

# Annual Report & Accounts 2022

fastjet 



# Strategic Report

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# Strategic Report

## About fastjet Group

### Our History

fastjet is a multi-award-winning African airline Group that began flight operations in November 2012 with its first airline, fastjet Tanzania. The airline launched, flying passengers from its hub in Dar es Salaam to two domestic destinations, Kilimanjaro and Mwanza, and over the years the route network expanded to include additional domestic and regional destinations.

In 2015, fastjet Zimbabwe commenced operations, flying from Harare to domestic destinations, which was followed by the expansion with regional flights to South Africa.

In November 2017, fastjet Mozambique was established as the third group airline. With flights operated by Solenta Aviation Mozambique, fastjet branded flights commenced between Maputo and Beira, Nampula and Tete.

In October 2018, the fastjet Group purchased federal Airlines (Proprietary) Limited ("FedAir") via its subsidiary, Parrot Aviation (Proprietary) Limited ("Parrot"). FedAir is one of the most multi-faceted aviation companies in South Africa, having innovated the service of flying guest shuttles to some of Africa's most stunning luxury safari lodges in the 1990s. FedAir has since partnered with world leaders in luxury safari experiences as part of their commitment to raise the bar in bespoke aviation. As a result, FedAir has become renowned for delivering a unique and seamless travel experience unparalleled on the market. There are two aspects to FedAir's offering: firstly, it offers daily customized shuttle services to luxury safari lodges and secondly, it provides full charter services.

In quarter four of 2019, FedAir added a third dynamic to its service offering, when it began operating aircraft, maintenance, insurance and crew ("ACMI") services for fastjet Zimbabwe using one Embraer ERJ145 aircraft. This provided FedAir with the opportunity to gain both valuable scheduled airline network and Embraer ERJ145 operating experience.

As fastjet gained operational experience in East and Southern Africa markets, its strategies evolved, as is common with developing businesses. This led, inter alia, to the fastjet Group divesting from its first business, fastjet Tanzania, on 26 November 2018.

Also, in October 2019, fastjet Mozambique suspended operations. The entry to the country by another competitor, Ethiopian Airlines Mozambique, in December 2018, resulted in excess available capacity which placed unsustainable pressure on fastjet Mozambique's capital and cash flow.

Today the fastjet Group operates two airlines: firstly, fastjet Zimbabwe, domestically in Zimbabwe and internationally between Zimbabwe and South Africa, and FedAir, in South Africa.

To date, the Group airlines have flown over 4 million domestic and international passengers with an impressive aggregate on-time performance, establishing a reputation as a punctual, reliable, and affordable value airline offering, with inclusive and complementary services to all customers.

# Strategic Report

## Our History (continued)

The Group's long-term goal is to operate a successful pan-African fastjet franchise and airline management services business, with ownership in viable and cash generative airline operations over time.

The Group remains committed to continue holding its investments in the airline, shuttle and charter operations of the FedAir and the fastjet Zimbabwe businesses.

At the time of this report, the COVID-19 is no longer a significant risk to the business with travel restrictions removed in almost every part of the world.

During 2022, the Group managed to return to business as usual and this resulted in the Group managing to achieve performance higher than preCOVID-19.

## fastjet's Vision

**"To be a successful pan-African value airline operation, brand and franchise."**

To provide affordable air transportation in all economically viable African markets.

## Our Corporate Culture

fastjet has an open and collaborative culture which is underpinned by core values and behaviours:

- **Safety:** Uncompromising on safety and security. Best practices benchmarked against global aviation standards.
- **Integrity:** Approaching everything we do with respect, honesty and integrity. Embracing the diversity amongst our colleagues and customers.
- **Innovation:** Thinking of new and creative ways in pursuit of innovation. Developing opportunities and solutions for our customers, colleagues and stakeholders.
- **Passion:** Sharing our passion for Africa and delivering value to our customers with affordable air travel and positive service experience.
- **Continual Improvement:** Encouraging all employees to find ways of continually innovating and improving small areas of the business and systems, and in the way we operate, and simplification of the things we do. As we continuously improve something small daily, we build stronger foundations and ways of doing business and find efficiencies, allowing ease of use and deployment and a clear understanding amongst every one of the things that matter.

# Strategic Report

## Our Awards



### Africa's Leading Low - Cost Airline

- 2016 - winner
- 2017 - winner
- 2018 - winner
- 2019 - winner
- 2020 - winner
- 2021 - winner



### Best LCC in Africa

- 2017 - winner
- 2018 - runner up
- 2019 - winner
- 2021 - top ten finalist

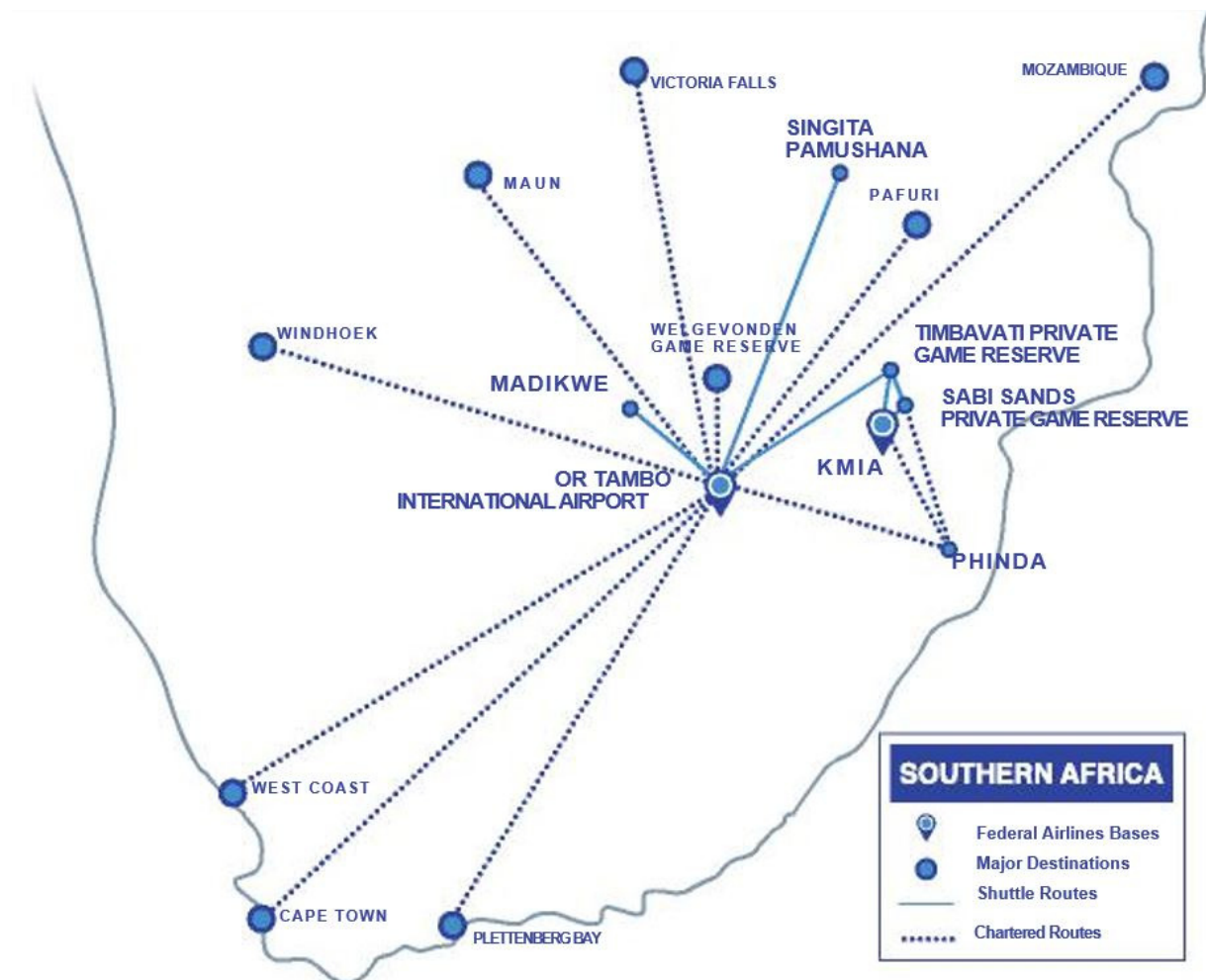
# Strategic Report

## fastjet Zimbabwe Route Network



# Strategic Report

## FedAir Route Network



**federal Airlines**



# Strategic Report

## Chairman's Statement



**Rashid Wally, Chairman**

### *To the stakeholders of fastjet Limited and its subsidiaries*

On behalf of the Board of Directors, I am pleased to present to you the annual report of fastjet Limited and its subsidiary undertakings ("the Group").

### **The year under review**

2022 saw an increase in economic activities around the globe, as containment measures for the COVID - 19 pandemic were progressively relaxed and daily new infections trended downwards. The measures and sacrifices of our stakeholders during the last two years are starting to bear fruits.

With the increase in economic activities, it is with great pleasure to report that the year 2022, was an excellent year for the Group as it is reporting its first ever operational profits. The continuing operations of the Group reported a profit of US\$10.7m (2021: US\$4.3m) and operating profits, excluding the other income, of US\$2.2m (2021: US\$8.1m loss). fastjet Zimbabwe reported a profit of US\$2.9m (2021: US\$4.3m loss) and FedAir reported a profit of US\$1.3m (US\$0.8m loss) and Central (which comprise of fastjet Limited and Parrot) reported a profit of US\$6.5m (2021: US\$0.8m). The profit for the Group is also attributable to favourable change in recoverability of the Legacy Loan facility.

On 16 March 2022, fastjet Zimbabwe launched flights between South Africa Mbombela Kruger International Airport and Zimbabwe's tourist capital, Victoria Falls. On 30 June 2022, fastjet Zimbabwe launched a new route, four times a week connecting Victoria Falls in Zimbabwe and Maun in Botswana. fastjet Zimbabwe started participating in the Airline Reporting Corporation ("ARC") in the USA, giving fastjet reach to all USA based travel agents. Additional agreements have been entered into with tour operators to increase the reach of fastjet and FedAir. Tour Operators and Destination Management Companies ("DMC") who left FedAir between 2017 and 2020 returned during 2022. With the increase in operations, FedAir purchased from Airlink (Pty) Ltd one Cessna Grand Caravan EX in September 2022. FedAir also entered into three new lease agreements for the lease of aircraft during 2022 to cater for the increase in demand.

### **Global crisis and its effects on the Group**

At the time of this report, the COVID - 19 is no longer a significant risk to the business with travel restrictions removed in almost every part of the world.

### **The future**

I remain optimistic that with the strategies and operating plans in place, fastjet has built a solid foundation to grow. FedAir, as an example, allows fastjet to set up scheduled airline operations and grow our brand presence further in South Africa, in future years.



# Strategic Report

## Chairman's Statement (continued)

### Appreciation and thank you to the entire team and our shareholders

In conclusion, to our executive management team, our in-country management and all employees of the fastjet Group companies, I would like to say thank you for their tremendous efforts, commitment and hard work.

To our valued and loyal customers, and all our suppliers, your dedication and commitment to the fastjet business is well treasured and appreciated.

To our shareholders, we thank you for your continued support and total commitment to the business and our future through challenging times.

A handwritten signature in black ink, appearing to read 'Rashid Wally', with a long horizontal stroke extending from the bottom of the signature.

**Rashid Wally**  
Chairman  
16 August 2023

# Strategic Report

## Chief Executive Officer's Statement

The year 2022 started with cautious expectations in the Southern African region following travel restrictions imposed in December 2021 to contain the Omicron variant. The start of the conflict between Russia and Ukraine contributed to the gloom of the first quarter. However, the desire to travel after almost two years of restrictions far outweighed those considerations as both fastjet Zimbabwe and FedAir started to experience a significant increase in passenger numbers as from the second quarter. The loads and yields experienced in 2022 were the best ever since the inception of fastjet and fastjet Zimbabwe has recorded an operating profit for the first time in its history.

fastjet Zimbabwe was able to respond quickly to the unannounced increase in passenger numbers by deploying all its equipment and accessing other aircraft on a wet lease or charter basis at short notice. Frequencies were increased especially on the Johannesburg Victoria Falls route where fastjet was the only carrier flying internationally for almost half of the year.

FedAir is the premier South African air service provider to the remote luxury lodges in the Kruger National Park and surrounding areas. Following the removal of travel restrictions which were gradually lifted as from April with full restrictions removed in Q2-2022; thus prompting the resumption of connecting flights from FedAir's main markets. FedAir capitalised on the recovery compounded by the exit of some of its competitors thus experiencing a better performance than 2019. To deliver on this better-than-expected return to normal FedAir placed an order to acquire six brand new Caravan EX with delivery scheduled in April and June 2023 latest. An agreement was reached with Airlink to absorb their Lodgelink operations and purchase a Caravan EX in September 2022. Fedair also entered a sale and leaseback transaction of its two existing Caravans.

### Zimbabwe

The Monetary Policy Statement issued on 20 February 2019 stopped recognizing the US\$: ZWL exchange rate of 1:1. In doing so the local currency ("RTGS" or "ZWL") was effectively devalued and a floating rate was introduced with the prevailing rate at ZWL2.5: US\$1.0 at that time. To mitigate the effects of the devaluation and foreign obligations under the previous rate the RBZ advised the market that foreign liabilities and legacy debts were to be treated separately after registering such transactions with Exchange Control. Exchange Control Directive RU 28 of 2019 issued on 22 February 2019 was issued to this effect. On the 24th of June 2019, the Government issued Statutory Instrument 142 (SI 142) which was followed up by Exchange Control Directive RU/102 of 2019. These exchange control policies directed authorised dealers to transfer to the Reserve Bank of Zimbabwe ("RBZ"), Zimbabwe Dollar balances at an exchange rate of ZWL1:US\$1 in relation to foreign currency legacy debts once registered with the RBZ.

The Company secured approval in 2020 from RBZ to register certain historic Group intercompany loans made to fastjet Zimbabwe Limited ("fastjet Zimbabwe") with a value of US\$22.5m as a legacy loan (the "Legacy Loan") and a further US\$2.7m of Company creditors in Zimbabwe as blocked creditor funds. The Legacy Loan balance forms part of the total Group intercompany loan funding to fastjet Zimbabwe since it first started operations, but none of the loans had formally been registered with the RBZ beforehand. These approvals with the RBZ are recognition from the RBZ that the loans were effected under the prior 1:1 currency regime towards investment and continued support of the Company's operations in Zimbabwe. While the Company is awaiting the final position from the RBZ on the next steps to expunge balances under the Legacy Loan, the RBZ has allowed the Company to draw against the Legacy Loan in ZWL currency (Zimbabwe local currency) to settle fastjet Zimbabwe creditors of US\$8.7m at 31 December 2022 (2021: US\$21.7m). The legacy debt facility has been fully drawn as at 31 December 2022.

# Strategic Report

## Chief Executive Officer's Statement (continued)

Revenue of fastjet Zimbabwe for the year ended 31 December 2022 increased significantly to US\$50.0m (2021: US\$22.6m). This is higher than the pre - COVID -19 levels which was at US\$25.2m for 2019. There were limited flight restrictions in 2022. fastjet Zimbabwe reported a profit of US\$2.9m. Johannesburg – Victoria Falls route contributed significantly to this increase in revenue with fastjet Zimbabwe having almost three frequencies daily during peak periods where it was the only carrier operating on this route for a significant part of the year. Kruger Mpumalanga-Victoria Falls route and Maun-Victoria Falls route were also launched during the year complementing further our leisure routes offering to the travel trade.

fastjet Zimbabwe is a well-known and prominent brand in Zimbabwe. In 2022, fastjet Zimbabwe carried 273,821 passengers (2021: 153,141) on 7,298 flights (2021: 4,939), with an average load factor of 77%, an increase from a prior year average of 64%. The revenue per passenger improved by 32% from US\$138 in 2021 to US\$183 in 2022.

fastjet Zimbabwe's operations accounted for 78% of continuing revenue in the full year 2022 (2021: 80%). The operation remains sensitive to currency volatility and the frequently changing and very unpredictable local environment that exists daily in Zimbabwe.

fastjet Zimbabwe maintained an "On-Time Arrival" performance of 86% (2021: 94%), while aircraft utilization on fastjet operated averaged 6.53 block hours per day per aircraft (2021: 5.42 block hours per aircraft). The increase in aircraft utilization is mostly attributable to the removal of travel restrictions after almost two years of COVID-19 induced restrictions.

Monetary policy in Zimbabwe still allows companies to maintain both ZWL local currency accounts and separate US\$ Nostro currency accounts. Throughout 2022, fastjet Zimbabwe sold tickets in both ZWL and US\$ currencies, generating ticket sales in hard currency US\$, which was then used to settle foreign suppliers. However, the rapidly devaluing ZWL currency, rampant inflation and reduced buying power of individuals and companies, negatively impacted raw demand and the resultant overall load factors and yields.

Whilst the outlook for fastjet Zimbabwe remains positive and cash-generating, Zimbabwe continues to be a challenging and volatile market to operate in, requiring daily hands-on management, continual change and oversight. This volatility is driven primarily by a monthly devaluing ZWL currency, rapid inflation, and changing monetary policies designed to help steer the economy and resultant changes to low supply and demand from passengers.

# Strategic Report

## Chief Executive Officer's Statement (continued)

### **federal Airlines ("FedAir")**

FedAir has a well-established market in the unscheduled shuttle safari business, carrying tourists directly to their destinations in the Sabi Sands, Kruger National Park and surrounding areas. The gradual removal of travel restrictions as from April 2022 with full restrictions experienced as from June contributed to the operating profit of US\$1.6m (2021: US\$1.0m loss) of FedAir. It is to be noted that US\$0.5m relates to the disposal of two of its aircraft.

The shareholders have injected US\$2.0m into the business in 2022. Those funds have mostly been used as deposit for the six new aircraft on order.

### **Outlook for 2023**

The Group is confident of its future prospects following 2022's performance. The group has leased an ERJ 145 operated by FedAir in November 2022 to cater for the increased demand. The Zimbabwe domestic network will be launched in 2023 with the routes Harare Kariba, Hwange Victoria Falls and Kariba Victoria Falls. Another ERJ-145 is set to join the fleet in 2023 with backup capacity provided by third party operators. The six brand new Caravans to be delivered in 2023 will bring much needed reliability to FedAir's operations and decrease reliance on third party aircraft and their associated costs.

### **Loan from SSCG**

A loan capital amount of US\$502k that was payable to SSCG as at 31 December 2021, was settled in full during the year.

### **Loan from Solenta Aviation Holdings Limited ("SAHL")**

SAHL is a major shareholder of the Group and owned 67% as at 31 December 2022.

A loan balance of US\$2.0m remained unpaid as of 31 December 2022 (2021:US\$2.0m).

The amount due of US\$2.0m is repayable no later than 29 November 2024 and attracts interest at a fixed annual interest rate of 6%.

Under the Loan Amendment Agreement no. 2 between the Company as borrower and Solenta Aviation Holdings Limited as lender dated 18 May 2020, Solenta Aviation Holdings Limited has the option to convert its outstanding US\$2.0m loans provided to the Company into ordinary shares of £1.00 per share credited as fully paid at a conversion rate of £10 per share. The option is exercisable at Solenta Aviation Holdings Limited's sole discretion. No notice of intention to exercise this conversion option has presently been issued.

On 25 May 2022, SAHL agreed to extend the repayment of the US\$2.0m loan to 29 November 2024.

For full details on the loans, see Note 18.

### **GECAS aircraft**

Deregistration of the last remaining Embraer 190 by the Tanzanian Civil Aviation Authority (TCAA) aircraft has been completed and the aircraft left Tanzania on 31 May 2022.

# Strategic Report

## Chief Executive Officer's Statement (continued)

### GECAS aircraft (continued)

On 5 July 2022, a final settlement amount of US\$450k was agreed with Celestial Aviation Trading 7 Limited in relation to the tax claim from the Tanzania Revenue Authority and preceding settlement agreements, and this has been fully paid by the Company.

### Going Concern

In preparing these financial statements, the Directors have concluded that the continued adoption of the Going Concern basis is appropriate.

The key assumptions and risks that the Directors have considered in reaching this conclusion are set out in the Going Concern section within the Financial Review below and in Note 1 of the notes to the Financial Statements.

### Board of Directors

There were no changes to the Board during the year.

A handwritten signature in black ink, appearing to read 'Mark Hurst', with a stylized flourish at the end.

**Mark Hurst**  
Group Chief Executive Officer  
16 August 2023

# Strategic Report

## Section 172 Statement

The Board and every Director continues to act in such manner as it or he considers, in good faith, would be most likely to promote the success and interests of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to the provisions and requirements as set out in the Companies Act 2006 ("Duties"). Such matters included specifically as set out in Section 172 of the Companies Act 2006, the following:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the members of the Company.

It is noted that, prior to any matter being declared as resolved by the Board, the Duties would be carefully and duly considered by every Director.

### Principal decisions made during the year

The principal decisions and actions taken during the year decided by the Board and/or the Executive Team, included the following:

Key decisions taken in the year	Affected stakeholders	Engagement of stakeholders in the decision
The Board decided to consolidate the 3,804,570,000 shares in fastjet Limited on the basis of 1 (one) share for every 10,000 ordinary shares held. After the consolidation, there were 380,457 shares in issue.	Shareholders	The Board explained to the shareholders why the consolidation was in the best interests of the Company.
Increase in headcount and re-employment of previously retrenched FedAir employees. This was to cater for an increase in operations.	Employees	FedAir reached out to previously retrenched employees if they were interested in joining the Company again.
The introduction of new route in fastjet Zimbabwe connecting Victoria Falls in Zimbabwe and Maun in Botswana.	Customers and agents	Promotion of the new route with customers and Agents.
The sale of two aircraft owned by FedAir, ZS - JEM and ZS - JEX. These were later leased back from another lessor.	Aircraft Lessors	Negotiations of transaction with aircraft lessors
The change of reservation system from Radixx to Videcom's VRS.	Employees, Agents	Training had to be conducted for the smooth transition from the old system to the new system.
Signing of agreement with Tour Operators and Destination Management Companies ("DMC") who had left FedAir between 2017 and 2020.	Destination Management Companies ("DMC")	Negotiation of agreements and working relationships with those agents.

# Strategic Report

## Section 172 Statement (continued)

Key decisions taken in the year	Affected stakeholders	Engagement of stakeholders in the decision
Purchase of six (6) Cessna Grand Caravan EX from Textron with delivery scheduled in May 2023 and June 2023.	Bank (Investec Bank Limited)	FedAir had to approach the bank for funding and convince them of our business model.
Purchase of one Cessna Grand Caravan EX from Airlink (Pty) Ltd in September 2022.	Aircraft Owner	Negotiations for the transaction with the Aircraft owner
Lease of an additional ERJ145 in November 2022 to cater for increase in demand.	Aircraft Lessors	Negotiations of transaction with aircraft lessors
Additions of charter and wet lease aircraft from third parties.	Lessors of aircraft	Negotiations with aircraft lessors.
Additions of new agents and Destination Management Companies ("DMC") for fastjet Zimbabwe.	Agents, Destination Management Companies	Agents and DMC were approached to sign with fastjet.

