, provided that any director concerned does not vote or count towards the quorum at the meeting where the matter is considered unless his interest arises only because the resolution concerns certain matters as detailed in the Articles. Where a director's relationship with another person has been authorised and such relationship gives rise to an actual or

potential conflict of interest, the director will not be in breach of the general duties he owes to the Company if he absents himself from meetings, or makes arrangements not to receive documents and information, relating to the actual or potential conflict of interest for so long as he reasonably believes that the same subsists.

Delegation of powers

The Board is authorised to delegate any of its powers to any committee consisting of one or more directors. The Board may also delegate to any director holding executive office such of its powers as the Board considers desirable to be exercised by him, providing that such director holding executive office is a Qualifying National (see below). Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the Board may specify (including, without limitation, a direction that such delegation shall only be made to a person who is a Qualifying National), and may be revoked or altered. The Board may co-opt onto any committee persons other than directors (providing such persons are Qualifying Nationals), who may enjoy voting rights in the committee, provided that such co-opted persons comprise less than one-half of the total membership of the committee and a resolution of any committee shall only be effective if (a) a majority of the persons present are directors and (b) a majority of the directors present are Qualifying Nationals. The Board may also establish local or divisional boards or agencies for managing any of the affairs of the Company. The Board may also, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the Board) and on such conditions as the Board determines.

5.4 ***Dividends***

Subject to the provisions of the Jersey Companies Law, Shareholders may by ordinary resolution declare any dividend, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Jersey Companies Law, the Board may pay interim dividends. If the share capital is divided into different classes and Shareholders with preferential dividend rights suffer as a result of an interim dividend being paid to other Shareholders, the Board will not be liable for the loss if it acted in good faith. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during the whole period in respect of which the dividend is paid. Any amount paid on a share in advance of the date on which a call is payable will not be treated as paid up for these purposes.

If recommended by the Board, Shareholders can pass an ordinary resolution to direct that a dividend will be satisfied in whole or in part by distributing assets instead of cash. The Board can make any arrangements it wishes to settle any difficulties which may arise in connection with the distribution, including for example: (a) the valuation of the assets; (b) the payment of cash to any Shareholder on the basis of that value in order to adjust the rights of Shareholders; and (c) the transfer of any asset to a trustee. The Board may, if authorised by ordinary resolution, offer Shareholders the right to elect to receive shares by way of scrip dividend (which are credited as fully paid) instead of cash in respect of some or all of their dividend.

The Company does not have to pay interest on any dividend or other money due to a Shareholder in respect of his shares, unless the rights of the share state otherwise. If a dividend or other money payable in respect of a share remains unclaimed for twelve years from the date it was declared or became due for payment, the Board can pass a resolution to forfeit the payment and the Shareholder will lose the right to the dividend.

5.5 ***Lien and forfeiture***

The Company has the right to any unpaid money on a partly paid share. This covers any money that is owed to the Company by the Shareholder, where the money has been called for or is payable under the terms on which the share was issued. The Company has the right to sell any partly paid share if a Shareholder fails to pay any money due on the partly paid share within 14 clear days' notice of the amount of money owed being given to the holder of the share or to the person entitled to the share by transmission.

The Board can call at any time on Shareholders on one or more occasions to pay any money that they owe to the Company on a share. Shareholders must be given at least 14 clear days' notice of a requirement to pay and the notice must state when and where the payment is to be made. If a shareholder does not pay the money due under a call or any instalment of a call by the due date, he must pay interest on the amount due from the due date until it is actually paid. If the terms of any allotment of any share require money to be paid when the share is allotted or on a fixed date, the amount payable will be treated in the same way as if a valid call had been made for that money the same date the money is due. If the money is not paid, the provisions of the Articles relating to calls and forfeiture will apply as if the shareholder had been notified of a valid call for that amount on that date.

5.6 ***Liquidation rights***

If the Company is wound up, the liquidator can, with the approval of a special resolution of the Company and any other sanction required by the Jersey Companies Law, divide some or all of the Company's assets among the shareholders in accordance with the Articles. The liquidator may determine the value of such assets and how they are to be divided between the Shareholders.

5.7 ***Capitalisation of profits***

If authorised by ordinary resolution of the Company, the Board can pass a resolution to capitalise any undistributed profits (unless required for paying a preferential dividend) or other sum in any reserve or fund which may be applied for such purposes including the Company's stated capital account and capital redemption reserves. The amount capitalised must be distributed to the shareholders or holders of shares of any class on the record date as if it were distributed by way of dividend.

5.8 ***Circulation of shareholder resolutions***

Shareholders of the Company may require the Company to circulate a notice of a resolution to shareholders. For this purpose, the Shareholders must represent: (a) at least five per cent. of the total voting rights of all Shareholders who have a right to vote on the relevant resolution; or (b) not less than 100 in number who have a right to vote on such resolution and hold an average of at least US$100, per Shareholder, of paid up shares in the Company.

5.9 ***Circulation of explanatory statements***

If so requested, the Company shall also circulate to Shareholders a statement of not more than 1,000 words with respect to a matter referred to in a proposed resolution to be dealt with at a particular meeting or other business to be dealt with at that meeting.

5.10 ***Information rights***

Pursuant to the Articles, a Shareholder has the right to nominate another person, on whose behalf he holds shares, to enjoy the same information rights, as if the provisions of sections 146 to 149 of the Companies Act 2006 (with certain exceptions) applied.

5.11 ***Power to require website publication of audit concerns***

If so requested by Shareholders in the manner set out in section 527(4) of the Companies Act 2006, the Company shall publish on its website a statement setting out any matter relating to the audit of its accounts or any circumstances connected with an auditor of the Company ceasing to hold office. For

this purpose, the Shareholders must represent: (a) at least five per cent. of the total voting rights of all Shareholders who have a right to vote at the relevant general meeting; or (b) not less than 100 in number who have a right to vote at such meeting and hold an average of at least £100, per Shareholder, of paid up shares in the Company.

5.12 ***Independent report on poll***

Pursuant to the Articles, Shareholders may require the Board to obtain an independent report on any poll taken, or to be taken, at a general meeting of the Company as if the provisions of sections 342 to 349 and sections 351 to 353 of the Companies Act 2006 (with certain exceptions) applied.

5.13 ***Borrowing powers***

Subject to applicable laws, the Board can exercise all the Company's powers relating to borrowing money, guaranteeing and indemnifying and giving security over all or any of the Company's business and activities, property, assets (present and future) and uncalled capital, and issuing debentures and other securities.

5.14 ***Indemnity of officers***

To the extent permitted by the Jersey Companies Law, the Company will indemnify every Director or other officer of the Company out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. This provision does not affect any indemnity that a director or officer is otherwise entitled to.

5.15 ***Other***

The Company is required to comply with the provisions of Listing Rules 9.4.1 to 9.4.3 in relation to its adoption of employee share schemes or long-term incentive plans, which require such schemes or plans to be approved by shareholders in a general meeting.

Each Shareholder must comply with the notification obligations to the Company contained in Chapter 5 of the Disclosure and Transparency Rules as if the Company were a UK issuer for the purposes of such Disclosure and Transparency Rules, including, without limitation, the provisions of Disclosure and Transparency Rule 5.1.2. Accordingly, the vote holder and issuer notification rules shall apply to the Company, as well as each holder of shares. If a Shareholder fails to comply with these obligations, the Board may give notice to the Shareholder that the relevant shares will be subject to some or all of the following restrictions: (a) that the shares shall not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to general meetings; (b) that the Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the shares; and (c) that the Board may place restrictions on the transfer of any of the shares which are certificated shares, provided that such restrictions do not apply to (i) a transfer of shares to an offeror who has made an offer to all shareholders, (ii) a sale of shares to a genuine unconnected third party or (iii) the transfer results from a sale made through a stock exchange on which the Company's shares are normally traded.

For the purpose of enforcing the restrictions described above, the Board may give a notice to the relevant Shareholder requiring the Shareholder to change the relevant shares held in uncertificated form to certificated form. If the holder does not comply with the notice, the Board may authorise any person to instruct an authorised operator to change the relevant shares held in uncertificated form to certificated form.

The Company may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution in accordance with the Articles and is passed before the donation is made or the expenditure incurred.

Amendment of Articles

The Articles may be amended by special resolution of the Company.

6. EEA NATIONAL OWNERSHIP PROVISIONS

6.1 *Limitations on share ownership*

The Group is authorised to operate by virtue of operating licences and AOCs issued by the Hungarian Aviation Authority in Hungary and the SASU in Ukraine. The Group's Hungarian operating licence depends, *inter alia*, on Qualifying Nationals owning more than 50 per cent. of the Company. For this purpose ownership is usually equated with holding equity capital. Qualifying Nationals must at all times also effectively control the Company. Effective control is defined in the Air Services Regulation as "a relationship constituted by rights, contracts or any other means which, either separately or jointly and having regard to the considerations of fact or law involved, confer the possibility of directly or indirectly exercising a decisive influence on an undertaking", in particular by, *inter alia*, rights or contracts which confer a decisive influence on the composition, voting or decisions of the bodies of an undertaking or otherwise confer a decisive influence on the running of the business or undertaking. The directors may, from time to time, set a "Permitted Maximum" on the number of Ordinary Shares of the Company which may be owned by Non-Qualifying Nationals (as defined below) at such level as they believe will comply with the "effective control" test in the Air Services Regulation. The level will initially be set at 49 per cent.

The purpose of articles 77 to 100 of the Articles is, accordingly, to enable the directors to take action to ensure that the amount of Ordinary Shares held by Non-Qualifying Nationals does not reach a level which could jeopardise Wizz Air's entitlement to continue to hold or enjoy the benefit of any operating licence which benefits the Group.

The operating licence under which Wizz Air operates the vast majority of its routes is granted pursuant to the Air Services Regulation. See Part V: "*Regulation*" of this Prospectus. The Air Services Regulation stipulates requirements as to ownership of shares held in the Company and defines "effective control" (as above). Therefore, the purposes of these provisions of the Articles is to ensure that the requirements of the Air Services Regulation are complied with.

The directors have various powers in the Articles which they may exercise in order to prevent breaches of the conditions attached to the Hungarian operating licence or breach of the Air Services Regulation. These powers are exercisable in respect of Ordinary Shares in the Company in which Non-Qualifying Nationals have a direct or indirect Interest (being "**Affected Shares**").

In this section 6 of this Part XI, the following expressions shall have the following meanings:

(a) a "**Non-Qualifying National**" includes any person who is not a Qualifying National in accordance with the definition below;

(b) a "**Qualifying National**" includes: (i) EEA Nationals, (ii) nationals of Switzerland and (iii) in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and any third country (whether or not such undertaking is itself granted an operating licence); and

(c) an "**Interest**" in Ordinary Shares includes an interest of any kind whatsoever in or to any Ordinary Share or any right to control the voting or other rights attributable to any Ordinary Share, disregarding any conditions or restrictions to which the exercise of any right attributed to such interest may be subject.

