**fastjet Plc**

**("fastjet" or the "Company")**

**(AIM: FJET)**

**Interim Results for the six months to 30 June 2018**

fastjet, the African value airline for everyone, announces its unaudited Interim Results for the six months to 30 June 2018, together with strategic and operational developments to date in 2018.

The table below shows the financial performance highlights of the fastjet Group for the period to 30 June 2018.

| | **H1 2018 US$** | H1 2017 US$ |
|---|---|---|
| **Revenue** | **30.1m** | **21.2m** |
| **Operating loss** | **(14.6)m** | **(13.2)m** |
| **Loss per share (HEPS)** | **(0.03)** | **(0.04)** |

**Highlights**

- Revenue growth is driven by capacity and fleet increases year on year following Stabilisation Plan adjustments initiated in 2017;
- Successful capital raise of $10m in July 2018 to fund working capital for current operational period;
- Recent changes in the competitive landscape in Tanzania have caused the Board to evaluate fastjet's Tanzanian operations and the consequential financial impact of continued losses in this operation, which could include ceasing operations in country;
- The Directors are still encouraged by trading in the Zimbabwean and Mozambique markets, but the headroom of freely usable and available cash resources is minimal and the company's ability to continue as a going concern remains very sensitive to its future funding requirements; and
- Additional funding will be required by the end of October to enable fastjet to continue operating; The Company is currently in active discussions with its major shareholders regarding a potential equity fundraising, in the absence of which the Group is not able to continue trading as a going concern. Whilst initial discussions with certain shareholders have been positive, discussions are ongoing and there can be no guarantee of a successful outcome.

**Operational Headlines**

- Fleet adjustments year on year delivering clear benefits as revenue per available seat kilometre increased by 34% due to:
  - Growth in yields of 23% year on year;
  - Growth in passengers carried of 19% year on year;
  - Growth in load factors of 10% year on year;
- Tanzanian market and economy struggling with an ingrained "below cost yield" embedded into the fare structures and competitors, continue to be expected by travellers and offered by the market and our competitors;
- In addition, regulatory delays have impacted us significantly with inability to deploy our ATR72-600 fleet there still;
- Mozambique as our newest market, launched only in November 2017, is showing good growth potential with strong government and regulatory support to welcome and support fastjet into Mozambique; we achieved a 67% load factor during the first half of 2018, encouraging and justifying fastjet to add further capacity on existing routes, and start new routes, after less than a year of operation.
- Zimbabwe experienced significant revenue growth of 123% year on year, driven by passenger growth of 70% year on year on the back of a 70% capacity increase, and yield growth year on year of 32%; all these

were achieved by vastly increased frequencies on the core Johannesburg-Harare and Harare-Victoria Falls routes, with the smaller gauged ERJ145 50 seater fleet;

- A new full content agreement with Africa's leading Global Distribution System (Travelport) has ensured fastjet inventory availability through the majority of travel agents in key markets;
- Network on-time performance at 85% monthly aggregate;
- Further interline agreement signed with Qatar Airways in process of implementation;

Commenting on the results, fastjet Chief Executive Officer Nico Bezuidenhout said:

> "Despite achievements in Zimbabwe and Mozambique, the Company continued to face several challenges during the period and early part of Q3 2018, with regulatory delays in Tanzania and a sub economical yield environment, and because of this, we have been unable to deploy our newly-acquired ATR72-600 aircraft as quickly as anticipated or planned. Other factors impacting fastjet's performance include interest payments on legacy debt from several years ago and the start- up losses in Mozambique (1H 2018 – loss (US$ 2,668,000); 1H 2017 – US$ 0).
>
> Operating costs such as fuel and maintenance were negatively impacted by currency fluctuation and a rising global fuel price; both the South African Rand and the Tanzanian Shilling lost value against the US Dollar.
>
> Slowed economic growth in Tanzania has also adversely impacted consumer and business travel revenue and the first half of the year saw the available customer pool in-market contract.
>
> Recent changes in the competitive landscape in Tanzania, and the associated impact on the Tanzanian airline and local company have been significant.
>
> Non-executive director Mark Hurst has recently engaged more actively, temporarily assisting and supporting myself in implementing the Company's strategic plan within all core markets and having these divided equally between us from a leadership and guidance perspective."

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**NOTES TO EDITORS**

About fastjet:

fastjet is a multi-award winning (including Skytrax World Airline Awards Best Low-Cost Airline in Africa 2017 and Leading African Low-Cost Carrier, World Travel Awards 2016 and 2017) African value airline for everyone that began flight operations in Tanzania in November 2012, flying passengers from Dar es Salaam to just two domestic destinations - Kilimanjaro and Mwanza.