### Consequences of Decisions

Board members and Directors receive training on their obligations which together with regular management and financial reports and board papers ensures that the Board members and Directors have all the relevant information required to enable them to properly reflect and consider the impact of all decisions.

Given the volatility of the markets the Group operates in, and the dynamic travel business sectors, the Board adopts a proactive response to operational, regulatory and political issues.

The Directors fulfil their duties through a governance framework that delegates day-to-day decision-making to the management of the Group companies.

The Board members draw on their experience and awareness of the impact of decisions in the longer term, to assist in quality and consistent outcomes.

### How we engage and foster strong relationships with some of our key stakeholders

The Board continues to take account of the impact of its decisions on all our stakeholders, who include customers, employees, suppliers, shareholders, regulators and governments, including as set out in section 172 of the Companies Act 2006.

The Board believes that part of that responsibility includes understanding the views of those stakeholders and building constructive relationships with them. During 2022, the Board considered ways in which a stronger and more meaningful engagement could take place between the Board and the workforce.

During the year the Board received presentations from relevant parts of the business focusing on the customer, shareholders and regulators.



# Strategic Report

## Section 172 Statement (continued)

### Employees

fastjet provides training and development for employees. This training includes Aviation Regulatory Training for Safety, Security, Quality, Operations & Maintenance personnel; Systems training for administrative staff, Service training for Customer Contact personnel, Sales training for Commercial personnel and Financial training for Finance personnel. The Company regularly reviews its employment conditions and policies. Disciplinary and grievance policies are well communicated to new and existing employees and are available on the intranet for ease of reference for employees.

fastjet ensures that all employees are fairly compensated for work done, and equal opportunities are extended to all employees. fastjet Human Resources policies, including but not limited to those that relate to recruitment, training, remuneration and benefits, are based on individual qualifications and performance.

fastjet is committed to treating employees equally, regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (the Protected Characteristics). The relevant policies set out the Company's approach to equal opportunities and the avoidance of discrimination at work. It applies to all aspects of employment.

Communication with employees is key, and the Executive management team and Directors follow a policy of keeping all employees informed of strategic, commercial, financial and human resources matters.

Further details can be found in the Corporate Governance statement.

### Suppliers & Customers

fastjet continues to work closely with its suppliers, developing relationships in partnership with them. fastjet works with its suppliers in ensuring their products and services are put into use in accordance with agreements and, where relevant, prescribed standards that ensure brand and reputations are protected when doing so. fastjet maintains a strong engagement with its key suppliers in developing these relationships, with a view to accomplish the best possible experience for customers and staff.

fastjet has flown over 4.0 million domestic and international passengers with an impressive aggregate on-time performance, establishing itself as a punctual, reliable, and affordable value airline offering, with inclusive and complementary services to all customers.

fastjet Zimbabwe adapted their core low-cost airline model (pay for every extra thereafter) into a more value airline offering. Additionally, fastjet Zimbabwe celebrated "Customer Appreciation Month" which included the launch of various initiatives including recognition of loyalty from frequent flyer passengers, with a number of free tickets as a "thank you" and as a form of frequent traveller benefit.

fastjet remains focused on offering quality services and choices to all customers, whilst maintaining the brand as a value driven, safe and reliable airline.

### Communities & Environment

fastjet continues to support local communities, as it has done in previous years, as part of their social responsibilities. This takes various forms, including supporting charitable and sporting events, recruitment of local personnel, and educational events with local communities. The Group remains committed to providing a safe and healthy working environment and supports efforts which reduce the Group's overall impact on the environment. In addition to good governance practices, through our Health/Safety committees and various management initiatives, fastjet maintains a strong focus on adopting and enhancing best practices in all matters relating to employees, suppliers and customers.

# Strategic Report

## Section 172 Statement (continued)

### Government

fastjet works constructively with relevant ministries, civil aviation authorities and other government bodies in each country where it operates, regardless of political affiliation. Whilst fastjet believes in the rights of individuals to engage in the democratic process, it is fastjet's policy not to make political donations or to be involved in politics.

There were no political donations made or political expenditure incurred during the 2022 and 2021 financial years.

### Business Conduct

The Board recognises the importance of good corporate governance, and a description of how the Group has complied with the UK Corporate Governance Code 2018 can be found on pages 31 to 41 of this Annual Report.

The Board believes that modern slavery and human trafficking are significant global issues presenting a challenge for businesses worldwide and has committed to continually reviewing its practices to combat slavery and human trafficking.

The Board expects all of its colleagues to observe the high standards contained within the Group's policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, IT security, fraud and whistleblowing, each of which is reinforced through appropriate guidance and briefings.

## fastjet's Vision

**"To be a successful pan-African value airline operation, brand and franchise."**

To provide affordable air transportation in all economically viable African markets.

## 2023 Core Strategy

The core strategy for the business is aligned to our vision to be a successful pan-African airline brand, based on value-driven air travel principles of the low-cost carrier ("LCC") operating model, adapted on a per country basis to cater for local nuances and requirements, creating what we call an "affordable value airline offering" with inclusive and complementary services to all customers.

The 2023 initiatives aimed at achieving this goal include:

- Supporting Group airlines in the achievement of IATA Operational Safety Audit accreditation ("IOSA");
- Embedding fiscal stability and strengthening operating cashflows, specifically with reference to securing positive cash flows from our Zimbabwean operation;
- Onboarding at least one additional EMB145 aircraft to the Part 121 operations of the group;
- Launch of Zimbabwe domestic network;
- Enhancing the Company's data management and system capabilities;
- Revenue maximisation through increased reach and improved revenue management discipline;

# Strategic Report

## **2023 Core Strategy continued**

- Improving the financial control environment and reduce cost through increased automation;
- Engaging with distribution partners to align our product offerings;
- Preparing for further growth in the Southern African region;
- Building commercial opportunities, partnerships and ancillary services; and
- Onboarding the six new Cessna C208B EX aircraft to the FedAir fleet.

# Strategic Report

## Market Overview

fastjet now has operational bases in Zimbabwe and South Africa, where it operates scheduled and chartered services to the capital cities of Harare and Johannesburg, connecting business and leisure travellers with domestic destinations in each of these countries and connecting South Africa and Zimbabwe fundamentally.

Zimbabwe



Zimbabwe is a land-locked country in Southern Africa covering 391,000 sq km, with a population of 14.7m people, 40% of whom are below the age of 15, and an annual GDP of US\$35.0bn. The Zimbabwean economy has a high dependency on mining, accounting for approximately 12% of the country's GDP, and its biggest trading partners are South Africa, United Arab Emirates, China and Mozambique, accounting for more than 86% of Zimbabwe's exports.

fastjet commenced operations in Zimbabwe at the end of 2015 and in 2022 operated four frequencies between Harare and Johannesburg daily; once a day flights between Harare and Victoria Falls, Harare and Bulawayo, Bulawayo and Johannesburg and up to three daily frequencies on the Johannesburg and Victoria Falls route.

During 2022, fastjet Zimbabwe load factors on its Zimbabwean operations increased to 75% from 64% in 2021, fastjet Zimbabwe also realised 30% increase in revenue per passenger carried.



- **Harare to Johannesburg:** During 2022, fastjet Zimbabwe enjoyed an approximate 43% (2021: 45%) frequency share on the Harare-Johannesburg route, with this frequency share allowing the airline to tailor an offering better suited to the higher-yielding business travel market. fastjet Zimbabwe competes against Air Zimbabwe, South African Airways and SA Airlink on this route.
- **Harare to Victoria Falls:** fastjet Zimbabwe had an approximate 76% frequency share on this route during 2022 (2021: 70%), competing only against Air Zimbabwe which operated the route on an ad-hoc basis, depending on their fleet serviceability and availability.
- **Harare to Bulawayo:** fastjet Zimbabwe held an approximate 77% (2021: 70%) frequency share on this predominantly business-orientated route, with competition only from Air Zimbabwe, but again on an erratic ad-hoc basis, depending on their fleet serviceability and availability.
- **Bulawayo to Johannesburg:** In 2022 fastjet Zimbabwe achieved 35% (2021: 34%) frequency share on this route with our main competitor being SA Airlink who operate twice daily on this route and have done so for longer than us.
- **Johannesburg to Victoria Falls:** In 2022 fastjet Zimbabwe achieved 71% (2021: 34%) frequency share on this route with our main competitor as from November 22 being SA Airlink and South African Airways who operate daily on this route.
- **Kruger Mpumalanga to Victoria Falls:** In 2022 fastjet Zimbabwe achieved 100% (2021: nil) frequency share on this route.
- **Maun to Victoria Falls:** In 2022 fastjet Zimbabwe achieved 100% (2021: nil) frequency share on this route.



## Strategic Report

fastjet Zimbabwe has met the expectations of the Zimbabwean passengers in 2022. The airline is well positioned as the leading airline in Zimbabwe with its reliability remaining unquestioned and performing a critical service.

### South Africa



South Africa, located on the Southern tip of Africa, covers a landmass of 1,221,037 sq km and has a population of 60.6m people, 60% of which are below the age of 25. The country has an annual GDP of US\$807bn, making it one of the most developed economies on the African continent, with a 29% dependency on industries driven by the country's global leadership in platinum, gold and chromium production. South Africa's largest trading partners are China, Germany, USA, UK and Japan.



FedAir enables fastjet to access the South Africa market initially through the FedAir brand licence agreement and, after October 2018, the Group exercised its purchase option and acquired shareholding in FedAir.

FedAir holds an Airline Operators Certificate ("AOC") in South Africa, allowing it to operate domestically and, subject to bilateral authorisations, it also allows FedAir to operate to neighbouring countries and further afield regionally.

During 2022, FedAir operated a fleet of nine smaller gauge aircraft, three of which are owned and the rest on dry leases (2021: six aircraft). Additional aircraft were leased on a short-term basis to cater for the increase in demand as and when the need arose. The airline operates daily shuttle air services to South Africa's most popular safari reserves based in Sabi, Kruger, Timbavati, Phinda and Madikwe areas whilst also providing charter services to neighbouring countries and Zimbabwe. FedAir is one of only two operators of private departure lounges at OR Tambo International Airport in Johannesburg, Africa's busiest airport. Its main competitor providing shuttle services has been absorbed by FedAir in 2022. This has further entrenched FedAir as one of the most reliable operator in this segment with new clients and lodges being serviced. FedAir thus remains well positioned to capitalize on the opportunities that will arise once tourism resumes to pre pandemic levels.



The FedAir business currently holds both scheduled and non-scheduled licences from the South African Department of Transport, allowing it to operate scheduled passenger airline operations within South Africa. These licences provide an ideal platform from which to expand the fastjet brand in this country, in addition to providing interconnection opportunities with fastjet Zimbabwe's own operation.

FedAir introduced the Embraer 145 fleet type onto the FedAir AOC and also established and operated an ACMI wet-lease operation for Fastjet Zimbabwe as from quarter four 2019. Another ERJ-145 operated by FedAir on behalf of Fastjet Zimbabwe was added in Quarter 4 2022.

# Strategic Report

## Regulatory environment

The regulatory environment remains an important consideration for fastjet. The Group has made considerable progress in some areas, though the complex regulatory landscape in Africa remains a significant challenge. A major factor in achieving fastjet's long term growth potential is the dependence on government approvals being granted and the airline gaining access to new markets. The airline is therefore subject to the possibility of delays in gaining approvals due to often burdensome administrative processes.

Creating bases in fastjet's target markets depends on gaining several government approvals. These approvals are granted firstly in the form of an Air Service Permit ("ASP") normally issued by the Ministry of Transport, which is followed by a detailed review of the Company's business plan and financial status. After an ASP has been granted, the respective Civil Aviation Authority will issue an Air Operator Certificate once it is satisfied that the airline can operate safely and that it complies with all local regulatory requirements. This process is governed by a framework prescribed by the International Civil Aviation Organisation ("ICAO"). Finally, before the airline can operate into other countries, those destination countries often need to grant a Foreign Operator Permit for each individual aircraft type following a review of the airline's maintenance programme, operations, and records of each aircraft type to be operated on the route.

The Group continues to work closely with and have dialogue with governments at the highest level and within the industry to promote reform of the regulatory environment regarding route rights and market access.

fastjet imposes standards on its own operations to comply wherever possible with worldwide identified leading "best-practice" international regulations and operating standards. The Company takes every opportunity to support and drive for improved safety and operational regulation and oversight by the various civil aviation authorities.

The Strategic Report, the Annual Report and the audited Financial Statements on pages 51- 119 were approved and authorised for issue by the Board of Directors on 16 August 2023.



**Mark Hurst**  
Group Chief Executive Officer  
16 August 2023

# Strategic Report

## Chief Financial Officer's Statement

### Principal Risks and Uncertainties

The Group is subject to various risks, including those that derive from the nature of the aviation industry and from operating in Africa. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. As more fully described in the Going Concern statement in the Financial Review below, there are a number of key sensitivities which would impact the Group's cashflows.

The risk management and internal control systems encompass the Company's policies, culture, organisational behaviour, processes and systems. The Group has a risk management framework and process that identifies and monitors its principal risks and regularly identifies mitigating actions to those risks.

The following list sets out the Group's principal risks and uncertainties, many of which are inherent in the operation of an airline in any jurisdiction. It provides details as to how the Group manages these:

The risks and uncertainties described below are the ones that are expected to have the most significant impact on the Group:

- **Climate Risk:** There is an environmental risk wherein customers becoming increasingly aware of the carbon impact of taking a flight in their decision to buy a ticket. fastjet continues to monitor the impact of its carbon emissions.
- **Safety:** A major safety incident could adversely affect fastjet's operations, financial performance and reputation. fastjet's quality and safety management systems ensure that there are appropriate safety resources and procedures. There are also additional assurances from the licenced post holders in each airline, and oversight from the fastjet Limited Board's Safety Committee;
- **Strategic:** The continued operation of existing routes, the commencement of operations in new markets and the selection of fleet type can have a material impact on the Group's financial performance and future prospects. During 2019 the management team has fundamentally addressed the Group's services and fleet and introduced more rigorous criteria against which new services will be evaluated;
- **Political uncertainty:** This is continuously monitored by the Board and actions are taken if and when required. The group strives to have positive working relationships in the countries it operates in and operates according to domestic and international recognised standards and principles;
- **Regulatory:** The retention of regulatory approvals and licences is essential for services and operations to continue uninterrupted. The Group maintains effective management systems in place to ensure compliance with aviation regulations in its licenced markets – Zimbabwe and South Africa;
- **Oil price:** The Group does not enter into fuel hedging contracts but ensures that where possible its ticket pricing strategy reflects current oil prices. There is a residual oil price risk in possible movements in fuel price for sold but un-flown tickets. This is naturally mitigated by the very short timeframe from the booking date to flight date. Most fuel purchases are currently priced on a fixed monthly basis to mitigate this risk;
- **Commercial:** Network and fleet planning, and the need for effective competitor and market analysis and revenue management are important to ensure effective on-going revenue growth. The Group has an experienced management and commercial team, which utilises in-house sales, pricing and marketing tools and, where appropriate, external market analysis;



# Strategic Report

## Principal Risks and Uncertainties continued

- **Operational:** Maintenance of safe, reliable airlines is essential. The Group has in place the necessary systems and internal controls to ensure the airlines have sufficient crew levels to operate the schedule and effective contract management around key supplier relationships, such as aircraft lessors, maintenance providers and ground handling. fastjet works together with the appropriate authorities to ensure that security measures are in place and effective, and performs regular audits;
- **Finance:** The Group needs to ensure that it has the financial resources to continue operations and deliver its strategic objectives. The Group has appropriate budgeting, forecasting and cash management systems in place. This is included in the going concern section on page 29. The Company is in the process of further enhancing and strengthening its reporting and internal control environment;
- **Information Technology ("IT"):** The availability, security, compliance and performance of website, reservation systems and other critical technologies, and the protection of company and customer data are critical to ongoing operations;
- **Currency risk in Zimbabwe:** the ZWL continued to devalue against the US\$ in Zimbabwe during the last number of years and continued to do so in 2022; the Reserve Bank of Zimbabwe continually monitors this devaluation and adjusts policies accordingly and as deemed appropriate. The changing policies need active management and should the country at any time not allow airlines to charge tickets in US\$ or access to US\$ liquidity in-country ceases or becomes heavily restricted, this would represent a significant risk to the Group; and
- **Regulatory and other associated risks:** Significant other risks remain associated with operating airlines and business in Africa including but not limited to political, judicial, administrative, fiscal and other regulatory matters.

## Financial Review

The organisational and business model of the fastjet Group is split into the following specific cash-generating units ("CGUs"):

- fastjet Zimbabwe – scheduled airline operations out of Zimbabwe;
- federal Airlines – non-scheduled shuttle services and charter inside South Africa and regionally;
- Central – Holding Company and financing;

# Strategic Report

## Financial Review (continued)

The performance of cash generating units is included below:

Year ended 31 December 2022	fastjet Zimbabwe US\$'000	Central (Limited) US\$'000	federal Airlines US\$'000	Eliminate Inter-segment US\$'000	Total US\$'000
External	50,046	-	14,011	-	64,057
Inter-segment	-	250	2,816	(3,066)	-
<b>Total revenue</b>	<b>50,046</b>	<b>250</b>	<b>16,827</b>	<b>(3,066)</b>	<b>64,057</b>
<b>Other income</b>	<b>161</b>	<b>9,037</b>	<b>1,567</b>	<b>(890)</b>	<b>9,875</b>
<b>EBITDA</b>	<b>3,540</b>	<b>10,525</b>	<b>2,583</b>	<b>(3,232)</b>	<b>13,416</b>
<b>Other finance (expense) / income</b>	<b>(557)</b>	<b>(406)</b>	<b>(259)</b>	<b>(37)</b>	<b>(1,259)</b>
<b>Depreciation / amortisation</b>	<b>(124)</b>	<b>-</b>	<b>(684)</b>	<b>(510)</b>	<b>(1,318)</b>
<b>Profit / loss before tax</b>	<b>2,859</b>	<b>10,119</b>	<b>1,640</b>	<b>(3,779)</b>	<b>10,839</b>
<b>Tax</b>	<b>-</b>	<b>-</b>	<b>(313)</b>	<b>182</b>	<b>(131)</b>
<b>Net profit / loss</b>	<b>2,859</b>	<b>10,119</b>	<b>1,327</b>	<b>(3,597)</b>	<b>10,708</b>
<b>Loss from discontinued activities net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>
<b>Profit for the year for the Group</b>	<b>2,859</b>	<b>10,119</b>	<b>1,327</b>	<b>(3,597)</b>	<b>10,693</b>
<b>Non-current assets</b>	<b>6,305</b>	<b>6,179</b>	<b>6,055</b>	<b>-</b>	<b>18,539</b>

Group revenue from continuing operations increased by US\$36.2m to US\$64.1m (2021: US\$27.9m). This was due to both fastjet Zimbabwe and FedAir resuming normal operations after COVID - 19. The complete removal of travel restrictions coupled with the introduction of additional frequencies contributed to the significant better performance compared to even pre-pandemic.

Zimbabwe revenue significantly increased year on year by US\$27.4m to US\$50.0m (2021: US\$22.6m).

A significant part of this revenue is attributable to the Johannesburg Victoria Falls route which benefited from the lack of competition for almost half of the year and the onboarding of new agents. The other existing routes also experienced better performance attributable to the desire to travel after two years of restrictions. The reduced capacity on those markets further contributed to achieve better revenue per passenger and load factors.

FedAir revenue increased by US\$10.7m to US\$16.8m (2021: US\$6.1m). As travel restrictions were gradually lifted as from April with full restrictions removed in Q2-2022; this prompted the resumption of connecting flights from FedAir's main markets. FedAir capitalised on the recovery compounded by the exit of some of its competitors to deliver this strong performance.

# Strategic Report

## Financial Review (continued)

Total costs for the group increased by 75.3% to US\$63.1m (2021: US\$36.0m). This was in line with the increase in revenue and increase in operations for the year 2022. Overall costs have increased less than revenue due to there being certain fixed costs, however the increase in variable costs was in line with the increase in revenue.

The Group managed to generate a profit from continued operations of US\$10.7m (2021: US\$4.4m) as a result of the operating companies of the Group generating profits and also drawing down from the Legacy Loan facility as described on page 9. Excluding the one-off other income in Central of US\$9.0m the Group had an operational profit from continued operations of US\$2.2 compared to loss of US\$8.1m in 2021.

The performance of cash-generating units for the year ended 31 December 2021 as comparatives, is included in the table below.

Year ended 31 December 2021	fastjet Zimbabwe US\$'000	Central (Limited) US\$'000	federal Airlines US\$'000	Eliminate Inter-segment US\$'000	Total US\$'000
External revenue	22,607	-	5,307	-	27,914
Inter-segment revenue	-	-	775	(775)	-
Total revenue	22,607	-	6,082	(775)	27,914
Other income	83	13,186	719	(154)	13,834
EBITDA	(3,192)	9,943	(647)	453	6,557
Other finance (expense) / income	(958)	(681)	(140)	6	(1,773)
Depreciation / amortisation	(126)	(8,482)	(208)	7,972	(844)
(Loss) / Profit before tax	(4,276)	780	(995)	8,431	3,940
Tax	-	-	228	182	410
Net (loss) / profit	(4,276)	780	(767)	8,613	4,350
Loss from discontinued activities net of tax	-	-	-	-	(4,341)
Profit for the year for the Group	-	-	-	-	9
Non-current assets	7,620	5,657	4,052	-	17,329

# Strategic Report

## Key performance indicators

The Directors consider the following to be the key performance indicators (“KPIs”) when measuring fastjet’s underlying operational performance. The KPIs reflect standard airline industry metrics which provide measures of efficiency and business performance. They provide a mechanism for the Group to track performance at both a Group level and industry level. They are indicative of how the business is achieving its objectives from an operational, cost and revenue perspective. These measures are now split between scheduled and unscheduled services, whereby the former relates to the combined operating performance of fastjet Zimbabwe and FedAir.

### Scheduled Airline Services

Measure	2022	2021	Movement
Passenger numbers	<b>273,821</b>	153,141	79%
Revenue per Passenger (US\$)	<b>182.7</b>	138.0	32%
Revenue per Total Seat (US\$)	<b>140.4</b>	88.0	60%
Seats Flown	<b>356,443</b>	239,924	49%
Available Seat Kilometres (“ASK”)	<b>283,005,915</b>	197,685,120	43%
Load Factor	<b>77%</b>	64%	20%
Revenue per ASK (US cents)	<b>17.68</b>	11.23	57%
Cost per ASK (US cents) (excluding exceptional items)	<b>16.85</b>	13.66	23%
Cost per ASK ex. Fuel (US cents) (excluding exceptional items)	<b>10.78</b>	10.01	8%
Aircraft Utilisation (Hours)	<b>6.53</b>	5.18	26%
Aircraft Utilisation at Year End (Hours)	<b>7.49</b>	5.18	45%

### Unscheduled Airline Services

Measure	2022	2021	Movement
Passenger numbers – Shuttle	<b>31,983</b>	14,326	123%
Passenger numbers – Charter	<b>8,789</b>	3,401	158%
Revenue per pax (US\$) – Shuttle	<b>244</b>	221	10%
Revenue per pax (US\$) – Charter	<b>706</b>	633	12%

# Strategic Report

## KPI commentary

### Scheduled Airline Services

Passenger numbers increased to 273,821 from 153,141 in 2021. This increase is mostly attributable to the notable performance of the Johannesburg-Victoria Falls route and also its other existing routes. Two new routes were introduced in 2022. fastjet launched flights from Victoria Falls, Zimbabwe to Nelspruit, Kruger Mpumalanga, South Africa, on 16 March 2022. On 30 June 2022, fastjet launched a new route, four times a week connecting Victoria Falls in Zimbabwe and Maun in Botswana. Those routes are still in their launch phase and not yet contributing positively to the group's overall performance.

