

Annual Report & Accounts 2020



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 2019, FedAir added a third dynamic to its service offering, when it began operating 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 almost 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.

On 4 November 2020, fastjet celebrated its fifth successful year of operations in Zimbabwe. The carrier continues to operate daily return services between Harare and Bulawayo, Harare and Victoria Falls, and internationally from Harare, Bulawayo and Victoria Falls to Johannesburg in South Africa, which remains a popular destination choice for fastjet 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.

Effective 24 August 2020, the Company was no longer listed on AIM. The decision was approved by the shareholders at a general meeting held on the 12 August 2020 following a proposal from the board of directors.

The key points considered by the board of directors in arriving to this conclusion are as follows:

- The considerable cost, management time and legal and regulatory burden associated with maintaining the Company's admission to trading on AIM were in the Directors' opinion, disproportionate to the benefits accruing to the Company currently and the maximization of shareholder value;
- Most institutional investors that have traditionally supported the Company in the past have indicated a reluctance to continue supporting future capital raises of the Company. Over the past eighteen months, only SAHL has continued to support the Company with liquidity through additional shareholder loans. SAHL had indicated that, if the delisting was not effected, it would no longer continue to provide financial support to the Company. Without this support, it was unlikely that the Company would have been able to continue as a going concern into the foreseeable future; and
- The existing challenges and those presented by COVID-19 can be better navigated in a private and unlisted entity in the opinion of the directors.

As at the time of this report, the world is still faced with a Coronavirus pandemic (COVID-19), an infectious disease caused by a newly discovered coronavirus. The spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for extended or indefinite periods.

National lockdowns were enforced in South Africa starting from 27 March 2020 and in Zimbabwe from 30 March 2020. This resulted in fastjet Zimbabwe suspending all domestic flights in Zimbabwe and international flights between Johannesburg and Harare and Johannesburg and Bulawayo, effective 26 March 2020, and additionally, FedAir also suspending all operations effective 27 March 2020.

Due to the decrease in operations of the Group, actions were taken to contain costs in the form of employee retrenchments, salary restructuring with consent of our employees, restructuring lease and rental agreements and cancelling certain services not required for the foreseeable future. In addition to the retrenchment of some employees, salary cuts of up to 50% on a cost to company basis were agreed with most of the employees within the Group. The Group successfully applied for the Temporary Employee Relief Scheme as granted by the Government of South Africa, and the UK furlough scheme for one remaining UK employee.

The FedAir aircraft complement was reduced from fourteen aircraft down to four in line with the new downscaled forecast operations of the Group in 2021. Of those fourteen aircraft ten were leased and four were owned – all leases have been terminated. fastjet Zimbabwe maintained a fleet of three ERJ145s as of 31 December 2020. One ERJ145 has been disposed of in March 2020 to Solenta Aviation (Proprietary) Limited to settle trade payables outstanding for over one year.

Strategic Report

Our History (continued)

Within FedAir, other actions taken to secure or extend financing to face this unprecedented crisis were as follows:

- Overdraft facility of ZAR 3,000,000 (US\$161k) at an interest rate of Prime + 1.5% (current rate 8.75%) secured on 17 April 2020.
- COVID-19 Government backed loan of ZAR 12,639,647 (US\$760k) at an interest rate of Prime (Current rate 7.25 %) with a capital and interest moratorium of 6 months secured on 4 August 2020.
- Moratorium on repayment of capital and interest on Aircraft loan for six months till 1 November 2020.

Within fastjet Zimbabwe, domestic flights restarted on 21 September 2020 and international flights restarted on 1 October 2020 with a reduced schedule.

As a result of the COVID-19 pandemic and the fact that the Group has in recent years operated at a loss, there are material uncertainties that may cast significant doubt upon the Group's and parent Company's ability to continue as a going concern. For further details refer to Going Concern section on page 31.

The future strategy shall focus on enhancing overall Group revenues from the franchising of the fastjet brand and the provision of airline management solutions to both owned and non-owned airlines, already established and operating in Africa. The Group will continue to explore new investment opportunities in cash generative and profitable airlines, to grow its owned airline network, in addition to attracting airlines to form part of the franchise network.

Strategic Report

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



Best LCC in Africa

- 2017 - winner
- 2018 - runner up
- 2019 - winner

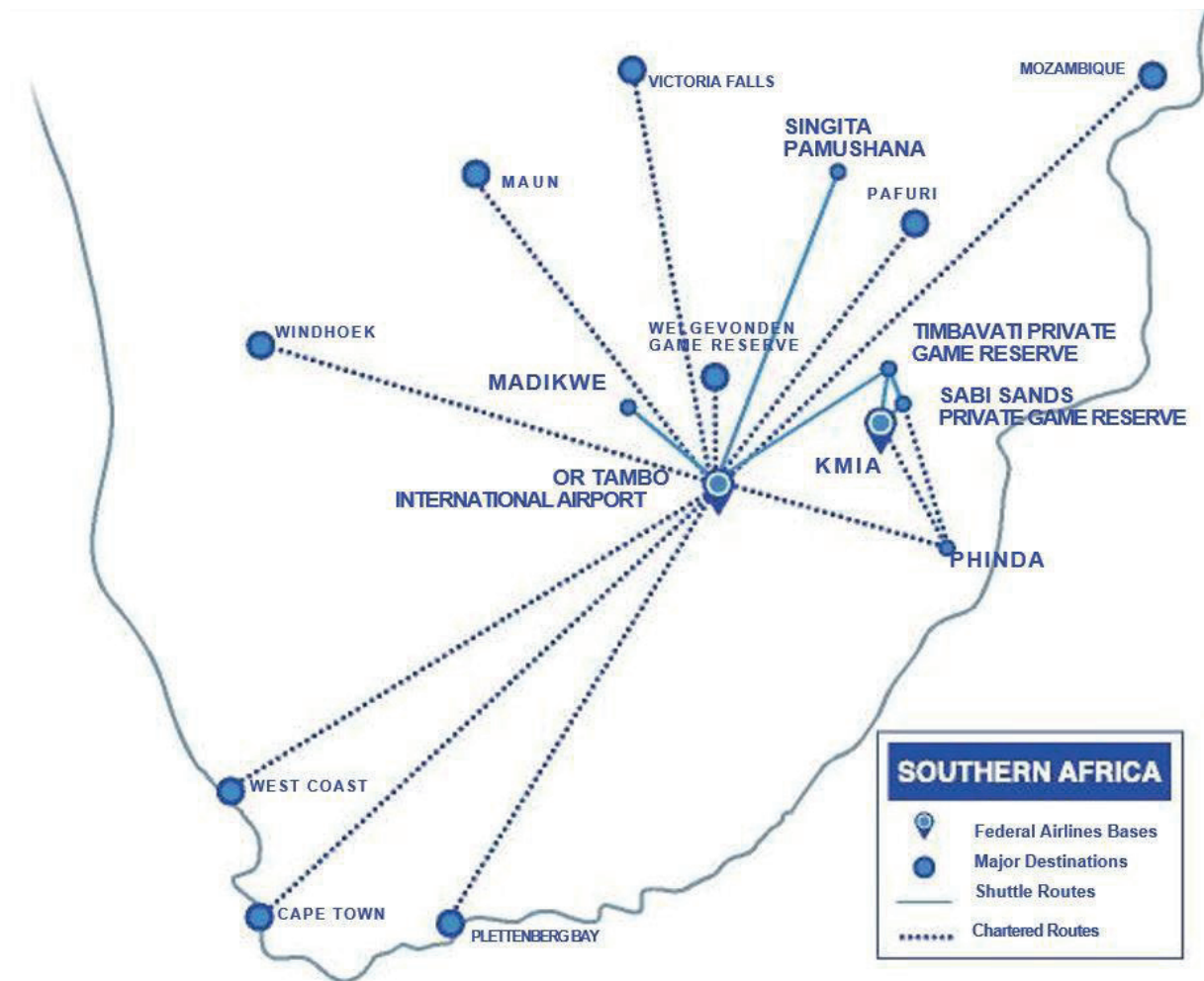
Strategic Report

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

I present to you the annual report of fastjet Limited and its subsidiary undertakings ("the Group").

The year under review

I am delighted to report a profitable year for the Group despite the ongoing global challenges arising due to the COVID-19 pandemic. The year has seen the Group reporting a profit after fourteen consecutive years of losses. The profit is attributable to accessing the Legacy Loan facility in Zimbabwe and to the creditors of the Group agreeing to significant discounts on the amounts due from the Group. While the Group has generated a profit, the operations still generated losses mostly due to the grounding of aircraft operations from April to October as a result of the COVID-19 pandemic. Multiple measures were put in place to face the uncertain future to ensure the survival of the Group during this difficult time.