Today, fastjet's route network includes Tanzanian domestic routes from its Dar es Salaam base to Kilimanjaro, Mbeya, and Mwanza, and international routes from Tanzania to Lusaka in Zambia and Harare in Zimbabwe. fastjet began branded domestic flights in Mozambique (Operated by Solenta Aviation Mozambique) between Maputo and Beira, Nampula and Tete in November 2017 and celebrated its third year of operations in Zimbabwe in 2018. The carrier operates between Harare and Bulawayo, Harare and Victoria Falls and from Harare and Victoria Falls to Johannesburg in South Africa. The airline has flown over 3.5 million passengers with an impressive on-time performance aggregate, establishing itself as a punctual, reliable, and affordable carrier.

This announcement is released by fastjet Plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.
For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of fastjet Plc, by Michael Muller, Chief Financial Officer.
fastjet Plc is quoted on the London Stock Exchange's AIM Market.
For more information see www.fastjet.com

**Business Review**

During the first half of 2018, fastjet consolidated its existing network and maximised possible returns following the positive medium to long term impact of the Stabilisation Plan completed last year. The airline has focused on increasing revenue and growing yield per passenger while simultaneously improving overall customer experience adapting to local market nuances and cultures. Marketing and communication efforts were amplified as the refreshed brand led to improved revenue opportunities and sales efforts focused on relationship building and revenue extraction from key channels.

***Regulatory Challenges***

The deployment of the three ATR72-600 fleet in Tanzania has been delayed due to several regulatory challenges and final approvals required and controlled in-country. Presently there remains no clear indication of when these hurdles may be overcome, prompting the Board to reconsider fastjet's entire operations in Tanzania into the future, which could include ceasing operations in country.

***Fleet***

Following the successful completion of the Stabilisation Plan, fastjet's current fleet is now right-sized with aircraft type and gauge appropriately matched to market size and dynamics within each country. Because of this fleet realignment, lower operating costs were realised as capacity and demand were synchronised and frequencies and utilisation patterns of each aircraft maximized.

fastjet currently operates and/or utilises the following fleet types and aircraft within each market:

Tanzania: two Embraer ERJ190, 104-seat jets, servicing both domestic and international routes;

Zimbabwe: two Embraer ERJ145, 50-seat jets (with one back-up aircraft), servicing all domestic Zimbabwean routes as well as the core cross border routes to South Africa;

Mozambique: operating under the Solenta Aviation Mozambique airline licence and operational certificates, fastjet Mozambique operates two Embraer ERJ145, 50-seat jets; there are plans to introduce a third ERJ145 in Q4 2018 onwards to expand the operation with additional frequencies on existing routes and additional network points and international destinations as soon as possible.

The delayed deployment of the ATR72-600 fleet in Tanzania will result in deployment in alternate fastjet markets (such as Mozambique) or alternatively exploring a sub-lease with other airlines.

***Organisation***

The Group head office moved from its temporary tenure at a shared-space facility to a more affordable and permanent offices in Bedfordview, in greater eastern-Johannesburg, finalising the Stabilisation Plan's requirement that the complete head office function be situated in Africa.

Additional key commercial staff were appointed, including a new General Manager of Customer Experience, a Country Manager in Mozambique, a Pricing Analyst and an E-Commerce Analyst. The Sales team in Tanzania was also strengthened.

Mark Hurst, Group Chief Executive of the Solenta Aviation group, was appointed as a non-executive director on 2 July 2018 to the fastjet Board. He is actively working closely with Nico Bezuidenhout and the entire executive team to identify and find solutions for remaining challenges and drive strategies and core operational changes into the

fastjet businesses.

With the appointment of Mark Hurst, and to concentrate on other business interests, Peter Hyde, a non-executive director of fastjet since April 2017, has stepped down from the Board.

Throughout the period under review, fastjet has maintained its high standard of quality, safety and regulatory compliance.

***Revenue generating initiatives***

As a value driven airline, fastjet continues to take a more flexible approach to the low-cost carrier model, with market-specific nuances impacting significantly on the traditional Western perception of affordable air travel. Local culture demands and requirements are being better heard and understood, and adjusted accordingly. For example, in Q3 2018, fastjet introduced new fare products that now include one piece of free checked baggage and a light snack on-board, as both a tactical and competitive initiative and in response to customer feedback.

During the first half of the year fastjet implemented several revenue generating initiatives that complemented existing sales channels and revenue sources.

At the end of January fastjet launched its second Global Distribution System (GDS) presence when it concluded a full content agreement with Travelport. Fastjet inventory is now available to the majority of travel agents on the continent, particularly in key markets where a significant portion of bookings are made through the travel trade.