Revenue per passenger increased by 32%.

Load Factor grew to 77% from 64% in 2021. The growth is attributable to a return to a more normalised operating schedule.

Cost per ASK (US cents) ("CASK") (excluding exceptional items) increased by 23% mostly due to the increase in fuel prices experienced in 2022. Excluding fuel CASK increased by 8% attributable to the general inflationary environment the world is facing.

Aircraft Utilisation (hours) increased by 26% from 5.18 hours in 2021 to 6.53 hours in 2022.

### Unscheduled Airline Services

Number of passengers for the shuttle business grew by 17,657 from 14,326 in 2021, as travel restrictions eased, and the tourism sector started reviving. Revenue per passenger for the shuttle services increased by 10% from 2021 to 2022 due to cater for increase in costs as a result of inflation.

Number of passengers for the Charter business increased by 5,388 from 3,401 in 2021 for the same reasons explained for the Shuttle services increase. The revenue per passenger increased by 12%.

# Strategic Report

## Funding Activities

### Shareholder Fundraising

There was no capital raise during the years ended 31 December 2022 and 2021.

### Loan from SSCG

A loan capital amount of US\$502k (2021: US\$502k) that was payable to SSCG as at 31 December 2021 was settled in full during 2022.

### Loan from Solenta Aviation Holdings Limited (“SAHL”)

SAHL is a major shareholder of the Group and owned 67% as at the balance sheet date (2021: 67%).

A loan balance of US\$2.0m remained unpaid as of 31 December 2022 (2021: US\$2.0m).

The amount due of US\$2.0m attracts interest at a fixed 6%.

Under the Loan Amendment Agreement no. 2 between the Company as borrower and Solenta Aviation Holdings Limited as lender dated 18 May 2020, Solenta Aviation Holdings Limited has the option to convert its outstanding US\$2.0m loans provided to the Company into ordinary shares of £1.00 per share credited as fully paid at a conversion rate of £10 per share. The option is exercisable at Solenta Aviation Holdings Limited’s sole discretion. No notice of intention to exercise this conversion option has presently been issued.

On 25 May 2022, SAHL agreed to extend the repayment of the US\$2.0m loan to 29 November 2024.

For full details on the loans, see Note 18.

# Strategic Report

## Monetary policy changes within Zimbabwe

In October 2018, the Reserve Bank of Zimbabwe announced a monetary policy change introducing new and separate US\$ bank accounts which they called US\$ Nostro accounts. In doing this, they effectively separated US\$ restricted bank balances and accounts into two identifiable and separate new bank accounts, whereby all current US\$ restricted bank balances became domestic ZWL bank balances; thereafter all companies were required to open up the new US\$ Nostro account for future hard currency US\$ transactions.

By doing this, the Reserve Bank of Zimbabwe informally recognised a parallel currency, and this resulted in the Zimbabwean market no longer recognising the official exchange rate of ZWL1.00 = US\$1.00.

On 22 February 2019, the Reserve Bank of Zimbabwe formally announced the introduction of a new domestic currency which effectively devalued its domestic US dollar-denominated assets and liabilities including cash balances. At the same time, they introduced an interbank exchange rate of ZWL2.50 = US\$1.00. In addition, the Zimbabwe government issued Statutory Instrument 33 with a fixed exchange rate between the ZWL and the US\$ at a rate of 1:1 for the period before 22 February 2019.

Since March 2019, because of the above changes, the ZWL to US\$ exchange rates via interbank market devalued significantly from the starting ZWL2.50 to an interbank rate of ZWL16.77 as of 31 December 2019. This devaluation has driven a significant increase in costs of all supplies in the country with resultant inflation running in excess of 200%.

On 26 June 2019, an official (s35 of exchange control regulations statutory instrument 109 of 1996) announcement was made by the Reserve Bank of Zimbabwe of the removal of multi-currency, with the ZWL as the only legal tender in country except for international airlines.

On 11 October 2019, the Public Accountants and Auditors Board, which is mandated to regulate auditing and accounting standards in Zimbabwe, advised that there was a broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting Hyperinflationary Economies Standard (IAS29) in Zimbabwe had been met. IAS 29 shall be applied for the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ended on or after 1 July 2019.

The change in monetary policy included a commitment by the Reserve Bank of Zimbabwe ("RBZ") that qualifying foreign creditors would be settled at the pre devaluation rate of US\$1.00: ZWL1.00. In this respect, the Company has secured approval from the RBZ to register certain historic Group intercompany loans made to fastjet Zimbabwe Limited ("fastjet Zimbabwe") with a value of US\$22.5m as a legacy loan (the "Legacy Loan") a further US\$2.7m of fastjet Zimbabwe creditors and US\$4.7m as blocked creditor funds.

The Legacy Loan balance forms part of the total Group intercompany loan funding to fastjet Zimbabwe since it first started operations, but none of the loans had formally been registered with the RBZ beforehand. The Company is awaiting the final position from the RBZ on the next steps to expunge balances under the Legacy Loan, as new legislation is being drafted to govern this. In the meantime, the RBZ has allowed the Company to draw against the Legacy Loan in ZWL currency to settle fastjet Zimbabwe creditors of US\$29.4m.

On 23 June 2020 the RBZ introduced a foreign exchange auction system to increase the availability of foreign currency to all economic players in Zimbabwe.

## Consequences of monetary policy changes within Zimbabwe on reporting

It was determined that the functional currency of fastjet Zimbabwe remains USD. There was therefore no exchange adjustment required at the consolidation level as the functional currency was the same as the Group functional currency.



# Strategic Report

## Going Concern

The continued operations of the Group operated at a profit and generated a positive cash inflow during 2022. The main driver of the positive cash inflow in 2022 was accessing the funds recognised under the Legacy Loan facility as well as the business generating operating profits.

Other significant risks remain associated with operating airlines and business in Africa including but not limited to political, judicial, administrative, fiscal and other regulatory matters. Many countries in Africa, including those in which the Group currently operate may in the future experience severe socio-economic hardship and political instability, including political unrest and government change.

The commitment of local business community, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

fastjet Limited is the holding company of the Group and its expenses are funded through the activities of the subsidiary companies. As a result, the going concern assumption has been assessed as part of its function within the wider group as explained above including the conclusion.

From 2023 onwards as the Group is forecast to generate positive cash inflow from normal trading operations, no longer accessing the Legacy Loan facility will have no impact on the Group.

The Directors believe, based on current financial projections and funds available, that the Group and Company will have enough resources to meet its operational needs and to make required repayments on the debt facilities over the relevant period, being at least until August 2024. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis.

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

- Flight operations for FedAir continuing on the same trend as experienced in 2022, throughout 2023 and 2024.
- Zimbabwe continue to be a net cash generating unit.

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

- Adverse currency exchange rate movements.

The key sensitivities to the underlying detailed cash flow forecasts are as follows:

- Load factors dropping by 10% from the forecast of around 75%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$7.6m
- Drop in average ticket prices by 10% over the next 12 months. The effect on the forecast will be a decrease in cashflow of around US\$7.6m.
- Price of crude oil increasing by 10% compared to the current price forecasted of US\$94 a barrel The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.4m.

These mostly external risks do show high level of sensitivity of the forecasts to the key assumptions described above, however none of the sensitivities indicate a potential negative cashflow

# Strategic Report

## Non-trading financial performance

### Post balance sheet events

#### Loan from Satfin limited ("SATF")

On 14 April 2023, fastjet Limited took a short-term loan from SATF with a value of US\$6.0m to bridge the short-term funding gap for the purchase of the six (6) Cessna Grand Caravan EX. The loan has been fully paid on 04 August 2023. The following were the terms of the loan:

- The Loan was to be repayable in full by the 15th of August 2023;
- The loan was renewable subject to mutual agreement and updated terms and conditions;
- A raising fee for the Loan facility of US\$172k was paid by fastjet Limited before 30 June 2023;
- The loan bears interest at a rate of 6% (six percent) per annum compounded monthly in arrears and calculated over a 360-day year basis; and
- Solenta Aviation Holdings Limited ("SAHL") acted as guarantor on the loan facility.

#### Delivery of six (6) Cessna Grand Caravan EX

The six (6) Cessna Grand Caravan EX purchased from Textron in 2022 were delivered in June and July 2023. The total consideration paid amounted to US\$17.5m. An amount of US\$5.7m was settled by the group's own funds and the balance of US\$12m was settled from a facility from Investec. The facility was disbursed in two tranches of US\$6m each on 26 June and 27 July respectively. The facility is denominated in ZAR for a seven-year term and bears interest at monthly JIBAR + 3.3%.

#### Acquisition of a Mauritian SPV

The Company acquired a Mauritian SPV and renamed it Rempart Aviation Limited (formerly Acia Aero Leasing Atlas Limited) for a consideration of US\$ 1,000 from Acia Aero Holdings Limited. Rempart Aviation Limited has subsequently entered a Letter of Intent with United Airlines Limited to acquire three Embraer (3) 145 XR for a consideration of US\$8.4m. The Company intends to raise convertible loan notes issued to major shareholders for a value of US\$10m which will be used to acquire the 3 Embraer 145 XR mentioned earlier with the balance used for heavy maintenance of the aircraft. Prior to the loan notes being raised a bridging loan facility has been entered into with Satfin Limited ("SATF") for US\$2.5m bearing 12% interest which will be used as a deposit for those aircraft. The US\$2.5m will be refunded once the convertible loan notes are issued around September or October 2023.

#### Pearl Yield South Africa

A new company Pearl Yield South Africa has been incorporated with fastjet Limited holding 50% shares. The Company operates a sales office at ORT International Airport in Johannesburg as from April 2023 on behalf of fastjet Zimbabwe.

#### Federal Air Proprietary Limited

Parrot Aviation (Pty) Limited acquired 100% of Federal Air (Pty) Limited from Solenta Investment Holdings (Pty) Limited.

#### fastjet Zimbabwe Limited – South Africa Branch

fastjet Zimbabwe Limited opened a branch in South Africa.



**Kris Jaganah**  
Group Chief Financial Officer  
16 August 2023

# Corporate Governance

## Corporate Governance Statement

The Board of Directors of fastjet Limited present their report on the audited annual accounts for the year ended 31 December 2022.

### Governance

The Board is committed to maintaining high standards of corporate governance. The Company has adopted policies and procedures which reflect the principles of the Corporate Governance Guidelines for Smaller Quoted Companies ("QCA Corporate Governance Code") as are appropriate to a Company whose shares are admitted to trading on AIM. A copy of the companies formalised governance policies in line with the QCA code can be found on fastjet's website <https://www.fastjet.com>. Post de-listing, fastjet Limited has continued to use the QCA code. The report of the Audit and Remuneration Committees are set out on pages 38 and 39 respectively. As part of the delisting, we agreed with the shareholders that we will follow the QCA code for at least one year.

### Internal control

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, considering increased activity and further development of the Group, continuing reviews of internal controls are undertaken to ensure that they are adequate and effective. In particular, recognising the immaturity and evolving nature of the business, management continues to invest time and effort to improve controls within the Group.

### Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed. An assessment of all key risks faced by the Group is maintained on a risk register, reviewed by the Board on a regular basis, and appropriate, mitigating and monitoring actions agreed. Principal risks and uncertainties are summarised on page 21- 22.

### Employees

The Directors follow a policy of keeping all employees informed of strategic, commercial, financial and human resources matters.

### Securities trading

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee in possession of price-sensitive information. All such persons are prohibited from trading in the Company's securities if they are in possession of price-sensitive information. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance from the Chairman. This continues to be the case following the delisting from AIM.

# Corporate Governance

## Stakeholders

Any party that has an interest in the Company and that can affect or that can be affected by the business is considered as a stakeholder by the Company. The Company has identified the following as its stakeholders:

- Customers
- Employees
- Suppliers
- Government
- Shareholders
- Communities
- Media

Customers, Employees, Suppliers, Government and our Shareholders are all considered as the key stakeholders of the Company.

### Customers

fastjet has flown over 4.0 million domestic and international passengers with an impressive aggregate on-time performance, establishing a reputation as a punctual, reliable, and affordable value airline offering, with inclusive and complementary services to all customers.

### Employees

The Company provides training and development for employees.

The Company regularly reviews its employment conditions and policies. Disciplinary and grievance policies are well communicated to new employees and are available on a staff portal for ease of reference for employees. fastjet ensures that all employees are fairly compensated for work done and provides equal opportunities to all employees. Its employment policies, including hiring, training, working conditions, compensation and benefits, and promotion, are based on individual qualifications. It treats its employees equally, irrespective of gender, age, race, sexual orientation, disability or other status unrelated to job performance.

The Directors follow a policy of keeping all employees informed of strategic, commercial, financial and human resources matters.

### Suppliers

As the aviation industry is highly specialised and demanding, with key focus on high standards of safety, quality and overall excellence, 365 days a year and on a 24/7 basis, to be and remain successful it is critical to establish solid long-term relationships with key suppliers that can support the business's high demands at all times and at any time. This means our supply chain and relationships are a critical part of our continued success and operating ability and are maintained as such.

### Government

fastjet works constructively with relevant ministries, civil aviation authorities and other government bodies in each country we operate, regardless of political affiliation. fastjet believes in the rights of individuals to engage in the democratic process. However, it is fastjet's policy not to make political donations or be involved in politics.

There were no political donations made or political expenditure incurred during the 2022 and 2021 financial years.

# Corporate Governance

## Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Whilst the company was still listed on the London Stock Exchange, significant developments were disseminated through the London Stock Exchange announcements. After delisting regular updates are disseminated through the Company website. The Board views the Annual General Meeting (“AGM”) as a forum for communication between the Company and its shareholders and encourages their participation in its agenda. The Board maintains contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

As a Board, our purpose, values and behaviours are always at the forefront. We aim to lead by example by ensuring that the values are integrated into decision making and that the policies and procedures we put in place maintain the open and collaborative culture we have at fastjet. This includes the Safety Committee monitoring the nature and frequency of safety incidents to determine whether there are any countercultural trends; the Board reviewing whistleblowing cases to understand the matters being reported; and the Nominations Committee reviewing company-wide progress on culture, diversity and inclusion initiatives.

## Directors

The Directors who served the Company during the period and up to the publication of this report:

Name	Position	Appointment / Resignation date
Rashid Wally	Non-Executive Chairman – Independent	Appointed 01 April 2017
Robert Burnham	Non-Executive Director – Independent	Appointed 30 May 2006
Mark Hurst	Group Chief Executive Officer	Appointed 02 July 2018
Kris Jaganah	Group Chief Financial Officer	Appointed 05 April 2019

## Commitment of Directors

The Board is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge their responsibilities effectively.

## Skills and development of Directors

New members of the Board receive induction training on their first appointment. This ensure that the Directors have the necessary up to date experience, skills and capabilities. Additionally, the Group’s legal advisors Charles Russell Speechlys (“CRS”) are engaged on key matters as and when required by the Board.

# Corporate Governance

## Board meetings

The Board meets regularly, typically each quarter, and throughout the year on an as required basis in relation to normal operational matters. At least four of these meetings are held in person. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Name	Position	Board Meeting	Audit Committee	Remuneration Committee
Rashid Wally	Chairman	6/6	1/1	1/1
Mark Hurst	Group Chief Executive Officer	6/6	1/1	1/1
Kris Jaganah	Group Chief Financial Officer	6/6	1/1	-
Rob Burnham	Non-Executive Director	6/6	1/1	1/1

## Performance Effectiveness

Given the Company's current size and stage of development the Board has not considered it necessary to undertake an assessment of the Board performance and effectiveness. The Board will continue to monitor this on an ongoing basis as the Company continues to grow and will decide to conduct a board effectiveness review when deemed necessary.

## Access to Management and External Advice

All Directors have access to the advice of the Company's solicitors and lawyers. The Company Secretary ensures necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice, at the Company's expense, as and when required.



**Rashid Wally**  
Chairman of the Board  
16 August 2023

# Corporate Governance

## Current Board of Directors

The Board of Directors currently comprises two Executive Directors and two Non-Executive Directors, as further detailed below. The Directors are of the opinion that the Board comprises a suitable balance of skills and experience, and that the recommendations of the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "**QCA Code**") have been implemented to an appropriate level for the Company.



### **Rashid Wally, Independent Non-Executive Chairman**

Rashid Wally was appointed as the Independent Non-Executive Chairman on 1 April 2017. Rashid was previously the Chairman and member of the Audit Committee of Mango Airlines (SOC) Ltd, a South African based low-cost scheduled airline.

In addition to his previous airline experience of more than ten years, Rashid has a track record spanning over 38 years in the information technology sector having held various senior executive positions with IBM in Africa, Europe, the Middle East and Southeast Asia and Lenovo in Africa. He is highly regarded for his corporate turnaround experience, having successfully completed many restructuring projects in his previous roles. Rashid also has significant corporate governance expertise which will benefit fastjet as it continues to expand and develop.

As the Non-Executive Chairman, Rashid's primary responsibility is the delivery of the Group's corporate governance model. The Chairman has a clear separation from day-to-day business of the Group which allows him to make independent decisions.

Other Group appointments:

- Director - Parrot Aviation (Proprietary) Limited
- Director - federal Airlines (Proprietary) Limited



### **Mark Hurst, Group Chief Executive Officer (CEO)**

Mark Hurst was appointed as a SAHL representative and Non-Executive Director of the Company with effect from 2 July 2018. This role changed to that of Group Deputy CEO with effect from 1 January 2019 and on 30 September 2019, Mark was appointed as the Group Interim CEO. He was appointed as CEO on 1 November 2021.

Mark holds significant aviation experience with particular expertise in fleet management, aircraft sourcing and leasing as well as the development and implementation of operational efficiencies throughout the aviation value chain.

He is highly regarded in the African aerospace sector for his track record in operational integrity, ability to develop strategic operations in challenging environments and value and supply chain management. Mark continues to serve as Group CEO of the Solenta Aviation Group.

Other Group appointments:

- Director - fastjet Mozambique Limitada
- Director - Parrot Aviation (Proprietary) Limited
- Director - fastjet Africa (Proprietary) Limited
- Director - federal Airlines (Proprietary) Limited
- Director - fastjet Zimbabwe Limited
- Director – Federal Air (Proprietary) Limited (Appointed 01 May 2023)



## Corporate Governance



**Kris Jaganah, Group Chief Financial Officer**

Kris Jaganah was appointed Chief Financial Officer on 5 April 2019 having joined the Company in October 2018.

Kris brings several years of experience from the financial services, pharmaceutical and aviation industries. During the past ten years prior to his appointment at fastjet he held the following roles:

Chief Financial Officer – Acia Aero Capital Limited

Senior Group Finance Manager – African Alliance Holdings Limited

Head of Financial Planning & Analysis – Aspen Global Incorporated

Head of back office operations – Superfund Advisory

He has a history of driving operational efficiencies across all functions and ensuring organisational goals are measured within all companies he has been involved.

Kris Jaganah is a qualified Chartered Certified accountant.

Other Group appointments:

- Director - fastjet Africa (Proprietary) Limited
- Director - fastjet Mozambique Limitada
- Director – Federal Airlines (Proprietary) Limited (resigned on 30 August 2022)



**Robert Burnham, Independent Non-Executive Director**

Robert Burnham has been an independent Non-Executive Director of the Company since May 2006 and is Chairman of the Safety Committee and the Remuneration Committee. Rob has held a variety of executive director and senior management positions in a number of listed companies both in the UK and USA.

Rob has undertaken lead roles in substantial merger and acquisition transactions and, as Chairman, led a flotation on the London AIM market. He currently operates as a Management Consultant advising businesses on building enterprise value through profitable growth and staff professional development.

# Corporate Governance

## Report of the Audit Committee

### Purpose

The Audit Committee assists the Board of Directors to fulfil governance and oversight responsibilities in relation to fastjet's financial reporting, internal controls, reviewing of the Company's accounting standards, policies and reports produced by internal and external audit function, risk management, reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls for the prevention of bribery, reviewing reports on non-compliances; and overseeing the appointment of and the relationship with the external auditor.

### Composition and meetings

The Audit Committee currently comprises two members, Rashid Wally, who is a Non-Executive Independent Director and the Company's Chairman, and Mark Hurst, who is the Group Chief Executive Officer and acting Audit Committee Chairman.

The committee meets formally at least once a year, and the Group Chief Financial Officer is required to attend committee meetings. Robert Burnham was invited to attend one of the Audit Committee meetings, to approve the Financial Statements. When required, external auditors are also invited to join the meetings.

### Year under review

In addition to the External Audit activity detailed below, the committee, during the period under review, considered the following:

- The 2023 Corporate Plan, strategic direction, and budget.
- Quarterly performance for Group and its subsidiaries during 2022.
- The effectiveness of internal financial controls.
- Cashflows and the going concern of the company.
- The external auditor's audit report and key audit matters and concurred with the comments.
- Legal matters concerning the group.
- Whistle-blowing complaints, if any.
- Corporate Governance recommendations.

### External Audit

The committee has primary responsibility for overseeing the relationship with and the performance of the Company's external auditors, presently BDO UK LLP. This includes making recommendations on their reappointment as set out in section 489 of the Companies Act 2006.



**Mark Hurst**

Acting Chairman of the Audit Committee  
16 August 2023

# Corporate Governance

## Report of the Remuneration Committee

### Purpose

The purpose of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairperson and Board of Directors, reviewing the pay and employment conditions across the Company including the Board of Directors, reviewing approving targets and performance related pay schemes operated by the Company and all share incentive plans and pension arrangements.

### Composition and Meetings

The Remuneration Committee has two members, both of whom are Non-Executive Directors, Robert Burnham (Remuneration Committee Chairman) and Rashid Wally.

The Remuneration Committee meets at least once a year. The CEO attends meetings by standing invitation to make proposals and to provide such information as the committee may require.

### Remuneration Policy

The Company has agreed a policy designed to retain and attract individuals of the highest calibre in order to ensure corporate success and therefore enhance shareholder value.

The overall approach is to attract, develop, motivate and retain such individuals at all levels by paying competitive salaries and benefits to all staff. Pay levels are set to take account of contribution and individual performance, and also with reference to relevant market information where available. The Company seeks to reward its employees fairly and give them the opportunity to increase their earnings by linking pay to achieving business and individual targets.

The remuneration of the Executive Directors is set by the Remuneration Committee and the Board sets the remuneration of the Non-Executive Directors. The Committee also monitors the level and structure of remuneration for other senior executives and managers.

### Bonus Policy

The criteria for Executive Director Bonus awards are set to reflect the achievement of strategic targets, both short term and long term. During 2022, the targets were weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

Refer to table below for performance bonuses that were paid in 2022 to the executives of fastjet Limited.