6.2 *Separate share register*

In order to monitor the number of Ordinary Shares that are held by Non-Qualifying Nationals and the details of the Non-Qualifying Nationals who have an Interest in those Ordinary Shares, the directors

will maintain a separate share register (the "**Separate Register**") in which the particulars of Ordinary Shares held by Non-Qualifying Nationals are recorded. The directors can require relevant members or other persons to provide them with information to enable a determination to be made by them as to whether shares are, or are to be treated as, Affected Shares. If such information is not available or forthcoming or is unsatisfactory then the directors can, at their discretion, determine that Ordinary Shares are to be treated as Affected Shares. Registered Shareholders are also obliged to notify the Company if they are aware that any Ordinary Share which they hold ought to be treated as an Affected Share for this purpose.

6.3 ***Intervening Acts***

In the event that, *inter alia*, (a) the refusal, withholding, suspension or revocation of any of Wizz Air's operating licences has taken place or (b) the directors receive any indication, notice or direction from any governmental body or any other body which regulates the provision of air transport services to the effect that Wizz Air's operating licences may be affected as previously described or (c) the directors believe that Wizz Air's operating licence may be so affected as a consequence of the size or nature of Non-Qualifying Nationals' ownership of shares, the directors can take action pursuant to the Articles to protect Wizz Air's AOC. Such action can include:

(a) identifying those Ordinary Shares or Affected Shares which gave rise to the need to take action and treating such shares as Restricted Shares (as defined below); and/or

(b) specifying a Permitted Maximum number of Affected Shares (or varying any such Permitted Maximum previously specified), provided that at no time the Permitted Maximum is less than 40 per cent. of the aggregate number of Ordinary Shares in issue, and at any point when the aggregate number of Affected Shares is in excess of the Permitted Maximum, treating those excess Affected Shares as Restricted Shares.

In addition, in circumstances where the Company's Hungarian subsidiary's air operating licence and/or AOC issued by the Hungarian Aviation Authority, is threatened with revocation on the basis that the Company is not effectively controlled by Qualifying Nationals as a result of (a) the position of a particular director or directors on the Board or (b) the identity of the Chairman of the Board, the Directors, may, in the case of (a), remove the relevant director or directors before the expiry of his or her or their term of office or, in the case of (b), change the Chairman of the Board.

A "**Restricted Share**" is any Ordinary Share which the directors have declared as such and in respect of which the directors have additional powers as set out below.

As a consequence of a declaration that Affected Shares are Restricted Shares, the directors may serve a notice (a "**Restricted Share Notice**") on the registered holder of the Ordinary Shares and on any other person who appears to the directors to have an Interest in the Ordinary Shares, specifying which of the additional powers are to be applied in respect of the Restricted Shares.

The additional powers that the directors may apply in respect of Restricted Shares include the following:

(a) the registered holder of the Restricted Share on whom a Restricted Share Notice has been served may be prevented from exercising its right to attend, speak, vote or demand a poll vote at any general meeting of the Company or meeting of any class of Shareholders of the Company;

(b) any person on whom a Restricted Share Notice has been served may be required, within 21 days of the Restricted Share Notice being served, to dispose of his interest in the Restricted Share (a "**Restricted Share Disposal**") so that:

(i) no Non-Qualifying National has an Interest in that Ordinary Share; and

(ii) the Ordinary Share ceases, to the satisfaction of the directors, to be a Restricted Share.

The directors are also given the power to transfer such Ordinary Shares themselves where there is non-compliance with the Restricted Share Notice.

In deciding which Ordinary Shares are to be dealt with as Restricted Shares the directors are, where applicable, entitled to have regard to the Interests in Affected Shares which, in their sole opinion, have directly or indirectly caused or contributed to the determination that steps should be taken to protect an operating licence. However, subject to the foregoing, the directors are required, so far as practicable, firstly to treat as Restricted Shares those Affected Shares in respect of which no declaration as to whether or not such shares are Affected Shares has been made by the holder of those shares and where information requested as to the nationality of the parties having an Interest in such shares is not provided, and thereafter shall have regard to the chronological order in which particulars of Affected Shares have been, or are to be, entered in the Separate Register (and accordingly treat as Restricted Shares those Affected Shares which have been acquired, or details of which have been entered in the Separate Register, most recently) save to the extent that the application of such criterion would in the sole opinion of the directors be inequitable or would result in their actions being illegal or unenforceable, in which event the directors may apply such other criterion as they, in their absolute discretion, consider appropriate.

The directors have resolved to set the Permitted Maximum at 49 per cent. initially. This Permitted Maximum may be varied by the directors. At any time when the directors have resolved to specify a Permitted Maximum (other than on the first occasion after the adoption of the Articles when this is set) or deal with Ordinary Shares as Restricted Shares, they shall publish, in at least one national newspaper in the United Kingdom (and in any country in which the Ordinary Shares are listed) notice of the determination of any Permitted Maximum. The directors shall publish, from time to time, information as to the number of Ordinary Shares, particulars of which have been entered on the Separate Register.

6.4 ***Registration of Ordinary Shares and nationality declaration***

The directors may not register any person as a holder of Ordinary Shares unless such person has furnished to the directors a declaration, together with such evidence as the directors may require, stating (a) the name and nationality of any person who has an Interest in any such Ordinary Shares and, if the directors require, the nature and extent of such Interest and (b) such other information as the directors may from time to time determine. In the case of certificated shares, the directors may decline to register any person as a Shareholder if satisfactory evidence or information is not forthcoming. In the case of uncertificated shares, the completion of this declaration is not a precondition to registration but a declaration of nationality will be required to be notified through CREST as a result of sales or transfers settled in the CREST System. Where this nationality declaration has not been completed to the satisfaction of the Directors, they will have the power to have the relevant Ordinary Shares withdrawn from CREST and thereafter dispose of such shares in the manner explained above.

6.5 ***Restriction on new issues***

The directors may not issue new Ordinary Shares if, as a result of such issue, Non-Qualifying Nationals would hold an aggregate number of the issued Ordinary Shares in breach of the Permitted Maximum.

7. SUBSIDIARIES

The Company is the holding company of the Group.

The following table shows details of the Company's subsidiaries. The issued share capital of each of these companies is fully paid and each is included in the consolidated accounts of the Group.

Name of subsidiary	Country of incorporation	Principal Activity	Percentage directly or indirectly held by the Company	Percentage of voting power as
Wizz Air Hungary Kft[1]	Hungary	Airline operator	100%	100%
Wizz Air Polska Sp. Z.o.o.	Poland	Dormant	100%	100%
Wizz Air Netherlands Holding B.V.	Netherlands	Holding company	100%	100%
Dnieper Aviation LLC	Ukraine	Holding company	100%	100%
Wizz Air Ukraine Airlines LLC	Ukraine	Airline operator	100%	100%
Cabin Crew Professionals Sp. z.o.o.	Poland	Employment activities	100%	100%

Note:

(1) Wizz Air Hungary Kft has several branch offices in Bulgaria, the Czech Republic, Lithuania, Macedonia, Poland, Romania, Serbia and Switzerland.

Save as described above, there are no undertakings in which the Company holds a proportion of the share capital which are likely to have a significant effect on the assessment of the Group's assets and liabilities, financial position or profits and losses.

8. EMPLOYEE SHARE PLANS

The Company has an existing share scheme (the Wizz Air International Employee Share Option Plan 2009), the principal provisions of which are set out below:

8.1 *Wizz Air International Employee Share Option Plan 2009*

Status of ESOP

Wizz Air granted options in respect of Ordinary Shares in Wizz Air Hungary to the Group's officers and function heads under a predecessor option plan established in 2005. Pursuant to a scheme of arrangement sanctioned by the High Court of England and Wales in October 2009, Wizz Air Holdings Plc became the parent company of the Group. Under the ESOP, holders of the share options agreed to release the old options in exchange for share options in respect of the Company.

Options over 5,471,733 Ordinary Shares have been issued to the Group's officers and function heads. The total number of Ordinary Shares available under the ESOP is 5,799,600.

No further options will be granted pursuant to the ESOP and, following the exercise of the outstanding options, it is intended that the ESOP will be wound-up.

Grant

The compensation committee has absolute discretion to select the persons to whom options may be granted and in determining the number and terms and conditions of the option grants. Each option becomes vested on the third anniversary of the date of the grant and has a full term of ten years, after which the option will automatically lapse. All vested options will become exercisable upon Admission. The Company has received valid exercise notices in respect of 612,080 new Ordinary Shares which are to be sold in the Global Offer or subject to the Over-allotment Option, with such exercise notices being conditional on Admission.

Cessation of employment

In the event of death, retirement or disability, all unvested options shall become immediately vested and all vested options shall lapse three months after the date of termination of the employment.

Where employment is terminated because of redundancy, all unvested options shall lapse and all vested options shall lapse three months after the date of termination of the employment. Where employment is terminated for any other reason, all options whether vested or unvested shall lapse immediately upon termination of the employment.

8.2 ***Wizz Air Long-term Incentive Plan 2014***

In anticipation of Admission, a review of the Group's remuneration policies regarding the officers and functional heads of the Group was commissioned by the Remuneration Committee in order to ensure the appropriateness of the Group's compensation plans in a listed company environment. This review confirmed the adequacy of the Group's current basic wage and Management Incentive Plan and noted the need to replace the ESOP with a long-term incentive plan to attract, retain and motivate the Group's senior management and to focus them on delivery of the Group's strategic and business objectives. The Board reviewed and adopted the LTIP for implementation upon Admission. A summary of the LTIP is provided below.

Status

The LTIP is a discretionary performance share plan (structured as a nil-cost option). Under the LTIP the Remuneration Committee has the discretion to, within certain limits and subject to certain performance conditions, grant to eligible employees nil-cost options over Ordinary Shares ("**Options**"). No payment is required for the grant of an Option. Options are granted as either "Performance Options" (whereby vesting of the Option is subject to pre-defined and notified performance conditions being met during a specified performance period, which is no shorter than three years from the date of grant) or "Restricted Options" (whereby the Option vests over time).

Eligibility

All employees of the Group (including Executive Directors) are eligible for selection to participate in the LTIP at the discretion of the Remuneration Committee. However, Performance Options only will be granted to Directors.

Awards

Options may be granted to eligible employees within specified time frames. Within any rolling twelve month period, each employee may receive Options with a maximum fair market value of 250 per cent. of that employee's base salary.

The number of Ordinary Shares reserved for the purposes of the LTIP shall be no more than five per cent. of the Company's issued share capital in any rolling ten year period when aggregated with any other Ordinary Shares which are issued, issuable or acquired following Admission under any other discretionary share plan operated by the Company. The Remuneration Committee may, in its absolute discretion, pay an employee a cash sum (to be decided by the Remuneration Committee) in lieu of the exercise of any vested Options at which point those Options shall lapse.