In addition, a sustained and impactful marketing and communication programme has ensured that fastjet remains front of mind within its target markets.

Revenue Management and Pricing initiatives have seen fastjet grow its average yield across all countries by 19.5% during the period, while regular price promotions through low-cost marketing channels such as social media and fastjet's own closed user group showed encouraging results. Revenue per Available Seat Kilometre (RASK) saw 33% growth during the period.

Further enhancements to the company's website, including search engine optimisation, have had positive effects on inbound online traffic. This, in tandem with the upgraded reservation system, has led to a stronger fastjet brand and a user-friendly consumer journey which has seen increases in organic traffic and direct searches.

In Mozambique, as a new market, there were sustained brand building and market penetration activities. In Zimbabwe, a cargo service was introduced with satisfactory initial results.

Travel trade relationships have been enhanced by the increase in GDS distribution reach with sustained effort directed at building long-lasting, loyal travel industry customers. There has also been a strong focus by Sales to engage with corporate clients with several key accounts gained during the first half of the year.

The Commercial team leverages technological, innovative and strategic tactical interventions to ensure that it remains flexible and responsive to the needs of its customers and further facilitates access to fastjet products and services.

**Operational Review**

fastjet has continued to maintain levels of brand awareness and remains the second most followed African airline on Facebook and has the largest presence on Instagram amongst its in-market peers. The Group intends to

continue building on these successes to improve sales and customer service using social media channels.

fastjet's multi-lingual call centre continues to serve our customers. The call centre covers Tanzania, Zambia, Zimbabwe and South Africa and has improved service levels and sales conversions in all these markets.

**fastjet Tanzania**

Tanzania has become a very challenging environment for fastjet to operate, compete or remain actively in.

Over the last 6.5 years fastjet Tanzania has incurred considerable losses in country. In light of this, the company and its board have resolved to stop all funding to fastjet Tanzania with immediate effect. The board is considering options in conjunction with the local board, which could include ceasing operations in country.

Regulatory challenges impacting the importation and clearance of the ATR72-600 fleet, as well as domestic route right approvals for both the ATR72-600 and ERJ190, stalled significantly with several months of unexplained delays. The planned introduction of the ATR72 aircraft and the further growth of the ERJ190 network were severely impacted; at the same time, the national flag carrier began aggressively competing with, in our opinion, irrational pricing on the two key routes operated by fastjet, where it is now flying its newly acquired B787 Dreamliner (approximately 280-seater long-haul aircraft) on short domestic sectors and at sub-economical fares.

The undeployed ATR72 assets continued to accrue ownership and maintenance costs. The Tanzanian revenue stream came under increased pressure due to substantial discounting by competing carriers and even lower yields through most Q3 2018 following the introduction of the Dreamliner.

Slowed economic growth impacted consumer and business travel revenue and the first half of the year indicated that that the overall Tanzanian market will contract in 2018 for the fourth year in a row.

During H1 fastjet Tanzania carried 201,463 passengers on 2,568 flights. Year on year load factors grew by 8% from 67% to 75%. The Dar es Salaam to Mwanza route was the strongest performing route on the Tanzanian network with an average load factor of 80% and higher yields. Overall passenger volumes however declined by 9% (H1:2018 - 201,463 versus H1:2017 - 220,548); this is partly attributable to the fleet change from previous 144 seat Airbus A319 aircraft to the current 104 seat Embraer E190's, which triggered an annualised available seat capacity reduction of 15%.

fastjet Tanzania has maintained its exceptional 'On Time Arrival' performance of 94%, and aircraft utilisation averaged 10.2 block hours per day per aircraft (H1 2017: 10.7).

The resultant effect of further revenue improvement during H1, plus additional cost savings under difficult trading conditions, was a reduction in year on year losses of 18.4%.

**fastjet Zimbabwe**

fastjet Zimbabwe has become the leading airline brand in Zimbabwe. In the first half of 2018 fastjet Zimbabwe carried 85,358 passengers on 2,146 flights with an average load factor of 80%, up from a prior year average of 60%. fastjet Zimbabwe saw a 70% increase in capacity year-on-year as a result of the change to the smaller gauge ERJ145 aircraft in April 2017 and a concomitant increase in the flying programme where frequency per day was focused on and increased to four times daily on the key Johannesburg-Harare route. This had positive effects on both load factors and yields, as higher frequencies matched corporate market demand and flexibility.