# Corporate Governance

## Year under Review

During the year under review, the committee considered:

- Salary and Bonus of the Executive Committee (“EXCO”) members;

## Directors’ interests

The beneficial share interests of the Directors that served during the period are set out below:

Name	31 December 2022 No. of shares of £1.00 each	*31 December 2022 No. of shares of £0.0001 each	31 December 2021 No. of shares of £0.0001 each
Kris Jaganah	10,752	-	10,752,056
Robert Burnham	-	-	1,472

\* On 29 September 2022, all shares of 0.0001 were consolidated into new ordinary shares of 1.00 each on the basis of 1 (one) consolidated share for every 10,000 ordinary shares held.

## Directors’ remuneration

Remuneration of those Directors’ serving, and whilst serving as Directors in the period, is analysed below.

### For the year ended 31 December 2022

	Salary US\$’000	Bonus US\$’000	Directors Fees US\$’000	Professional fees US\$’000	Benefits US\$’000	Total US\$’000
Robert Burnham	-	-	40	-	-	40
Rashid Wally	-	-	56	100	-	156
Mark Hurst	240*	222*	-	-	-	462*
Kris Jaganah	144	115	-	-	-	259
<b>Total</b>	<b>384</b>	<b>337</b>	<b>96</b>	<b>100</b>	<b>-</b>	<b>917</b>

\* Paid to Solenta Investment Holdings (Pty) Ltd for services rendered by Mark Hurst as Group CEO.

### For the year ended 31 December 2021

	Salary US\$’000	Bonus US\$’000	Directors Fees US\$’000	Professional fees US\$’000	Benefits US\$’000	Total US\$’000
Robert Burnham	-	-	43	-	-	43
Rashid Wally	-	-	61	-	-	61
Mark Hurst	240*	8*	-	-	-	248*
Kris Jaganah	134	17	-	-	-	151
<b>Total</b>	<b>374</b>	<b>25</b>	<b>104</b>	<b>-</b>	<b>-</b>	<b>503</b>

\* Paid to Solenta Investment Holdings (Pty) Ltd for services rendered by Mark Hurst as Group CEO.

# Corporate Governance

## Executive committee remuneration

During 2022, the Executive Committee ("EXCO") comprised of the following:

- Group Chief Executive Officer;
- Group Chief Financial Officer;
- Group Chief Operating Officer;
- Group Chief Commercial Officer; and
- Deputy Group Chief Financial Officer

The Group Chief Operating Officer was Donahue Cortes who is not a director of fastjet Limited.

The Group Chief Commercial Officer was Julian Edmunds who is not a director of fastjet Limited.

The Deputy Group Chief Financial Officer is Owen Nel who is not a director of fastjet Limited.

The total remuneration of the Executive Committee, including the Executive Directors detailed above, was US\$1.3m in 2022 (2021: US\$0.7m).

## Share options granted to Directors

Share options granted to those serving as Directors are shown below.

	31 December 2022 No. share Options	31 December 2021 No. share options	Exercise Price	Date granted	Exercise period	Date renounced
Rob Burnham	147	146,972	£1.025	01/04/15	01/04/18- 01/04/25	-

The options issued in 2016 were issued under the existing option schemes: The Tax Advantaged 2015 CSOP Scheme and the Non-Tax Advantaged 2015 Scheme.



**Robert Burnham**  
Chairman of the Remuneration Committee  
16 August 2023

# Corporate Governance

## Other Committees

### Nomination Committee

#### Purpose

The purpose of the Nomination Committee is to review, develop and maintain an effective and compliant framework for making recommendations on the appointment and reappointment of members to the board of fastjet Limited. The Committee is responsible for regularly reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes, succession planning and vacancies at Board level.

#### Composition and Meetings

The Nomination Committee has two members, both of whom are Non-Executive Directors. The current members of the Nomination Committee are Rashid Wally, the Nomination Committee Chairman and Rob Burnham. The Nomination Committee did not meet in 2022 as no new nominations were considered. The appointment of Mark Hurst as Group Chief Executive Officer was not considered separately by the Nomination Committee as it was approved by the board as a whole.

### Safety Committee

#### Purpose

The Safety Committee is responsible for monitoring the governance of safety and security management within the airline, ensuring that safety risks and security threats are adequately monitored, and that sufficient resources exist to ensure that management and reporting within the Group is maintained at a suitable level.

#### Composition and Meetings

The Safety Committee currently comprises Robert Burnham, the Safety Committee Chairman, Mark Hurst, the Group Chief Executive Officer and, Donahue Cortes, the Group Chief Operating Officer, although all Board members are invited to attend meetings. The Safety Committee meets at least four times a year and receives a formal Safety Report on a monthly basis.

### Executive Committee (“EXCO”)

#### Purpose

The Executive Committee’s primary responsibilities are to implement the business plan agreed by the Board, review the operating performance of each Group company, manage the Group’s strategic planning process and corporate acquisitions and disposal programme, monitor and approve capital expenditure and contracts within delegated limits entered into by the Group, and to manage the Group’s HR policies.

#### Composition and Meetings

The Executive Committee comprises the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Commercial Officer, the Group Chief Operating Officer, and the Deputy Group Chief Financial Officer. The Executive Committee meets as and when required.

By order of the Board

**Ben Harber**

Company Secretary

16 August 2023

# Directors' Report

## Board of Directors

The Board of Directors of fastjet Limited present the Annual Report and the audited Financial Statements for the ended 31 December 2022.

The current Board of Directors of the Company are reflected in the Corporate Governance section on pages 35 - 36.

## Results and Dividends

The consolidated income statement is set out on page 51 and has been prepared in US\$, the functional and reporting currency of the Company and the consolidated Group.

The Group's net profit after taxation for the year for continuing activities was US\$10.7m (2021: US\$4.3m).

No dividends have been paid or proposed in the current year or in the prior year.

## Political donations and expenditure

fastjet works constructively with relevant ministries, civil aviation authorities and other government bodies in each country where it operates, regardless of political affiliation. fastjet believes in the rights of individuals to engage in the democratic process, however it is fastjet's policy not to make political donations or get involved in politics.

There were no political donations made or political expenditure incurred during the 2022 and 2021 financial years.

## Specific risks – currency, liquidity, credit, interest rate and capital management

Information on the above specific risks can be found in Note 23 in the Notes to the Consolidated financial statements.

## Post balance sheet events

Post balance sheet events are shown in the Strategic Report on page 30 and at Note 26 in the Notes to the Consolidated financial statements.

## Outlook for 2023

These are detailed in the Strategic Report on page 11.

## Research and development

No research and development is undertaken by fastjet.

## Existence of branches

fastjet Zimbabwe established a branch in South Africa in July 2023 to meet local South African Reserve Bank (SARB) exchange control requirements within South Africa.

# Directors' Report

## Employment of disabled persons

fastjet treats applicants with disabilities equally and supports current employees who become disabled. This includes offering flexibility and making reasonable adjustments to the workplace to ensure they can achieve their full potential.

However, for fastjet's pilots and cabin crew, there are a range of strict regulatory requirements on health and physical ability with which all applicants and current employees must comply.

## Equal opportunity employer

fastjet ensures that all employees are fairly compensated for work done and equal opportunities are extended to all employees. fastjet Human Resources policies, including but not limited to those that relate to recruitment, training, remuneration and benefits, are based on individual qualifications and performance.

fastjet is committed to treating employees equally, regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (the Protected Characteristics). The relevant policies set out the Company's approach to equal opportunities and the avoidance of discrimination at work. It applies to all aspects of employment.

Communication with employees is key, and the Executive management team and Directors follow a policy of keeping all employees informed of strategic, commercial, financial and human resources matters.

## Employee engagement and communication policies

fastjet regularly engages with its employees in each country to discuss the ongoing strategies and business objectives and how the company plans to achieve these. These sessions are interactive, and management encourages and welcomes employee feedback on the topics discussed and other ways to improve the overall fastjet business.

## Directors' and Officers' Insurance cover

Insurance cover was established for all Directors to provide cover against their reasonable actions on behalf of the Group. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2018 and 2019 financial year and remained in force for everyone who is or was a Director of the Company up to 21 June 2019, after which the policy expired.

Insurers at the time of renewal were reluctant to renew the Group D & O insurance policy for a further one-year period after 21 June 2019, as they had concerns around the possible insolvency of the Company after significant negative media coverage and the Group's inability to confirm longer term going concern without further additional capital raises or support from shareholders.

Currently there is no active Group D & O insurance policy in place.

## Provision of information to auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



# Directors' Report

## Streamlined Energy and Carbon Reporting Disclosures (SECR)

Streamlined Energy and Carbon Reporting is a new government reporting programme that came into force on 1 April 2019.

For the purposes of the SECR report, the Group has defined its carbon footprint as a measure of the amount of carbon dioxide (CO<sub>2</sub>) released into the atmosphere as a result of its activities. Our carbon footprint is calculated and expressed as a suite of carbon dioxide equivalents (CO<sub>2</sub>e) figures in metric tonnes.

The Group's carbon footprint is therefore made up of two parts, direct and indirect emissions.

### Direct emissions

Direct emissions are produced by sources which are owned or controlled by the reporting organisation and include electricity use, burning oil or gas for heating, and fuel consumption as a result of business travel or distribution. Direct emissions correspond to elements within scopes 1, 2 and 3 of the World Resources Institute Greenhouse Gas (GHG) Protocol, as indicated below.

- Emissions arising from fuel consumption used to operate flights;
- Electricity, heat or steam generated on-site;
- Natural gas, gas oil, LPG or coal use attributable to Company-owned facilities;
- Company-owned vehicle travel;
- Production of any of the six GHGs (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub>); and
- Consumption of purchased electricity.

### Indirect emissions

Indirect emissions result from a company's upstream and downstream activities. These are typically from outsourced/contract manufacturing, and products and the services offered by the organisation. Indirect emissions correspond to scope 3 of the World Resources Institute GHG Protocol excluding employee business travel as indicated below.

- Employee commuting;
- Transportation of an organisation's products, materials or waste by another organisation;
- Outsourced activities, contract manufacturing and franchises GHG emissions from waste generated by the organisation but managed by another organisation;
- GHG emissions from the use and end-of-life phases of the organisation's products and services;
- GHG emissions arising from the production and distribution of energy products, other than electricity, steam and heat, consumed by the organisation;
- GHG emissions from the production of purchased raw or primary materials; and
- GHG emissions arising from the transmission and distribution of purchased electricity.

Below is a brief outline of the methodology used to generate various figures for fastjet Limited and its subsidiaries.

# Directors' Report

## Data collection

Fuel: This was collected from reports provided by the businesses fuel providers.

Electricity consumption: This was collected from billing data from suppliers.

## Carbon conversion

To perform the carbon conversion, we utilised the government conversion factors for company reporting of greenhouse gas emissions found here <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>.

The table below shows the information for the group from the 1 January 2021 to 31 December 2022.

## Greenhouse Gas Emissions

Activity	2022 Tonnes CO2e	2021 Tonnes CO2e
Emissions from aircraft fuel	53,275	28,680
Emissions from purchased electricity	69	74
	53,344	28,754
Energy consumption used to calculate emissions Kwh	420,896,836,668	226,586,391,503

## Intensity Metric

We use an intensity metric based on the carbon efficiency of our airline. This is expressed as grams of carbon dioxide equivalent (gCO2e) per revenue passenger kilometre (RPK).

Intensity metric	2022 Tonnes CO2e	2021 gCO2e
Carbon emissions/revenue passenger km	0.0222	0.0290

# Directors' Report

## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

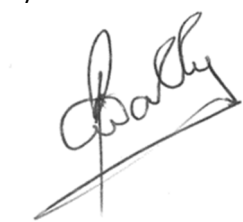
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Annual Report and audited Financial Statements on pages 51- 119 were approved and authorised for issue by the Board of Directors and are signed on their behalf by:



**Rashid Wally**  
Chairman  
16 August 2023

## Independent auditor's report to the members of fastjet Limited

### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fastjet Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated income statement, the Consolidated statement of other comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the Parent company balance sheet, the Parent Company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

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

### Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Independent auditor's report to the members of fastjet Limited

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent auditor's report to the members of fastjet Limited

### Auditor's responsibilities for the audit of the financial statements

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

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and group. We have determined that the most significant are directly relevant to specific assertions in the financial statements and are those related to the reporting frameworks, with the Companies Act 2006, and tax related legislation (the Finance Act);
- We tested the company's and group's compliance with these laws and regulations through our audit procedures over the financial statements and the related tax balances including agreeing the disclosures in the financial statements to underlying support and reviewing VAT and employee tax submissions;
- We enquired with management, and those charged with governance, as to whether there were known or suspected instances of non-compliance with laws and regulations or fraud, and reviewed minutes of meetings to corroborate their responses;
- We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and recognition of revenue (cut-off);
- We challenged assumptions made by management in their significant accounting estimates;
- We identified and tested a sample of journal entries with unusual characteristics - in particular any material journal entries, manual postings to revenue and cash, and journals with selected key words - to supporting documentation;
- We identified a potential fraud risk in revenue for premature recognition of revenue and addressed this through cut-off testing for a defined period before and after year end, by vouching a sample of revenue to flight manifests to confirm the flight date;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- We provided group instructions to component auditors and reviewed their work to ensure that the procedures listed above were also performed for each significant component.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Independent auditor's report to the members of fastjet Limited

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
823F4A29B9CA448...

Owen Pettifor (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK  
Date: 17 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated income statement

	Note	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Revenue</b>	4	<b>64,057</b>	27,914
Cost of sales	6	(51,540)	(27,265)
<b>Gross profit</b>		<b>12,517</b>	649
Other operating income	7	9,875	13,834
Administrative costs	6	(11,466)	(8,769)
Impairment loss reversal	12	1,172	-
<b>Operating profit</b>	5	<b>12,098</b>	5,714
Finance income	9	46	26
Finance charges	9	(1,305)	(1,800)
<b>Profit from continuing activities before tax</b>		<b>10,839</b>	3,940
Taxation	10	(131)	410
<b>Profit from continuing activities after tax</b>		<b>10,708</b>	4,350
Loss from discontinued activities net of tax	3	(15)	(4,341)
<b>Profit for the year</b>		<b>10,693</b>	9
<b>Attributable to:</b>			
Shareholders of the parent company		10,693	9
		<b>10,693</b>	9
<b>Profit per share (basic and diluted) (US\$)</b>	11		
From continuing activities		28.40	0.00
From discontinued activities		0.00	0.00
<b>Total</b>		<b>28.40</b>	0.00

The accompanying accounting policies and notes form part of these financial statements.



## Consolidated statement of other comprehensive income

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Profit for the year</b>	<b>10,693</b>	<b>9</b>
Items that may be reclassified to profit or loss:		
- Exchange differences on translation of continuing operations	<b>712</b>	536
- Translation reserve taken to income statement on discontinued subsidiaries	-	4,980
<b>Total other comprehensive income for the year</b>	<b>712</b>	<b>5,516</b>
<b>Total comprehensive income</b>	<b>11,405</b>	<b>5,525</b>
<b>Attributable to:</b>		
Shareholders of the parent company	<b>11,405</b>	5,525
<b>Total comprehensive income</b>	<b>11,405</b>	<b>5,525</b>

The accompanying accounting policies and notes form part of these financial statements.

## Consolidated balance sheet

	Note	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Non-current assets</b>			
Intangible assets	12	5,195	4,533
Property, plant and equipment	13	10,988	11,583
Right - of - use assets	14	2,356	1,213
		<b>18,539</b>	<b>17,329</b>
<b>Current assets</b>			
Inventory		-	112
Trade and other receivables	15	16,409	7,614
Cash and cash equivalents	16	7,822	4,406
Assets classified as held for sale	3	74	96
		<b>24,305</b>	<b>12,228</b>
<b>Total assets</b>		<b>42,844</b>	<b>29,557</b>
<b>Equity</b>			
Share capital	20	192,130	192,130
Share premium account	20	216,638	216,638
Reverse acquisition reserve		11,906	11,906
Retained earnings		(396,545)	(407,238)
Translation reserve		1,989	1,277
Equity attributable to shareholders of the Parent Company		<b>26,118</b>	<b>14,713</b>
<b>Total equity</b>		<b>26,118</b>	<b>14,713</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and other borrowings	18	2,436	2,983
Deferred tax liability	19	1,556	1,566
Lease liabilities	14	1,409	1,100
		<b>5,401</b>	<b>5,649</b>
<b>Current liabilities</b>			
Trade and other payables	17	9,757	7,427
Loans and other borrowings	18	464	1,425
Lease liabilities	14	1,082	218
Liabilities related to assets classified as held for sale	3	22	125
		<b>11,325</b>	<b>9,195</b>
<b>Total liabilities</b>		<b>16,726</b>	<b>14,844</b>
<b>Total liabilities and equity</b>		<b>42,844</b>	<b>29,557</b>

These financial statements were approved and authorised for issue by the Directors and are signed on their behalf by:



**Rashid Wally**  
Chairman  
16 August 2023



**Mark Hurst**  
Group Chief Executive Officer  
16 August 2023

## Consolidated cash flow statement

		Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
	Note		
<b>Operating activities</b>			
Profit for the year		10,693	9
<b>Adjustments for non-cash items:</b>			
Loss from discontinued activities		15	4,341
Depreciation of aircraft	6	3,608	3,032
Depreciation of other property, plant and equipment	6	174	98
Depreciation of right- of- use assets	6	635	177
Amortisation of AOC	12	491	491
Amortisation of other intangible assets	12	-	14
Taxation	10	131	(410)
Amortisation of FedAir brand	12	19	19
Reversal of impairment loss	12	(1,172)	-
Finance charges	24	235	334
Profit on disposal of assets	7	(576)	-
<b>Changes in working capital:</b>			
Decrease in inventory		113	-
(Increase) in trade and other receivables		(8,695)	(2,342)
Increase / (Decrease) in trade and other payables		2,201	(83)
<b>Cash generated in operating activities</b>		<b>7,872</b>	<b>5,680</b>
Cash utilised in discontinued activities		-	(476)
<b>Net cash generated in operating activities</b>		<b>7,872</b>	<b>5,204</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(4,540)	(4,045)
Proceeds on sale of property, plant and equipment		1,920	-
<b>Net cash flow from investing activities</b>		<b>(2,620)</b>	<b>(4,045)</b>
<b>Financing activities</b>			
Issue of shares (fastjet Limited)		-	1,641
Loan repayment – SSCG (fastjet Limited)	24	(502)	(250)
Instalment sale liabilities repayments	24	(965)	(126)
Instalment sale liability advanced	24	157	-
Lease liabilities payments	14	(568)	(115)
Lease liabilities interest paid	14	(123)	(68)
Interest paid on loans	24	(235)	(377)
Loan repayment – SAHL (fastjet Limited)		-	(600)
Loan repayments – COVID related (FedAir)	24	(145)	(106)
<b>Net cash flow from financing activities</b>		<b>(2,381)</b>	<b>(1)</b>
<b>Net movement in cash and cash equivalents</b>		<b>2,871</b>	<b>1,158</b>
Effect of exchange rate changes on cash		545	(112)
Opening net cash		4,406	3,360
<b>Closing net cash</b>	16	<b>7,822</b>	<b>4,406</b>

## Consolidated statement of changes in equity

	Share Capital US\$'000	Share Premium US\$'000	Treasury Shares US\$'000	Reverse Acquisition Reserve US\$'000	Translation Reserve US\$'000	Retained Earnings US\$'000	Equity US\$'000
<b>Balance at 31 December 2020</b>	<b>192,077</b>	<b>215,050</b>	<b>(288)</b>	<b>11,906</b>	<b>(4,239)</b>	<b>(407,247)</b>	<b>7,259</b>
Exercise of warrants	53	1,588	-	-	-	-	1,641
EBT dissolved			288	-	-	-	288
<b>Transactions with owners</b>	<b>53</b>	<b>1,588</b>	<b>288</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,929</b>
Profit for the year	-	-	-	-	-	9	9
- Exchange differences	-	-	-	-	536	-	536
- Exchange differences on translation of discontinued operations recycled to income statement	-	-	-	-	4,980	-	4,980
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,516</b>	<b>9</b>	<b>5,525</b>
<b>Balance at 31 December 2021</b>	<b>192,130</b>	<b>216,638</b>	<b>-</b>	<b>11,906</b>	<b>1,277</b>	<b>(407,238)</b>	<b>14,713</b>
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year	-	-	-	-	-	10,693	10,693
- Exchange differences	-	-	-	-	712	-	712
- Exchange differences on translation of discontinued operations recycled to income statement	-	-	-	-	-	-	-
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>712</b>	<b>10,693</b>	<b>11,405</b>
<b>Balance at 31 December 2022</b>	<b>192,130</b>	<b>216,638</b>	<b>-</b>	<b>11,906</b>	<b>1,989</b>	<b>(396,545)</b>	<b>26,118</b>

# Notes to the consolidated financial statements

## 1. Significant accounting policies

fastjet Limited is the Group's parent company. It is incorporated in England and Wales. The address of its registered office is the 6th Floor 60 Gracechurch Street, London, EC3V 0HR.

The Company's shares were quoted on the AIM market of the London Stock Exchange throughout 2019 and up to 06:00pm on Friday 21 August 2020. Thereafter and effective 07:00am Monday 24 August 2020, the shares were delisted and now can be traded privately via the Asset Match trading platform, [www.assetmatch.com](http://www.assetmatch.com).

### Holding Company

fastjet Limited's holding company is Solenta Aviation Holdings Limited ("SAHL"), a Maltese company, registered under company number C 86476, of registered office 4th Floor, Avantech Building, St Julian's Road, San Gwann, SGN 2805, Malta. Solenta Aviation Holdings Limited held 67% of the group's equity as at 31 December 2022 (2021: 67%).

### Basis of preparation

The financial statements are prepared in accordance with UK-adopted International Accounting Standards with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. fastjet transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2022. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The significant accounting policies are set out below and have, unless otherwise stated, been applied consistently, in all material respects, throughout all periods presented in these financial statements.

### Presentation of results

On 31 December 2021 the Group decided to close fastjet Zambia, EBT Trust, fastjet Mozambique and fastjet Africa as further described in Note 3. The closure of these entities resulted in a loss from discontinued operations of US\$15k (2021:US\$4.3m) (see Note 3).

# Notes to the consolidated financial statements

## Functional and presentation currencies

All amounts are presented in US dollars (US\$), being the Company's functional currency and the Group's presentation currency. The US\$ functional currency is a consequence of the majority of the Group's sales and cost of sales are influenced by, denominated in and settled in US\$. In preparing the financial statements of the individual companies, transactions denominated in foreign currencies in that country are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions.

The functional currency of the various Group subsidiary companies were assessed to be as follows:

- fastjet Zimbabwe is US\$;
- federal Airlines ("FedAir") is South African Rand;
- fastjet Limited is US\$;
- fastjet Africa is South African Rand;
- fastjet Mozambique is Mozambican metical; and
- fastjet Zambia is Zambian kwacha.

Non-monetary assets and liabilities are translated at the historical rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on translating foreign cash balances are shown as finance income or expense.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense are translated at the monthly average exchange rates. Exchange differences arising, if any, are classified in equity and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expense in the period in which the operation is disposed of.