Grants

Subject to the applicable rules of the exchange on which the Ordinary Shares have been admitted to trading, Options may only be granted:

(a) within the period of 42 days after the date: (i) on which the LTIP is approved by the Board; (ii) on which the financial results of the Company for any period are announced; or (iii) of Admission;

(b) at any time prior to the date of Admission; or

(c) at any time where the Remuneration Committee resolves that exceptional circumstances exist which justify the grant of Options,

provided that no Option may be granted (i) at any time when dealing would be prohibited under the Model Code (including during a close period) or (ii) later than ten years after the date on which the LTIP is approved by the Board.

Vesting

Options will vest at least three years from the grant of the Option depending on the length of the performance period. Participants will have ten years from the date of grant to exercise an Option. Vesting of the Performance Options is subject to performance conditions being met, which are defined at the beginning of each performance period. The Remuneration Committee will notify each participant of how many Option shares have vested at the end of each performance period. The Remuneration Committee shall determine the impact, if any, of the performance criteria on the vested Options, and whether the performance outcome represents a fair reflection of the Company's underlying financial performance.

Performance conditions

Vesting of the Performance Options is subject to performance conditions being met over the performance period, which is a minimum of three years from the date of grant. The performance conditions applicable to Performance Options will be set by the Remuneration Committee at the beginning of each performance period. In the absence of a decision by the Remuneration Committee, the performance criteria are as follows:

(a) relative total shareholder return growth versus selected European airlines (50 per cent. weighting) during the performance period; and

(b) relative earnings per share growth versus selected European airlines (50 per cent. weighting) during the performance period.

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

At vesting, for each performance criteria, payout is to be 25 per cent. of the award for performance equal to median performance, with a 100 per cent. payout for performance equal to or exceeding upper quartile performance. There will be no payout for below median performance for either total shareholder return or earnings per share individually, and no more than 100 per cent. may be paid out in either category. Linear interpolation will apply for performance between the median and upper quartile.

Cessation of employment

If a participant's employment with the Group ceases before the end of the performance period any vested and unvested Options will normally lapse and be forfeited.

However, when such cessation of employment is due to certain "good leaver" reasons (including death, permanent incapacity due to ill health, redundancy (due to a reorganisation, change of control or a winding up) or retirement), some portion of the unvested Options may vest taking into account the proportion of the performance period that has elapsed at the time of cessation of employment. Vesting of the Performance Options will also be by reference to performance conditions achieved over the period from grant of the Option to cessation of employment. All outstanding Options will lapse three months after termination of the participant's employment unless the participant's employment terminates due to death, in which case the Options will lapse twelve months following termination of employment.

Change of control

In the event of a change of control of the Company during a performance period, after that change of control has completed, the Remuneration Committee will calculate the number of Restricted Options that will vest on a pro-rata basis in accordance with the proportion of the performance period that had elapsed before the change of control. Where a participant holds Performance Options, if the Remuneration Committee is satisfied that a sufficient period of the performance period has elapsed in order to provide accurate and not misleading performance metrics, the vesting of those Performance

Options will be calculated at the Remuneration Committee's discretion and, in the absence of a decision, on a pro-rata basis against the applicable performance conditions taking into account the shortened performance period.

To the extent that any Options are not exercised in connection with a change of control of the Company, the Options will lapse and cease to be exercisable fifteen days after completion of the change of control.

If there is a change of control of the Company, the participant may, with the agreement of the acquiring company, release his rights under his Option in return for new, equivalent, rights which relate to shares in the acquiring company.

Other corporate events

If there is a reorganisation, recapitalisation, merger, consolidation, reclassification, share split, consolidation of shares, reduction or other event resulting in the variation of the fully diluted share capital of the Company, the number of Ordinary Shares subject to and reserved for issuance under the LTIP, the exercise price applicable to the Options, and the performance criteria may be adjusted at the discretion of the Remuneration Committee.

Amendments to the LTIP

Amendments may only be made to the LTIP with the majority consent of those participants affected by the amendment (for amendments which are disadvantageous to the participants) and with the consent of the Company's shareholders (for amendments which are advantageous to the participants). Minor amendments regarding the administration and implementation of the Plan may be made solely with the consent of the Remuneration Committee.

Lapse

An Option will lapse and cease to be exercisable if the Remuneration Committee has reasonable grounds to believe that the participant committed an act of dishonesty, committed an act which brings the participant or a member of the Group into disrepute or prejudices the interests of a member of the Group or if the participant is convicted of certain criminal offences. An Option will also lapse on the ten year anniversary of the date of grant.

Dividends

On exercise of an Option, the Company will pay the participant a cash sum equivalent to the value of any dividends or other distributions which would have been paid or made by the Company in respect of the underlying Ordinary Shares since the date of grant of the Option.

9. PENSIONS

The Group does not operate any company retirement plan for its employees. However, the Group is required to maintain mandatory Pillar 2 insurance coverage under Swiss law and does so with a large insurance provider.

10. DIVIDEND POLICY

Neither the Company nor its predecessor entity Wizz Air Limited has paid any dividends since inception. Details of the Company's dividend policy are set out in section 6 (*Dividend policy*) of Part I: "*Information on the Group*" of this Prospectus.

There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

11. WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Global Offer receivable by the Company and the Group's existing committed aircraft financing arrangements, the working capital available to the Group is sufficient for the Group's present requirements, that is, at least for the next twelve months following the date of this Prospectus.

12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 September 2014, the date to which the financial information for the Group set out in section B of Part VIII: "*Historical Financial Information*" of this Prospectus was prepared.

13. MATERIAL CONTRACTS

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by members of the Group within the two years immediately preceding the date of this Prospectus or which are expected to be entered into prior to Admission and which are, or may be, material or which have been entered into at any time by members of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this Prospectus:

13.1 ***Underwriting Agreement and lock-up arrangements***

Key terms of the Underwriting Agreement

The Company, the Directors, the Selling Shareholders and the Underwriters have entered into the Underwriting Agreement.

Pursuant to the terms of the Underwriting Agreement:

(a) the Company has agreed to allot and issue the New Ordinary Shares, and the Selling Shareholders have agreed to sell the Sale Shares subject to certain conditions, in the Global Offer at the Offer Price;

(b) the Underwriters have agreed, subject to certain conditions, to procure subscribers for (or failing which to subscribe themselves) the New Ordinary Shares allotted and issued by the Company and to procure purchasers for (or failing which to purchase themselves) the Sale Shares from the Selling Shareholders, as the case may be;

(c) the obligations of the Underwriters to procure subscribers or purchasers for (or failing which to subscribe or purchase themselves) the New Ordinary Shares and the Sale Shares, as the case may be, on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement, compliance by the Company, each of the Directors and the Selling Shareholders with their respective obligations under the Underwriting Agreement and Admission occurring on or before 8.00 a.m. on 2 March 2015 (or such later time and/or date as the Joint Global Co-ordinators (on behalf of the Underwriters) and the Company may agree). In addition, the Joint Global Co-ordinators have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;

(d) Citi, as Stabilisation Manager, has been granted the Over-allotment Option by Indigo pursuant to which it may call for Indigo to sell up to 3,504,000 Over-allotment Shares at the Offer Price for the purposes of covering short positions resulting from over-allotments arising in connection with stabilisation transactions or from sales of Ordinary Shares on or before the Stabilisation Period End Date (as defined therein). If any Over-allotment Shares are acquired pursuant to the Over-allotment Option, Citi (on behalf of the Underwriters) will be committed to pay to Indigo an amount equal to the Offer Price multiplied by the relevant number of Over-allotment Shares in respect of which the Over-allotment Option has been exercised, less commissions and expenses including any amount in respect of VAT thereon;

(e) the Company has agreed to pay to the Settlement Bank (as defined therein) (on behalf of the Underwriters), on the First Closing Date a commission of two per cent. of an amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares issued and subscribed in the Global Offer;

(f) each of the Selling Shareholders have agreed to pay to the Settlement Bank (as defined therein) (on behalf of the Underwriters), on the First Closing Date, a commission of two per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Sale Shares sold in the Global Offer;

(g) Indigo has agreed to pay the Settlement Bank (as defined therein) (on behalf of the Underwriters), on the Option Closing Date, a commission of two per cent. of an amount equal to the Offer Price multiplied by the aggregate number of any Over-allotment Shares sold pursuant to the exercise of any Over-allotment Option;

(h) in addition, the Company may, at its absolute discretion, pay to any or all of the Underwriters an additional commission of up to 0.75 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares issued and subscribed in the Global Offer;

(i) in addition, each Selling Shareholder shall, if directed by Indigo, at Indigo's absolute discretion, pay to any or all of the Underwriters an additional commission of up to 0.75 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of Sale Shares and Over-allotment Shares sold in the Global Offer;

(j) the Company has agreed to pay certain of the costs, charges, fees and expenses relating to the Global Offer (together with any related VAT);

(k) each of the Company, the Directors and the Selling Shareholders has given certain representations, warranties, confirmations and undertakings to the Underwriters;

(l) the Company has given an indemnity to the Underwriters on customary terms for an agreement of this nature; and

(m) the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Global Offer in relevant jurisdictions as well as in the terms referred to in the description of certain "lock-up arrangements" as described below.

Lock-up arrangements

Pursuant to the terms of the Underwriting Agreement and certain other agreements, the Company, the Selling Shareholders, the Directors and certain other holders of Existing Ordinary Shares, options granted under the ESOP, Convertible Loans and/or Convertible Notes have agreed to enter into lock-up arrangements. The terms of these arrangements are summarised as follows:

(a) the Company will not and each of the Directors will ensure that the Company will not, without the prior written consent of the Joint Global Co-ordinators (on behalf of the Underwriters), during the period of 180 days from the date of Admission, *inter alia*, directly or indirectly, issue, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any interest in Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or any interest in Ordinary Shares or file any registration statement under the US Securities Act or file or publish any prospectus with respect to any of the foregoing; or enter into any swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares, nor shall the Company agree or offer to do any of the foregoing during such period of 180 days;

(b) the Company and the Underwriters have agreed that the Company's undertaking pursuant to the lock-up agreement shall not apply to:

(i) the issue and offer by or on behalf of the Company of the New Ordinary Shares;

(ii) the issue by the Company of any Ordinary Shares upon the exercise of an option under share option schemes in existence at the date of Admission as disclosed in the Prospectus; and

(iii) the issue by the Company of Ordinary Shares following the exercise of any conversion rights attaching to any convertible securities in existence as at the date of Admission as disclosed in the Prospectus;

(c) the Executive Director, each of the Selling Shareholders who are employees of the Company on the date of the Underwriting Agreement and certain other employees of the Group who hold Existing Ordinary Shares, options granted under the ESOP, Convertible Loans and/or Convertible Notes have agreed not to, without the prior written consent of the Joint Global Co-ordinators (on behalf of the Underwriters) during the period of 360 days from the date of Admission and subject to certain customary exceptions, directly or indirectly effect any Disposal of Ordinary Shares without the prior written consent of the Joint-Global Co-ordinators (on behalf of the Underwriters); a Disposal including any offer, sale, contract to sell, grant or sale of options over, purchase of any option or contract to sell, transfer, charge, pledge, grant of any right or warrant to purchase or otherwise transfer, lend, or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or the entry into of any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares, or any other disposal or agreement to dispose of any Ordinary Shares; and

(d) each of the Non-Executive Directors, Selling Shareholders other than employees of the Company on the date of the Underwriting Agreement and certain other holders of Existing Ordinary Shares, Convertible Loans and/or Convertible Notes have agreed not to, during the period of 180 days from the date of Admission and subject to certain customary exceptions, directly or indirectly effect any Disposal of Ordinary Shares without the prior consent of the Joint-Global Co-ordinators (on behalf of the Underwriters); a Disposal including any offer, sale, contract to sell, grant or sale of options over, purchase of any option or contract to sell, transfer, charge, pledge, grant of any right or warrant to purchase or otherwise transfer, lend, or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or the entry into of any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Ordinary Shares, or any other disposal or agreement to dispose of any Ordinary Shares.