Revenue per Available Seat Kilometre improved by a spectacular 82% due to increased load factor, yield, and vastly improved frequencies.

fastjet Zimbabwe now operates four daily return flights between Johannesburg and Harare, double daily on Harare to Victoria Falls, and three times a week between Johannesburg and Victoria Falls. The rights to operate flights between Harare and Bulawayo were granted in July 2018 with flights commencing on 20 July 2018.

fastjet Zimbabwe has plans to further increase frequencies on the above four key routes and is also looking at adding additional regional destinations for 2019.

fastjet Zimbabwe has maintained a good 'On Time Arrival' performance of 85%, while aircraft utilisation averaged 8.8 block hours per day per aircraft (H1 2017: 7.3 block hours).

There are still challenges in Zimbabwe with foreign currency repatriation, but in the last two months managed to repatriate a small amount to defray foreign supplier costs. Now that elections have been completed, the board anticipates this to get better.

The resultant effect of further revenue improvement plus additional cost savings reduced the year on year losses by 8.7%.

**fastjet Mozambique**

Following its launch in November 2017, the first half of 2018 saw fastjet Mozambique establishing its brand in Mozambique. The airline carried 35,769 passengers, with an average load factor of 66% in its first full 6 months of operation. Capacity was relatively consistent month on month until May, when fastjet increased its schedule with additional flights on existing routes using spare capacity from Solenta Aviation Mozambique. Yield has increased since the beginning of the year by 26% showing positive signs.

Revenue per Available Seat Kilometre improved by 38% since the beginning of the year due to a continued commercial focus.

fastjet Mozambique operates double daily returns between Maputo and Beira and daily flights between Maputo and Nampula and Maputo and Tete. Growth into new destinations is currently on the cards but being approached cautiously in order to ensure positive cashflow returns.

fastjet Mozambique has maintained an average 'On Time Arrival' performance of 80%, but further focus and improvement is required here to get this above 90%+; aircraft utilisation averaged 7.8 block hours per day per aircraft.

## Financial Review

**fastjet Group**

| | | **H1 2018** | H1 2017 |
|---|---|---|---|
| | | **US$m** | US$m |
| Revenue: | fastjet Tanzania | 15.7 | 16.6 |
| | fastjet Zimbabwe | 10.2 | 4.6 |
| | fastjet Mozambique | 4.2 | - |
| Total | | 30.1 | 21.2 |
| | | | |
| Operating loss: | fastjet Tanzania | (8.9) | (10.9) |
| | fastjet Zimbabwe | (3.2) | (3.5) |
| | fastjet Mozambique | (2.6) | - |
| | Central | 0.1 | 1.2 |
| Loss for the period after tax | | (14.6) | (13.2) |

**Key performance indicators**

The Directors consider the following to be the key performance indicators when measuring underlying operational performance:

| **Measure** | **H1 2018** | H1 2017 | Movement |
|---|---|---|---|
| Passenger numbers | 322 590 | 270 836 | 19% |
| Ticket Revenue per Passenger (US$) | 85.96 | 70.03 | 23% |
| Seats Flown | 428 151 | 414 439 | 3% |
| Available Seat Kilometres (ASK) | 336 341 041 | 315 907 707 | 6% |
| Load Factor | 75% | 65% | 10pp |
| Revenue per ASK (US cents) | 8.94 | 6.66 | 34% |
| Cost per ASK (US cents) | 13.30 | 10.88 | 22% |
| Cost per ASK ex. Fuel (US cents) | 9.84 | 9.08 | 8% |
| Aircraft Utilisation (Hours) | 9.5 | 9.7 | -2% |
| Aircraft Utilisation at June end (Hours) | 9.9 | 11.8 | -6% |
| Aircraft Utilisation in Peak Month (Hours) | 9.9 | 11.8 | -6% |

The Group recorded a loss after tax for the period of US$14.6m (H1 2017: loss US$13.2m).

Group revenue increased significantly year on year by 42% to US$30.1m (H1 2017: US$21.2m). This is attributable to a 19% increase in passenger numbers and 23% increase in yields. The increase in passenger numbers stems from adding capacity in Zimbabwe, year on year, and entry of the fastjet brand into Mozambique coupled with aggressive marketing, communication and sales. In addition, focus on yield management has been key to successfully increasing fares and passenger numbers. Revenue per passenger also grew by US$15.93. Available seat kilometres grew slightly when compared with the corresponding period due to the addition of the second aircraft in Zimbabwe and the launch of fastjet in Mozambique.

***Cash position***

Cash outflow from operations in the period increased by $4.3m from $21.4m to $25.8m mainly as a result of anticipated start-up losses for fastjet Mozambique, additional cost of ownership of the ATR's due to late entry and economic conditions in Tanzania. In order to fund this outflow and to service it's debts the Company raised $10m in July 2018.

As at 18 September 2018, the Group had cash balances of US$4.2m, of which US$ 2.8m is restricted cash held inside Zimbabwe. The remaining US$1.4m is external hard currency within the group but this will not be sufficient to continue operating the business into Q4 2018. As such, additional funds will be required by the end of October 2018.