Subsidiaries within the Group hold monetary intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future and thus are considered to be part of the Group's net investment in the relevant subsidiary. Due to the equity-like nature of these balances, any exchange differences arising on translation are recognised on consolidation directly into equity through the Consolidated Statement of Other Comprehensive Income, only being recognised in the Consolidated Income Statement on the disposal of the net investment.

## Notes to the consolidated financial statements

### Functional and presentation currencies continued

The following table presents the monthly average rates for the year ended 31 December 2022:

Month	South African Rand	Mozambican Metical	Zambian Kwacha	Zimbabwean Dollars
January	15,5061	63,7721	17,2424	109,7052
February	15,2221	63,7781	18,1152	119,7082
March	14,9889	63,7750	17,9538	130,0958
April	14,8865	63,7696	17,4661	146,5649
May	15,8836	63,7758	17,1153	192,2399
June	15,8007	63,8093	17,0276	332,3142
July	16,8387	63,8102	16,5151	390,6673
August	16,6920	63,8151	16,1447	482,6640
September	17,5462	63,8304	15,6654	587,6786
October	18,1219	63,8291	15,9550	627,1481
November	17,4893	63,8452	16,5567	634,0001
December	17,2993	63,8329	17,6024	666,3208

The following table present the monthly average rates for the year ended 31 December 2021:

Month	South African Rand	Mozambican Metical	Zambian Kwacha	Zimbabwean Dollars
January	15.4841	73.5220	20.8567	81.6652
February	15.4841	73.8335	21.1536	82.0036
March	15.2906	73.8335	22.1959	82.3883
April	14.4293	73.8599	22.4433	84.4904
May	14.0858	61.7411	22.6124	84.6139
June	14.1161	58.9044	21.8664	85.0675
July	14.4955	63.0564	18.6097	85.2492
August	14.7795	63.6158	16.3506	85.7177
September	14.5490	63.6943	17.0288	86.3315
October	14.8376	63.6943	17.5639	89.8541
November	15.5340	63.6943	16.8391	102.2071
December	15.8685	63.7920	20.8567	107.7984

The following table gives the exchange rates that has been used to translate the assets and liabilities of key foreign businesses to US\$ as at 31 December 2022 and 31 December 2021:

	Year 2022	Year 2021
Currency	Balance Sheet (closing rate)	Balance Sheet (closing rate)
South African Rand	17,0068	15.9236
Mozambican Metical	64,1026	63.8224
Zambian Kwacha	18,1159	16.6514
Zimbabwean Dollars	671,7511	108.6660

# Notes to the consolidated financial statements

## Going Concern

The continued operations of the Group operated at a profit and generated a positive cash inflow during 2022. The main driver of the positive cash inflow in 2022 was accessing the funds recognised under the Legacy Loan facility as well as the business generating operating profits.

Other significant risks remain associated with operating airlines and business in Africa including but not limited to political, judicial, administrative, fiscal and other regulatory matters. Many countries in Africa, including those in which the Group currently operate may in the future experience severe socio-economic hardship and political instability, including political unrest and government change.

The commitment of local business community, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating concerns with respect to licences and agreements for business which may be susceptible to delay, revision or cancellation, as a result of which legal redress may be uncertain or delayed.

fastjet Limited is the holding company of the Group and its expenses are funded through the activities of the subsidiary companies. As a result, the going concern assumption has been assessed as part of its function within the wider group as explained above including the conclusion.

From 2023 onwards as the Group is forecast to generate positive cash inflow from normal trading operations, no longer accessing the Legacy Loan facility will have no impact on the Group.

The Directors believe, based on current financial projections and funds available, that the Group and Company will have enough resources to meet its operational needs and to make required repayments on the debt facilities over the relevant period, being at least until August 2024. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis.

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

- Flight operations for FedAir continuing on the same trend as experienced in 2022; and
- Zimbabwe continue to be a net cash generating unit.

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

- Adverse currency exchange rate movements.

The key sensitivities to the underlying detailed cash flow forecasts are as follows:

- Load factors dropping by 10% from the forecast of around 75%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$7.6m;
- Drop in average ticket prices by 10% over the next 12 months. The effect on the forecast will be a decrease in cashflow of around US\$7.6m; and
- Price of crude oil increasing by 10% compared to the current price forecasted of US\$94 a barrel The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.4m.

These mostly external risks do show high level of sensitivity of the forecasts to the key assumptions described above, however none of the sensitivities indicate a potential negative cashflow.



# Notes to the consolidated financial statements

## New accounting standards, interpretations and amendments

The Group applied the following standards, amendments and interpretations for the first time for the year ended 31 December 2022:

- Annual Improvements to IFRS: 2018 – 2020 Cycle;
- Conceptual Framework for Financial Reporting (Amendments to IFRS 3);
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract); and
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before intended Use).

Based on the assessment performed, these had no material impact on the Group.

## Recent accounting developments

The following new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been applied early by the Group in these financial statements.

The following are not expected to have a significant impact on the Group's consolidated financial statements:

- Deferred tax related to assets and liabilities arising from a single transaction Amendments to IAS 12 - effective 01 January 2023;
- Definition of accounting estimates: Amendments to IAS 8 - effective 01 January 2023;
- Classification of Liabilities as Current or Non-Current Amendment to IAS 1 - effective 01 January 2024
- IFRS 17 Insurance Contracts - effective 01 January 2023;
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback) – effective 01 January 2024;
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current) – effective 01 January 2024; and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants) – effective 01 January 2024.

## Basis of consolidation

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss.

### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# Notes to the consolidated financial statements

## Business combinations

The Group accounts for the acquisition of subsidiaries and businesses using the purchase method. The cost of acquisition is measured at the aggregate of the fair values of assets given and equity instruments issued, plus any liabilities assumed. The acquired entities' assets, liabilities and contingent liabilities that meet the recognition criteria set out in IFRS 3 (Revised) are recognised at fair value.

## Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

The interest of non-controlling interests in the acquired entities is initially measured at the non-controlling party's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

## Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or has been abandoned, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, if before balance sheet, or when the operation meets the criteria to be classified as held for sale.

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

# Notes to the consolidated financial statements

## Discontinued operations (continued)

When an operation is classified as a discontinued operation, the statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period. Discontinued operations are presented in the consolidated income statement as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal Groups constituting discontinued operations.

## Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Owned aircraft	- 25 years
Leasehold property	- term of the lease
Motor vehicles	- 4 years
Fixtures, fittings and office equipment	- 4 to 7 years
Plant and machinery	- 10 years

## Aircraft

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Aircraft purchased with some economic life expired are depreciated over the remaining economic life. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines are capitalised and depreciated over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

Each component of an item of aircraft and other fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

On acquisition, each aircraft is split into its component assets, being each of its engines and its airframes. Major engine maintenance incurred by the company is capitalised into the cost of each engine asset. Depreciation of Airframe and Landing Gear is provided on the straight-line method and depreciation of aircraft engines (Engine Overhaul or Shop Restoration, plus Engine Hot Section Inspection and Auxiliary Power Unit) is provided on the sum-of-units method to write off the cost of each asset to its residual values over the estimated useful life.

The estimated useful lives are as follows:

Aircraft fleet	Airframe <sup>1</sup>	Engine Overhaul / Shop Restoration <sup>2</sup>	Engine Hot Section Inspection <sup>2</sup>	Landing Gear <sup>1</sup>	Auxiliary Power Unit ("APU") <sup>2</sup>
Embraer 145	25 years	7,000 Hours	n/a	144 months	5,000 Hours
C208B Fleet	25 years	3,600 Hours	1,800 Hours	n/a	n/a
C208B EX Fleet	25 years	4,000 Hours	2,000 Hours	n/a	n/a
PC12 Fleet	25 years	3,500 Hours	2,000 Hours	n/a	n/a

<sup>1</sup> Depreciated on the straight-line method.

<sup>2</sup> Depreciated on the sum-of-units method (per hour flown / utilized).

# Notes to the consolidated financial statements

## Other intangible assets

Intangible assets (other than goodwill) are recognised at cost less accumulated amortisation charges and any provision for impairment, or they are deemed to have an indefinite economic life and are not amortised but tested annually for impairment or more frequently, if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Amortisation is charged on a straight-line basis, as follows:

Air Operator Certificates (AOCs)	- 10 years
Brand licence agreement	- 10 years
Purchased brand	- Indefinite
Computer software	- 4 years

The purchased brand was purchased from easyGroup Holdings Limited. It is considered to have an indefinite life because there is no foreseeable limit to the cashflows generated from the fastjet brand.

## Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the recognised value of assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment charge on the value of goodwill cannot be reversed in a subsequent period.

This is evaluated for impairment yearly and if an impairment has occurred, then a loss must be recognised.

# Notes to the consolidated financial statements

## Leases

### Identifying leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset; and
- (c) The Group has the right to direct use of the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Group leases aircraft with contract terms less than 12 months. These are short term leases, and the Group has taken the short-term exemption included in IFRS 16 and expensed the costs through the profit and loss account in the period in which they are incurred. These leases included variable lease payments that are linked to the future performance of use of an underlying asset in the form of flight hours and these variable payments are recognised when the performance or use occurs. The amount relating to aircraft leases that was expensed in the current year is US\$2.0m.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the lessee uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

# Notes to the consolidated financial statements

## Leases (continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

## Revenue

The Group recognises revenue when it transfers control over goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer. Revenue for the provision of air travel is recognised on the date of departure. Ancillary fees such as baggage fees, credit card fees and flight alteration fees are also recognised on the date of departure as these are not considered distinct because the customer cannot benefit from it without taking the flight.

The Group incurs costs to obtain a customer contract that would otherwise not have been incurred. Such costs include travel agency fees and other commissions paid and global distribution systems (“GDS”) booking fees. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense contract costs (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

For shuttle and charter, clients are invoiced at an agreed rate, based on the higher of actual aircraft utilisation during the actual flight and a minimum fixed amount quoted per shuttle ticket or charter flight. Revenue is only recognised in the income statement when the actual flight has been performed. Any amounts received prior to flight date are recorded as creditors under deferred income. See Note 17.

## Other operating income

Other operating income arises mainly from other sources which do not form part of the Group’s passenger revenue generating activities including advertising and marketing income, maintenance recharges and fuel recoveries. Since this is not considered to be part of the main revenue stream, the Group presents this income separately from revenue. The performance obligation arises at a point in time and the revenue is recognised once the performance obligation is satisfied.

## Inventory

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. Inventory comprises aircraft general spares and rotables. Inventory excludes borrowing costs and freight. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and applicable variable selling expenses.

# Notes to the consolidated financial statements

## Pension costs

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

## Taxation

Current tax is the tax currently payable or receivable based on the result for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

## Share-based payments

### Employee benefits

The company operates equity-settled share-based remuneration plans for certain employees (including Directors).

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the number of shares that will vest.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate to share premium.

# Notes to the consolidated financial statements

## Equity-settled share-based payment transactions

Share-based payment arrangements in which the company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. Share based payments are measured by reference to the fair value of goods or services received.

## Financial instruments

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

### Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" mostly comprise all current and prior period results as disclosed in the income statement as well as costs taken directly to equity.
- "Translation reserve" represents the cumulative amount of foreign exchange gains and losses recognised outside of retained earnings.
- "Reverse acquisition reserve" represents the difference between the net assets assumed and the cost of the investment on combination of Rubicon and Lonrho's reserves in 2012.

### Financial assets

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost:

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.



# Notes to the consolidated financial statements

## Financial instruments (continued)

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand and deposits held at call with banks.

All financial assets not classified as measured at amortised cost are measured at fair value through profit and loss.

Fair value through profit or loss:

All financial assets not classified as measured at amortised cost are measured at fair value through profit and loss. This includes all derivative financial assets. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated income statement in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

## Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual agreements entered into.

The Group's financial liabilities include lease liability, borrowings, and trade and other payables.

Loan notes are initially recognised at fair value, net of transactions costs, and are subsequently recorded at amortised cost using the effective interest method.

Other financial liabilities are initially recognised at fair value, net of transaction costs, and are subsequently recorded at amortised cost using the effective interest method.

## Treasury shares

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

# Notes to the consolidated financial statements

## Key judgements and estimates

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates made by management in the application of adopted IFRS that have a significant effect on the financial statements with a significant risk of material adjustment in the next year are discussed in the following Notes:

- The valuation of the FedAir CGU, using the discounted cashflow method, resulted in the valuation of the business at US\$5.0m as at 31 December 2022 (2021: US\$5.0m). The valuation made use of estimates to determine future load factors, pricing, revenue, costs and capital expenditure requirements. As at 31 December 2022 management's assessment showed that there had been no changes to the valuation of FedAir CGU.
- Impairment of intangible assets (Note 12). Intangible assets comprise of the fastjet and FedAir brands which were acquired at US\$2.5m and US\$0.3m respectively and that had an indefinite useful life. An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. This assessment resulted in a provision for impairment of these brands in 2021 of US\$1.5m. As at 31 December 2022, management did an assessment of the fastjet brand and concluded that the factors leading to the impairment loss no longer exist and this resulted in an impairment loss reversal of US\$1,7m.

# Notes to the consolidated financial statements

## Key judgements and estimates (continued)

Judgements made by management in the application of adopted IFRS that have significant effect on the financial statements. These include:

- the determination of going concern shown above on page 59.
- the determination of the functional currencies of subsidiaries. Management concluded that the functional currency for fastjet Zimbabwe during 2022 and 2021 was US\$. It was noted that the majority of the sales for fastjet Zimbabwe were denominated and settled in US\$, the majority of the cost of sales for fastjet Zimbabwe are denominated and settled in US\$. In addition, the Government of Zimbabwe issued Statutory Instrument 142 of 2019 Reserve Bank of Zimbabwe (legal Tender) Regulations 2019. This specifically allowed airlines to receive legal tender in foreign currencies which from above was the United States Dollars (US\$). This judgement impacts the foreign exchange gains/losses within the income statement and the translation reserve.
- The Group holds less than 50% voting rights in the following companies. The Group consolidates these subsidiaries even though they hold less than 50% of the voting rights:
  - Parrot Aviation (Proprietary) Limited; and
  - fastjet Zimbabwe.

Management believes that the consolidation of the above subsidiaries is appropriate as, in the context of IFRS 10, the parent company has control because they have the ability and opportunity through shareholder agreements to immediately exercise a call option (at a nominal amount) to change the majority shareholder. This is always subject to any local shareholding restrictions and requirements for airline companies that apply from time to time in each respective country. Further, the maintenance of structural intercompany balances within these entities avoids the requirement to utilise dividend mechanisms and as such in substance gives the group 100% exposure to the economic interests of these entities.

Other factors of control include the appointment of the management team, board representation, airline commercial activities support, operational route network and fleet selection and ticket distribution systems, through the fastjet brand licencing agreements with these companies, together with inter-group loan agreements supporting working capital needs of the operational subsidiary.

Due to the above, management does not recognise any non-controlling interest.

# Notes to the consolidated financial statements

## 2. Segmental reporting

The Group's operations comprises that of airline services. That business operates across a number of different geographical territories, all within Africa. Accordingly, these geographical territories are the basis for the Company's segmental reporting disclosure.

The results of fastjet Limited head office and the Group's several (dormant) holding companies are disclosed under the heading 'Central'. A new business unit, fastjet Central Systems, was implemented in 2019, and has been disclosed as a segment on its own now. The fastjet Central Systems business unit is responsible for the management and supply of all reservation and booking systems, brand compliance and oversight, and revenue accounting, for any fastjet branded airline operations, for which it charges a management fee to the supported airline. The accounting policies of these segments are in line with those set out in Note 1.

Year ended 31 December 2022	fastjet Zimbabwe US\$'000	Central (Limited) US\$'000	federal Airlines US\$'000	Eliminate Inter- segment US\$'000	Total US\$'000
External	50,046	-	14,011	-	64,057
Inter-segment	-	250	2,816	(3,066)	-
<b>Total revenue</b>	<b>50,046</b>	<b>250</b>	<b>16,827</b>	<b>(3,066)</b>	<b>64,057</b>
<b>Other income</b>	<b>161</b>	<b>9,037</b>	<b>1,567</b>	<b>(890)</b>	<b>9,875</b>
<b>EBITDA</b>	<b>3,540</b>	<b>10,525</b>	<b>2,583</b>	<b>(3,232)</b>	<b>13,416</b>
<b>Other finance (expense) / income</b>	<b>(557)</b>	<b>(406)</b>	<b>(259)</b>	<b>(37)</b>	<b>(1,259)</b>
<b>Depreciation / amortisation</b>	<b>(124)</b>	<b>-</b>	<b>(684)</b>	<b>(510)</b>	<b>(1,318)</b>
<b>Profit / (loss) before tax</b>	<b>2,859</b>	<b>10,119</b>	<b>1,640</b>	<b>(3,779)</b>	<b>10,839</b>
<b>Tax</b>	<b>-</b>	<b>-</b>	<b>(313)</b>	<b>182</b>	<b>(131)</b>
<b>Net profit/ (loss)</b>	<b>2,859</b>	<b>10,119</b>	<b>1,327</b>	<b>(3,597)</b>	<b>10,708</b>
<b>Loss from discontinued activities net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>
<b>Profit for the year for the Group</b>	<b>2,859</b>	<b>10,119</b>	<b>1,327</b>	<b>(3,597)</b>	<b>10,693</b>
<b>Non-current assets</b>	<b>6,305</b>	<b>6,179</b>	<b>6,055</b>	<b>-</b>	<b>18,539</b>

# Notes to the consolidated financial statements

## 2. Segmental reporting continued

Year ended 31 December 2021	fastjet Zimbabwe US\$'000	Central (Limited) US\$'000	federal Airlines US\$'000	Eliminate Inter-segment US\$'000	Total US\$'000
External	22,607	-	5,307	-	27,914
Inter-segment	-	-	775	(775)	-
Total revenue	22,607	-	6,082	(775)	27,914
Other income	83	13,186	719	(154)	13,834
EBITDA	(3,192)	9,943	(647)	453	6,557
Other finance income / (expense)	(958)	(681)	(140)	6	(1,773)
Depreciation / amortisation	(126)	(8,482)	(208)	7,972	(844)
(Loss) / Profit before tax	(4,276)	780	(995)	8,431	3,940
Tax	-	-	228	182	410
Net (loss) / profit	(4,276)	780	(767)	8,613	4,350
Loss from discontinued activities net of tax	-	-	-	-	(4,341)
Profit for the year for the Group	-	-	-	-	9
Non-current assets	7,620	5,657	4,052	-	17,329

The Board monitors the performance of the business units and the overall Group. It monitors loss after tax and its individual components and therefore these are disclosed above.

# Notes to the consolidated financial statements

## 3. Discontinued operations

The loss from discontinued operations net of tax comprise of the following components:

Component	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>fastjet Africa</b>		
- trading loss net of tax (see note 3.1)	(15)	(425)
<b>fastjet Mozambique</b>		
- trading profit / (loss) net of tax (see note 3.1)	-	1,027
- Reclassification of foreign exchange translation reserve on Mozambique and Africa	-	(4,980)
<b>EBT Trust</b>		
- trading loss net of tax (see note 3.1)	-	37
<b>Total</b>	<b>(15)</b>	<b>(4,341)</b>

### 3.1 Trading (loss) / profit net of tax

As at 31 December 2021, the Board took the decision to close three subsidiaries, fastjet Zambia, fastjet Africa and fastjet Mozambique. fastjet Zambia, fastjet Africa, fastjet Mozambique no longer form part of the continuing operations with effect from this date. Consequently, these entities have been disclosed as discontinued operations with comparative results re-presented. On 6 April 2021 It was decided to wind up the Employees Benefit Trust. This was also disclosed as a discontinued operation from the Group.

The loss from discontinued activities net of tax in the consolidated income statement for 2022 comprises:

	fastjet Africa US\$'000
Revenue	-
Cost of sales	-
Gross profit	-
Other income	-
Administrative costs	(9)
Operating loss	(9)
Finance charges	(6)
Loss before tax	(15)
Taxation	-
<b>Loss for the year</b>	<b>(15)</b>

## Notes to the consolidated financial statements

### 3.1 Trading loss / (profit) net of tax (continued)

The loss from discontinued activities net of tax in the consolidated income statement for 2021 comprises:

	fastjet Africa US\$'000	fastjet Mozambique US\$'000	EBT Trust US\$'000	fastjet Zambia US\$'000	Total US\$'000
Revenue	-	-	-	-	-
Cost of sales	32	-	-	-	32
Gross profit	32	-	-	-	32
Other income	323	1,033	-	-	1,356
Administrative costs	(720)	-	37	-	(683)
Operating (loss) / profit	(365)	1,033	37	-	705
Finance charges	(60)	(6)	-	-	(66)
Loss before tax	(425)	1,027	37	-	639
Taxation	-	-	-	-	-
(Loss) / profit for the year	(425)	1,027	37	-	639

### 3.2 The following are the assets and liabilities relating to these operations:

	fastjet Africa US\$'000	fastjet Mozambique US\$'000	Total US\$'000
Current assets			
Cash and cash equivalents	-	74	74
Total	-	74	74
Current liabilities			
Trade and other payables	1	21	22

The following are the assets and liabilities relating to these operations for 2021:

	fastjet Africa US\$'000	fastjet Mozambique US\$'000	fastjet Zambia US\$'000	Total US\$'000
Current assets				
Cash and cash equivalents	6	27	14	47
Other receivables	49	-	-	49
Total	55	27	14	96
Current liabilities				
Trade and other payables	83	21	21	125

## Notes to the consolidated financial statements

### 4. Revenue

Revenue from continuing operations is made up of the following:

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Passenger revenue	55,580	24,283
Charter revenue	6,954	2,545
Ancillary services	1,523	1,086
<b>Total</b>	<b>64,057</b>	<b>27,914</b>

The Group has disaggregated revenue into various categories in the table below, which is intended to enable users to understand the nature of the revenue by country. These exclude intercompany revenue.