13.2 ***Stock Lending Agreement***

In connection with settlement and stabilisation, Citi, as Stabilising Manager, has entered into a stock lending agreement with Indigo Hungary and Indigo Maple Hill. Pursuant to this agreement, Citi, as Stabilising Manager will be able to borrow in aggregate up to a maximum of 15 per cent. of the total number of New Shares and Sale Shares comprised in the Global Offer (for the avoidance of doubt excluding the Over-allotment Shares subject to the Over-allotment Option) on Admission for the purposes of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Global Offer. If the Stabilising Manager borrows any Ordinary Shares pursuant to the Stock Lending Agreement, it will be required to return equivalent securities to Indigo Hungary and Indigo Maple Hill by no later than the third business day after the date that is the 30th day after the comment of conditional dealings of the Ordinary Shares on the LSE.

13.3 ***Relationship Agreement***

Please refer to the description in section 4 (*Relationship Agreement with Indigo*) of Part III: "*Relationship with Indigo*" of this Prospectus.

13.4 ***Airbus aircraft purchase agreement***

On 7 September 2005, Wizz Air Hungary entered into a purchase agreement with Airbus pursuant to which Wizz Air Hungary agreed to purchase and Airbus agreed to manufacture and sell six A319-100 and six A320-200 aircraft. The contracted A319-100 aircraft were subsequently converted to A320-200 aircraft. Delivery of all these aircraft was completed by February 2009.

The defect warranties given by Airbus to Wizz Air Hungary under the agreement are limited to those defects which became apparent within 36 months of delivery of the affected aircraft. Airbus also agreed that in the event of an occurrence of a failure in an primary structure part designed by Airbus before the aircraft had completed 24,000 flight cycles or 30,000 flight hours or within twelve years after the delivery of such aircraft to Wizz Air Hungary, whichever is the earlier, Airbus will provide a financial participation. Airbus agreed to indemnify Wizz Air Hungary, subject to the provisions of the agreement, for any written claim or suit threatened or commenced against Wizz Air Hungary for infringement of a patent or copyright by the airframe (or any part or software installed therein).

This agreement was amended on three occasions since 2005 and the parties have also entered into a number of addendums:

(a) On 20 July 2006, Wizz Air Hungary and Airbus entered into an amendment agreement to extend the scope of the original purchase agreement to include the purchase of 20 additional A320-200 aircraft. One of these aircraft was sold by Wizz Air Hungary to an unrelated third party. The remaining aircraft from this amendment agreement were delivered by February 2012.

(b) On 10 October 2007, Wizz Air Hungary and Airbus entered into an amendment agreement to extend the scope of the original purchase agreement to include the purchase of 50 additional A320-200 aircraft (in addition to the 20 aircraft to be purchased under the first amendment agreement). These aircraft are to be delivered on various dates between March 2012 and December 2017.

(c) On 18 June 2009, Wizz Air Hungary and Airbus entered into an amendment agreement to purchase 50 A320-200 aircraft, which amount was later reduced to 30. On 20 September 2013, Wizz Air Hungary and Airbus signed a further amendment agreement which converted 26 of these aircraft to A321-200 aircraft.

13.5 ***Agreement with IAE***

On 7 September 2005, Wizz Air Hungary agreed the general terms of sale with IAE for the purchase from IAE of engines for the aircraft Wizz Air Hungary has agreed to purchase from Airbus. Under the agreement, IAE agrees to supply Wizz Air Hungary with V2500 type engines and product support services for the support and operation of the V2500 propulsion systems.

A termination event will occur under the agreement in the event Wizz Air Hungary is involved in any bankruptcy, insolvency or liquidation proceedings, an action is commenced against Wizz Air Hungary seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which remains discharged for a period of 60 days, a continuing event of default exceeding 30 days by Wizz Air Hungary on any payment of principal or interest on any indebtedness under the agreement or in the payment of any guarantee obligation under the agreement or under any IAE financial agreement with Wizz Air Hungary for the aircraft or there is a failure to take delivery of the aircraft or spare engines which are the subject of the agreement in accordance with the agreed delivery schedule.

This agreement has been amended by the parties on several occasions since 2005.

13.6 ***Aircraft sale and leaseback agreements***

Below is a summary of the sale and leaseback agreements for the aircraft that have yet to be delivered and are due to be delivered in 2015. All of these leases are operating leases.

CDB Leasing

On 22 July 2013, Wizz Air Hungary concluded sale and leaseback arrangements with GY Aviation Lease 1205 Co., Limited and GY Aviation Lease 1207 Co., Limited, respectively, (collectively referred to as "**GY Aviation**", subsidiaries of CDB Leasing) in relation to six Airbus A320-200s, including each aircraft's two International Aero V2527-A5 engines.

The main transaction documents for each aircraft comprise an aircraft sale agreement and a lease agreement, pursuant to which GY Aviation will lease the aircraft to Wizz Air Hungary for an initial term of 96 months from the date on which the relevant aircraft is delivered to Wizz Air Hungary. Wizz Air Hungary may extend the initial term of each lease agreement by a further twelve months by giving notice no later than twelve months prior to the expiry of the lease term, as long as there is no continuing event of default (as defined under the lease agreements).

Wizz Air Hungary will benefit from all relevant airframe and engine manufacturer during the term of the lease, unless and until an event of default has occurred and is continuing. During a continuing event of default, GY Aviation may terminate the lease agreement by notice to Wizz Air Hungary and may also request the immediate return of the aircraft or repossess the aircraft itself. In the event GY Aviation terminates the lease agreement, Wizz Air Hungary will remain liable for all unpaid rent due before or after the termination date.

Wizz Air Hungary has agreed to indemnify GY Aviation on demand for all losses incurred directly or indirectly as a result of an event of default, including loss of profit. Such events of default include any failure by Wizz Air Hungary to pay rent due within three business days, any failure to keep the aircraft properly insured and any failure to comply with any other obligation under the lease agreement within 15 business days. During the term of the lease agreement, Wizz Air Hungary must ensure the airworthiness of the aircraft, maintain the aircraft and its documentation in accordance with a maintenance programme approved by the relevant aviation authorities and keep the aircraft in compliance with certain mandatory regulatory requirements.

JSA

On 27 September 2013, Wizz Air Hungary concluded sale and leaseback arrangements with JSA Aircraft A320-A, LLC ("**JSA Aircraft**") in relation to three Airbus A320-200 aircraft including two International Aero V2527-A5 engines each. The main transaction documents comprise three aircraft sale agreements and three lease agreements, pursuant to which JSA Aircraft agrees to lease the aircraft to Wizz Air Hungary for an initial term of 96 months from the date the aircraft are delivered to Wizz Air Hungary.

Wizz Air Hungary will benefit from all relevant airframe and engine warranties and service life policies during the term of the lease, unless and until an event of default has occurred and is continuing.

Upon the occurrence of an event of default which is continuing, JSA Aircraft may request the immediate return of an aircraft or repossess the aircraft itself. JSA Aircraft may also demand all unpaid rent during or after the exercise of any of JSA Aircraft's termination remedies, including interest on such unpaid amounts. Upon receipt of a written notice, Wizz Air Hungary has agreed to pay JSA Aircraft an amount of liquidated damages for JSA Aircraft's loss of bargain, including any loss incurred by JSA Aircraft's inability to re-lease an aircraft on equally beneficial terms. Such events of default include any failure by Wizz Air Hungary to pay rent due within two business days, any failure to keep the aircraft properly insured and any failure to ensure the aircraft are only operated at the times and places covered by applicable insurance policies. Any failure by Wizz Air Hungary to observe any covenant or condition of a lease agreement which continues for 15 days from receipt of a notice of such breach from JSA Aircraft will also be an event of default in respect of such agreement.

During the terms of the lease agreements, Wizz Air Hungary must, at its own cost, ensure the aircraft is in at least the same operating condition as when delivered to Wizz Air Hungary, maintain the aircraft in accordance with a maintenance programme approved by the relevant aviation authorities,

and keep the aircraft in compliance with certain mandatory regulatory requirements during the term of the agreement. Should Wizz Air Hungary be required to perform any maintenance in accordance with directives from EASA, JSA Aircraft will contribute to the cost of such maintenance according to the terms specified in the lease agreements.

Goshawk Aviation

On 20 June 2014, Wizz Air Hungary concluded sale and leaseback arrangements with GAL Holdco 3 Limited ("**GAL Holdco**") in relation to seven Airbus A320-200, including each aircraft's two V2527 A5 Select One engines. The main transaction documents comprise an aircraft sale agreement and a lease agreement, pursuant to which GAL Holdco has leased the aircraft to Wizz Air Hungary for an initial term of 84 months from the date the aircraft was delivered to Wizz Air Hungary.

Wizz Air Hungary may extend the initial term of the lease agreement by a further 24 months by giving notice no later than twelve months prior to the expiry of the lease term. Wizz Air Hungary can extend the lease for a further 24 months by giving notice no later than twelve months prior to the expiry of the first extension period. Wizz Air Hungary will benefit from all manufacturer's warranties in relation to the repair or remedy of any defect in the aircraft, including the engines, unless and until an event of default has occurred and is continuing.

During the term of the lease agreement, Wizz Air Hungary must ensure the aircraft is in as good operating condition as when delivered to Wizz Air Hungary, maintain the aircraft in accordance with GAL Holdco's maintenance programme, and keep the aircraft in compliance with certain mandatory regulatory requirements during the term of the agreement. Should Wizz Air Hungary be required to perform any maintenance in accordance with directives from EASA, GAL Holdco will contribute to the cost of such maintenance according to the terms specified in the lease agreement.

Upon the occurrence of an event of default, GAL Holdco may request the immediate return of an aircraft or repossess the aircraft itself. GAL Holdco may also terminate the lease or take court action to either enforce performance, or recover damages for breach of the lease.