Global crisis and its effects on the Group

At the time of this report, the world is still facing COVID-19, an infectious disease caused by a newly discovered coronavirus. For further details about the impact of COVID-19 and the actions taken by the Group to ensure continued existence, refer to page 3.

Unfortunately, like any other group in the airline industry, the operational companies of the Group were negatively affected by the effects of COVID-19. The negative effects of the global crisis were mainly witnessed in the performance of fastjet Zimbabwe and FedAir. These arose from the suspension of operations in South Africa and Zimbabwe. The suspension was for six months for local flights in Zimbabwe and seven months for international flights, as a result of national lockdowns as explained on page 3. This resulted in increased losses for fastjet Zimbabwe of US\$4.4m (2019: US\$1.7m loss). FedAir reported losses of US\$689k (2019: US\$264k profit) for the year.

The future

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

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 underneath.

Rashid Wally
Chairman
18 November 2021

Strategic Report

Chief Executive Officer's Statement

2020 started with high expectations for the Group about achieving its potential and completing the divestment of the Zimbabwe business to become a capital light structure. Unfortunately, all forecasts and plans were to be scrapped as of March with the induced lockdown to contain the spread of the novel coronavirus. The Group reverted to survival mode with an objective to preserve the limited cash at its disposal to be able to resume operations as and when the travel restrictions were to be lifted. The management structure of the group faced major challenges with the Chief Operations Officer and the Chief Information Officer of the group leaving employment of the group in January 2020. The CEO and CFO of the Zimbabwe business resigned almost simultaneously in April 2020 to pursue other endeavours. Donahue Cortes was promoted to Chief Operating Officer and has been managing the Zimbabwe business since in addition to performing the vacant role of Chief Information Officer. The CEO and CFO of FedAir resigned in September 2020 to pursue other opportunities leaving employment of the Group in December 2020. Myself and Kris Jaganah undertook these roles to steer the ship into the future uncertain times.

During the first half of 2020, fastjet operated a full schedule until 26 March 2020. The management focus for the second quarter of 2020 was to survive the flight restrictions for which there was no indication of its length and severity with the ever-growing number of cases worldwide. In this respect fastjet and FedAir generated the following initiatives to preserve cash and survive.

Cost and cash flow containment initiatives initiated were as follows:

- Engagement with suppliers to accept discounts and / or deferment of outstanding balances.
- Retrenchment of a significant headcount of our full-time employees in quarter two of 2020.
- Termination of all services for aircraft leased.
- Reduction of all remaining employees' salaries levels.
- Termination of all non-essential services within the business.
- Restructure of existing loans with our financiers.

Cash generation strategies initiated during the flight restriction period were as follows:

- More flexible change policy on tickets, limiting refunds.
- Unlimited SA resident fares for FedAir lodge shuttle flights.
- Focus on generating more charter business within FedAir.
- Performing repatriation flights for stranded citizens.
- Performing cargo flights.
- Accessing cash and settle our creditors under the Reserve Bank of Zimbabwe ("RBZ") Legacy Loan scheme.
- Accessing additional COVID-19 loan facilities.

While those measures have been encouraging, they have not replaced the loss in revenue and losses arising due to the flight restrictions. Following the complete removal of travel restrictions on 1 October 2020 fastjet Zimbabwe restarted operations on a reduced flying program, building up frequency and yields according to passenger demand and the competitor landscape. Full capacity was achieved in the middle of November as loads resumed to very encouraging levels. On 28 December 2020 South Africa introduced new restrictions to curtail the increase in COVID-19 cases with Zimbabwe following suit on 2 January 2021. While those restrictions have resulted in some cancellations fastjet Zimbabwe is still operating all its routes.

Strategic Report

Chief Executive Officer's Statement (continued)

FedAir is the main air transport service provider to the remote luxury lodges in the Kruger National Park and surrounding areas. The FedAir business is heavily dependent on international tourism from countries such as USA, Canada, UK, Germany, France, Italy and Latin America, all of which have been severely affected by COVID-19. The range of travel restrictions, which, when added to the general reluctance by people to travel by air, has resulted in an unprecedented decline in demand for leisure travel within the tourism industry into and within South Africa. There are currently few indications of when these restrictions may be lifted fully and unconditionally, whether they will be re-imposed in USA and Europe, nor how soon the vaccines will be rolled out globally. However, based on the booking deferrals FedAir has experienced and discussions with the main destination management companies (DMCs) and lodges operating within the South African tourism industry we cannot expect the return of international tourism until October 2021 at the earliest.

Following the introduction of the lockdown measures and the travel restrictions introduced on 26 March 2020, FedAir lost 100% of its passengers and routine revenue stream. With the staged easing of the lockdown measures within South Africa, FedAir restarted operations but on a vastly reduced capacity. From 1 October 2020, it started a much-reduced service supporting the lodges and the tourism industry, operating only on Wednesday Friday and Sunday, at less than 5% of pre-COVID-19 level.

On 28 December 2020 South Africa introduced new restrictions to curtail the increase in COVID-19 cases. There has been no restrictions on air travel under those rules. Moreover, the new strain COVID-19 virus originating from South Africa has resulted in a drop in connecting flights and cancellations from FedAir's dependent markets.

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 ZWL2-50: US\$1-00 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 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 has secured approval from the Reserve Bank of Zimbabwe ("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 recognitions 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\$7,4m at 31 December 2020. There is no guarantee of continued access to the Legacy Loan facility and the future financial benefit for the Company is difficult to quantify at this stage.

Zimbabwe

Revenue of fastjet Zimbabwe for the year ended 31 December 2020 decreased significantly to US\$11.8m (2019: US\$25.2m). This is a direct result of the suspension of flights for seven months for the international route between Johannesburg and Harare. Even though operations were suspended for more than half the year, there were some major fixed costs that could not be avoided for example, continued maintenance of aircraft. This resulted in an increase in loss before tax of US\$4.4m (2019: US\$1.7m loss).

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Chief Executive Officer's Statement (continued)

fastjet Zimbabwe is a well-known and prominent brand in Zimbabwe. In 2020, fastjet Zimbabwe carried 63,738 passengers (2019: 172,227) on 2,115 flights (2019: 5,311), with an average load factor of 61%, down from a prior year average of 65%. 2020 is not comparable to any other year as the airline was faced with extraordinary events linked with COVID-19.

fastjet Zimbabwe's operations accounted for 74% of Group revenue in the full year 2020 (2019: 62%). 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 85% (2019: 82%), while aircraft utilization averaged 2.95 block hours per day per aircraft (2019: 5.12 block hours per aircraft). The decrease in aircraft utilization is mostly attributable to seven months COVID-19 induced travel restrictions.

Monetary policy in Zimbabwe still allows companies to maintain both ZWL local currency accounts and separate US\$ Nostro currency accounts. Throughout 2020, 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.

Similar to other businesses operating in Zimbabwe, fastjet Zimbabwe experienced some difficulties in accessing foreign currency to settle foreign currency denominated obligations in the first half of 2020. 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. fastjet Zimbabwe has been able to access US\$2.0m as of 31 December 2020 through the foreign exchange auction system.

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.

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. Despite this, as a result of the COVID-19 pandemic, FedAir was not able to achieve its profitability as it has done in previous years. FedAir operated fully for only five months in 2020 resulting in losses of US\$689k compared to a profit of US\$264k in the prior year. The number of passengers carried for the shuttle business reduced by 78% during the year from 30,007 in 2019 to 6,571 in 2020. For the charter side of the business number of passengers carried reduced by 61% from 8,998 in 2019 to 3,493 in 2020. Apart from the fact that FedAir operated for less than half of the year, there were also national lockdowns in most countries in the world which resulted in most people not being able to travel during 2020, especially international tourists.

Strategic Report

Chief Executive Officer's Statement (continued)

fastjet Central Systems (South Africa)

fastjet Central Systems' core focus is to support the wider Group's airline operations with pricing and revenue management services, revenue accounting and reconciliations, and with commercial and IT operating platforms.

The brand and compliance sections of fastjet Limited focus on brand standards, oversight of the decentralised operations and teams, and on the overall safety and quality of the fastjet Group's operating activities.

Outlook for 2021-2022

While fastjet Zimbabwe and FedAir are currently still operating, the businesses reaching full capacity hinges on the current travel restrictions being fully removed. The current vaccination trends and metrics suggest a return to normal is scheduled only for Quarter 3 2022. The Group remains cautiously optimistic in its predictions and has acquired an additional ERJ 145 to serve as backup to its current fleet and to expand its current operations.