Year ended 31 December 2022	Zimbabwe US\$'000	FedAir US\$'000	Total US\$'000
Passenger revenue	47,778	7,802	55,580
Charter revenue	745	6,209	6,954
Ancillary services	1,523	-	1,523
<b>Total</b>	<b>50,046</b>	<b>14,011</b>	<b>64,057</b>

Year ended 31 December 2021	Zimbabwe US\$'000	FedAir US\$'000	Total US\$'000
Passenger revenue	21,111	3,172	24,283
Charter revenue	392	2,153	2,545
Ancillary services	1,104	(18)	1,086
<b>Total</b>	<b>22,607</b>	<b>5,307</b>	<b>27,914</b>

### Deferred income (forward ticket sales)

Amounts included in Trade and other payables (linked to forward ticket sales)	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Balance - 01 January	1,647	1,663
Amounts released to revenue during the year	(1,647)	(1,663)
Tickets booked and banked in advance for the following year not recognised as revenue during the period – included in liabilities <sup>1</sup>	2,214	1,647
<b>Balance – 31 December</b>	<b>2,214</b>	<b>1,647</b>

<sup>1</sup> See Note 17



# Notes to the consolidated financial statements

## 5. Operating profit

Operating profit / (loss) is stated after charging the following disclosable items:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Operating lease costs		
• Aircraft from other lessors or operators (short term lease)	8,205	1,977
• Other leases	97	-
Right- of- use amortisation (see Note 14)		
• Property	633	177
• Equipment	2	5
Fuel	18,589	7,728
Amortisation of other intangible assets (see Note 12)	510	524
Depreciation of property, plant and equipment (see Note 13)		
• Property, plant and equipment	174	98
• Owned aircraft	3,608	3,032
Audit fees paid:		
• Group – (BDO)	209	129
• Subsidiary companies - (BDO)	50	135
Net foreign exchange losses	555	1,145
Reversal of impairment loss (see Note 12)	(1,172)	-

## Notes to the consolidated financial statements

### 6. Cost of sales:

Cost of sales analysis for continuing operations comprise of the following main cost categories:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Aircraft leases		
- South Africa (FedAir) (non-group)	8,205	1,977
Aircraft depreciation	3,608	3,032
Fuel	18,589	7,728
Crew costs and training		
- Flight crew and cabin crew salaries	2,584	1,908
- Other crew costs	123	464
- Training	565	327
Aircraft maintenance and overhaul		
- Zimbabwe (Solenta)	3,469	2,175
- Zimbabwe (Other)	1,329	1,351
- South Africa (FedAir) (Solenta)	242	-
- South Africa (FedAir) (Other)	1,299	994
Passenger variable costs	2,985	1,683
Ground handling	2,922	2,055
Airport costs (landing, parking, overfly and navigation)	2,810	1,943
Cost of ancillaries	1,309	492
Withholding taxes	123	42
Aircraft insurance	297	252
Flight operations support	328	362
Passenger delay, goodwill and immigration fines	175	34
In-flight retail	26	-
Airport passenger charges	335	311
Other operational costs	93	22
Other	124	113
<b>Total</b>	<b>51,540</b>	<b>27,265</b>

# Notes to the consolidated financial statements

## Note 6 (continued)

### Administrative costs:

Administrative costs for continuing operations comprise of the following main cost categories:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Employee costs		
- salaries and wages	5,128	2,909
- other employee costs	512	202
- sub-contractors and consultants	1,283	2,008
Legal and professional	586	686
IT costs	1,147	629
Office costs	765	581
Depreciation of property, plant and equipment	174	98
Depreciation of right- of- use assets	635	177
Amortisation of intangible assets	510	524
Marketing and advertising costs	405	152
Travel and subsistence	321	166
Other costs	-	637
<b>Total</b>	<b>11,466</b>	<b>8,769</b>

## 7. Other operating income

Other operating income arises mainly from other sources which do not form part of the Group's passenger revenue generating activities. Since this is not considered to be part of the main revenue stream, the Group presents this income separately from revenue.

Other income comprises of the following:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
RBZ Legacy Loan settlement gain <sup>1</sup>	8,687	12,439
AAR settlement gain <sup>2</sup>	-	643
Advertising and marketing income earned	161	-
Recoveries	-	607
Settlement agreement on PHI	350	-
Profit on disposal of assets	576	-
Hangarage	20	48
Parking	1	3
Other	80	94
<b>Total</b>	<b>9,875</b>	<b>13,834</b>

<sup>1</sup> This is the gain from the settlement of the RBZ Legacy Loan. Refer to page 9 for further details.

# Notes to the consolidated financial statements

## 8. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	Year ended 31 December 2022	Year ended 31 December 2021
Administration and management	71	48
Cockpit and cabin crew	79	74
Ground and flight operations	53	42
Commercial	17	20
Aircraft maintenance	19	5
Total staff employed (continuing operations)	239	189

### Employees analysis by country (continuing operations):

• Zimbabwe	91	87
• South Africa (FedAir)	144	98
• United Kingdom	4	4
Total staff employed	239	189

The aggregate payroll costs (including Directors):	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Salaries and wages	10,077	7,739
Social security costs	118	79
Pension costs	-	-
Total	10,195	7,818

### Payroll costs for the continuing operations are disclosed in:

Administration costs	6,923	5,119
Cost of sales	3,272	2,699
Total	10,195	7,818

The aggregate remuneration of the Directors in the year was:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Salaries and wages	384	374
Directors' fees	96	104
Bonuses	337	25
Professional fees	100	-
	917	503

The remuneration of the highest paid Director was US\$462k (2021: US\$248k). The remuneration of the Directors are presented on page 39.

# Notes to the consolidated financial statements

## 9. Finance income and Finance charges

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Finance income</b>		
Interest received on short term deposits	46	26
	<b>46</b>	<b>26</b>
<b>Finance charges</b>		
Interest charges	383	420
Net foreign exchange losses	555	1,145
Bank charges (includes 2% transfer fees in Zimbabwe)	358	227
Other finance charges	9	8
	<b>1,305</b>	<b>1,800</b>

## 10. Taxation

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Current tax expenses / (benefit):</b>		
Overseas tax expense	131	-
<b>Deferred tax</b>		
Deferred tax	-	(410)
	<b>131</b>	<b>(410)</b>
<b>Disclosed in:</b>		
- continuing operations	131	(410)
Tax expense / (benefit) - continuing and discontinued operations	<b>131</b>	<b>(410)</b>

# Notes to the consolidated financial statements

## Taxation continued

A reconciliation of the tax expense to the reported losses is given below:

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Profit from continuing operations before tax	10,839	3,940
Loss from discontinued operations before tax	(15)	(4,341)
Profit / (loss) before tax	10,824	(401)
Profit / (loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	2,057	(76)
Current year losses for which no deferred tax has been recognised	-	1,969
Current year profits for which no tax has been recognised	(550)	-
Foreign exchange not allowed	464	202
Expenses not deductible for tax purposes	217	753
Non-taxable income	(1,875)	(2,364)
Assessed loss from prior year	-	(726)
Release of fair value adjustment	(182)	(182)
Prior period deferred tax adjustment	-	14
Total current tax (benefit)	131	(410)

Expenses not deductible for tax purposes include specific and general provisions disallowed for tax purposes until such time as the expenditure is incurred. Examples are fundraising costs and legal costs.

At 31 December 2022 the Group had accumulated tax losses of approximately US\$258m (2021: US\$259m) available for offset against future taxable trading profits. The ability to utilise these tax losses is uncertain in some jurisdictions except for FedAir and therefore the Directors consider it inappropriate to recognise this potential deferred tax asset until such time as the Group begins to generate taxable profits against which the losses will be utilised.

# Notes to the consolidated financial statements

## 11. Profit / (loss) per share

Profit / (loss) per share is calculated by dividing the profit / (loss) for the year attributable to equity shareholders in the Parent Company (as stated in the income statement) by the weighted average number of shares in issue during the period.

The weighted average number of shares in issue during the period, adjusted for the share consolidations, was 380,457 (2021: 3,802,393,132). The profit for the purposes of basic earnings per share being the net profit attributable to the equity holders of the parent was US\$10.7m continuing, and US\$15k loss discontinued operations (2021: US\$4.4m continuing and US\$4.3m loss discontinued operations).

Number of ordinary shares	Year ended 31 December 2022	Year ended 31 December 2021
Issued ordinary shares as at 01 January	3,804,566,129	3,800,824,884
Warrants exercised in July	-	3,741,245
Issue of shares - 29 September 2022	3,871	-
New share balance before consolidation	(3,804,570,000)	-
Consolidated ordinary shares of £1.00 shares (every 10,000 ordinary shares consolidated into 1)	380,457	-
Number of shares as at 31 December	380,457	3,804,566,129

The weighted average number of ordinary shares for 2022 is calculated as follows:

Weighted average number of ordinary shares	Year ended 31 December 2022
Issued ordinary shares as at 01 January	3,804,566,129
Issue of shares – 29 September 2022	976
Weighted average shares after share issue	3,804,567,105
Share consolidation (every 10,000 shares consolidated into 1)	
Weighted average number of shares as at 31 December	380,457

The weighted average number of ordinary shares for 2021 is calculated as follows:

Weighted average number of ordinary shares	Year ended 31 December 2021
Issued ordinary shares as at 01 January	3,800,824,884
Effect of warrants exercised in July	1,568,248
Weighted average number of shares as at 31 December	3,802,393,132

# Notes to the consolidated financial statements

## 12. Intangible assets

	Goodwill US\$'000	AOCs US\$'000	Brands* US\$'000	Computer software US\$'000	Total US\$'000
<b>Cost</b>					
At 31 December 2020	1,499	7,893	2,797	1,519	13,708
Additions	-	-	-	-	-
At 31 December 2021	1,499	7,893	2,797	1,519	13,708
Additions	-	-	-	-	-
<b>At 31 December 2022</b>	<b>1,499</b>	<b>7,893</b>	<b>2,797</b>	<b>1,519</b>	<b>13,708</b>
<b>Less: Amortisation and Impairment</b>					
At 31 December 2020	1,499	3,961	1,686	1,505	8,651
Amortisation for the year	-	491	19	14	524
At 31 December 2021	1,499	4,452	1,705	1,519	9,175
Amortisation for the year	-	491	19	-	510
Impairment loss reversal <sup>1</sup>	-	-	(1,172)	-	(1,172)
<b>At 31 December 2022</b>	<b>1,499</b>	<b>4,943</b>	<b>552</b>	<b>1,519</b>	<b>8,513</b>
<b>Net carrying amount</b>					
At 31 December 2020	-	3,932	1,111	14	5,057
At 31 December 2021	-	3,441	1,092	-	4,533
<b>At 31 December 2022</b>	<b>-</b>	<b>2,950</b>	<b>2,245</b>	<b>-</b>	<b>5,195</b>



## Notes to the consolidated financial statements

\* Indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

Indefinite life Intangible asset	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
fastjet Zimbabwe CGU		
fastjet Limited brand <sup>1</sup>	2,500	2,500
Less: cumulative impairment from prior years	(1,540)	(1,540)
Add: impairment loss reversal in the current year	1,172	-
	<b>2,132</b>	960
FedAir CGU		
FedAir brand <sup>2</sup>	297	297
Less: cumulative impairment	(108)	(108)
Less cumulative amortisation	(76)	(57)
	<b>113</b>	132
<b>Total</b>	<b>2,245</b>	1,092

### <sup>1</sup> fastjet Limited brand:

On 31 December 2022, management decided to do a reversal of prior year impairment loss on the fastjet Limited brand, after an assessment concluded that the factors leading to the impairment loss no longer exist. The recoverable amount of the fastjet Limited brand has been calculated with reference to its value in use based on brand licensing fees chargeable to fastjet branded airline operations. The key assumptions of this calculation are shown below:

Key Assumptions	Year ended 31 December 2022	Year ended 31 December 2021
Period in which management forecasts are based	2023-2027	2022-2025
Growth rate applied beyond approved forecast period	0%	2.50%
Discount rate	14.91%	15.00%

The recoverable amount of the Cash Generating Units ("CGUs") to which this brand asset is allocated have been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the Board covering a five-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate mentioned above. The indefinite life intangible asset is allocated to the following Cash Generating Units ("CGU"):

Cash Generating Unit	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
fastjet Zimbabwe	2,132	960
<b>Total</b>	<b>2,132</b>	960

## Notes to the consolidated financial statements

### Sensitivity Analysis:

If the inputs to the valuation model above were 1% higher / lower, while all other variables were held constant, the carrying amount of the brand would change as reflected below:

1% decrease in the growth rate	(US\$ 153,343)
1% increase in the discount rate	(US\$ 140,761)

### <sup>2</sup> FedAir brand:

As at 31 December 2021, management calculated the recoverable amount of FedAir using a discounted cashflow method based on FedAir's current shuttle business (being a single CGU).

The key assumptions of this calculation are shown below:

Key Assumptions	Year ended 31 December 2022	Year ended 31 December 2021
Period in which management forecasts are based	2023 - 2027	2022-2026
Growth rate applied beyond approved forecast period	6.50%	2.00%
Discount rate	15.09%	14.80%
Foreign exchange rate ZAR: US\$	R17.30:US\$1.00	R15.923:US\$1.00

The recoverable amount was established to be US\$5.0m at 31 December 2022 (2021:US\$5.0m).

As at 31 December 2022, management has assessed the recoverable amount of FedAir CGU to be same and no adjustments were made in the current year.

### Sensitivity Analysis:

If the inputs to the valuation model above were 1% higher / 1% lower or if there was a R1.00 fluctuation in exchange rate, while all other variables were held constant, the carrying amount of the FedAir business would change as reflected below based on the discounted cashflow model:

1% decrease in the growth rate	(US\$23,962)
1% increase in the discount rate	(US\$22,023)
R1:00 increase in ZAR:US\$ exchange rate	(US\$21,260)

# Notes to the consolidated financial statements

## 13. Property, plant and equipment

	Owned Aircraft US\$'000	Property US\$'000	Plant & Machinery US\$'000	Fixtures and Equip. US\$'000	Motor Vehicles US\$'000	Total US\$'000
<b>Cost</b>						
At 31 Dec. 2020	15,494	329	304	504	207	16,838
Additions	3,856	53	54	21	61	4,045
Disposals/write off	(799)	-	-	-	-	(799)
Foreign currency difference	(393)	4	3	-	-	(386)
At 31 Dec. 2021	18,158	386	361	525	268	19,698
Additions	4,570	30	39	200	215	5,054
Disposals/write off	(2,093)	-	-	-	-	(2,093)
Foreign currency difference	(285)	(3)	(6)	1	(4)	(297)
<b>At 31 Dec. 2022</b>	<b>20,350</b>	<b>413</b>	<b>394</b>	<b>726</b>	<b>479</b>	<b>22,362</b>
<b>Accumulated depreciation</b>						
At 31 Dec. 2020	4,887	194	262	322	68	5,733
Charge for the year	3,032	32	10	26	30	3,130
Disposals	(584)	-	-	-	-	(584)
Foreign currency difference	(170)	5	-	-	1	(164)
At 31 Dec. 2021	7,165	231	272	348	99	8,115
Charge for the year	3,608	31	17	90	36	3,782
Write – off	362	-	-	-	-	362
Disposals	(770)	-	-	-	-	(770)
Foreign currency difference	(115)	(1)	1	-	-	(115)
<b>At 31 Dec. 2022</b>	<b>10,250</b>	<b>261</b>	<b>290</b>	<b>438</b>	<b>135</b>	<b>11,374</b>
<b>Net carrying amount</b>						
At 31 Dec. 2020	10,607	135	42	182	139	11,105
At 31 Dec. 2021	10,993	155	89	177	169	11,583
<b>At 31 Dec. 2022</b>	<b>10,100</b>	<b>152</b>	<b>104</b>	<b>288</b>	<b>344</b>	<b>10,988</b>

Aircraft with a carrying amount of US\$1.7m (2021: US\$2.8m) and motor vehicles with a carrying amount of US\$161k (2021: US\$nil), serve as security for the instalment liabilities in Note 18.

Aircraft ZS - BBD with a carrying amount of US\$1.6m, serve as security for the US\$2.0m loan with Solenta Aviation Holdings Limited ("SAHL").

## Notes to the consolidated financial statements

### 14. Right-of-use assets and lease liabilities

#### Nature of leasing activities (in the capacity as lessee)

The Group leases twenty buildings which are in Zimbabwe and South Africa. These are mainly used as offices in these countries. The leases run for a period of 1.5 years to five years. For the lease of seven properties in Zimbabwe, the rental is subject to review upon the service of one calendar months' notice by the lessor. Some leases in South Africa, the lease payments increase each year by inflation or and in others to be reset periodically to market rental rates. For some property leases the periodic rent is fixed over the lease term. The Group is restricted from entering into any sub-lease arrangements without the written consent of the lessor. The Group leases in equipment with contract terms of three years. The periodic rent for equipment leases is fixed over the lease term.

The Group leased eight aircraft with contract terms less than twelve months. This was reduced to one aircraft by the end of the year. These are short term leases, and the Group has taken the short-term exemption included in IFRS 16 and expensed the costs through the profit and loss account in the period in which they are incurred. The lease payments are based on a flat monthly amount plus variable lease payments that are linked to the future performance of use of an underlying asset in the form of flight hours and these variable payments are recognised when the performance or use occurs. The amount relating to aircraft leases that was expensed in the current year is US\$8.0m (2021:US\$2.0m). Some of these leases are cancellable with short notice of thirty days and no penalty and some with a notice of forty-eight hours with also no penalty.

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The following are the Right- of- use assets of the Group as at 31 December 2022 and the corresponding lease liabilities:

#### Right-of-use assets

	Property US\$'000	Equipment US\$'000	Total US\$'000
As at 1 January 2020	432	6	438
Additions	757	-	757
Amortisation	(177)	(5)	(182)
Effect of modification to lease terms	218	-	218
Foreign exchange movements	(17)	(1)	(18)
As at 31 December 2021	1,213	-	1,213
<b>Additions</b>	<b>1,894</b>	<b>16</b>	<b>1,910</b>
<b>Amortisation</b>	<b>(633)</b>	<b>(2)</b>	<b>(635)</b>
<b>Effect of modification to lease terms</b>	<b>91</b>	<b>-</b>	<b>91</b>
<b>Foreign exchange movements</b>	<b>(223)</b>	<b>-</b>	<b>(223)</b>
<b>As at 31 December 2022</b>	<b>2,342</b>	<b>14</b>	<b>2,356</b>

## Notes to the consolidated financial statements

### Lease liabilities

	Property US\$'000	Equipment US\$'000	Total US\$'000
As at 1 January 2020	519	9	528
Additions	757	-	757
Interest expense	68	-	68
Lease payments	(175)	(8)	(183)
Effect of modification to lease terms	169	-	169
Foreign exchange movements	(20)	(1)	(21)
As at 31 December 2021	1,318	-	1,318
<b>Additions</b>	<b>1,895</b>	<b>16</b>	<b>1,911</b>
<b>Interest expense</b>	<b>122</b>	<b>1</b>	<b>123</b>
<b>Lease payments</b>	<b>(689)</b>	<b>(2)</b>	<b>(691)</b>
<b>Effect of modification to lease terms</b>	<b>91</b>	<b>-</b>	<b>91</b>
<b>Foreign exchange movements</b>	<b>(261)</b>	<b>-</b>	<b>(261)</b>
As at 31 December 2022	2,476	15	2,491

### Maturity analysis of lease liabilities

At 31 December 2022	Up to 3 months US\$'000	Between 3 and 12 months US\$'000	Between 1 and 2 year US\$'000	Between 2 and 5 years US\$'000	Over 5 Years US\$'000
Lease liabilities	269	813	855	554	-
At 31 December 2021	Up to 3 months US\$'000	Between 3 and 12 months US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 Years US\$'000
Lease liabilities	54	164	235	865	-

# Notes to the consolidated financial statements

## 15. Trade and other receivables

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Trade and other receivables due within one year:</b>		
Trade receivables (net of provision for loss allowance)	7,676	3,551
Other receivables	6,305	1,516
Aircraft deposit - Textron - new C208B EX	2,093	-
Engine refurbishment deposit - Rolls Royce	1,260	-
Fuel deposit - Puma	612	112
Rental deposit – Dawn Properties fastjet Zimbabwe	387	-
Pool access deposit – Solenta Aviation (Proprietary) Limited	200	-
Maintenance deposit - Solenta Aviation (Proprietary) Limited	133	-
Fan wheel deposit - Solenta Aviation (Proprietary) Limited	105	-
Security deposit - FJA ERJ 145	101	-
Maintenance deposit - Solenta C208B rotatable baseline	45	-
Other deposits	378	104
RBZ auction receivable	908	227
Other receivables	83	350
BBD engine deposit - ACIA	-	525
C- check and landing gears deposit -fastjet Zimbabwe	-	198
<b>Total financial assets other than cash and cash equivalents classified as amortised cost</b>	<b>13,981</b>	<b>5,067</b>
VAT and tax	2,071	1,878
Prepayments	357	669
<b>Total</b>	<b>2,428</b>	<b>2,547</b>
<b>Total</b>	<b>16,409</b>	<b>7,614</b>

The Group applies a simplified approach to measuring expected credit losses using the lifetime expected credit loss provision method.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. Trade receivables relate primarily to travel agencies who have collected funds for the group – for the 2022 year these are all considered to have a similar credit risk and aging and have been included in one category.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

Credit risk for receivables has not increased significantly since their initial recognition.

## Notes to the consolidated financial statements

### Trade and other receivables (continued)

The lifetime expected loss provision for trade receivables and contract assets is as follows:

<b>As at 31 December 2022</b>	<b>Current US\$'000</b>
<b>Expected loss rate – category 1</b>	<b>1%</b>
<b>Gross carrying amount</b>	<b>7,676</b>
<b>Loss provision</b>	<b>76</b>
<b>Expected loss rate – category 2</b>	<b>100%</b>
<b>Gross carrying amount</b>	<b>-</b>
<b>Loss provision</b>	<b>-</b>
<b>As at 31 December 2021</b>	
Expected loss rate – category 1	1%
Gross carrying amount	3,551
Loss provision	36
Expected loss rate – category 2	100%
Gross carrying amount	-
Loss provision	-

Movements in the impairment allowance for trade receivables are as follows:

	<b>Year ended 31 December 2022 US\$'000</b>	<b>Year ended 31 December 2021 US\$'000</b>
Opening provision for impairment of trade receivables	-	-
Increase during the year	-	-
Decrease during the year	-	-
At 31 December	-	-

# Notes to the consolidated financial statements

## 16. Cash and cash equivalents

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Petty cash	31	52
Bank balances	7,791	4,354
<b>Cash and cash equivalents in the consolidated balance sheet</b>	<b>7,822</b>	<b>4,406</b>
<b>Cash and cash equivalents in the statement of cash flows*</b>	<b>7,822</b>	<b>4,406</b>

\* As at 31 December 2022, US\$485k (2021: US\$581k) of cash and cash equivalents of fastjet Zimbabwe was cash restricted for use mainly within the country.

## 17. Trade and other payables

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Trade payables	5,889	4,724
Deferred income (forward ticket sales)	2,214	1,647
Accruals *	1,069	760
Other payables	543	286
Other taxation and social security	42	10
VAT & tax	-	-
	<b>9,757</b>	<b>7,427</b>

\* The accruals include US\$nil (2021:US\$234k) for fastjet Limited settlement agreements as group guarantor related to the disposal of the Tanzanian CGU.



# Notes to the consolidated financial statements

## 18. Loans and other borrowings

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Non-current</b>		
Solenta Aviation Holdings Limited loan <sup>1</sup>	2,000	2,000
Instalment sale liabilities <sup>2</sup>	116	429
COVID-19 related loan <sup>2</sup>	320	554
<b>Total</b>	<b>2,436</b>	<b>2,983</b>
<b>Current</b>		
Instalment sale liabilities <sup>2</sup>	262	774
Loan from SSCG <sup>1</sup>	-	502
COVID-19 related loan <sup>2</sup>	202	149
<b>Total</b>	<b>464</b>	<b>1,425</b>

<sup>1</sup> US\$ denominated – fastjet Limited

<sup>2</sup> South African Rands (ZAR) denominated – FedAir CGU

### Solenta Aviation Holdings Limited loan

The salient terms of the Facility are as follows:

- The required security for the loan comprises security over certain key material assets of the fastjet Group including the fastjet brand and trademarks, the majority interest in the shares held by the Group in fastjet Zimbabwe Limited, the shares acquired by the Group in FedAir, and a mortgage over one aircraft, ZS – BBD;
- The security includes an SAHL right to nominate directors to the Boards of FedAir and fastjet Zimbabwe Limited together with an additional director to the Board of fastjet Limited (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies);
- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions);
- The applicable interest rate is fixed 6% per annum;
- Repayment after 48 months provided that there has been six months of trading profitability;
- The lender can allow repayment after 36 months, provided that the six months profitability condition has been met;
- Addition of fastjet Africa (excluding fastjet Mozambique Limitada) as additional security for the remaining term; and
- On 25 May 2022, SAHL agreed to extend the repayment of the US\$2.0m loan to 29 November 2024.