Wizz Air Hungary has agreed to indemnify GAL Holdco, any subsequent owner of the aircraft, finance party or lease manager, for any taxes incurred by them relating to the aircraft or lease, and any losses suffered by them as a result of Wizz Air Hungary's breach of its obligations under the lease, or in relation to Wizz Air Hungary's acts or omissions in respect of matters relating to the aircraft. Wizz Air Hungary also agreed to indemnify GAL Holdco on demand for all breakage costs as a result of the early termination of the lease.

13.7 ***NAVITAIRE host services agreement***

On 12 November 2003, Wizz Air Limited entered into a hosted services agreement with NAVITAIRE, an airline technology services company. The agreement was novated to Wizz Air Hungary by an amendment agreement dated 8 June 2006. Under the agreement NAVITAIRE provides to Wizz Air Hungary certain reservation and revenue management services. The term of the agreement was extended on 1 November 2009 for ten years with reduced fees. Either party may terminate this agreement upon written notice in the event that (a) a material term of the agreement has been breached and not cured within 90 calendar days (10 calendar days in the case of payment default) of written notice or (b) either party becomes insolvent or unable to pay its debts when they become due. In addition, Wizz Air Hungary may terminate the agreement if the hosted services are completely unavailable for a period of 15 consecutive days solely due to NAVITAIRE's fault.

13.8 ***Lufthansa Technik services agreement***

On 1 January 2009, Wizz Air Hungary and Lufthansa Technik entered into an agreement pursuant to which Lufthansa Technik agreed to provide daily/weekly maintenance to Wizz Air Hungary under an agreed scope of services, consumables and minor parts to enable Wizz Air Hungary to comply with its obligations under applicable airworthiness regulations. Lufthansa Technik also undertakes heavy maintenance on Wizz Air's fleet, in particular all types of "C-checks", "D-checks", structural repairs,

modifications, storage and logistics and also provides component support as well as other engineering services.

The initial term of the basic agreement expires on 30 June 2019 and will automatically renew on a six month basis thereafter until terminated by either party on giving three months' notice. The basic agreement may not terminate or expire as long as at least one of the additional contracts incorporating the terms of the basic agreement, which detail the specific services to be provided and set out the pricing structure, is still effective.

Either party may terminate the basic agreement, or any of the attachments, with immediate effect if the other party becomes insolvent or unable to pay its debts. Wizz Air Hungary may terminate the basic agreement or any attachment, to the extent they relate to a specified aircraft, if Wizz Air Hungary ceases to operate the aircraft. Lufthansa Technik may terminate the contract by giving three days' notice should any of the insurance coverage provided under the basic agreement for the benefit of Lufthansa Technik cease for any reason.

13.9 ***Note Purchase Agreement***

Please refer to the description in section 2 (*Indigo's Retained Convertible Notes*) of Part III: "*Relationship with Major Shareholder*" of this Prospectus.

14. LITIGATION

Save as disclosed below, neither the Company, nor any other member of the Group, is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the twelve months preceding the date of this Prospectus, which may have or have had in the recent past a significant effect on the Company's and/or Group's financial position or profitability.

14.1 ***European Commission state aid investigations***

Four of the European Commission's on-going state aid investigations which are in their formal phase concern arrangements between Wizz Air and certain airports to which it flies, namely, Timişoara, Beauvais, Girona and Lübeck. Wizz Air has submitted its legal observations and supporting economic analysis of these arrangements to the European Commission. 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 be illegal state aid. See note 34 of the financial information set out in section B of Part VIII: "*Historical Financial Information*" of this Prospectus for further details of management's estimates of the maximum potential exposure in respect of the Timişoara investigation. None of the other three on-going investigations are expected to lead to exposure that is material to the Group.

The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of 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 connection with this notification.

In addition, the Company is aware that the European Commission has made enquiries about arrangements between Wizz Air and Cluj-Napoca airport, although Wizz Air is yet to receive any formal notification of any proceedings.

14.2 ***Claims by Carpatair***

Carpatair, a regional airline based in Romania started a number of cases in the Romanian courts during 2012 and 2013 which relate to Carpatair's allegations that Timişoara airport granted unlawful state aid to Wizz Air pursuant to an agreement between the parties or by virtue of the publicly available scheme of charges published by Timişoara airport. Wizz Air is intervening in the defence of these claims, either in its own right or in support of Timişoara airport. One of these cases determined that state aid existed in the 2010 scheme of charges, but failed to substantiate that decision or to

quantify the amount involved. Following this decision, Carpatair began a case in which both Timişoara airport and Wizz Air are named as defendants and, pursuant to which, Carpatair aims to have the alleged state aid under the 2010 scheme of charges quantified and a repayment order issued. Wizz Air understands that the Romanian Chamber of Accounts has issued a decision requiring Timişoara airport to recover from Wizz Air an amount of approximately €3 million in respect of the state aid attributable to the 2010 and 2011 scheme of charges despite there having been no expert quantification of the amount. Timişoara airport is appealing this decision and Wizz Air has made an application to intervene in the appeal process in support of Timişoara airport.

Save in respect of the case relating to the 2010 scheme of charges, the claim amounts in respect of Carpatair's actions described above (both singly and in aggregate) are not currently quantifiable.

14.3 ***Claim against Warsaw Modlin Airport***

Wizz Air has started proceedings in the Polish courts seeking damages from Warsaw Modlin Airport arising from Wizz Air's forced relocation to Warsaw Chopin Airport following the failure to install an instrument landing system at the airport and, then, the prolonged closure of Warsaw Modlin Airport as a result of a sub-standard runway. The case remains ongoing, with the first hearing having taken place on 5 December 2014 at which a number of witnesses presented evidence in support of Wizz Air's claim. The next hearing is scheduled for 4 March 2015.

15. RELATED PARTY TRANSACTIONS

For each of FY 2012, FY 2013, FY 2014 and H1 2015, the Company has not entered into any transactions with related parties save as disclosed in note 36 of the financial information set out in section B of Part VIII: "*Historical Financial Information*" of this Prospectus. The Company has not entered into any related party transactions since the end of the period to which the financial information relates up until 24 February 2015 (being the latest practicable date prior to publication of this Prospectus) other than as set out below.

In December 2014, the Company made loans to several of its officers and the family trust company of one of its officers in order to enable them to exercise options to acquire Ordinary Shares which were granted under the ESOP prior to the transfer of the relevant officers to the Company's head office in Geneva. These loans, plus all accrued interest, are repayable in full on Admission and, to the extent not already repaid in full, will be repaid out of the proceeds of the sale of Sale Shares by these officers or, where relevant, the family trust company in the Global Offer. The Ordinary Shares issued to these officers and the family trust company are subject to security interests in the Company's name to secure the loans and contractual restrictions on transfer; the security will be released and the contractual restrictions on transfer will cease to apply on or prior to Admission.

16. CITY CODE

The City Code is issued and administered by the Takeover Panel. In Jersey, the Takeover Panel has been designated as the body to carry out certain regulatory functions in relation to takeovers pursuant to the Companies (Takeovers and Mergers Panel) (Jersey) Law 2009 and the Companies (Appointment of Takeovers and Mergers Panel) (Jersey) Order 2009 (the "**Takeover Laws**"). Following the implementation of the Directive on Takeover Bids (2004/25/EC) by Part 28 of the Companies Act 2006 and the Takeover Laws, the rules in the City Code now have a statutory basis in Jersey.

The City Code applies to all takeovers and merger transactions, however effected, where, *inter alia*, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands if the company has securities admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The City Code will therefore apply to the Company from Admission and its Shareholders will be entitled to the protection afforded by the City Code.

In particular, under Rule 9 of the City Code when (a) a person acquires an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company or (b) any person who, together with persons acting in concert with

him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of that company, but does not hold shares carrying more than 50 per cent. of the voting rights of that company, and such person (or any persons acting in concert with him) acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the person acting in concert with him, is normally required to extend offers in cash at the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding twelve months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

Rule 9 disclosures in respect of the Indigo Concert Party

For the purposes of Rule 9 of the City Code, the Company considers each of William A. Franke, Stephen L. Johnson and John R. Wilson, being Directors connected with Indigo, to be acting in concert with Indigo (together the "**Indigo Concert Party**").

The Indigo Concert Party shall immediately following Admission hold in aggregate 10,514,133 Ordinary Shares representing 20.1 per cent. of the voting rights in the Company, decreasing to 13.4 per cent. if the Over-allotment Option, as referred to below, is exercised in full. As a result the Indigo Concert Party shall not ordinarily be able to acquire any further interests in Ordinary Shares without triggering a mandatory offer under Rule 9 of the City Code. However, investors should also be aware that in the event the Retained Convertible Notes and/or Convertible Shares are exercised the Indigo Concert Party may in certain circumstances hold up to a maximum of 49 per cent. of the Company's voting share capital. The Takeover Panel has confirmed on an ex parte basis that based on the disclosures provided in this Prospectus, no mandatory offer obligations shall be triggered as a result of the conversion of the Retained Convertible Notes and/or Convertible Shares on this basis.

Prospective investors should be aware that, as result of the requirement that a majority of the Company's equity capital must at all times be owned by Qualifying Nationals (see section 2.1 (*Operating licences*) of Part V: "*Regulation*" of this Prospectus for further information in relation to this requirement), and in accordance with the terms of the Articles and the Note Purchase Agreement, Indigo shall not be able to hold more than 49 per cent. of the Company's voting share capital and that the terms of the Retained Convertible Notes and Convertible Shares would not permit conversion into Ordinary Shares which could take Indigo and any other Non-Qualifying National shareholders' holding of voting share capital to more than 49 per cent.

Over-allotment and Stabilisation

Under the Over-allotment and Stabilisation arrangements described in Part VI: "*Details of the Global Offer*" of this Prospectus, the Stabilising Manager may borrow Ordinary Shares (representing in aggregate up to 15 per cent. of the total number of Offer Shares) from Indigo Hungary and Indigo Maple Hill (being the "**Lending Shareholders**") under the terms of the Stock Lending Agreement for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Global Offer.

The Stabilising Manager will, within 30 calendar days of the date of the commencement of conditional dealings of the Ordinary Shares on the LSE, re-deliver to each Lending Shareholder equivalent securities in respect of any borrowing it makes under the terms of the Stock Lending Agreement by transferring the same number of Ordinary Shares to each Lending Shareholder as the Stabilising Manager has borrowed from that Lending Shareholder. Refer to the summary of the Stock Lending Agreement in section 13.2 (*Stock Lending Agreement*) of Part XI: "*Additional Information*" for further details.

The Stabilising Manager may also utilise the Over-allotment Option to acquire Ordinary Shares representing in aggregate up to 15 per cent. of the total number of Offer Shares (prior to the utilisation of the Over-allotment Option) from the Selling Shareholders (who include Indigo Hungary and Indigo Maple Hill) in pro-rata proportions whereupon each of the Selling Shareholders will be obliged to transfer such Ordinary Shares to the Stabilising Manager.