New selling and distribution channels have been added and additional agreements have been entered into with the existing tour operators to increase the reach of fastjet. A daily Johannesburg Victoria Falls flight has started as from May 2021 and from March 2022, a Victoria Falls – Kruger National Park flight will commence.

Loan from SSCG

A loan capital amount of US\$750,000 remains payable to SSCG and to date SSCG has been flexible and understanding with the Company in extending the repayment of this loan until such time we can fully restart our scheduled airline operations with fastjet Zimbabwe and FedAir can restart its core shuttle business.

Currently the loan repayment has been extended to 31 August 2022.

Loan from Solenta Aviation Holdings Limited ("SAHL")

SAHL is a major shareholder of the Group and owned 66.98% as at 31 December 2020.

A loan balance of US\$2.6m remained unpaid as at 31 December 2020 (2019: US\$2,0m).

Of this current total US\$2.6m, an amount of US\$2.0m is repayable no later than 31 December 2022 and attracts interest at a fixed 6%. The remaining US\$600k, drawn in May 2020 under loan Amendment agreement no.2 is repayable six months after drawdown unless renewed for a further six-month period. However, with final repayment no later than eighteen months after the first drawdown, meaning 18 November 2021; the US\$600k loan attracts interest at 10%, and on every six-month renewal, a 1% fee is chargeable for the renewal.

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\$2.6m loans provided to the Company into ordinary shares of £0.01 per share credited as fully paid at a conversion rate of 0.10 pence 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.

For full details on the loans, see Note 19.

Cancellation of listing on AIM ("Cancellation")

Effective 24 August 2020, the Company was delisted from AIM. For further details refer to page 3.

Strategic Report

Chief Executive Officer's Statement (continued)

GECAS aircraft – one E190 remains detained in Tanzania

One of the Embraer E190 aircraft which was leased from GECAS is yet to be deregistered by the Tanzanian Civil Aviation Authority (TCAA). Deregistration of the aircraft was due to be completed by 28 February 2019 and is the last remaining condition not yet satisfied for the termination of the head lease agreement with GECAS. fastjet Airlines Limited applied to the Tanzanian authorities for the deregistration of the E190 given they met the terms required to deregister the aircraft. However, the Tanzanian Civil Aviation Authority are yet to accept to deregister the aircraft.

The Group and GECAS have been working together in Tanzania to try and complete this process, including through legal applications. This process has not completed and is yet to be achieved.

Refer to note 28 Contingent liabilities for more detail.

Going Concern

In preparing these financial statements, the Directors have concluded that the continued adoption of the Going Concern basis is appropriate, despite material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern, due to the worldwide effects of COVID-19.

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

They were no changes to the Board during the year.



Mark Hurst
Group Chief Executive Officer
18 November 2021

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:

- Appointment of Donahue Cortes as Chief Operating Officer
- Delisting of the group from the AIM section of the London Stock Exchange
- Delisting of warrants from The International Stock Exchange in Guernsey
- Review of the whole business model including rationalisation of costs with a view to survive the travel restrictions while at the same time remaining nimble enough to restart operating at short notice once those restrictions are lifted.
- Securing and registering the Legacy Loan with the Reserve Bank of Zimbabwe, and accepting repayment in ZWL, to and settle liabilities and operating costs.

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 the 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.

Strategic Report

Section 172 Statement (continued)

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 2020, 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.

Shareholders

The Board views the Annual General Meeting (“AGM”) as a forum for open communication between the Company and its shareholders and encourages their participation in the meeting and the agenda. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of their major shareholders about the Company.

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.

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Section 172 Statement (continued)

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 almost 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.

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 2020 and 2019 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 36 to 46 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.

Strategic Report

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.

2021 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 2021 initiatives aimed at achieving this goal include:

- Surviving the COVID-19 crisis;
- 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 one additional EMB145 aircraft to the Part 121 operations of the group;
- Enhancing the Company’s data management and system capabilities;
- Revenue maximisation through increased reach and improved revenue management discipline;
- Improving the financial control environment and reduce cost through increased automation;
- Preparing for further growth in the Southern African region;
- Building commercial opportunities, partnerships and ancillary services; and
- Ensuring both fastjet Zimbabwe and FedAir are operationally ready for the return of core passenger volumes in 2022.

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 14.0m people, 58% of whom are below the age of 25, and an annual GDP of US\$17.6bn. The Zimbabwean economy has a material dependency on mining, accounting for approximately 22% of the country's GDP, and its biggest trading partners are South Africa and Mozambique, accounting for more than 70% of Zimbabwe's exports.



fastjet commenced operations in Zimbabwe at the end of 2015 and during 2020 while permitted operated up to four frequencies between Harare and Johannesburg daily; and once a day flights between Harare and Victoria Falls, Harare and Bulawayo and Bulawayo and Johannesburg.

During 2020, fastjet Zimbabwe load factors on its Zimbabwean operations fell to 61% in 2020 from 62% in 2019, due to reduced core demand within the country. fastjet Zimbabwe also realised a 13% increase in revenue per passenger carried.

- **Harare to Johannesburg:** During 2020, fastjet Zimbabwe enjoyed an approximate 37% 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, British Airways and SA Airlink on this route.
- **Harare to Victoria Falls:** fastjet Zimbabwe had an approximate 46% frequency share on this route during 2020, competing only against Air Zimbabwe who operated the route on an ad-hoc basis, depending on their fleet serviceability and availability.
- **Harare to Bulawayo:** Fastjet Zimbabwe obtained regulatory approval and commenced services on this route in August 2018, initially with a single daily frequency. Throughout 2019, this route was generally operated on a twice-daily frequency on weekdays, and once-daily over weekends. During 2020, fastjet Zimbabwe held an approximate 78% 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:** fastjet Zimbabwe started operating this route on 5 December 2019, and held an approximate 20% frequency share, and approximate 30% passenger market share, on this primarily business route during December of 2019 its first full month of operation; Our main competitor on the route is SA Airlink who also operate twice daily on this route and have done so for the past few years.



fastjet Zimbabwe has met the expectations of the Zimbabwean passengers in 2020 despite the COVID-19 induced lockdowns by performing repatriation flights and resuming operations as soon as travel restrictions were lifted. The airline is well positioned as the leading airline in Zimbabwe with its reliability remaining unquestioned and performing a critical and often lifesaving service during the COVID-19 induced lockdown of 2020.

Strategic Report

South Africa



South Africa, located on the Southern tip of Africa, covers a landmass of 1,219,000 sq km and has a population of 55.4m people, 45% of which are below the age of 25. The country has an annual GDP of \$349.3bn, making it one of the largest and 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 and the USA.



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 the first quarter of 2020, FedAir operated a fleet of fourteen smaller gauge aircraft, four of which are owned and ten of which were on hourly pay-as-you-fly operating leases. 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. The COVID-19 induced lockdown reduced Fedair's fleet to only four aircraft and it operated only at 5% capacity. Its main competitor in the shuttle services business stopped its operations from 1 April until 30 June 2021 and beyond possibly. This has further entrenched FedAir as the most reliable operator in this segment and 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 during quarter four 2019 and quarter one 2020. FedAir gained valuable experience through this and in time could launch its own fastjet branded airline operation in South Africa, subject to shareholder support and future funding. This cross-pollination opportunity represents an exciting, and relatively lower risk growth opportunity into Africa's largest aviation market.

Strategic Report

Regulatory environment

The regulatory environment remains an important issue 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 57 - 129 were approved and authorised for issue by the Board of Directors on 12 November 2021.



Mark Hurst
Group Chief Executive Officer
18 November 2021

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 material uncertainties that may cast significant doubt upon the Group's and the parent Company's ability to continue as a going concern.

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:

- **Coronavirus (COVID-19) pandemic:** The world is still faced with Coronavirus disease (COVID-19), an infectious disease caused by a newly discovered coronavirus. The spread of COVID-19 has severely impacted the Group. National lockdowns were enforced in South Africa starting from 26 March 2020 and in Zimbabwe from 30 March 2020. This resulted in fastjet Zimbabwe suspending all domestic flights in Zimbabwe and all international flights from the 26 March 2020. Domestic flights have resumed from the 21 September 2020 and international flights on the 1 October 2020 on a reduced basis and reached pre-Covid levels during the last week of November 2020. FedAir suspended all shuttle operations from 26 March 2020 until 21 September 2020. On 1 October 2020 operations restarted on a reduced basis. Management continues to monitor the situation closely and is managing cash flows to ensure the long-term sustainability of the Group;
- **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;

Strategic Report

Principal Risks and Uncertainties (continued)

- **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;
- **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 31. 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 2019 and throughout 2020; 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;
- fastjet Central Systems (fastjet Africa) – systems and support services to the group airlines; and
- fastjet Mozambique – currently suspended.