***Exchange rates***

During the first half of 2018, the Tanzanian Shilling (TZS) exchange rate depreciated against the US Dollar by 1.6% and the South African Rand (ZAR) depreciated against the US Dollar by 6.8%. The company continues to monitor exchange rates.

***Post balance sheet event***

On 5 July 2018, the Company issued 95,419,848 new ordinary shares to new and existing shareholders, raising gross proceeds of US$10.0 million.

**Going Concern**

The Group has historically operated at significant losses in the past years and unfortunately continues to do the same in the first half of the 2018 financial year; these losses have resulted in regular calls to shareholders for further support and equity injection.

The group continues to operate at a loss and because of this and the start-up of Mozambique, had net operating cash outflows during H1 2018. During H1 2018, the Group recorded a post-tax loss of US$14.6m, a 12% increase on the prior year. The increased loss compared to 2017 is attributable primarily to:

| | | |
|---|---|---|
| - | Start-up losses for fastjet Mozambique | US$ 2.7m |
| - | Additional cost of ownership of the ATRs due to late entry | US$ 0.7m |
| - | Interest on the Solenta Loan | US$ 0.7m |

Towards further restructuring and modifications to the deployed Stabilisation Plan, and as previously mentioned, the company and its board have resolved to stop all funding to fastjet Tanzania with immediate effect. Furthermore, Tanzania has historically been the most complex business and biggest loss leader of all the fastjet business units.

The current 2018/2019 detailed cash flow forecasts prepared by the Executive Directors for the period ended 31 December 2019 include ceasing operations in Tanzania, as a consequence of the changing environment. The Board is in the process of doing further analysis to ensure protection of the Group's cashflow. Due to the noted changes in the Tanzanian market, the three owned ATR72-600 aircraft will no longer be deployed in Tanzania as initially planned and the directors are currently evaluating alternate options, including the potential sub-lease of the aircraft.

Conversely, due to the strong market conditions in Mozambique, the company has decided to deploy a third ERJ145 into the market and launch additional routes. As an outcome of the successful introduction of the additional aircraft and effective implementation of the new routes, the Group expects to become cash positive in Mozambique. The Zimbabwe entity has recently returned to profitability, but the key challenge remains that of accessing these domestic funds outside of Zimbabwe, to settle hard currency suppliers.

The Directors consider that there remain material risks associated with the 2018 and 2019 forecasts.

The key assumptions applied by the Directors in the preparation of the detailed cash flow forecasts, which form the basis of this forecast, are

- Ceasing funding support for operations in Tanzania
- Additional ERJ145 deployed in Mozambique
- Continued strong performance of yields in both Zimbabwe and Mozambique
- Subleasing of the ATR72-600 aircraft
- ATR carrying costs until sub-leased

The Directors have considered a number of risks in preparing these forecasts including *inter alia*:

- Ability to secure shareholder support for further funds
- Sub-lease delay in respect of ATR's;

- Ability to successfully remit cash from Zimbabwe;
- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;
- Adverse currency exchange rate movements;

The matters described above represent material uncertainties that cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The Financial Statements do not include any adjustments that would result if the basis of preparation proved inappropriate.

## Current Trading and Outlook

Although the long-term benefits of the Stabilisation Plan have started to be realised with the initiatives yielding positive results thus far, the trading environment has become extremely challenging and the Board is taking decisive action in response. As outlined in the statement the Board believes that additional capital will be required by the end of October 2018 to enable fastjet to continue to operate.

**Nico Bezuidenhout**
Chief Executive Officer

**Michael Muller**
Chief Financial Officer

## Condensed consolidated income statement

| | Note | 6 months ended 30 June 2018 US$'000 (Unaudited) | 6 months ended 30 June 2017 US$'000 (Unaudited) | 12 months ended 31 December 2017 US$'000 (Audited) |
|---|---|---|---|---|
| **Revenue** | | **30,120** | **21,162** | **46,240** |
| Cost of sales | | (35,574) | (26,060) | (51,930) |
| Administrative costs-: Bad Debt write off | | - | - | (2 ,486) |
| Other Administrative | | (9,277) | (8,095) | (17,126) |
| **Group operating loss** | | **(14,731)** | **(12,993)** | **(25,302)** |
| Operating loss | | **(14,731)** | **(12,993)** | **(25,302)** |
| Finance Income | | 1,399 | 22 | 2,918 |
| Finance charges | | (1,225) | (212) | (2,016) |
| **Loss before tax** | | **(14,557)** | **(13,183)** | **(24,400)** |
| Taxation | | (48) | - | **(96)** |
| **(Loss) for the period** | | **(14,605)** | **(13,183)** | **(24,496)** |
| **Attributable to:** | | | | |
| Shareholders of the parent company | | (14,605) | (13,183) | **(24,496)** |
| Non-controlling interests | | - | - | **-** |
| **Total** | | **(14,605)** | **(13,183)** | **(24,496)** |
| **Loss per share (basic and diluted) (US dollars)** | *2* | **(0.03)** | **(0.04)** | **(0.06)** |