As a result of the combined effect of lending Ordinary Shares pursuant to the Stock Lending Agreement and granting the Over-allotment Option, Indigo Hungary and Indigo Maple Hill's shareholding in the Company can only remain the same or decrease from what their shareholding would be if they were not party to any stabilisation arrangements. In particular, Indigo Hungary and Indigo Maple Hill's shareholding in the Company will return to its original level when the loan is repaid and then decrease if the Stabilising Manager acquires Ordinary Shares pursuant to utilisation of the Over-allotment Option. In practice, the redelivery of Ordinary Shares pursuant to the Stock Lending Agreement is expected to be netted off against the requirement to transfer Ordinary Shares under the Over-allotment Option. The minimum and maximum percentages of the Indigo Concert Party's shareholding following the operation of the stock lending and over-allotment arrangements are 13.4 per cent. and 20.1 per cent., respectively.

17. JERSEY COMPANIES LAW

Set forth below is a summary of certain material provisions of the Jersey Companies Law as in force on the date of this Prospectus. This summary does not purport to give a complete overview nor does it constitute legal advice regarding such matters and should not be regarded as such. Prospective investors are recommended to take their own legal advice from a qualified Jersey solicitor or advocate should they have any queries regarding Jersey law. This section should also be read in conjunction with the summary of the Company's Articles in section 5 (*Articles of association of the Company*) above.

17.1 *Authority to allot shares*

The Jersey Companies Law does not contain provisions requiring the directors to be authorised by shareholders to issue shares. As referred to in section 5.2 (*Authority to allot shares*) above, the Articles contain provisions requiring the Board to be authorised by ordinary resolution of the Company to issue Equity Shares (as defined in the Articles).

17.2 *Pre-emption rights*

The Jersey Companies Law does not confer statutory pre-emption rights on shareholders relating to new share issues. As referred to in section 5.2 (*Pre-emption rights*) above, the Articles contain pre-emption rights on shareholders in relation to certain new share issues.

17.3 *Issues of partly paid shares*

The Jersey Companies Law permits companies incorporated in Jersey, including public companies, to issue partly paid shares.

17.4 *Share certificates*

Subject to certain exceptions, a shareholder is entitled to receive a share certificate in respect of any shares held by that shareholder in certificated form. A certificate sealed by the company, or signed either by two directors or one director and the secretary, specifying the shares held by a shareholder, is *prima facie* evidence of the shareholder's title to the shares.

Jersey law also permits shares to be held in uncertificated form through an appropriately authorised operator such as CREST. Share certificates are not issued in respect of uncertificated shares, rather title is evidence by the records of the relevant authorised operator.

17.5 *Reduction of capital*

The Jersey Companies Law permits a company by special resolution to reduce its capital accounts in any way. In the case of certain types of reduction of capital, the confirmation of the Jersey court can be sought before such reduction is effected. These provisions as to reduction of capital are separate from the provisions of the Jersey Companies Law dealing with purchases of own shares, redemption of own shares and distributions.

17.6 ***Purchase and redemption of shares***

Subject to the Jersey Companies Law, including the requirement that the same be approved by way of special resolution of the company, a company may purchase its own shares. A company may also redeem its own shares if authorised to do so in its articles of association. Subject to certain requirements, such shares purchased or redeemed may be held as treasury shares, which can subsequently be cancelled, sold, transferred or continued to be held by the company. Pursuant to the Jersey Companies Law, shares held in treasury are subject to various restrictions, including that they may not be voted while held as treasury shares.

17.7 ***Distributions***

Pursuant to the Jersey Companies Law, a par value company may pay a dividend or make any other distribution from any source, including any capital account (apart from the capital redemption reserve or the nominal capital account). The Jersey Companies Law provides that the directors approving the distribution must first make a statement that they are of the opinion that the company will satisfy a prescribed solvency test after making of the distribution. Therefore, Jersey par value companies may, for example, use their share premium accounts to make distributions. Dividends may be paid on all or some only of the classes of shares in issue.

17.8 ***Duties of directors***

The Jersey Companies Law provides that a director, in exercising the director's powers and discharging the director's duties, shall:

(a) act honestly and in good faith with a view to the best interests of the company; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

17.9 ***Disclosure of interests by directors***

The Jersey Companies Law does not require the directors of a Jersey company to disclose to the company their beneficial ownership of any shares in the company (although they must disclose to the company the nature and extent of any interest, direct or indirect, which conflicts, or may conflict to a material extent, with a transaction into which the company or any of its subsidiaries is proposing to enter).

17.10 ***Indemnification of directors***

The Jersey Companies Law provides that any provision, whether contained in the articles of association of, or in a contract with, a company or otherwise, whereby the company or any of its subsidiaries or any other person, for some benefit conferred or detriment suffered, directly or indirectly, by the company, agrees to exempt any person from, or indemnify any person against, any liability that by law would otherwise attach to the person by reason of the fact that the person is or was a director or other officer of the company, shall be void.

There are certain exceptions, including a provision for exempting a person from or indemnifying the person against:

(a) any liabilities incurred in defending any proceedings (whether civil or criminal):

(i) in which judgment is given in the person's favour or the person is acquitted;

(ii) that are discontinued otherwise than for some benefit conferred by the person or on the person's behalf or some detriment suffered by the person; or

(iii) that are settled on terms that include such benefit or detriment and, in the opinion of a majority of the directors of the company (excluding any director who conferred such benefit or on whose behalf such benefit was conferred or who suffered such detriment),

the person was substantially successful on the merits in the person's resistance to the proceedings;

(b) any liability incurred otherwise than to the company if the person acted in good faith with a view to the best interests of the company;

(c) any liability incurred in connection with an application made under Article 212 (Power of the court to grant relief in certain cases) of the Jersey Companies Law in which relief is granted to the person by the Jersey court; or

(d) any liability against which the company normally maintains insurance for persons other than directors.

These provisions of the Jersey Companies Law do not prevent a company from purchasing and maintaining insurance for any such director or other officer against any such liability.

17.11 ***Compensation for loss of office***

The Jersey Companies Law does not require that shareholders approve compensation payments made to directors for loss of office. As referred to in section 5.3 (*Remuneration of directors*) above, the Articles contain certain provisions requiring shareholder approval of such compensation payments in certain circumstances.

17.12 ***Representation of corporations at shareholder meetings***

The Jersey Companies Law provides that a body corporate (wherever incorporated) may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative at any meeting of a company incorporated in Jersey. A person so authorised is entitled to exercise the same powers on behalf of the body corporate that the person represents as that body corporate could exercise if it were an individual shareholder. Where the body corporate authorises more than one person to exercise such powers, they must exercise that power in the same way otherwise the power is treated as not exercised.

17.13 ***Proxies***

The Jersey Companies Law provides that a shareholder entitled to attend and vote at a meeting of a company is entitled to appoint another person (whether a shareholder or not) as the shareholder's proxy to attend and vote instead of the shareholder.

17.14 ***Demanding a poll vote***

Pursuant to the Jersey Companies Law, at a meeting of shareholders, a poll may be demanded in respect of any question by: (a) no fewer than five shareholders having the right to vote on the question; or (b) a shareholder or shareholders representing not less than one tenth of the total voting rights of all shareholders having the right to vote on the question.

17.15 ***Disclosure of interests in shares by shareholders***

The Jersey Companies Law does not contain any requirement on shareholders to disclose interests in shares. As referred to in section 5.2 (*Disclosure of interests*) above, the Articles require shareholders to disclose interests in shares as if the provisions of Chapter 5 of the Disclosure and Transparency Rules applied to the Company as a UK issuer for the purposes of such Disclosure and Transparency Rules.

17.16 ***Compulsory acquisition of shares***

The Jersey Companies Law provides that where a person (the "**Offeror**") makes a takeover offer to acquire all of the shares (or all of the shares of any class) in a Jersey par value company (other than any shares already held by the Offeror at the date of the offer), if the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90 per cent. in number of the

shares (or class of shares) to which the offer relates, the Offeror may (subject to the requirements of the Jersey Companies Law), by notice to the holders of the shares (or class of shares) to which the offer relates which the Offeror has not already acquired or contracted to acquire, compulsorily acquire those shares. A holder of any shares who receives a notice of compulsory acquisition may (within six weeks from the date on which such notice was given) apply to the Jersey court for an order that the Offeror not be entitled and bound to purchase the holder's shares or that the Offeror purchase the holder's shares on terms different of those of the offer.

In respect of a Jersey par value company, where before the end of the period within which the takeover offer can be accepted, the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire some of the shares of the company (or of a particular class) and those shares (with or without any other shares in the company that the Offeror has acquired or contracted to acquire) amount to not less than 90 per cent. in number of all of the shares of the company (or all of the shares of a particular class), the holder of any such shares (or class of shares) who has not accepted the offer may, by written notice to the Offeror, require the Offeror to acquire the holder's shares. The Offeror shall (subject to the requirements of the Jersey Companies Law) be entitled and bound to acquire the holder's shares on the terms of the offer or on such other terms as may be agreed. Where a holder gives the Offeror a notice of compulsory acquisition, each of the Offeror and the holder of the shares is entitled to apply to the Jersey court for an order that the terms on which the Offeror is entitled and bound to acquire the holder's shares shall be such as the Jersey court thinks fit.

17.17 ***Schemes of arrangement***

The Jersey Companies Law provides that, where a compromise or arrangement is proposed between a company and its creditors, or a class of them, or between the company and its shareholders or a class of them, the Jersey court may on the application of the company or a creditor or member of it or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class or creditors, or the shareholders or class of shareholders (as the case may be), to be called in a manner as the court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, or three-fourths of the voting rights of shareholders or class of shareholders (as the case may be) present and voting either in person or by proxy at the meeting, agree to a compromise or arrangement, the compromise or arrangement, if sanctioned by the Jersey court, is binding on all creditors or the class of creditors, or all shareholders or the class of shareholders (as the case may be) and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company.

17.18 ***Mergers***

The Jersey Companies Law permits two or more companies (which need not all be Jersey incorporated companies) to merge to form one successor company. In the case of any company incorporated in Jersey, any such merger is subject to approval of its board of directors and to approval by special resolution of the company (and, where applicable, by special resolution of each class of shares where there is more than one class of shares in issue), in addition to certain other substantive and procedural requirements.

17.19 ***Accounts***

The Jersey Companies Law requires a public company to prepare audited accounts in respect of each financial year of the company, and to lay such accounts before a general meeting of the company within seven months of the end of such financial year of the company.

17.20 ***Political donations***

The Jersey Companies Law does not restrict companies from making political donations. As referred to in section 5.15 (*Other*) above, the Articles contain certain restrictions on making such political donations.

17.21 ***Unfair prejudice***

The Jersey Companies Law provides that a shareholder may apply to the Jersey court for an order on the ground that the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of its shareholders generally or of some part of its shareholders (including at least the shareholder applying to court for the order) or that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial. The Jersey court has wide powers as to the type of order it can grant.