Strategic Report

Financial Review (continued)

The performance of cash generating units is included below:

Year ended 31 December 2020	fastjet Zimbabwe US\$'000	fastjet Mozambique US\$'000	fastjet Central Systems US\$'000	Central (Plc) US\$'000	federal Airlines US\$'000	Eliminate Inter- segment US\$'000	Total US\$'000
External	11,627	-	-	-	4,373	-	16,000
Inter-segment	184	-	1,800	101	580	(2,665)	-
Total revenue	11,811	-	1,800	101	4,953	(2,665)	16,000
Other income	606	-	-	8,443	271	(34)	9,286
EBITDA	(2,958)	(6)	377	(708)	(951)	7,536	3,290
Other finance income / (expense)	(1,311)	(12)	(75)	164	195	-	(1,039)
Depreciation / amortisation	(122)	-	(6,674)	-	(269)	6,099	(966)
(Loss) / Profit before tax	(4,391)	(18)	(6,372)	(544)	(1,025)	13,635	1,285
Tax	-	-	-	-	336	182	518
Net (loss) / profit	(4,391)	(18)	(6,372)	(544)	(689)	13,817	1,803
Non-current assets	6,780	-	121	6,306	3,393	-	16,600

Group revenue decreased by 61% to US\$16.0m (2019 US\$40.7m). This was due to fastjet Zimbabwe and FedAir operating only for six months for domestic flights and five months for international flights due to the COVID-19 induced nationwide lockdowns imposed by Zimbabwe and South Africa governments. The decrease in revenue is also attributable to the fact that there was no revenue at all in the current year from Mozambique since the Board's decision to suspend all operations in Mozambique from 26 October 2019.

Zimbabwe revenue significantly decreased year on year by US\$13.4m to US\$11.8m (2019: US\$25.2m). This is in commensurate to the five months that the company was fully in operation.

FedAir revenue decreased to US\$5.0m (2019: US\$12.8m).

Total costs before exceptional items for the group decreased by 52.5% to US\$22.6m (2019: US\$47.6). This was driven by the reduction in number flights as a result of the travel restrictions imposed and cost-containment measures instigated during the year by the Board.

Due to the decrease in operations of the Group, the actions taken to contain costs were in the form of employee retrenchments, salary restructuring with consent of our employees, restructuring lease and rental agreements and cancelling certain services not required for the foreseeable future. In addition to the retrenchment of some employees, salary cuts of up to 50% on a cost to company basis were agreed with most of the employees within the Group.

The Group reported a profit for the year of US\$1.8m (2019: US\$6.9m loss).

Strategic Report

Financial Review (continued)

The Group managed to generate a profit as a result of accessing the Legacy Loan as described on page 12 and creditors accepting a discount on the amounts owing. Excluding the one-off other income in Central of US\$8,4m the Group had an operational loss of US\$6.5m compared to US\$6,7m in 2019. The operational losses have decreased despite the Company not operating for around six months as a result of the COVID-19 induced lockdowns.

The performance of cash-generating units for the year ended 31 December 2019 as comparatives, is included in the table below:

Year ended 31 December 2019	fastjet Zimbabwe US\$'000	fastjet Mozambique US\$'000	fastjet Central Systems US\$'000	Central US\$'000	federal Airlines US\$'000	Eliminate Inter- segment US\$'000	Total US\$'000
External	25,199	2,908	-	-	12,667	-	40,774
Inter-segment	26	-	-	-	144	(170)	-
Total revenue	25,225	2,908	-	-	12,811	(170)	40,774
Other income	996	73	1,848	482	971	(3,141)	1,229
EBITDA	262	(3,187)	(1,559)	11,381	952	(12,396)	(4,547)
Other finance income / (expense)	(1,754)	96	105	865	(65)	-	(753)
Depreciation / amortisation	(188)	-	(88)	(320)	(305)	(510)	(1,411)
Loss before tax	(1,680)	(3,091)	(1,542)	11,926	582	(12,906)	(6,711)
Tax	-	-	(70)	-	(318)	182	(206)
Net loss	(1,680)	(3,091)	(1,612)	11,926	264	(12,724)	(6,917)
Non-current assets	8,977	-	257	6,956	4,583	-	20,773

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	2020	2019*	Movement
Passenger numbers	63,738	172,227	-63%
Revenue per Passenger (US\$)	160.0	145.0	10%
Revenue per Total Seat (US\$)	98.0	94.2	4%
Seats Flown	104,076	265,550	-61%
Available Seat Kilometres (“ASK”)	81,617,798	189,397,200	-57%
Load Factor	61%	65%	-6%
Revenue per ASK (US cents)	12.49	13.20	-5%
Cost per ASK (US cents) (excluding exceptional items)	18.65	17.75	5%
Cost per ASK ex. Fuel (US cents) (excluding exceptional items)	15.55	13.72	13%
Aircraft Utilisation (Hours)	2.95	5.74	-49%
Aircraft Utilisation at Year End (Hours)	7.18	5.12	-40%

*Restated to exclude fastjet Mozambique to enable comparability with the current year.

Unscheduled Airline Services

Measure	2020	2019	Movement
Passenger numbers – Shuttle	6,571	30,007	-78%
Passenger numbers – Charter	3,493	8,998	-61%
Revenue per pax (US\$) - Shuttle	261	265	-2%
Revenue per pax (US\$) - Charter	770	523	47%

Strategic Report

KPI commentary

Scheduled Airline Services

Passenger numbers decreased by 108,489 from 2019. This drop is mostly attributable to the COVID-19 induced lockdowns of six months and over in some instances.

Revenue per passenger increased by 10%. It is not comparable to 2019 as the airline operated for a limited period.

Load Factor dropped to 61% from 65% in 2019. Drop attributable mostly to the COVID-19 lockdowns affecting negatively the travelling patterns worldwide.

Cost per ASK (US cents) (excluding exceptional items) increased by 5% as the aircraft had limited flight time to amortise the fixed costs.

Aircraft Utilisation (hours) dropped by 49% from 5.74 hours in 2019 to 2.95 hours in 2020 as part of the reduced flying the aircraft faced for reasons mentioned above.

Unscheduled Airline Services

Number of passengers for the shuttle business dropped by 78% from 2019 to 2020 mostly due to measures implemented worldwide to contain the spread of Covid-19. Revenue per passenger for the shuttle services dropped by a further 62% from 2019 to 2020 as the remaining passengers paid the lower fares reserved for South African residents.

Number of passengers for the Charter business dropped by 61% for the same reasons explained for the Shuttle services drop. The revenue per passenger increased as those remaining passengers were willing to pay a premium to reach their destination.

Funding Activities

Shareholder Fundraising

There was no capital raise during the years ended 31 December 2020 and 2019.

Loan from SSCG

Original transaction

In July 2018, fastjet Limited borrowed US\$2.0m from SSCG Africa Holdings ("SSCG"), a company registered in Mauritius, 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.

Strategic Report

Loan amendments

Loan – fourth term extension

On 18 March 2020, the US\$0.75m was extended to 31 July 2020.

Loan – fifth term extension

On 8 September 2020, the US\$0.75m was further extended to 31 August 2021.

Loan – sixth term extension

On 24 August 2021, the US\$0.75m was further extended to 31 August 2022.

Loan from Solenta Aviation Holdings Limited

The Company has availed a US\$600,000 loan facility with SAHL (the “Additional Shareholder Loan”). The Additional Shareholder Loan is being provided to aid the Company with its overall working capital and future liquidity needs during the extended lockdown.