## Condensed consolidated statement of comprehensive income

| | **6 months ended 30 June 2018 US$'000 (Unaudited)** | 6 months ended 30 June 2017 US$'000 (Unaudited) | 12 months ended 31 December 2017 US$'000 (Audited) |
|---|---|---|---|
| **(Loss)/ Profit for the period** | **(14,605)** | **(13,183)** | **(24,496)** |
| Foreign exchange translation differences | (1,806) | (1,900) | **(3,222)** |
| Total other comprehensive expense for the period | **(1,806)** | **(1,900)** | **(3,222)** |
| **Total comprehensive expense** | **(16,411)** | **(15,083)** | **(27,718)** |
| **Attributable to:** | | | |
| Shareholders of the parent company | (16,411) | (15,083) | **(27,718)** |
| Non-controlling interests | - | - | - |
| **Total comprehensive expense** | **(16,411)** | **(15,083)** | **(27,718)** |

All items in other comprehensive income will be re-classified to the Income Statement

## Condensed consolidated balance sheet

| | | **30 June 2018 US$'000 (Unaudited)** | 30 June 2017 US$'000 (Unaudited) | 31 December 2017 US$'000 (Audited) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other intangible assets | | 3,000 | 2,888 | 2,921 |
| Property, plant and equipment | | 42,458 | 369 | 42,322 |
| Other non-current trade and other receivables | | - | 780 | - |
| | | **45,458** | **4,037** | **45,243** |
| **Current assets** | | | | |
| Cash and cash equivalents | | 3,312 | 8,107 | 20,079 |
| Trade and other receivables | | 12,542 | 6,664 | 6,439 |
| Other financial assets | | 11,000 | - | 11,000 |
| | | **26,854** | **17,772** | **37,518** |
| **Total assets** | | **72,312** | **18,809** | **82,761** |
| **Equity** | | | | |
| Called up equity share capital | *3* | 150,752 | 147,064 | 150,752 |
| Share premium account | | 209,216 | 152,774 | 209,216 |
| Reverse acquisition reserve | | 11,906 | 11,906 | 11,906 |
| Treasury Shares | | (288) | - | 288 |
| Equity-settled share based payment transactions | | (14,237) | - | (16,571) |
| Retained earnings | | (352,951) | (325,759) | (338,538) |
| Translation reserve | | (1,385) | 1,743 | 421 |
| **Equity attributable to shareholders of the Parent Company** | | **3,013** | **(12,272)** | **16,898** |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **3,013** | **(12,272)** | **16,898** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Loans and other borrowings | | 19,273 | 7,413 | 7,577 |
| Obligations under finance leases | | 25,975 | - | 27,678 |
| | | **45,248** | **7,413** | **35,255** |
| **Current liabilities** | | | | |
| Bank overdraft | | | - | - |
| Loans and other borrowings | | 708 | 2,110 | 1,107 |
| Provisions | | | 5,625 | - |
| Obligations under finance leases | | 3,418 | - | 3,418 |
| Trade and other payables | | 19,857 | 15,582 | 25,984 |
| Taxation | | 68 | 351 | 99 |
| | | **24,051** | **23,668** | **30,608** |
| **Total liabilities** | | **69,299** | **31,081** | **65,863** |
| **Total liabilities and equity** | | **72,312** | **18,809** | **82,761** |