17.22 ***Dissolution***

Under Jersey law, the two procedures for dissolving a company are winding up and désastre. Concepts such as receivership, administration and voluntary arrangements do not exist under Jersey law. A winding up may only be commenced by the company and not by one of its creditors. If a company is solvent, the winding up will be a summary winding up. If the company is insolvent, the winding up will be a creditors' winding up. A creditor wishing to dissolve a Jersey company would need to seek to have the company's property declared en désastre (literally meaning "in disaster") by a Jersey court. If the company's property is declared en désastre, all of the powers and property of the company (whether present or future and whether situated in Jersey or elsewhere) are vested in the Viscount (an officer of the court). The role of the Viscount is similar to that of a liquidator. The Viscount's principal duty is to act for the benefit of the company's creditors. He is not under an obligation to call any creditors' meetings, although he may do so.

18. CONSENTS

18.1 ***PwC***

PwC (a member of the Institute of Chartered Accountants in England and Wales) has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report which is set out in section A of Part VIII: "*Historical Financial Information*" and its report which is set out in section A of Part IX: "*Pro Forma Financial Information*" in the form and context in which they appear and has authorised the contents of those parts of those reports for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the US Securities Act. As the Offer Shares have not been and will not be registered under the US Securities Act, PwC has not filed a consent under section 7 of the US Securities Act.

19. MISCELLANEOUS

The expenses of, and incidental to, the Global Offer and Admission payable by the Company, including the LSE fee, the FCA's listing fee, professional fees and commissions and the costs of preparation, printing and distribution of documents, are estimated to amount to approximately £7.3 million (€10.0 million) (exclusive of any applicable value added tax).

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including Admission at the offices of Latham & Watkins (London) LLP at 99 Bishopsgate, London EC2M 3XF, United Kingdom:

(a) the Memorandum of Association;

(b) the Articles of the Company;

(c) the letters and reports from PwC which are set out in section A of Part VIII: "*Historical Financial Information*" and section A of Part IX "*Pro Forma Financial Information*" of this Prospectus;

(d) the letter of consent referred to in section 18 (*Consents*) above; and

(e) this Prospectus.

Dated: 25 February 2015

PART XII

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"**9M FY 2014**"	the nine months ended 31 December 2013;
"**9M FY 2015**"	the nine months ended 31 December 2014;
"**Admission**"	the admission of all of the issued and to be issued Ordinary Shares to the premium listing segment of the Official List and to trading on the LSE's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the LSE's standards for admission and disclosure for securities (as amended from time to time);
"**Airbus**"	Airbus SAS (including, where the context requires, its subsidiary undertakings);
"**Air France-KLM**"	Air France-KLM (including, where the context requires, its subsidiary undertakings);
"**Air Services Regulation**"	Regulation (EC) No 1008/2008 of 24 September 2008 on the establishment of common rules for the operation of air services in the European Community;
"**AOC**"	an air operator certificate;
"**Articles**"	the memorandum of association and articles of association of the Company in force conditional upon and with effect from Admission;
"**Barclays**"	Barclays Bank PLC;
"**Better Airports Package**"	a package of measures adopted by the European Commission on 1 December 2011 to address capacity shortages at European airports and improve the quality of services offered to passengers;
"**Blue Air**"	Blue Air Transport Aerian SA (including, where the context requires, its subsidiary undertakings);
"**Board**"	the board of directors of the Company from time to time including a duly constituted committee thereof;
"**Boeing**"	The Boeing Company (including, where the context requires, its subsidiary undertakings);
"**CAGR**"	compound annual growth rate;
"**Carpatair**"	S.C. Carpatair S.A.;
"**CDB Leasing**"	the financing arm of China Development Bank;
"**CEE**"	a region comprised of the following countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine;

"**Citi**"	Citigroup Global Markets Limited;
"**City Code**"	the UK City Code on Takeovers and Mergers;
"**Co-Lead Manager**"	Nomura;
"**Companies Act 2006**"	the Companies Act 2006 of England and Wales (as amended);
"**Company**"	Wizz Air Holdings Plc, a company incorporated under the Jersey Companies Law and registered in Jersey with registered number 103356;
"**Conversion Shares**"	the 30,181,540 new Ordinary Shares to be issued on conversion of Convertible Loans and Convertible Notes effective on Admission;
"**Convertible Loans**"	the aggregate €4,080,375 principal amount of convertible loans made by Indigo and various other private investors to the Company in October 2009 (which were issued in consideration for the cancellation of convertible loans made to Wizz Air Limited in 2004 and 2005);
"**Convertible Notes**"	the aggregate €31,850,084 principal amount of convertible notes issued by the Company to Indigo and various other private investors in October 2009 (which were issued in consideration for the cancellation of notes issued by Wizz Air Limited in 2005 and 2006);
"**Convertible Shares**"	non-voting, non-participating convertible shares of £0.0001 each in the share capital of the Company;
"**Corporate Governance Code**"	the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council (as amended from time to time);
"**CREST**" or "**CREST System**"	the paperless settlement system operated by Euroclear UK & Ireland Limited enabling securities to be evidenced other than by certificates and transferred other than by written instrument;
"**Directors**"	the directors of the Company (whose names appear on page 51 of this Prospectus);
"**Disclosure and Transparency Rules**"	the disclosure and transparency rules made by the FCA under Part VI of the FSMA;
"**DSP**"	the Wizz Air Holdings Share Award Plan for Non-Executive Directors;
"**EASA**"	the European Aviation Safety Authority;
"**easyJet**"	easyJet PLC (including, where the context requires, its subsidiary undertakings);
"**ECAA**"	the European Common Aviation Area between the EU, its EU Member States, Iceland, Norway and some Eastern European countries (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia and Kosovo);
"**ECJ**"	European Court of Justice;
"**ECOFIN**"	Council of Economics and Finance Ministers;
"**EEA**"	the European free trade association member countries (except Switzerland) and the EU Member States (or, in the context of the

	EU ownership and control requirements pursuant to Articles 4 and 8 of the Air Services Regulation, the European free trade association member states including Switzerland and the EU Member States);
"**EEA Agreement**"	the European economic area agreement signed on 2 May 1992 (and effective as of 1 January 1994);
"**EEA National**"	means the nationals of a member of the EEA;
"**Employee Selling Shareholders**"	those Selling Shareholders who are employees of the Group;
"**ESOP**"	the Wizz Air International Employee Share Option Plan 2009;
"**EU**"	the European Union;
"**EU-15**"	means the countries who were member states of the EU immediately prior to 1 May 2004, being Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Sweden, Spain and the United Kingdom;
"**EU ETS**"	the EU emissions trading scheme;
"**EU Member States**"	all of the member states of the EU, being as at the date of this Prospectus: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom;
"**EUROCONTROL**"	the European Organisation for Safety of Air Navigation;
"**EU – Switzerland Air Transport Agreement**"	the agreement between the European Community and the Swiss Confederation, approved by the European Commission and Council on 4 April 2002 (and effective 1 June 2002);
"**Executive Director**"	means József Váradi;
"**Existing Ordinary Shares**"	the 11,891,175 existing Ordinary Shares in issue as at 24 February 2015;
"**FCA**"	the Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of Part VI of the FSMA and the UK Financial Services Act 2012 and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
"**FSMA**"	the UK Financial Services and Markets Act 2000 (as amended);
"**full-time equivalent basis**"	the total number of hours worked per week by all employees in each respective department divided by the standard number of hours worked per week by all employees in each respective department, aggregated across all departments;
"**FY 2005**"	the year ended 31 March 2005;
"**FY 2006**"	the year ended 31 March 2006;
"**FY 2007**"	the year ended 31 March 2007;

"**FY 2008**"	the year ended 31 March 2008;
"**FY 2009**"	the year ended 31 March 2009;
"**FY 2010**"	the year ended 31 March 2010;
"**FY 2011**"	the year ended 31 March 2011;
"**FY 2012**"	the year ended 31 March 2012;
"**FY 2013**"	the year ended 31 March 2013;
"**FY 2014**"	the year ended 31 March 2014;
"**FY 2015**"	the year ending 31 March 2015;
"**FY 2016**"	the year ending 31 March 2016;
"**FY 2017**"	the year ending 31 March 2017;
"**GAL Holdco**"	GAL Holdco 3 Limited;
"**GDP**"	gross domestic product;
"**GECAS**"	GE Capital Aviation Services;
"**Germanwings**"	Germanwings GmbH (including, where the context requires, its subsidiary undertakings);
"**Global Offer**"	the issue of 9,578,820 New Ordinary Shares by the Company and the sale of 13,781,188 Sale Shares by the Selling Shareholders to institutional investors in the United Kingdom and elsewhere as described in Part VI: "*Details of the Global Offer*" of this Prospectus;
"**Goshawk Aviation**"	Goshawk Aviation Limited;
"**GY Aviation**"	collectively refers to GY Aviation Lease 1205 Co., Limited and GY Aviation Lease 1207 Co., Limited;
"**H1 2014**"	the six months ended 30 September 2013;
"**H1 2015**"	the six months ended 30 September 2014;
"**HMRC**"	Her Majesty's Revenue and Customs;
"**Home Markets**"	the countries where Wizz Air has operating bases, being Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Ukraine;
"**Hungarian Aviation Authority**"	the National Transport Authority Directorate for Air Transport, the civil aviation authority in Hungary;
"**IAE**"	International Aero Engines AG;
"**IAG**"	International Consolidated Airlines Group, S.A. (the holding company of British Airways and Iberia and, including, where the context requires, its subsidiary undertakings);
"**IATA**"	the International Air Transport Association;
"**ICAO**"	the International Civil Aviation Organisation;
"**ICBC Leasing**"	ICBC International Leasing Company Limited;

"**IFRS**"	International Financial Reporting Standards, as adopted for use in the EU;
"**Indigo**"	investment funds managed by Indigo Partners LLC;
"**Indigo Concert Party**"	William A. Franke, Stephen L. Johnson, John R. Wilson and Indigo;
"**Indigo Director**"	a Director nominated to the Board by Indigo pursuant to the Relationship Agreement;
"**Indigo Hungary**"	Indigo Hungary LP;
"**Indigo Hungary's Convertible Loan**"	the convertible loan provided to the Company by Indigo pursuant to an agreement dated 12 October 2009;
"**Indigo Maple Hill**"	Indigo Maple Hill, L.P.;
"**Indigo's Retained Convertible Notes**"	the aggregate €26.3 million in principal amount of Convertible Notes issued by the Company to Indigo in 2009, which will not be converted into Ordinary Shares on Admission;
"**Innovata**"	Innovata LLC, a business providing aviation information and analytical services sourced from its proprietary airlines schedules and other databases;
"**ISIN**"	International Securities Identification Number;
"**Jersey Companies Law**"	the Companies (Jersey) Law 1991 (as amended) and the subordinate legislation thereunder;
"**Jersey CREST Order**"	the Companies (Uncertificated Securities) (Jersey) Order 1991 (as amended);
"**Joint Global Co-ordinators**"	Barclays, Citi and JPM;
"**JPM**"	J.P. Morgan Securities plc, which carries on its UK investment banking activities as J.P. Morgan Cazenove;
"**JSA**"	Jackson Square Aviation;
"**JSA Aircraft**"	JSA Aircraft A320-A, LLC;
"**Listing Rules**"	the rules relating to admission to the Official List made in accordance with section 73A(2) of the FSMA;
"**LSE**"	the London Stock Exchange plc;
"**LTIP**"	the Wizz Air Long-term Incentive Plan 2014;
"**LTM**"	last twelve months;
"**LTM September 2014**"	the twelve months ended 30 September 2014;
"**Lufthansa**"	Deutsche Lufthansa AG (including, where the context requires, its subsidiary undertakings);
"**Lufthansa Technik**"	Lufthansa Technik AG;
"**Malév**"	Malév Hungarian Airlines;
"**Management Incentive Plan**"	the Group's incentive plan for the officers and functional heads of the Group;