# Notes to the consolidated financial statements

## Loans and other borrowings continued

On 18 May 2020, an additional amount of US\$600k was drawn down under a new loan extension and the current balance outstanding is now US\$2.6m. The terms of the additional US\$600k loan drawn are:

- The applicable interest rate is 10% per annum;
- The initial loan term was six months from date of draw down, and can be extended twice further for two additional six-month terms; on each extension, a 1% rollover fee is payable in cash; and
- The maximum loan term of the additional US\$600k is 18 months, with final repayment to occur no later than 19 November 2021. This was repaid by November 2021.

## Instalment sale liabilities

Liabilities under instalment sale agreements are South African Rand denominated loans held with Standard Bank of South Africa Limited. The loans arose following the purchase by FedAir of four of their operational aircraft. Two of those aircraft were disposed in 2022. Those are currently reflected under owned aircraft and two vehicles included under motor vehicles in (see Note 13). The loans bear interest at South African prime (currently 7.00%) minus 1%. Final instalments on the aircraft were due in June 2023 and final instalments on the motor vehicles are due in between 01 December 2026 and 01 November 2027.

As at 31 December 2022, the instalment sale liabilities are secured by the two owned aircraft with a book value in FedAir of US\$1.7m (2021: US\$2.8m) and motor vehicles with a book value in FedAir of US\$161k (2021: US\$51k).

## FedAir overdraft and COVID-19 Loan

On 10 August 2020, FedAir received a R12,639,647 (approximately US\$760,000) COVID-19 Emergency Term Loan facility from Standard Bank of South Africa Limited and the loan agreements have been agreed and implemented. The loan is over a period of 66 months and bears variable interest at the prime interest rate which is currently at 11.5% per year. The loan was granted on an unsecured basis.

The loan can only be used to finance specified operational expenses in the amounts set out below:

- salaries and wages to employees: gross payroll i.e. cost to company, including income tax remittances, pension, medical aid but specifically excluding payment in relation to retrenchments - for an aggregate amount of R4.0m (US\$274k);
- salaries and wages to directors, trustees, members and other like officers (but specifically excluding payments in relation to retrenchments, loan repayments, profit, shareholder or member distributions, director members', trustees' and/or management fees and/or royalty payments to directors, members, trustees and/or shareholders - for an aggregate amount of R857k (US\$57k);
- payment of rentals (immovable properties) and lease payments (in relation to machinery and equipment directly used in the production of goods and services in the business) - for an aggregate amount of R1,3m (US\$89k);
- supplier payments of direct and indirect costs and expenses associated with the domestic and/or foreign supply of goods, materials and services to the Borrower, including (without limitation), the costs and expenses of importing and exporting goods and materials, including all logistics and custom service providers relating thereto - for an aggregate amount of R3.0m (US\$205k);
- utility payments: electricity, water and gas - for an aggregate amount of R154k (US\$11k); and
- other operating expenses in an aggregate amount of R3,2m (US\$219k).

FedAir has complied with the above conditions to date.

# Notes to the consolidated financial statements

## Loans and other borrowings continued

### Loan from SSCG

#### Original transaction

In July 2018, fastjet Limited borrowed US\$2.0m from SSCG for general working capital purposes across the Group on an interest-bearing loan at 6% fixed per annum, for an initial period of six months with several amendments extending it up to 31 August 2022. The full amount outstanding was fully settled in June 2022.

## 19. Deferred tax liability

Deferred tax is calculated in full on temporary differences under the liability method.

The movement on the deferred tax account is as shown below:

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>At 1 January</b>	<b>(1,566)</b>	<b>(2,014)</b>
Recognised in profit and loss	-	410
Effects of movements in exchange rate	10	38
<b>At 31 December</b>	<b>(1,556)</b>	<b>(1,566)</b>
<b>Deferred tax liability is attributable to the following items</b>		
Aircraft, plant and equipment	(823)	(1,099)
AOC	(825)	(963)
Allowance for future expenditure	(154)	(112)
Lease liabilities	655	305
Prepaid expenses	(33)	(138)
Brand	(32)	(37)
Assessed loss	-	631
Income received in advance	233	152
Right-of-use-asset	(619)	(285)
Leave pay provision	34	23
Provision for bonuses	38	-
Effect of change in tax rate	14	-
Adjustment for prior years	(15)	-
Effects of movement in exchange rate	(29)	(43)
	<b>(1,556)</b>	<b>(1,566)</b>

In 2022, a deferred tax asset has not been recognised for unused tax losses for all the companies in the Group. This is because it is not probable that future taxable profits will be available against which the Group companies can use the benefits thereon. In 2021, a deferred tax asset of US\$631k relating to FedAir assessed losses was recognised.

# Notes to the consolidated financial statements

## 20. Share capital and Share premium

	Number of ordinary shares £1.00 each	Number of ordinary shares £0.0001 each '000	Number of deferred shares* £0.01 each '000	Number of deferred shares* £0.09 each '000	Share capital GBP'000	Share capital US\$'000	Share premium US\$'000
At 1 January 2021	-	3,800,825	9,313	1,035,890	131,331	192,077	215,050
Shares issued	-	3,741	-	-	-	53	1,588
At 31 December 2021	-	3,804,566	9,313	1,035,890	131,331	192,130	216,638
Shares issued Consolidation	- 380,457	4 (3,804,570)	- -	- -	- -	- -	- -
<b>At 31 December 2022</b>	<b>380,457</b>	<b>-</b>	<b>9,313</b>	<b>1,035,890</b>	<b>131,331</b>	<b>192,130</b>	<b>216,638</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**\* Deferred shares** - On 8 August 2016, the Company's existing ordinary shares of £1.00 each were consolidated into new ordinary shares on the basis of one new ordinary share of 1 penny each and 11 deferred shares of 9 pence each for every existing ordinary share of £1.00 each.

The deferred shares have no rights attached.

### 2022:

On 29 September 2022 the existing 3,804,570,000 shares of £0.01 each were consolidated into 380,457 shares of £1.00 each. To effect the Share Consolidation, the Company issued 3,871 additional Ordinary Shares prior to the consolidation record date so that the aggregate nominal value of the ordinary share capital of the Company is exactly divisible by 10,000. Following the Additional Share Issuance, the Company had 3,804,570,000 Ordinary Shares in issue.

These were consolidated into new ordinary shares of £1 each on the basis of 1 (one) consolidated share for every 10,000 ordinary shares in issue. After the consolidation, the shares in issue became 380,457.

### 2021:

On 31 July 2021, 3,741,245 warrants were exercised at the price of £0.315 per share.

# Notes to the consolidated financial statements

## Reconciliation of outstanding share warrants

The number and weighted average prices of warrants are as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	-	-	30,314,716	£0.315
Granted	-	-	-	-
Exercised	-	-	(3,741,245)	-
Lapsed	-	-	(26,573,471)	-
Outstanding at end of the year	-	-	-	£0.315

Included in the analysis above are warrants that have been issued to WH Ireland Limited, Liberum Capital Limited and Sanlam Securities UK Limited as part consideration of their fees in respect of the share placings.

On 31 July 2021 3,741,245 were exercised and the remaining 26,573,471 lapsed.

## 21. Subsidiaries

The Company holds ordinary shares in the following subsidiary companies. All subsidiaries are included in the consolidated financial statements.

Active Companies			Voting rights held	
Name	Country of Incorporation	Activity	2022	2021
fastjet Zimbabwe Limited	Zimbabwe	Airline Services	49.00%	49.00%
Parrot Aviation Proprietary Limited	South Africa	Holding Company	25.00%	25.00%
federal Airlines Proprietary Limited	South Africa	Airline Services	25.00%	25.00%
Discontinued Operations			Voting rights held	
Name	Country of Incorporation	Activity	2022	2021
fastjet Africa (Pty) Limited	South Africa	Airline Management Services	100%	100.00%
fastjet Mozambique Limitada	Mozambique	Airline Services	100%	99.25%
fastjet Zambia Limited	Zambia	Airline Services	-	49.50%

The registered office of all companies incorporated in the UK is the 6<sup>th</sup> Floor, 60 Gracechurch Street, London EC3V 0HR.

The registered office of fastjet Africa (Proprietary) Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

The registered office of fastjet Mozambique Limitada is No 165, Jose Sidumo Road, Beirro Central, Urban District 1, Maputo, Mozambique.

The registered office for Parrot Aviation (Proprietary) Limited is Key West Centre, 43 Van Buuren Road, Bedfordview, Gauteng, South Africa.

# Notes to the consolidated financial statements

## 21. Subsidiaries (continued)

The registered office for federal Airlines (Proprietary) Limited is Hangar 14, Bonaero Park, Johannesburg, South Africa.

All subsidiaries of the Group are shown above.

### **fastjet Zimbabwe Limited, fastjet Zambia Limited**

During the year ended 31 December 2015 the share capital in fastjet Zimbabwe Limited and fastjet Zambia Limited were reorganised to enable shares to be issued to holding companies incorporated in the respective countries which in turn are owned by individuals who are nationals in those countries. The shares, which were issued, brought the national ownership by virtue of the individual shareholdings to greater than 50% ownership in each country.

fastjet Zimbabwe Limited and fastjet Zambia Limited (remains dormant) are consolidated as subsidiaries in these financial statements. Refer to the key judgements and estimates note on page 69 for further detail regarding this consolidation.

### **Parrot Aviation (Proprietary) Limited**

In the 2017 financial year, fastjet Limited acquired a 25% equity interest in Parrot Aviation. The remaining 75% equity was acquired by the fastjet Group Chairman, Rashid Wally and transferred to Wally Technologies & Associates in 2021.

Parrot Aviation is consolidated as a subsidiary in these financial statements. Although the Group holds only 25% shareholding and voting rights in the entity, it controls the management, operations and distributions through contractual agreements as well as its board representation. Consequently, there is no adjustment for non-controlling interests.

# Notes to the consolidated financial statements

## 22. Shares based payments

### Employee Share Options

The Company has issued various options and warrants. Share options have been issued to Directors and employees as part of their remuneration and incentive packages.

The terms and conditions related to the grants of the share options are as follows; all options are to be settled by physical delivery of shares.

<b>Grant date of Options granted to Directors</b>	<b>Number of options granted*</b>	<b>Vesting Conditions</b>	<b>Contractual life of options*</b>
On 13 June 2012	3,000	Completing reverse take over	13.06.12 to 13.06.22
Options granted to Directors and employees on 1 April 2015	2,834,204	Approval of proposed funding announced by the Company on 1 April 2015 by the Company in a general meeting by 20 April 2015.	01.04.15 to 01.04.25
Options granted to Directors on 15 August 2016	1,922,607	None	15.08.16 to 15.08.26

In accordance with IFRS 2 "Share based payments" share options granted or re-priced during the period have been measured at fair value. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model.

\*The number of options and vesting conditions has been adjusted following the share consolidation on 21 April 2015.

	<b>Date of grant</b>		
	<b>13 June 2012</b>	<b>1 April 2015</b>	<b>15 August 2016</b>
Share price	£3.05	£1.025	£0.2545
Exercise price	£5.00	£1.025	£0.315
Expected volatility	50%	77.27%	110.73%
Expected life	2.5 years	3 years	5 years
Expected dividends	0	0	0
Risk-free interest rate	2%	0.65%	0.17%

# Notes to the consolidated financial statements

## Reconciliation of outstanding share options

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

	31 December 2022		31 December 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	4,759,811	£1.15	4,759,811	£1.15
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
Outstanding at end of the year	4,759,811	£1.15	4,759,811	£1.15

Options and average prices have been adjusted following the share consolidation on 21 April 2015.

The share options outstanding at 31 December 2022 have an exercise price in the range of £0.315 to £44.78 (2020: £0.315 to £44.78) and a weighted average contractual life of 7.7 years (2020: 7.7 years).

Expense recognised in the profit or loss	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000
Total expense recognised for equity-settled share-based payments	-	-



# Notes to the consolidated financial statements

## 23. Financial instruments

The Group's principal financial instruments comprise of equity shares, cash and cash equivalents and borrowings. The purpose of these instruments is to finance the Group's operations. The Group has other financial assets and liabilities that arise directly from its operations, such as trade and other receivables and payables.

The Group does not presently enter into derivative transactions such as forward foreign currency contracts.

### Carrying value and fair value of financial assets and liabilities

The fair value of financial assets and liabilities, together with their carrying value at each reporting date are as follows:

At 31 December 2022	Financial assets at fair value through profit and loss US\$'000	Amortised cost US\$'000	Amortised cost financial liabilities US\$'000	Other* US\$'000	Carrying value US\$'000	Fair value US\$'000
Trade and other receivables	-	13,981	-	2,428	16,409	16,409
Cash and cash equivalents	-	7,822	-	-	7,822	7,822
Trade and other payables	-	-	(7,501)	(2,256)	(9,757)	(9,757)
Loans and borrowings	-	-	(2,900)	-	(2,900)	(2,900)
Lease liabilities	-	-	(2,491)	-	(2,491)	(2,491)

At 31 December 2021	Financial assets at fair value through profit and loss US\$'000	Amortised cost US\$'000	Amortised cost financial liabilities US\$'000	Other* US\$'000	Carrying value US\$'000	Fair value US\$'000
Trade and other receivables	-	5,067	-	2,547	7,614	7,614
Cash and cash equivalents	-	4,406	-	-	4,406	4,406
Trade and other payables	-	-	(5,770)	(1,657)	(7,427)	(7,427)
Loans and borrowings	-	-	(4,408)	-	(4,408)	(4,408)
Lease liabilities	-	-	(1,318)	-	(1,318)	(1,318)

\* Amounts included in the "other" column are not "financial instruments" but are included to facilitate reconciliation of the carrying value of financial instruments with the statement of financial position.

# Notes to the consolidated financial statements

## Financial instruments (continued)

### Currency Risk

The Group operates in several African currencies and so is exposed to exchange rate risk. There is a degree of natural hedging in that the operating subsidiaries generate revenues and costs in the same currencies; however, exchange variances do occur when the local entities are translated to the functional Group currency upon consolidation. Further exchange exposure arises from the Group's financing (in particular share issues) being largely denominated in Sterling.

Details of the Group's exposure to currency risk are detailed below. The financial assets and liabilities by currency (converted into US dollars) are as follows:

<b>At 31 December 2022</b>	<b>Monetary assets US\$'000</b>	<b>Monetary liabilities US\$'000</b>
<b>US Dollars</b>	<b>18,403</b>	<b>6,012</b>
<b>South Africa Rand</b>	<b>1,951</b>	<b>6,257</b>
<b>ZWL (Zimbabwe local \$)</b>	<b>1,416</b>	<b>2,230</b>
<b>Malawian Kwacha</b>	<b>375</b>	<b>-</b>
<b>Sterling</b>	<b>100</b>	<b>5</b>
<b>Botswana Pula</b>	<b>35</b>	<b>-</b>
<b>Mozambican Metical</b>	<b>9</b>	<b>-</b>
<b>Euro</b>	<b>4</b>	<b>10</b>
	<b>22,293</b>	<b>14,514</b>

<b>At 31 December 2021</b>	<b>Monetary assets US\$'000</b>	<b>Monetary liabilities US\$'000</b>
<b>Sterling</b>	<b>1,308</b>	<b>-</b>
<b>US Dollars</b>	<b>5,987</b>	<b>5,197</b>
<b>South Africa Rand</b>	<b>1,566</b>	<b>4,505</b>
<b>Euro</b>	<b>13</b>	<b>-</b>
<b>ZWL (Zimbabwe local \$)</b>	<b>579</b>	<b>1,644</b>
	<b>9,453</b>	<b>11,346</b>

No formal policies have been put in place in order to hedge the Group's activities from exposure to currency risk, but it is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible. The Group considers this minimises a lot of foreign exchange exposure. The Group and the Company's cash balances are maintained in a number of currencies, somewhat matched to the expected currency of outflows and this further reduces exposure to exchange risk. The biggest currency risk is in the Zimbabwean market in that it is challenging to extract funds from local sales to pay for offshore payables.

Management regularly monitors the currency profile of the Group's cash balances and obtains informal advice to ensure that the cash balances are held in currencies minimising the impact on the results and position of the Group from foreign exchange movements.

# Notes to the consolidated financial statements

## Financial instruments (continued)

### Sensitivity analysis

A 10% percent weakening of the following currencies against the US\$ at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2021.

	10% increase in currency		10% decrease in currency	
	Impact on profit before tax		Impact on profit before tax	
	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Sterling	11	145	(11)	(145)
South African Rand	(478)	(186)	478	186
Euro	(1)	1	1	(1)
Zimbabwean dollars	(90)	(19)	90	19
Mozambican metical	1	-	(1)	-
Malawian Kwacha	42	-	(42)	-

### Liquidity risk

Liquidity risk arises from Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's and company's short, medium and long-term funding and liquidity management requirements. The Group and company manage liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Based on current projections the Group will not need a capital raise to continue operating in it's current form.

# Notes to the consolidated financial statements

## Financial instruments continued

The following are the contractual maturities of financial liabilities including estimated interest payments and including the effects of netting agreements:

At 31 December 2022	Carrying amount US\$'000	Contractual cash flows US\$'000	Up to 3 months US\$'000	3 months and 12 months US\$'000	1 to 2 years US\$'000	2 to 5 years US\$'000	5 years and over US\$'000
Trade payables	5,889	5,889	-	5,889	-	-	-
Other payables and accruals*	1,612	1,612	-	1,612	-	-	-
Loans with SAHL	2,000	2,000	-	-	2,000	-	-
Instalment sale liabilities	378	427	130	154	36	107	-
Lease liabilities	2,491	2,943	304	868	804	967	-
COVID-19 related loan	522	614	48	145	194	227	-
<b>Total</b>	<b>12,892</b>	<b>13,485</b>	<b>482</b>	<b>8,668</b>	<b>3,034</b>	<b>1,301</b>	<b>-</b>

The following are contractual maturities of financial liabilities as at 31 December 2021:

At 31 December 2021	Carrying amount US\$'000	Contractual cash flows US\$'000	Up to 3 months US\$'000	3 months and 12 months US\$'000	1 to 2 years US\$'000	2 to 5 years US\$'000	5 years and over US\$'000
Trade payables	4,724	4,724	-	4,724	-	-	-
Other payables and accruals*	1,046	1,046	-	1,046	-	-	-
Loans with SAHL	2,000	2,000	-	-	-	2,000	-
Instalment sale liabilities	1,203	1,277	139	695	419	24	-
Lease liabilities	1,318	1,688	76	244	314	1,054	-
Loan from SSCG	502	502	-	502	-	-	-
COVID-19 related loan	703	976	16	145	193	622	-
<b>Total</b>	<b>11,496</b>	<b>12,213</b>	<b>231</b>	<b>7,356</b>	<b>926</b>	<b>3,700</b>	<b>-</b>

\* Excludes deferred income and taxes

# Notes to the consolidated financial statements

## Financial instruments continued

### Credit risk

#### Cash and cash equivalents

The Group credit risk arises from cash and cash equivalents. The Group held cash and cash equivalents of US\$7.8m as at 31 December 2022 (2020: US\$4.4m). The cash and cash equivalents are held with bank and financial institution counterparties, which have the ratings shown below:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Rating	Cash at Bank US\$'000	Rating	Cash at Bank US\$'000
Barclays UK	A+	6,150	A	2,812
Standard Bank of South Africa	AA+	1,016	B	746
Ecobank Zimbabwe	AA-	7	BBB	463
NMB Bank Zimbabwe	BBB-	49	BB	35
CBZ Zimbabwe	AA-	434	A	68
Stanbic Bank Zimbabwe	BB-	129	AA-	230
CABS	A+	3		
NBS	BBB-	2		
Steward Bank	BB+	1		
<b>Bank balance as per Note 16</b>		<b>7,791</b>		<b>4,354</b>

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Refer to further disclosure in Note 15 Trade and other receivables.

### Trade and other receivables

The Group's credit risk for trade and other receivables is limited because it is not exposed to a high level of trade or other receivables, in large part because customers typically pay for flights prior to departure.

### Interest rate risk

The Group interest rate risk arises from instalment sale liabilities and COVID - 19 loan. The instalment sale liabilities are issued at prime bank interest rate plus one percent. The COVID - 19 loan is at variable interest which is at prime rate which is currently at 11.5%. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. The interest rate risk is managed through determining the right balance of fixed and variable debt within the finance structure where necessary.

The interest profile of financial liabilities was as follows:

At 31 December 2022	Loans and borrowings US\$'000	Total US\$'000
Fixed interest (SAHL)	2,000	2,000
Variable interest	900	900
<b>Total</b>	<b>2,900</b>	<b>2,900</b>

# Notes to the consolidated financial statements

## Financial instruments continued

At 31 December 2021	Loans and borrowings US\$'000	Total US\$'000
Fixed interest (SAHL & SSCG)	2,502	2,502
Variable interest	1,906	1,906
<b>Total</b>	<b>4,408</b>	<b>4,408</b>

Had there been a fifty basis points increase or decrease in the interest rates, the impact on the income statement and the shareholders' equity will be insignificant.

### Capital management risk

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity.

In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debt.

The Board's policy for the Group and company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the level of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital based on the net debt to capital ratio. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

The debt-to-adjusted-capital ratios were as follows:

	<b>Year ended 31 December 2022 US\$'000</b>	Year ended 31 December 2021 US\$'000
Loans and borrowings	<b>2,900</b>	4,408
Lease liabilities	<b>2,491</b>	1,318
Less: cash and cash equivalents	<b>(7,822)</b>	(4,402)
Net debt / (cash)	<b>(2,431)</b>	1,324
<b>Total equity</b>	<b>26,118</b>	14,647
<b>Debt to capital ratio</b>	<b>(9%)</b>	9%

# Notes to the consolidated financial statements

## Financial instruments (continued)

The decrease in the net debt to capital ratio during 2022 resulted primarily from the increase in total equity as at 31 December 2022. The total equity increased as a result of the profits that were made in the current year. The decrease in the ratio was due to the settlement of debts.