The key terms of the Additional Shareholder Loan are as follows:

- US\$600,000 facility to be provided to the Company by SAHL;
- Fixed interest rate of 10%, calculated daily, based on a 360-day loan period and paid monthly in arrears;
- Initial six-month term with the right for the Company to extend twice thereafter for further periods of six months each, up to a maximum 18-month term;
- On any renewal extension, a rollover renewal fee of 1% of the loan value shall be payable (US\$6,000) per rollover;
- The Additional Shareholder Loan shall be included and secured by the collateral and security package already held under the current US\$2,000,000 Shareholder loan facility agreed with SAHL on 4 March 2018 and amended on 16 November 2018 (the “Existing Shareholder Loan”);
- The Board has approved that SAHL register an aircraft mortgage to secure the Existing Shareholder Loan and the Additional Shareholder Loan, together US\$2,600,000 (the “Outstanding Shareholder Loan”), against one of the Company’s EMB145 aircraft currently registered in South Africa;
- SAHL is entitled to convert at any time the full or any part of the Outstanding Shareholder Loan of US\$2,600,000 into ordinary shares of the Company, at a weighted average share price over the 90 days up to the drawdown date of the Additional Shareholder Loan, subject to the approval of the Board;
- SAHL is entitled to a fee of \$20,000 to cover legal and fundraising costs, payable on the first drawdown of the Additional Shareholder Loan;
- SAHL has the option to convert its outstanding US\$2.6m loans provided to the Company into ordinary shares of £ 0.01 per share credited as fully paid at a conversion rate of 0.10 pence per share. The option is exercisable at Solenta Aviation Limited’s sole discretion. No notice of intention to exercise this conversion option has presently been issued; and
- The Additional Shareholder Loan includes standard representations, warranties and events of default, including pledged security.

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\$22,524,738 as a legacy loan (the "Legacy Loan") and a further US\$2,716,376 of fastjet Zimbabwe creditors 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\$ 6.6 million.

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. fastjet Zimbabwe has been able to access US\$ 2,007,221 as at 31 December 2020 through the foreign exchange auction system.

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

Consequences of monetary policy changes within Zimbabwe on reporting (continued)

In 2019, it was determined that fastjet Zimbabwe operated in an environment where the legislated exchange rate related to its Zimbabwean dollar transactions (which legislation dictated their exchange rate) did not reflect the economic substance of their value. This was contrary to the requirements of IAS 21 and the effect of this non-compliance was material to both the company and group financial statements.

The financial statements include voluntary disclosures to show transactions and balances denominated in ZWL separately so that the level of significance of these balances affected can be clear to the users of financial statements. We have disaggregated the presentation throughout the primary statements and notes to the financial statements.

Going Concern

The Group operated at a profit in 2020 and incurred a positive cash inflow during 2020. The main driver of the positive cash inflow in 2020 was accessing the funds recognised under the Legacy Loan facility. The COVID-19 pandemic has had a significant impact on the Group's ability to continue as a going concern. The Directors have taken several actions to mitigate the impact of the pandemic on the financial survival of the Group during, and post, the pandemic. Actions taken include detailed reviews of the Group's business model, specifically reviewing the fleet complement and size in FedAir, employee complements and other services provided within FedAir, fastjet Zimbabwe and fastjet Central Systems, with an aim to downscale the Group to a level whereby it can continue to operate in its current state on a vastly reduced format. This will allow the Group to maintain the ability to upsize should the opportunity arise post the pandemic.

With the State of Emergency declared effective from 27 March 2020, the borders of South Africa were closed for all scheduled international travel. This meant the legacy business of the Group came to an abrupt halt. However, new opportunities arose within FedAir in the form of chartered freight flights for DHL, a well-known international courier company. Additionally, ad-hoc charter flights were secured using the ERJ145 for carrying staff of a mining company into the Democratic Republic of Congo from South Africa and Zimbabwe. fastjet Zimbabwe also performed limited repatriation flights between Zimbabwe and South Africa.

Due to the decrease in operations of the Group, further actions were taken to contain costs in the form of employee retrenchments, salary restructuring with consent of our employees, restructuring lease and rental agreements and cancelling certain services not required for the foreseeable future. In addition to the retrenchment of certain employees, salary cuts of up to 50% on a cost to company basis were successfully negotiated with most of the employees within the Group. The Group successfully applied for the Temporary Employee Relieve Scheme as granted by the Government of South Africa, and the UK furlough scheme for our one remaining UK employee. The FedAir aircraft complement was reduced from fourteen aircraft down to four in line with the new downscaled forecast operations of the Group in 2021. Of those fourteen aircraft ten were leased and four were owned – all leases have been terminated. fastjet Zimbabwe maintained a fleet of four ERJ145s as at 31 December 2019. One of these ERJ145's was disposed of in March 2020 to Solenta Aviation (Proprietary) Limited in settlement of outstanding trade payables of over one year.

Within FedAir, other actions taken to secure or extend financing to face this unprecedented crisis were as follows:

- Overdraft facility of ZAR 3,000,000 (US\$161k) at an interest rate of Prime + 1.5% (current rate 8.5%) secured on 15 April 2020.
- COVID-19 Government backed loan of ZAR 12,639,647 (US\$760k) at an interest rate of Prime (Current rate 7%) with a capital and interest moratorium of 6 months secured on 4 August 2020.
- Moratorium on repayment of capital and interest on the Aircraft loans for six months till 1 November 2020.

Refer to Note 19 where the repayment terms and covenants associated with this financing are discussed.

Strategic Report

Going Concern (continued)

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. 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.

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 November 2022. 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:

- Lockdown restrictions completely removed as from October 2021 enabling flight operations for fastjet Zimbabwe reaching pre-Covid levels and maintaining this pattern going forward.
- Flight operations for FedAir reaching pre COVID-19 levels by October 2021 onwards with travel restrictions from federal Airlines main markets removed.
- Continued access to Legacy Loan facility.
- Last remaining GECAS E190 released and extracted from Tanzania. One of the E190 aircraft which used to be leased from GECAS has yet to be deregistered by the Tanzanian authorities. Deregistration of the aircraft was due to be completed by 28 February 2019 and is the last remaining condition for the termination of the head lease agreement with GECAS but has not yet been satisfied. Fastjet Airlines Ltd applied for the deregistration of the E190 with the Tanzanian authorities who have yet to deregister the aircraft. In our opinion the Group has done everything necessary to allow deregistration of the aircraft. Refer to further discussion under Note 28 Contingent liabilities.

Strategic Report

Going Concern (continued)

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

- The COVID-19 pandemic and measures to reduce its spread have had, and will likely continue to have, a material adverse impact on the Company's business, results of operations, financial condition and liquidity. In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China, and the World Health Organization ("WHO") subsequently declared COVID-19 a "Public Health Emergency of International Concern". Since February 2020, governments globally had implemented a range of travel restrictions including lockdowns, "do not travel" advisories, restrictions on travel from certain international locations, enhanced airport screenings, mandatory 14-day quarantine requirements, and other similar measures. Other governmental restrictions and regulations in the future in response to COVID-19 could include additional travel restrictions, quarantines of additional populations (including the Company's personnel), restrictions on our ability to access our facilities or aircraft or requirements to collect additional passenger data. In addition, governments, non-governmental organizations and entities in the private sector have issued and may continue to issue non-binding advisories or recommendations regarding air travel or other social distancing measures, including limitations on the number of persons that should be present at public gatherings. Finally, wariness among the public of travel by aircraft due to the perceived risk of health impacts, as well as cancellations of conventions, conferences, sporting events, concerts and other similar events, the closure of popular tourist destinations and the increased use of videoconferencing, have resulted in an unprecedented decline in business and leisure travel.
- The suspension (and risk of future suspensions) of flights as a result of travel bans in Zimbabwe and South Africa resulting from COVID-19; and
- 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 71%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.8m
- 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\$3.0m.
- Price of crude oil increasing by 10% compared to the current price forecasted of US\$75 a barrel
The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$1.0m.
- A second hard lockdown of 3 months or more including a complete ban on air travel. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.3 m.

These risks, along with the high level of sensitivity of the forecasts to the key assumptions described above, indicate that a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Strategic Report

Non-trading financial performance

Post balance sheet events

Settlement agreement with Solenta Aviation Mozambique S.A (“SAM”)

A Supply Service Agreement was entered into by fastjet Mozambique and SAM on 1 November 2017 for the supply of services. The agreement was superseded by a new agreement entered on 19 April 2019 and terminated effective 31 December 2019. Against the services provided by SAM, fastjet resulted in having a debt of MZN 130,397,277.70 as at 31 December 2019. The amount relating to this debt that was included in the balances at 31 December 2020 translated to US\$ is US\$1.7m.

This debt was translated to US\$2.1m on 25 June 2021. On 29 June 2021, fastjet agreed with SAM to a final settlement agreement of the outstanding amount to a revised reduced amount payable of US\$1.0m, being US\$0.50 per US\$1 of debt.

The amount was to be paid as US\$500k immediately being 29 June 2021 and the balance in six equal monthly instalments.