"**Monarch**"	Monarch Holdings Limited (including, where the context requires, its subsidiary undertakings);
"**NAVITAIRE**"	NAVITAIRE Inc.;
"**New Ordinary Shares**"	the 9,578,820 new Ordinary Shares to be offered by the Company pursuant to the Global Offer;
"**Nomura"**	Nomura International plc;
"**Non-EEA National**"	includes any person who is not an EEA National;
"**Non-Executive Directors**"	William A. Franke, Thierry de Preux, Guido Demuynck, Simon Duffy, Stephen L. Johnson, John McMahon and John R. Wilson;
"**Norwegian**"	Norwegian Air Shuttle ASA (including, where the context requires, its subsidiary undertakings);
"**Note Purchase Agreement**"	the new note purchase agreement dated 24 February 2015 between the Company, Wizz Air Hungary (as guarantor) and Indigo which is conditional on, and will come into effect on, Admission and which will govern the terms of Indigo's Retained Convertible Notes;
"**Offer Price**"	£11.50 per Offer Share;
"**Offer Shares**"	the New Ordinary Shares and the Sale Shares;
"**Official List**"	the official list maintained by the FCA for the purposes of Part VI of the FSMA;
"**Option Shares**"	the 612,080 new Ordinary Shares to be issued on exercise of vested share options granted under the ESOP, conditional on Admission;
"**Ordinary Shares**"	ordinary shares of £0.0001 each in the share capital of the Company;
"**Over-allotment Option**"	the over-allotment option granted by Indigo to the Stabilising Manager under the Underwriting Agreement;
"**Over-allotment Shares**"	the up to 3,504,000 Ordinary Shares which are the subject of the Over-allotment Option;
"**Pegasus**"	Pegasus Airlines;
"**PFIC**"	passive foreign investment company for U.S. federal income tax purposes;
"**PRA**"	the Prudential Regulatory Authority;
"**Prospectus**"	this document relating to the Company and the Ordinary Shares, prepared by the Company in accordance with the Listing Rules and the Prospectus Rules;
"**Prospectus Directive**"	European Union Directive 2003/71/EC (and any amendment thereto, including Directive 2010/73/EU 2010, to the extent implemented in each relevant EU Member State) and includes any relevant implementing measure in each relevant EU Member State;
"**Prospectus Rules**"	the rules made for the purposes of Part VI of the FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market;

"**PwC**"	PricewaterhouseCoopers LLP;
"**QIB**"	has the meaning given by Rule 144A;
"**Redemption Date**"	31 March 2022, being the redemption date for Indigo's Retained Convertible Notes;
"**Regulation S**"	Regulation S under the US Securities Act;
"**Relationship Agreement**"	the relationship agreement dated 24 February 2015 between the Company and Indigo, details of which are set out in section 4 (*Relationship Agreement with Indigo*) of Part III: "*Relationship with Indigo*" of this Prospectus;
"**Rule 144A**"	Rule 144A under the US Securities Act;
"**Ryanair**"	Ryanair Holdings PLC (including, where the context requires, its subsidiary undertakings);
"**Sale Shares**"	13,781,188 Ordinary Shares to be sold by the Selling Shareholders in connection with the Global Offer;
"**SASU**"	the State Aviation Service of Ukraine;
"**Scheme**"	the scheme of arrangement of Wizz Air Limited sanctioned by the High Court of England and Wales on 6 October 2009;
"**SEDOL**"	Stock Exchange Daily Official List;
"**Selling Shareholders**"	the Selling Shareholders, details of whom are set out in section 5 (*Selling Shareholders*) of Part VI: "*Details of the Global Offer*" of this Prospectus who are selling 13,781,188 Sale Shares under the Global Offer;
"**Senior Managers**"	the persons named as Senior Managers in section 1.2 (*Senior Managers*) of Part II: "*Directors, Senior Managers and Corporate Governance*" of this Prospectus;
"**Shareholders**"	holders of Ordinary Shares;
"**Slot Regulation**"	Council Regulation (EEC) No 95/93 (as amended by Regulation (EC) NO 793/2004);
"**Special Drawing Rights**"	an international reserve asset created by the International Monetary Fund in 1969 to supplement the existing official reserves of member countries. Its value is based on a basket of four key international currencies and can be exchanged for freely usable currencies;
"**Sponsor**"	JPM;
"**Stabilising Manager**"	Citi;
"**Stock Lending Agreement**"	the stock lending agreement made between the Stabilising Manager and Indigo Hungary and Indigo Maple Hill described in section 13.2 (*Stock Lending Agreement*) of Part XI: "*Additional Information*" of this Prospectus;
"**Takeover Laws**"	the Companies (Takeovers and Mergers Panel) (Jersey) Law 2009 and the Companies (Appointment of Takeovers and Mergers Panel) (Jersey) Order 2009;
"**Takeover Panel**"	the Panel on Takeovers and Mergers in the United Kingdom;

"**TIDM**"	Tradeable Instrument Display Mnemonic;
"**Underwriters**"	Barclays, Citi, JPM and Nomura;
"**Underwriting Agreement**"	the sponsor's and underwriting agreement described in section 8 (*Underwriting Agreement*) of Part VI: "*Details of the Global Offer*" of this Prospectus;
"**US Exchange Act**"	the U.S. Exchange Act of 1934 (as amended);
"**US Securities Act**"	the U.S. Securities Act of 1933 (as amended);
"**Vueling**"	Vueling Airlines, S.A. (including, where the context requires, its subsidiary undertakings);
"**WAHL**"	Wizz Air Hungary Limited, Geneva branch;
"**Western Europe**"	the EU-15 plus Cyprus, Iceland, Malta, Norway and Switzerland;
"**Wizz Air**" or the "**Group**"	the Company and its subsidiary undertakings (as defined by section 1162 of the Companies Act 2006) from time to time;
"**Wizz Air Hungary**"	Wizz Air Hungary Limited, the holder of an operating licence issued by the Hungarian Aviation Authority;
"**Wizz Air Limited**"	means Wizz Air Limited, a company incorporated in England and Wales, the former holding company of the Group;
"**Wizz Air Polska**"	Wizz Air Polska Sp. Z.o.o; and
"**Wizz Air Ukraine**"	Wizz Air Ukraine Airlines LLC, the holder of an operating licence issued by the SASU.

PART XIII

GLOSSARY OF TECHNICAL TERMS

In this Prospectus, the following terms have the following meanings, unless the context otherwise requires:

"**ASK**"	available seat kilometres, the number of seats available for scheduled passengers multiplied by the number of kilometres those seats were flown;
"**average aircraft stage length**"	the average number of miles flown per passenger segment;
"**average revenue per passenger**"	the average total revenue per passenger flown, excluding any governmental taxes;
"**average revenue per seat**"	the average total revenue per seat, excluding any governmental taxes;
"**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;
"**block hours per aircraft**"	the total number of block hours divided by the total number of aircraft;
"**CASK**"	operating cost per ASK;
"**CASK ex-ownership**"	operating cost per ASK excluding depreciation and amortisation and aircraft rental costs;
"**EBIT**"	profit (or loss) before net financing costs (or gain) and income tax expense (or credit);
"**EBIT Margin**"	EBIT divided by total revenue;
"**EBITDAR**"	profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals;
"**EBITDAR Margin**"	EBITDAR divided by total revenue;
"**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 available. By way of example, if an aircraft was delivered six months into a particular year it would be treated as 0.5 of an aircraft when calculating the "equivalent aircraft" for that particular year;
"**ex-fuel CASK**"	operating cost net of fuel expenses per ASK;
"**FAB**"	functional airspace block;
"**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;
"**instrument flight rules**"	instrument flight rules are one of two sets of regulations governing all aspects of civil aviation aircraft operations; the other are visual flight rules. Instrument flight rules permit an aircraft to operate in instrument meteorological conditions;

"**legacy carrier**"	an airline operating a "full service" business model, as detailed further in section 1.2 (*Legacy carriers*) of Part IV: "*Industry Overview*" of this Prospectus;
"**load factor**"	the number of seats sold divided by the number of seats available;
"**low-cost carrier**"	a low-cost carrier, or low-base fare, low-cost airline, as detailed further in section 1.2 (*Low-cost carriers*) of Part IV: "*Industry Overview*" of this Prospectus;
"**passenger segments**"	number of passengers booked or flown during the specified period;
"**PDP**"	the pre-delivery payments under the Group's aircraft leasing arrangements;
"**point-to-point**"	direct point of origin to destination air services, in contrast to "hub and spoke" airline services, where flights from point of origin to destination are routed through a central "hub";
"**primary airports**"	a primary airport as described in section 1.2 (*Low-cost carriers*) of Part IV: "*Industry Overview*" of this Prospectus;
"**RASK**"	passenger revenue divided by ASKs;
"**revenue departures**"	departing scheduled flights;
"**route**"	a scheduled service flown by an airline, other than any franchise route;
"**RPK**"	revenue passenger kilometres, the number of seat kilometres flown by passengers who paid for their tickets;
"**secondary airport**"	means any airport that is not a primary airport;
"**sector**"	a one-way point-to-point flight between two destinations. Also referred to as "leg", "segment", "cycle" and sometimes "departure";
"**slot**"	the right for an aircraft to land or take off at a given airport on a specific date and time;
"**ticket price**"	means the cost of a seat on a Wizz Air flight before addition of the administration fee and any additional products or services selected by the customer, but net of any government taxes that are collected by Wizz Air and passed through to the relevant government or airport;
"**ULCC**"	an ultra low-cost carrier, as detailed further in section 1.2 (*Low-cost carriers*) of Part IV: "*Industry Overview*" of this Prospectus;
"**unit cost**"	operating expenses other than net interest expense (finance expense), taxation, depreciation, amortisation and impairment, rentals (aircraft operating lease costs) per ASK;
"**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;
"**wet lease**"	a leasing agreement whereby an aircraft (together with its operating crew, maintenance, support and insurance) is provided from one party to another; and
"**yield**"	the total revenue per RPK.