## 24. Reconciliation of liabilities arising from financing activities in the cash flow

	Instalment sale liabilities US\$'000	SAHL loan US\$'000	SSCG Loan US\$'000	COVID- 19 loan US\$'000	Total US\$'000
At 1 January 2022	1,203	2,000	502	703	4,408
Loan obtained	157	-	-	-	157
Repayment of borrowings as per cash flow statement	(965)	-	(502)	(145)	(1,612)
Payment of interest	(54)	(123)	(9)	(49)	(235)
Other non-cash changes:					
Interest charges accrued	54	123	9	49	235
Foreign exchange variances	(17)	-	-	(36)	(53)
Balance as at 31 December 2022	378	2,000	-	522	2,900

	Instalment sale liabilities US\$'000	SAHL loan US\$'000	SSCG Loan US\$'000	COVID-19 loan US\$'000	Total US\$'000
At 1 January 2020	1,416	2,600	795	882	5,693
Loan obtained	-	-	-	-	-
Repayment of borrowings as per cash flow statement	(126)	(600)	(250)	(106)	(1,082)
Payment of interest	(80)	(157)	(86)	(54)	(377)
Other non-cash changes:					
Interest charges accrued	80	157	43	54	334
Foreign exchange variances	(87)	-	-	(73)	(160)
Balance as at 31 December 2021	1,203	2,000	502	703	4,408

# Notes to the consolidated financial statements

## 25. Related Parties

### Solenta:

As at 31 December 2022, Solenta Aviation Holdings Limited (“SAHL”) was a 67% (2021: 67%) shareholder in fastjet Limited and provided aircraft leasing and related services to the Group.

The amounts included in the **Balance Sheet** for these items are as follows:

	<b>SAHL group entity</b>	<b>Year ended 31 December 2022 US\$'000</b>	<b>Year ended 31 December 2021 US\$'000</b>
<b>Non-current liabilities</b>			
Long term loan	<b>SAHL</b>	<b>2,000</b>	2,000
<b>Current liabilities</b>			
Trade payables			
• Solenta Aviation Holdings Limited	<b>SAHL</b>	<b>10</b>	10
• Solenta Aviation (Proprietary) Limited	<b>PTY</b>	<b>473</b>	715
• ACIA Aero Leasing Limited	<b>ACIA</b>	<b>12</b>	831
• Solenta Investment Holdings (Proprietary) Limited	<b>SIH</b>	<b>1</b>	-
<b>Current assets</b>			
Trade receivables			
• Solenta Aviation Holdings Limited	<b>SAHL</b>	<b>264</b>	4
Deposit			
• Solenta Aviation (Proprietary) Limited	<b>PTY</b>	<b>483</b>	393
• ACIA Aero Leasing Limited	<b>ACIA</b>	<b>-</b>	525

fastjet Limited entered into a brand license agreement with Solenta Aviation Mozambique Limitada (“SAM”) to allow SAM to operate on its AOC the fastjet brand. There have been no transactions during the year with SAM with regard to this agreement.



# Notes to the consolidated financial statements

## Related Parties (continued)

The amounts included in the **Income Statement** in relation to transactions with the SAHL group of companies during the year were as follows:

	SAHL group entity	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Crew, Maintenance, Insurance services	PTY	-	2,175
Aircraft maintenance reserves	PTY	3,469	-
Aircraft Base Maintenance	PTY	1,071	1,236
Crew re-currency training and/or type ratings	PTY	293	148
FedAir – Maintenance services	PTY	207	4
FedAir - Other costs	PTY	-	43
FedAir – crew costs	PTY	3	-
FedAir – other income	SAHL	13	-
Purchase of aircraft	ACIA	-	2,040
Operating Costs - landing, parking, navigation, fuel	PTY	5	78
Aircraft maintenance reserves	ACIA	-	23
Sale of aircraft parts	PTY	-	(50)
Charter revenue	PTY	-	(270)
		<b>5,061</b>	<b>5,427</b>
Interest charges - SAHL loan		<b>123</b>	158
Interest charges - ACIA		<b>6</b>	46

## Directors:

Directors are considered related parties. There are no other transactions with Directors apart from the Directors' emoluments disclosed in Note 8 and share options granted to Directors disclosed in Note 22.

Additionally, Mark Hurst, the fastjet Group Chief Executive Officer with effect from 1 October 2019, continues to serve as the Group Chief Executive Officer and a Director of ACIA Aero Capital Limited and certain of its subsidiaries.

## Transactions with subsidiaries:

Transactions with Group companies have been eliminated on consolidation and are not disclosed separately under related parties above. See Note 21 for the list of subsidiaries.

## Wally Technologies and Associates

Wally Technologies and Associates which owns 75% of Parrot Aviation, provides consultation services to FedAir. For the year ended 31 December 2022, US\$114k (2021:US\$nil) was paid to Wally Technologies in relation to these services. As at 31 December 2022, US\$42k (2021:US\$nil) was included in accruals.

# Notes to the consolidated financial statements

## 26. Post balance sheet events

### Loan from Satfin limited ("SATF")

On 14 April 2023, fastjet Limited took a short-term loan from SATF with a value of US\$6.0m to bridge the short-term funding gap for the purchase of the six (6) Cessna Grand Caravan EX. The loan has been fully repaid on 04 August 2024. The following were the terms of the loan:

- The Loan was repayable in full by the 15th of August 2023;
- The loan was renewable subject to mutual agreement and updated terms and conditions;
- A raising fee for the Loan facility of US\$172k was paid by fastjet Limited before 30 June 2023;
- The loan bears interest at a rate of 6% (six percent) per annum compounded monthly in arrears and calculated over a 360-day year basis; and
- Solenta Aviation Holdings Limited ("SAHL") acted as guarantor on the loan facility.

### Delivery of six (6) Cessna Grand Caravan EX

The six (6) Cessna Grand Caravan EX purchased from Textron in 2022 were delivered in June and July 2023 respectively. The total consideration paid amounted to US\$17.5m. An amount of US\$5.7m was settled by the group's own funds and the balance of US\$12m was settled from a facility from Investec. The facility was disbursed in two tranches of US\$6m each on 26 June and 27 July respectively. The facility is denominated in ZAR for a seven-year term and bears interest at monthly JIBAR + 3.3%.

### Acquisition of a Mauritian SPV

The Company has acquired a Mauritian SPV and renamed it Rempart Aviation Limited (formerly Acia Aero Atlas Limited) for a consideration of US\$ 1,000 from Acia. Rempart Aviation Limited has subsequently entered a Letter of Intent with United Airlines Limited to acquire three Embraer (3) 145 XR for a consideration of US\$8.4m. The Company intends to raise convertible loan notes issued to major shareholders for a value of US\$10m which will be used to acquire the 3 Embraer 145 XR mentioned earlier with the balance used for heavy maintenance of the aircraft. Prior to the loan notes being raised a bridging loan facility has been entered into with Satfin Limited ("SATF") for US\$2.5m bearing 12% interest which will be used as a deposit for those aircraft. The US\$2.5m will be refunded once the convertible loan notes are issued around September or October 2023.

### Pearl Yield South Africa

A new company Pearl Yield South Africa has been incorporated with fastjet Limited holding 50% shares. The Company operates a sales office at ORT International Airport in Johannesburg as from April 2023 on behalf of fastjet Zimbabwe.

### Federal Air Proprietary Limited

Parrot Aviation (Pty) Limited acquired 100% of Federal Air (Pty) Limited from Solenta Investment Holdings (Pty) Limited.

### fastjet Zimbabwe Limited – South Africa Branch

fastjet Zimbabwe Limited opened a branch in South Africa

## Parent company balance sheet

		Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
	Note		
<b>Assets</b>			
Investments	4	8,746	-
Intangible assets	5	2,132	960
Intercompany loan receivable	6	2,505	5,000
		<b>13,383</b>	<b>5,960</b>
<b>Current assets</b>			
Cash and cash equivalents		6,150	2,812
Trade and other receivables	7	24	48
		<b>6,174</b>	<b>2,860</b>
<b>Total assets</b>		<b>19,557</b>	<b>8,820</b>
<b>Equity</b>			
Share capital	9	192,130	192,130
Share premium account	9	216,638	216,638
Equity reserve		12,502	12,502
Retained earnings		(404,701)	(415,606)
Total equity		<b>16,569</b>	<b>5,664</b>
<b>Non-current liabilities</b>			
Loans and borrowings	10	2,000	2,000
<b>Current liabilities</b>			
Trade and other payables	8	988	654
Loans and borrowings	10	-	502
Intercompany loans payable		-	-
<b>Total current liabilities</b>		<b>988</b>	<b>1,156</b>
<b>Total liabilities</b>		<b>2,988</b>	<b>3,156</b>
<b>Total liabilities and equity</b>		<b>19,557</b>	<b>8,820</b>

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was US\$10.9m (2021: US\$1.0m).

These financial statements were approved and authorised for issue by the Directors and are signed on their behalf by:



**Rashid Wally**  
Chairman  
16 August 2023



**Mark Hurst**  
Group Chief Executive Officer  
16 August 2023

## Parent company statement of changes in equity

	Share Capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Equity Reserve US\$'000	Total equity US\$'000
Balance at 31 December 2020	192,077	215,050	(288)	(416,360)	11,695	2,174
Warrants exercised	53	1,588		-	-	1,641
EBT Trust dissolved			288	(288)		-
Transaction with owners	53	1,588	288	(288)	-	1,641
Profit for the year	-	-	-	1,042	-	1,042
Capital contributions	-	-	-	-	807	807
Balance at 31 December 2021	192,130	216,638	-	(415,606)	12,502	5,664
Profit for the year	-	-	-	10,905	-	10,905
Capital contributions	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>192,130</b>	<b>216,638</b>	<b>-</b>	<b>(404,701)</b>	<b>12,502</b>	<b>16,569</b>

## Notes to the parent company financial statements

### 1. Accounting policies

fastjet Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (“IFRS”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS’s; and
- Disclosures in respect of the compensation of key management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures;

- IFRS 2 Share Based Payments in respect of group settled share-based payments;
- Disclosures required by IFRS 5 Non - current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations; and
- Certain disclosure required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies of the Company are the same with that of Group except for the ones listed below. The accounting policies have been applied consistently to all periods presented in these financial statements. Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

#### Non-derivative financial instruments

Non-derivative financial instruments comprise of investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

The fair values of all financial assets and financial liabilities are equal to their carrying amounts.

#### Investments

Investments are included at cost less amounts written off.

#### Equity reserve

This represents the amounts previously loaned by fastjet Limited to subsidiaries fastjet Africa, fastjet Mozambique and fastjet Zambia, which has now been converted to a capital contribution.

## Notes to the parent company financial statements

### 2. Accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates made by management in the application of adopted IFRS that have significant effect on the financial statements with a significant risk of material adjustment in the next year are discussed in the following notes:

- Impairment of intangible assets (Note 5). Intangible assets comprise of the fastjet brand which was acquired at US\$2.5m and had an indefinite useful life. Impairment of the fastjet brand is assessed annually making use of the Company's forecasts on future brand licence fees to fastjet branded airline subsidiaries, on a discounted cash flow method. There are a number of sensitivities on the forecasts that support the value of the intangible assets. On 31 December 2022, management decided to do a reversal of prior year impairment loss on the fastjet Limited brand of US\$1.2m, after an assessment concluded that the factors leading to the impairment loss no longer exist. The recoverable amount of the fastjet Limited brand has been calculated with reference to its value in use based on brand licensing fees chargeable to fastjet branded airline operations.
- Impairment of capital contributed into fastjet Africa, fastjet Mozambique and fastjet Zambia amounting to US\$12.5m (2021:US\$12.5m) (Note 4). This was after a review concluded that these subsidiaries by themselves are unable to generate profitability to support the amounts invested in them by fastjet Limited. Accordingly, these amounts were fully impaired.
- In the current year, no impairment was provided for the loan with Parrot Aviation Proprietary Limited Note 6. The amount of the loan is directly linked to the valuation of FedAir of which the valuations involved an estimation of future cashflows with several sensitivities. Any movement in these sensitives will result in a change in the assessment of the repayment of the loan.

Judgements made by management in the application of adopted IFRS that have significant effect on the financial statements. These include:

- the determination of going concern shown in the consolidated financial statements above on page 59.

## Notes to the parent company financial statements

### 3. Employees

The average number of staff (including Directors) employed by the fastjet Limited during the year amounted to:	Year ended 31 December 2022	Year ended 31 December 2021
Administration and management	4	3
	<b>4</b>	<b>3</b>
The aggregate payroll costs (including Directors):	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Salaries and wages	2,585	671
Social security costs	-	30
Total	<b>2,585</b>	<b>701</b>
Payroll costs are disclosed in:		
Administration costs	2,585	701
Total	<b>2,585</b>	<b>701</b>
The aggregate remuneration of the Directors in the year was:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Salaries and wages	384	374
Directors' fees	96	104
Bonuses	337	25
Professional fees	100	-
	<b>917</b>	<b>503</b>

The remuneration of the highest paid Director was US\$462k (2021: US\$248k). The remuneration of the Directors can be found on page 39.

## Notes to the parent company financial statements

### 4. Investments

Investments in subsidiary undertakings were as follows:	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
<b>Investment in Parrot<sup>1</sup></b>	<b>8,746</b>	-
Impairment	-	-
Closing balance	<b>8,746</b>	-
 <b>Capital contributed <sup>2</sup></b>		
Opening balance	<b>12,502</b>	11,695
Capital contributions to subsidiaries	-	807
Disposal of investment in fastjet Zambia <sup>3</sup>	<b>(1,836)</b>	
Closing balance	<b>10,666</b>	12,502
 Impairment		
Opening balance	<b>12,502</b>	11,695
Impairment for the year	-	807
Disposal of investment in fastjet Zambia <sup>3</sup>	<b>(1,836)</b>	
Closing balance	<b>10,666</b>	12,502
 Balance at 31 December	<b>8,746</b>	-

<sup>1</sup>. On 23 December 2022 the Company converted US\$8.7m (R150m) loan to Parrot Limited into Cumulative Redeemable Preference Shares. Those shares are redeemable at the option of Parrot and attract 8% interest payable yearly in arrears

<sup>2</sup>. As at 31 December 2021, fastjet Limited had a total amount of US\$12.5m (2021:US\$12.5m) receivable from its subsidiaries (fastjet Mozambique US\$7.4m, fastjet Africa US\$2.9m, fastjet Zambia US\$1.8m and EBT Trust US\$0.4m). These amounts were converted into contributed capital to fastjet Africa, fastjet Mozambique, fastjet Zambia and EBT Trust. This investment was impaired at year end after a review concluded that these subsidiaries by themselves are unable to generate profitability to support the amounts invested in them by fastjet Limited. Accordingly, these amounts were fully impaired at 31 December 2021.

<sup>3</sup>. During the year, the Group closed fastjet Zambia, this resulted in the writing off of all the capital that had been contributed into this subsidiary.



## Notes to the parent company financial statements

### 5. Intangible assets

	Brands US\$'000	Software and other US\$'000	Total US\$'000
<b>Cost</b>			
At 31 December 2020	2,500	781	3,281
Additions	-	-	-
Disposals	-	-	-
At 31 December 2021	<u>2,500</u>	<u>781</u>	<u>3,281</u>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2022</b>	<u>2,500</u>	<u>781</u>	<u>3,281</u>
<b>Amortisation and impairment charges</b>			
At 31 December 2020	1,540	781	2,321
Impairment for the year	-	-	-
Disposals	-	-	-
At 31 December 2021	<u>1,540</u>	<u>781</u>	<u>2,321</u>
Impairment reversal	(1,172)	-	(1,172)
Disposals	-	-	-
<b>At 31 December 2022</b>	<u>368</u>	<u>781</u>	<u>1,149</u>
<b>Net carrying amount</b>			
At 31 December 2021	<u>960</u>	<u>-</u>	<u>960</u>
<b>At 31 December 2022</b>	<u>2,132</u>	<u>-</u>	<u>2,132</u>

Indefinite life intangible assets considered significant in comparison to the Company's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

Indefinite life Intangible asset	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
fastjet Limited brand	2,500	2,500
Less: cumulative impairment	(1,540)	(1,540)
Add: impairment reversal	1,172	-
	<u>2,132</u>	<u>960</u>

## Notes to the parent company financial statements

### fastjet Limited brand:

On 31 December 2022, management decided to do a reversal of prior year impairment loss on the fastjet Limited brand, after an assessment concluded that the factors leading to the impairment loss no longer exist. The recoverable amount of the fastjet Limited brand has been calculated with reference to its value in use based on brand licensing fees chargeable to fastjet branded airline operations. The key assumptions of this calculation are shown below::

Key Assumptions	Year ended 31 December 2022	Year ended 31 December 2021
Period in which management forecasts are based	2023-2027	2022-2025
Growth rate applied beyond approved forecast period	0%	2.5%
Discount rate	14.91%	15.00%

The recoverable amount of the Cash Generating Units (CGUs) to which this brand asset is allocated have been measured based on value in use, using a discounted cash flow method. Cash flow projections are based on the business plan approved by the Board covering a four-year period. Cash flows beyond the two-year period are projected to increase in line with the long-term growth rate mentioned above.

The indefinite life intangible asset is allocated to the following Cash Generating Units ("CGU"):

Cash Generating Unit	Year ended 31 December 2022	Year ended 31 December 2021
fastjet Zimbabwe	2,132	960
Total	2,132	960

### Sensitivity Analysis:

If the inputs to the valuation model above were 1% higher / lower, while all other variables were held constant, the carrying amount of the brand would not change at present.

1% decrease in the growth rate	(US\$153,343)
1% increase in the discount rate	(US\$140,761)

## Notes to the parent company financial statements

### 6. Intercompany loans receivable

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Loan to Parrot <sup>1</sup>	2,505	9,120
Provision for impairment	-	(4,120)
	<u>2,505</u>	<u>5,000</u>
fastjet Zimbabwe Aircraft loan <sup>2</sup>	14,422	13,904
Provision for impairment	(14,422)	(13,904)
Total	<u>-</u>	<u>-</u>
Other amounts receivable from Group undertakings <sup>3</sup>	46,372	43,780
Provision for impairment	(46,372)	(43,780)
Total	<u>-</u>	<u>-</u>

<sup>1</sup> fastjet Limited entered into a call option ("The Option") agreement to acquire 100% of the shares of federal Airlines for a total consideration of US\$9.6m with US\$4.0m payable through a cash loan to the existing shareholders and the rest paid in shares. Subsequently the US\$4.0m cash loan was reduced to US\$3.2m following the distribution of a dividend to the existing shareholders of FedAir. fastjet Limited transferred its FedAir call option asset together with US\$4.0m cash option to Parrot Aviation Proprietary Limited ("Parrot") for a loan receivable of US\$9.6m. On 31 December 2022, fastjet converted the amount receivable from Parrot in respect of this loan and other loan amounts, accumulated over the years to investment in preference share of Parrot for an amount of US\$48.7m (R150m). The balance of the loan amount of US\$2.5m was not impaired as this amount is recoverable.

<sup>2</sup> The Aircraft loan is unsecured and bears interest at 4.5% per annum.

<sup>3</sup> The amounts receivable from Group undertakings are unsecured and interest free. These are fully provided for as shown above.

### 7. Trade and other receivables

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Trade receivables	-	15
VAT debtor	13	30
Other debtors	4	3
Prepayments	7	-
	<u>24</u>	<u>48</u>

## Notes to the parent company financial statements

### 8. Trade and other payables

	Year ended 31 December 2022 US\$'000	Year ended 31 December 2021 US\$'000
Accruals	760	585
Trade payables	207	57
Other payables	21	12
	<u>988</u>	<u>654</u>

### 9. Share capital and Share premium

Refer to Note 20 in the consolidated financial statements.

### 10. Loans and borrowings

Refer to Note 18 in the consolidated financial statements.

### 11. Related party transactions

Refer to Note 25 in the Consolidated financial statements.

### 12. Subsidiaries

Refer to Note 21 in the Consolidated financial statements.

### 13. Post balance sheet events

Refer to Note 26 in the Consolidated financial statements.

## Other Information

### Glossary of Key Terms

<b>ACMI</b>	Aircraft, maintenance, insurance, and crew
<b>Aircraft Utilisation</b>	Average number of block hours per day per aircraft
<b>Aircraft Utilisation (peak month)</b>	Average number of block hours per day per aircraft being the highest month
<b>Aircraft Utilisation (Year-end)</b>	Average number of block hours per day per aircraft at year-end
<b>AOC</b>	Air Operator Certificate
<b>ASL</b>	Air Service Licence
<b>ASP</b>	Air Service Permit
<b>Available seat kilometres (ASK)</b>	Seats flown multiplied by the number of kilometres flown
<b>BASA</b>	Bilateral Air Service Agreement
<b>Block hours</b>	Hours of service for aircraft, being the time that the aircraft leaves the terminal at the departure airport to the time of arrival at the destination airport
<b>CAA</b>	Civil Aviation Authority
<b>CGU</b>	Cash generating unit
<b>Cost per ASK</b>	Revenue less profit before tax, divided by ASK
<b>Cost per ASK excluding fuel</b>	Revenue less profit before tax less Fuel costs, divided by ASK
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation and Amortisation
<b>EBITDAR</b>	Earnings before Interest, Tax, Depreciation, Amortisation and Rent
<b>5<sup>th</sup> Freedom</b>	<i>Fifth Freedom of The Air</i> - the right or privilege, in respect of scheduled international air services, granted by one State to another State to put down and to take on, in the territory of the first State, traffic coming from or destined to a third State (also known as a <i>Fifth Freedom Right</i> ).
<b>FAM</b>	fastjet Mozambique Limitada
<b>FedAir</b>	federal Airlines (Proprietary) Limited

## Other Information

<b>FOP</b>	Flight Operator's Permit
<b>ICAO</b>	International Civil Aviation Organisation
<b>Load Factor</b>	Number of passenger segments as a percentage of number of seats flown
<b>Passenger segments</b>	Number of ticketed seats flown. Ticketed seats comprise seats sold to passengers (including no-shows) per segment (excluding infants)
<b>PTY</b>	Solenta Aviation (Proprietary) Limited (South Africa)
<b>Revenue</b>	The sum of seat revenue and non-seat revenue
<b>Revenue per ASK</b>	Revenue divided by ASK
<b>Revenue per passenger</b>	Revenue divided by number of passenger segments
<b>SAHL</b>	Solenta Aviation Holdings Limited (Malta)
<b>SAM</b>	Solenta Aviation Mozambique Limitada
<b>SATF</b>	Satfin Limited (Isle of Man)
<b>SSCG</b>	Sub-Sahara Capital Group Limited
<b>US\$</b>	United States of America dollars
<b>ZWL</b>	Zimbabwean dollar

## Other Information

### Company details and advisors

<b>Registered Number</b>	5701801
<b>Directors</b>	Rashid Wally (Non-Executive Chairman) Mark Hurst (Group Chief Executive Officer) Kris Jaganah (Group Chief Financial Officer) Robert Burnham (Non-Executive Director)
<b>Company Secretary</b>	Mr. Ben Harber Shakespeare Martineau 60 Gracechurch Street London EC3V OHR DX 700 London City
<b>Registered Office</b>	6 <sup>th</sup> Floor 60 Gracechurch Street London EC3V OHR DX 700 London City
<b>Registrars</b>	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
<b>Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Solicitors</b>	Charles Russell Speechlys (CRS) 5 Fleet Place London EC4M 7RD
<b>Share Trading Platform</b>	Asset Match UK 1 Bow Lane London EC4M 9 EE <a href="http://www.assetmatch.com">www.assetmatch.com</a>

#LakeKariba