## Condensed consolidated cash flow statement

| | **6 months ended 30 June 2018** | 6 months ended 30 June 2017 | 12 months ended 31 December2017 |
|---|---|---|---|
| | **US$'000 (Unaudited)** | US$'000 (Unaudited) | US$'000 (Audited) |
| **Operating activities** | | | |
| Result for the period | (14,605) | (13,183) | (24,496) |
| Tax charge /(credit) | 48 | - | 96 |
| Share based payments | 2,334 | - | 2,653 |
| Depreciation and amortisation | 272 | 145 | 383 |
| Finance (income)/charges | (174) | (126) | (902) |
| Increase in trade and other receivables | (6,164) | 3,929 | 6,779 |
| Decrease in trade and other payables | (7,642) | (12,512) | (19,849) |
| Tax paid | (48) | - | - |
| Share option charges | 192 | 380 | 579 |
| **Net cash flow from operating activities** | **(25,787)** | **(21,367)** | **(34,757)** |
| **Investing activities** | | | |
| Purchase of intangibles | (285) | (130) | (2,809) |
| Sale of property, plant and equipment | - | - | - |
| Purchase of property, plant and equipment | (184) | - | (2) |
| **Net cash flow from in investing activities** | **(469)** | **(130)** | **(2,811)** |
| **Financing activities** | | | |
| Proceeds from the issue of shares | - | 26,661 | 56,947 |
| Interest paid | (160) | (212) | (3,089) |
| Loan advanced | 12,000 | - | - |
| Loan repayments | (2,960) | - | 252 |
| **Net cash flow from financing activities** | **8,880** | **26,449** | **54,110** |
| Net movement in cash and cash equivalents | (17,376) | 4,952 | 16,542 |
| Foreign currency difference | 609 | (452) | (70) |
| Opening net cash | 20,079 | 3,607 | 3,607 |
| **Closing net cash** | **3,312** | **8,107** | **20,079** |

## Condensed consolidated statement of changes in equity

| | Share Capital | Share Premium | Treasury Shares | Equity-settled share based payment transactions | Reverse Acquisition Reserve | Translation Reserve | Retained Earnings | Non-controlling Interests | Equity |
|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Restated equity at 1 January 2017** | **145,324** | **127,185** | **-** | **-** | **11,906** | **3,643** | **(314,621)** | **-** | **(26,563)** |
| Shares issued | 1,740 | 25,589 | - | - | - | - | - | - | 27,329 |
| Share based payments | - | - | - | - | - | - | 380 | - | 266 |
| Transactions with owners | 1,740 | 25,589 | - | - | - | - | 380 | - | 19,486 |
| Foreign exchange difference | - | - | - | - | - | (1,900) | - | - | (1,900) |
| Translation reserve taken to income statement on disposal of subsidiary | - | - | - | - | - | - | - | - | - |
| Loss for the period | | | | | | | (13,183) | | (13,183) |
| **Balance at 30 June 2017** | **147,064** | **152,774** | **-** | **-** | **11,906** | **1,743** | **(327,424)** | **-** | **(13,937)** |
| Shares issued | 3,688 | 56,442 | (288) | (19,224) | - | - | - | - | 40,618 |
| Share based payments | | | | | - | - | 199 | - | 199 |
| Share services rendered | | | | 2,653 | - | - | - | - | 2,653 |
| Transactions with owners | 3,688 | 56,442 | (288) | (16,571) | - | - | 199 | - | 43,470 |
| Foreign exchange difference | - | - | - | - | - | (1,322) | (11,313) | | (12,635) |
| Loss for the year | - | - | - | - | - | - | | | |
| **Balance at 31 December 2017** | **150,752** | **209,216** | **(288)** | **(16,571)** | **11,906** | **421** | **(338,538)** | **-** | **16,898** |
| Shares issued | - | - | - | - | - | - | - | - | - |
| Share based payments | - | - | - | - | - | - | 192 | - | 192 |
| Share services rendered | - | - | - | 2,334 | - | - | - | - | 2,334 |
| Transactions with owners | - | - | - | 2,334 | - | - | 192 | - | 2,526 |
| Foreign exchange difference | - | - | - | - | - | (1,806) | - | - | (1806) |
| Loss for the year | - | - | - | - | - | - | (14,605) | - | (14,605) |
| **Balance at 30 June 2018** | **150,752** | **209,216** | **(288)** | **(14,237)** | **11,906** | **(1,385)** | **(352,951)** | **-** | **3,013** |

## Notes to the interim results

### 1. Basis of preparation and accounting policies

The financial information set out in this interim results statement is for the six months to 30 June 2018. The interim financial information has not been audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparatives for the 12-month period ended 31 December 2017 are not the Group's full financial statements for that period. A copy of the financial statements for that period has been delivered to the Registrar of Companies.

These financial statements are prepared applying the recognition and measurement requirements of IFRSs as adopted by the EU but not in compliance with IAS34.

The Group has historically operated at significant losses in the past years and unfortunately continues to do the same in the first half of the 2018 financial year; these losses have resulted in regular calls to shareholders for further support and equity injection.

The Group continues to operate at a loss and because of this and the start-up of Mozambique, had net operating cash outflows during H1 2018. During H1 2018, the Group recorded a post-tax loss of US$14.6m, a 12% increase on the prior year. The increased loss compared to 2017 is attributable primarily to:

| | | |
|---|---|---|
| - | Start-up losses for fastjet Mozambique | US$ 2.7m |
| - | Additional cost of ownership of the ATRs due to late entry | US$ 0.7m |
| - | Interest on the Solenta Loan | US$ 0.7m |

Towards further restructuring and modifications to the deployed Stabilisation Plan, and as previously mentioned, the company and its board have resolved to stop all funding to fastjet Tanzania with immediate effect. Furthermore, Tanzania has historically been the most complex business and biggest loss leader of all the fastjet business units.