Legal Claim in respect of FedAir

Carl Trieloff (“Trieloff”), an 18.85% shareholder of federal Airlines Proprietary Limited (“FedAir”) prior to its sale to Parrot Aviation Proprietary Limited (“Parrot”) in October 2018 (the “Sale”) and a selling shareholder on the Sale, issued a claim on 5 October 2020 disputing the selling price. fastjet has settled this claim on 31 January 2021 for R3m (approximately US\$200k) payable in four installments.

Strategic Report

Post balance sheet events (continued)

Employee Benefit Trust

On 28 September 2017, the Company established an Employee Benefit Trust (“EBT”) in order to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust \$288k to fund the purchase of the shares.

On 6 April 2021 it was decided to wind up the trust and distribute its assets of 21,504,112 shares in fastjet Limited to Kris Jaganah and Donahue Cortes equally. The total outstanding amount of US\$315k from fastjet Limited was written off.

Loan from SSCG

The repayment of the loan capital amount due to SSCG was extended to 31 August 2022.

Loan from Solenta

On 20 May 2021, the repayment of the loan of US\$600k that was borrowed from Solenta was extended to 19 November 2021.

Purchase of aircraft

On 11 June 2021, fastjet Zimbabwe entered into a transaction to acquire a fourth Embraer ERJ 145 aircraft from ACIA Aero Capital Limited, a related party. Delivery of the aircraft took place on 27 June 2021; entered into service on 16 July 2021 and is registered as Z-FJH. The transaction is expected to be concluded with the settlement of the full purchase price on or before 31 December 2021.



Kris Jaganah
Group Chief Financial Officer
18 November 2021

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 2020.

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 42 and 43 respectively.

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. In 2018, the company changed accounting platforms to ensure better alignment to its business, in addition, the Company introduced a new revenue accounting data warehouse to better account and reconcile its revenue. fastjet is in the process of further enhancing and strengthening its reporting and internal control environment.

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 23.

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 almost 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 2020 and 2019 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. Due to the COVID-19 pandemic no-in person meeting has been held in 2020. 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	4/4	1/1	1/1
Mark Hurst	Group Chief Executive Officer	4/4	1/1	1/1
Kris Jaganah	Group Chief Financial Officer	4/4	1/1	1/1
Rob Burnham	Non-Executive Director	4/4	1/1	1/1

There were no Nomination Committee meetings held during the year.

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
18 November 2021

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 (Appointed on 31 December 2020)
- Director - fastjet Zimbabwe Limited (Appointed on 12 April 2021)

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 - federal Airlines (Proprietary) Limited
- Director - fastjet Africa (Proprietary) Limited
- Director - fastjet Mozambique Limitada



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 Interim Chief Executive Officer and acting Audit Committee Chairman. The Board plans to appoint a new additional non-executive Director who will take over the Chairman of the Audit Committee in 2022 once operations restart post the COVID-19 lockdowns.

The committee meets formally at least once a year, and the Group Chief Executive Officer and Chief Financial Officer are required to attend committee meetings. 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 2021 Corporate Plan, strategic direction, and budget.
- Quarterly performance for Group and its subsidiaries during 2020.
- 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
18 November 2021

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 2020, the targets were weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

Bonuses amounting to US\$120k were paid in 2020 to the executives of fastjet Limited.

Corporate Governance

Year under Review

During the year under review, the committee considered:

- Reduction in Salaries;
- Resignation of CEO and CFO in Zimbabwe; and
- Resignation of CEO and CFO in FedAir.

Directors' interests

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

Name	31 December 2020 No. of shares of £0.01 each	31 December 2019 No. of shares of £0.01 each
Robert Burnham	1,472	1,472

Directors' remuneration

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

For the year ended 31 December 2020

	Salary US\$'000	Bonus US\$'000	Directors Fees US\$'000	Benefits US\$'000	Total US\$'000
Robert Burnham	-	-	49	-	49
Rashid Wally	-	-	67	-	67
Mark Hurst	240*	-	-	-	240
Kris Jaganah	85	80	-	12	177
Total	325	80	116	12	533

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

For the year ended 31 December 2019

	Salary US\$'000	Bonus US\$'000	Directors Fees US\$'000	Benefits US\$'000	Total US\$'000
Nico Bezuidenhout (<i>resigned 30 September 2019</i>)	165	-	-	23	188
Robert Burnham	-	-	62	-	62
Rashid Wally	-	-	64	-	64
Mark Hurst	-	-	-	-	-
Kris Jaganah (<i>appointed on 05 April 2019</i>)	136	-	-	45	181
Michael Muller (<i>resigned 29 March 2019</i>)	50	-	-	-	50
Total	351	-	126	68	545

Corporate Governance

Executive committee remuneration

During 2020, the Executive Committee comprised of the following:

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

The 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 total remuneration of the Executive Committee, including the Executive Directors detailed above, was US\$0.6m in 2020 (2019: US\$0.8m).

Share options granted to Directors

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

	31 December 2020 No. share Options	31 December 2019 No. share options	Exercise Price	Date granted	Exercise period	Date renounced
Rob Burnham	146,972	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
18 November 2021

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 2020 as no new nominations were considered. The appointment of Donahue Cortes as Chief Operating 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

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 and the Group Chief Operating Officer. The Executive Committee meets as and when required.

By order of the Board
Ben Harber
Company Secretary
18 November 2021

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 2020.

The current Board of Directors of the Company are reflected in the Corporate Governance section on pages 40 - 41.

Results and Dividends

The consolidated income statement is set out on page 57 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 was US\$1.8m (2019: US\$6.9m loss).

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 2020 and 2019 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 34 and at Note 29 in the Notes to the Consolidated financial statements.

Outlook for 2021

These are detailed in the Strategic Report on page 14.

Research and development

No research and development is undertaken by fastjet.

Existence of branches

fastjet operates in each country through a registered local company and does not operate any branches.

Directors' Report

Acquisition of own shares - Treasury shares

On the 28 September 2017, the Company established an Employee Benefit Trust ("EBT") in order to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing of the shares, the Company lent the Trust US\$288k to fund the purchase of the shares. For further details see Note 22.

On 6 April 2021 Kris Jaganah and Donahue Cortes were awarded 10,752,056 shares each and it was decided to wind up the Employees Benefit Trust.

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.

Directors' Report

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 (CO₂) released into the atmosphere as a result of its activities. Our carbon footprint is calculated and expressed as a suite of carbon dioxide equivalents (CO₂e) 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 (CO₂, CH₄, N₂O, HFCs, PFCs and SF₆);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 form 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 2019 to 31 December 2020.

Greenhouse Gas Emissions

Activity	2020 Tonnes CO2e	2019 Tonnes CO2e
Emissions from aircraft fuel	12,248	33,904
Emissions from purchased electricity	60	98
	12,308	34,002
Energy consumption used to calculate emissions Kwh	98,443,683,638	271,596,458,553

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	2020 gCO2e	2019 gCO2e
Carbon emissions/revenue passenger km	0.0778	0.0208

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 57 - 129 were approved and authorised for issue by the Board of Directors and are signed on their behalf by:



Rashid Wally
Chairman
18 November 2021

Independent auditor's report to the members of fastjet Limited

Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report:

- 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs;
- the Parent Company 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 2020 which comprise the Consolidated income statement, Consolidated statement of other comprehensive income, Consolidated balance sheet, Consolidated cashflow statement, Consolidated statement of changes in equity, Parent company balance sheet, 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 the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for qualified opinion

As explained in note 1 to the consolidated financial statements, for the year ended 31 December 2019, the subsidiary Fastjet Zimbabwe Limited operated in an environment where the legislated exchange rate related to its Zimbabwean dollar transactions did not reflect the economic substance of their value. This is contrary to the requirements of applicable accounting standards and the effect of this non-compliance was considered to be both material and pervasive. Our audit opinion on the Group financial statements for the year ended 31 December 2019 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the effect of this matter on the current year opening balances and the comparability of the current period's figures and the corresponding figures.

In addition, adjustments required as a result of the above, would also result in the Strategic report and Directors report requiring amendment.

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 qualified 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.

Independent auditor's report to the members of fastjet Limited

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, which indicates that the Group is operating in an environment where future trading and hence ability to generate cashflows is highly sensitive to external factors outside of the Group's control. Further, as indicated in the contingent liability Note 28, there is a possible contingent liability relating to an aircraft in Tanzania requiring regulatory approval to terminate a head lease agreement. These factors may result in the need for additional funding by the Group. As stated in Note 1, these events or conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

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.