The current 2018/2019 detailed cash flow forecasts prepared by the Executive Directors for the period ended 31 December 2019 include ceasing operations in Tanzania, as a consequence of the changing environment. The Board is in the process of doing further analysis to ensure protection of the Group's cashflow. Due to the noted changes in the Tanzanian market, the three owned ATR72-600 aircraft will no longer be deployed in Tanzania as initially planned and the directors are currently evaluating alternate options, including the potential sub-lease of the aircraft.

Conversely, due to the strong market conditions in Mozambique, the Company has decided to deploy a third ERJ145 into the market and launch additional routes. As an outcome of the successful introduction of the additional aircraft and effective implementation of the new routes, the Group expects to become cash positive in Mozambique. The Zimbabwe entity has recently returned to profitability, but the key challenge remains that of accessing these domestic funds outside of Zimbabwe, to settle hard currency suppliers.

The Directors consider that there remain material risks associated with the 2018 and 2019 forecasts.

The key assumptions applied by the Directors in the preparation of the detailed cash flow forecasts, which form the basis of this forecast, are

- Ceasing funding support for operations in Tanzania
- Additional ERJ145 deployed in Mozambique
- Continued strong performance of yields in both Zimbabwe and Mozambique
- Subleasing of the ATR72-600 aircraft
- ATR carrying costs until sub-leased

The Directors have considered a number of risks in preparing these forecasts including *inter alia*:

- Ability to secure shareholder support for further funds
- Sub-lease delay in respect of ATR's;
- Ability to successfully remit cash from Zimbabwe;
- Not achieving forecast passenger numbers and load factors;
- An increase in aviation fuel prices, which are currently not hedged;

- Adverse currency exchange rate movements;

The matters described above represent material uncertainties that cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The Financial Statements do not include any adjustments that would result if the basis of preparation proved inappropriate.

## 2. Earnings/loss per share

The loss per share is calculated using the loss figures as stated in the statement of comprehensive income divided by the weighted average number of shares in issue. The weighted average number of shares in issue during the six months to 30 June 2018 was 522 408 205 (2017:283 726 974). In view of the losses from continuing activities, the share options in issue have no dilutive effect.

## 3. Share capital

There has been no issue of share of shares during the first six months of 2018.

## 4. Related Parties

The Group has related party relationships with its subsidiaries which are eliminated on consolidation.

*Solenta*
Solenta Aviation Holdings Limited (SAHL) is currently a 29.9% shareholder in fastjet and provides aircraft leasing and related services to the Group. During 2017, fastjet entered into an option to purchase FedAir, brand licence agreement, restraint of trade and loan agreement with SAHL. The amounts included in the balance sheet, for these items are as follows:

| | **6 months ended 30 June 2018 US$'000** | 6 months ended 30 June 2017 US$'000 | Year ended 31 December 2017 US$'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Other financial assets- | 11,000 | - | 11,000 |
| **Non-current liabilities** | | | |
| Long term loan | 12,168 | - | - |
| **Current Liabilities** | | | |
| ATR accrual | - | - | 10,946 |
| Accruals | 693 | 852 | 512 |
| Trade payables | - | 43 | 301 |
| **Equity** | | | |
| Equity-settled share based payment transactions | 14,237 | 18,594 | 16,571 |

The amounts included in the Income Statement in relation to transactions with Solenta were as follows;

| | 6 months ended 30 June 2018 US$'000 | 6 months ended 30 June 2017 US$'000 **US$'000** | Year ended 31 December 2016 US$'000 |
|---|---|---|---|
| Aircraft operating lease expense | **6,479** | **1,890** | - |

*Liberum Capital Limited*

Liberum is fastjet's nominated advisor and currently holds a 7.39% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

| | 6 months ended 30 June 2018 US$'000 | 6 months ended 30 June 2017 US$'000 | Year ended 31 December 2016 US$000 |
|---|---|---|---|
| Professional and Capital raise fees | **62** | **2,293** | 1,307 |

The Group has related party transactions with subsidiaries which are eliminated on consolidation.

**5. Events after the balance sheet date**

On 5 July 2018, the Company issued 95,419,848 new ordinary shares to new and existing shareholders, raising gross proceeds of US$10.0 million.

Copies of these interim financial statements will be available to view and download shortly from the Company's website www.fastjet.com