As described in the basis for qualified opinion section of our report, for the year ended 31 December 2019, the subsidiary Fastjet Zimbabwe Limited operated in an environment where the legislated exchange rate related to its Zimbabwean dollar transaction did not reflect the economic substance of their value as required by applicable accounting standards which also affects the current year opening balances and the comparability of the current period's figures and the corresponding figures. We have concluded that there are elements of other information that is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by the non-compliance with the applicable accounting standards in the year ended 31 December 2019.

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.

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and 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.

Independent auditor's report to the members of fastjet Limited

Other Companies Act 2006 reporting (continued)

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.

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:

Audit procedures included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and group. We determined that the most significant are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks, the Companies Act 2006 and the 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;

Independent auditor's report to the members of fastjet Limited

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to me 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, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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:

Anna Draper

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Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
Date: 18 November 2021

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

Consolidated income statement

	Note	Total Year ended 31 December 2020 US\$'000	Total Year ended 31 December 2019 US\$'000	*ZWL Year ended 31 December 2019 US\$'000	*Other currencies Year ended 31 December 2019 US\$'000
Revenue	4	16,000	40,774	3,199	37,575
Cost of sales	6	(15,945)	(37,162)	(6,023)	(31,139)
Gross profit		55	3,612	(2,824)	6,436
Other operating income	7	9,286	1,229	-	1,229
Administrative costs	6	(7,017)	(10,082)	(1,066)	(9,016)
Exceptional items	8	-	(717)	-	(717)
Operating profit / (loss)	5	2,324	(5,958)	(3,890)	(2,068)
Finance income	10	51	99	19	80
Finance charges	10	(1,090)	(852)	(174)	(678)
Profit / (Loss) from continuing activities before tax		1,285	(6,711)	(4,045)	(2,666)
Taxation	11	518	(206)	-	(206)
Profit / (Loss) from continuing activities after tax		1,803	(6,917)	(4,045)	(2,872)
Loss from discontinued activities net of tax	3	-	(5)	-	(5)
Profit / (Loss) for the year		1,803	(6,922)	(4,045)	(2,877)
Attributable to:					
Shareholders of the parent company		1,803	(6,922)	(4,045)	(2,877)
		1,803	(6,922)	(4,045)	(2,877)
Profit / (Loss) per share (basic and diluted) (US\$)	12				
From continuing activities		0.00	(0.00)	(0.00)	(0.00)
From discontinued activities		0.00	0.00	0.00	0.00
Total		0.00	(0.00)	(0.00)	(0.00)

* Refer to the Basis of Preparation paragraph in Note 1.

Consolidated statement of other comprehensive income

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Profit /(Loss) for the year	1,803	(6,922)
Items that may be reclassified to profit or loss:		
- Exchange differences on translation of continuing operations	742	16
Total other comprehensive income for the year	742	16
Total comprehensive income / (expense)	2,545	(6,906)
Attributable to:		
Shareholders of the parent company	2,545	(6,906)
Total comprehensive income / (expense)	2,545	(6,906)

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

Consolidated balance sheet

		Total Year ended 31 December 2020 US\$'000	Total Year ended 31 December 2019 US\$'000	*ZWL Year ended 31 December 2019 US\$'000	*Other currencies Year ended 31 December 2019 US\$'000
	Note				
Non-current assets					
Intangible assets	13	5,057	5,585	-	5,585
Property, plant and equipment	14	11,105	14,163	-	14,163
Right - of - use assets	15	438	1,025	37	988
		16,600	20,773	37	20,736
Current assets					
Inventory		127	131	-	131
Trade and other receivables	16	4,183	4,386	585	3,801
Cash and cash equivalents	17	3,360	2,960	390	2,570
		7,670	7,477	975	6,502
Total assets		24,270	28,250	1,012	27,238
Equity					
Share capital	21	192,077	192,077	-	192,077
Share premium account	21	215,050	215,050	-	215,050
Treasury shares	22	(288)	(288)	-	(288)
Reverse acquisition reserve		11,906	11,906	-	11,906
Retained earnings		(407,247)	(409,050)	280	(409,330)
Translation reserve		(4,239)	(4,981)	-	(4,981)
Equity attributable to shareholders of the Parent Company		7,259	4,714	280	4,434
Total equity		7,259	4,714	280	4,434
Liabilities					
Non-current liabilities					
Loans and other borrowings	19	4,048	3,109	-	3,109
Deferred tax liability	20	2,014	2,594	-	2,594
Lease liabilities	15	347	780	22	758
		6,409	6,483	22	6,461
Current liabilities					
Trade and other payables	18	8,776	15,240	688	14,552
Loans and other borrowings	19	1,645	1,488	-	1,488
Lease liabilities	15	181	325	22	303
		10,602	17,053	710	16,343
Total liabilities		17,011	23,536	732	22,804
Total liabilities and equity		24,270	28,250	1,012	27,238

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



Rashid Wally
Chairman
18 November 2021



Mark Hurst
Group Chief Executive Officer
18 November 2021

* Refer to the Basis of Preparation paragraph in Note 1.

Consolidated cash flow statement

		Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
	Note		
Operating activities			
Profit / (Loss) for the year		1,803	(6,922)
Adjustments for non-cash items:			
Depreciation of aircraft	6	1,506	3,242
Depreciation of other property, plant and equipment	6	154	170
Depreciation of right- of- use assets	6	284	401
Amortisation of AOC	13	491	491
Amortisation of other intangible assets	13	18	8
Taxation	11	(518)	206
Impairment of fastjet Limited brand	13	-	320
Amortisation of FedAir brand	13	19	19
VAT write off	8	-	397
Finance charges	26	190	285
Loss on disposal of assets		1	52
Profit on modification of leases		(51)	-
Loss from discontinued activities	3	-	5
Changes in working capital:			
Decrease / (Increase) in trade and other receivables		1,268	(1,597)
(Decrease) / Increase in trade and other payables		(4,728)	1,935
Increase in inventory		-	(18)
Cash utilised in operating activities		437	(1,006)
Net cash utilised in operating activities		437	(1,006)
Investing activities			
Purchase of property, plant and equipment	14	(829)	(975)
Proceeds on sale of property, plant and equipment		54	-
Net cash flow from investing activities		(775)	(975)
Financing activities			
Loan repaid – Annunaki		-	1,090
Loan repayment - SSCG	26	-	(1,250)
Instalment sale liabilities repayments	26	(349)	(686)
Lease liabilities payments	15	(234)	(275)
Lease liabilities interest paid	15	(52)	(95)
Interest paid on loans	26	(157)	(277)
Loan received – SAHL (fastjet Limited)	26	600	-
Loan received – COVID related (FedAir)	26	760	-
Net cash flow from financing activities		568	(1,493)
Net movement in cash and cash equivalents		230	(3,474)
Effect of exchange rate changes on cash		170	(139)
Opening net cash		2,960	6,573
Closing net cash	17	3,360	2,960

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
Balance at 31 December 2018	192,077	215,004	(288)	11,906	(4,997)	(402,128)	11,574
Share premium adjustment	-	46	-	-	-	-	46
Transactions with owners	-	46	-	-	-	-	46
Loss for the year	-	-	-	-	-	(6,922)	(6,922)
- Exchange differences	-	-	-	-	16	-	16
Total comprehensive loss for the year	-	-	-	-	16	(6,922)	(6,906)
Balance at 31 December 2019	192,077	215,050	(288)	11,906	(4,981)	(409,050)	4,714
Transactions with owners	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	1,803	1,803
Exchange differences	-	-	-	-	742	-	742
Total comprehensive profit for the year	-	-	-	-	742	1,803	2,545
Balance at 31 December 2020	192,077	215,050	(288)	11,906	(4,239)	(407,247)	7,259

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.

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 66.98% of the group's equity as at 31 December 2020 (2019: 59.34%).

Basis of preparation

The financial statements are prepared in accordance with applicable International Financial Reporting Standards ("IFRS") and the applicable reporting requirements of the Companies Act 2006.

On 22 February 2019, as legislated in Statutory Instrument 33 ("SI 33") of 2019 (Presidential Powers Temporary Measures) Amendment of Reserve Bank of Zimbabwe Act and Issue of Real Time Gross Settlement Electronic Dollars ("RTGS Dollars") Regulations of 2019, certain local transactions were required to be transacted in Zimbabwean Dollars ("ZWL") and a fixed exchange rate between the various mediums of exchange and ZWL were enforced. As a result of this legislation a material number of transactions and balances are now denominated in ZWL. However, due to the operation of the foreign exchange market relating to the ZWL, it was not possible to obtain a reliable market rate of exchange with the US\$ for the 2019 financial year. In the absence of a reliable market rate, the exchange rate specified in local law had been used (see below). This was contrary to the requirements of IAS 21 as it did not reflect the economic substance of their value. The effect of this non-compliance is material to these financial statements due to the effect on the 2019 figures as well as the effect on the 2020 opening balances.

To aid the users of the financial statements' understanding the Group has prepared the Consolidated income statement with additional columns to show the split between transactions denominated in ZWL and in other currencies separately and the Consolidated balance sheet to show balances in ZWL separately from the balances in other currencies. Where relevant, the amounts included in the total that are denominated in ZWL have also been included in a separate column in the notes to the financial statements. All ZWL transactions occurred in fastjet Zimbabwe Limited but these do not represent all transactions in Zimbabwe – refer to Note 2 for a segment analysis of results. The Group has voluntarily elected to show these balances in ZWL separately so that the level of significance of these balances affected can be clear to the users of financial statements. The month average of the ZWL to USD exchange rates that has been used has been presented under the functional currency header within Note 1.

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.

Notes to the consolidated financial statements

Changes in accounting estimates

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both.

However, to the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it is recognised by adjusting the carrying amount of the related asset, liability, or equity item in the period of the change.

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

For the year ended 31 December 2020, the monthly average rates were used to translate the operating results.

The following table present the monthly average rates for the year ended 31 December 2020:

Month	South African Rand	Mozambican Metical	Zambian Kwacha	Zimbabwean Dollars
January	14.3799	62.6187	14.3811	17.0796
February	15.0150	64.5161	14.7059	17.6823
March	16.5589	65.9996	16.2832	21.3375
April	18.5981	67.0986	18.6256	25.0000
May	18.1850	68.2970	18.3150	25.0000
June	17.1432	69.5691	18.2450	33.4413
July	16.7849	70.2470	18.1424	33.4413
August	17.2155	70.9707	18.7436	78.9836
September	16.8415	71.6846	19.8180	83.1224
October	16.4500	72.6676	20.2139	83.1224
November	16.0079	73.0803	20.5204	81.5232
December	15.6254	73.5220	20.7106	81.5812

The following table present the monthly average rates for the year ended 31 December 2019:

Month	South African Rand	Mozambican Metical	Zambian Kwacha	Zimbabwean Dollars
January	13.2899	62.1588	11.9395	n/a**
February	13.6840	62.3546	11.9848	1.0000
March	13.9544	62.7796	12.0633	3.0120
April	14.4129	63.8178	12.4739	3.1367
May	14.4640	63.0994	12.9533	4.2625
June	14.3422	62.0863	13.0495	5.9428
July	14.1240	61.6566	12.8985	7.9038
August	14.6704	61.1801	13.0087	9.9498
September	15.1747	61.3896	13.1616	12.9559
October	15.1144	62.2384	13.2445	15.4359
November	14.8646	63.3621	14.0179	15.9657
December	14.3242	62.7786	14.4061	16.5155

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 2020 and 31 December 2019:

Currency	Year 2020	Year 2019
	Balance Sheet (closing rate)	Balance Sheet (closing rate)
South African Rand	14.6134	13.978
Mozambican Metical	74.5993	61.557
Zambian Kwacha	21.1747	14.0823
Zimbabwean Dollars*	81.7866	16.7734

* Zimbabwean Dollars came into effect on 22 February 2019 in Zimbabwe, the country in which fastjet Zimbabwe operates.

Notes to the consolidated financial statements

Going Concern

The Group operated at a profit in 2020 and generated a positive cash inflow during 2020. The main driver of the positive cash inflow in 2020 was accessing the funds recognised under the Legacy Loan facility. The COVID-19 pandemic has had a significant impact on the Group's ability to continue as a going concern. The Directors have taken several actions to mitigate the impact of the pandemic on the financial survival of the Group during, and post, the pandemic. Actions taken include detailed reviews of the Group's business model, specifically reviewing the fleet complement and size in FedAir, employee complements and other services provided within FedAir, fastjet Zimbabwe and fastjet Central Systems, with an aim to downscale the Group to a level whereby it can continue to operate in its current state on a vastly reduced format. This will allow the Group to maintain the ability to upsize should the opportunity arise post the pandemic.

With the State of Emergency declared effective from 27 March 2020, the borders of South Africa were closed for all scheduled international travel. This meant the legacy business of the Group came to an abrupt halt. However, new opportunities arose within FedAir in the form of chartered freight flights for DHL, a well-known international courier company. Additionally, ad-hoc charter flights were secured using the ERJ145 for carrying staff of a mining company into the Democratic Republic of Congo from South Africa and Zimbabwe. Fastjet Zimbabwe also performed limited repatriation flights between Zimbabwe and South Africa.

Due to the decrease in operations of the Group, further actions were taken to contain costs in the form of employee retrenchments, salary restructuring with consent of our employees, restructuring lease and rental agreements and cancelling certain services not required for the foreseeable future. In addition to the retrenchment of certain employees, salary cuts of up to 50% on a cost to company basis were successfully negotiated with most of the employees within the Group. The Group successfully applied for the Temporary Employee Relieve Scheme as granted by the Government of South Africa, and the UK furlough scheme for our one remaining UK employee. The FedAir aircraft complement was reduced from fourteen aircraft down to four in line with the new downscaled forecast operations of the Group in 2021. Of those fourteen aircraft ten were leased and four were owned – all leases have been terminated. Fastjet Zimbabwe maintained a fleet of four ERJ145s as at 31 December 2019. One of these ERJ145's was disposed of in March 2020 to Solenta Aviation (Proprietary) Limited in settlement of outstanding trade payables of over one year.

Within FedAir, other actions taken to secure or extend financing to face this unprecedented crisis were as follows:

- Overdraft facility of ZAR 3,000,000 (US\$161k) at an interest rate of Prime + 1.5% (current rate 8.5%) secured on 15 April 2020.
- COVID-19 Government backed loan of ZAR 12,639,647 (US\$760k) at an interest rate of Prime (Current rate 7%) with a capital and interest moratorium of 6 months secured on 4 August 2020.
- Moratorium on repayment of capital and interest on the Aircraft loans for six months till 1 November 2020.

Refer to Note 19 where the repayment terms and covenants associated with this financing are discussed.

Notes to the consolidated financial statements

Going Concern (continued)

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. 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.

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 November 2022. 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:

- Lockdown restrictions completely removed as from October 2021 enabling flight operations for fastjet Zimbabwe reaching pre-Covid levels and maintaining this pattern going forward.
- Flight operations for FedAir reaching pre COVID-19 levels by October 2021 onwards with travel restrictions from federal Airlines main markets removed.
- Continued access to Legacy Loan facility.
- Last remaining GECAS E190 released and extracted from Tanzania. One of the E190 aircraft which used to be leased from GECAS has yet to be deregistered by the Tanzanian authorities. Deregistration of the aircraft was due to be completed by 28 February 2019 and is the last remaining condition for the termination of the head lease agreement with GECAS but has not yet been satisfied. Fastjet Airlines Ltd applied for the deregistration of the E190 with the Tanzanian authorities who have yet to deregister the aircraft. In our opinion the Group has done everything necessary to allow deregistration of the aircraft. Refer to further discussion under Note 28 Contingent liabilities.

Notes to the consolidated financial statements

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

- The COVID-19 pandemic and measures to reduce its spread have had, and will likely continue to have, a material adverse impact on the Company's business, results of operations, financial condition and liquidity. In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China, and the World Health Organization ("WHO") subsequently declared COVID-19 a "Public Health Emergency of International Concern". Since February 2020, governments globally had implemented a range of travel restrictions including lockdowns, "do not travel" advisories, restrictions on travel from certain international locations, enhanced airport screenings, mandatory 14-day quarantine requirements, and other similar measures. Other governmental restrictions and regulations in the future in response to COVID-19 could include additional travel restrictions, quarantines of additional populations (including the Company's personnel), restrictions on our ability to access our facilities or aircraft or requirements to collect additional passenger data. In addition, governments, non-governmental organizations and entities in the private sector have issued and may continue to issue non-binding advisories or recommendations regarding air travel or other social distancing measures, including limitations on the number of persons that should be present at public gatherings. Finally, wariness among the public of travel by aircraft due to the perceived risk of health impacts, as well as cancellations of conventions, conferences, sporting events, concerts and other similar events, the closure of popular tourist destinations and the increased use of videoconferencing, have resulted in an unprecedented decline in business and leisure travel.
- The suspension (and risk of future suspensions) of flights as a result of travel bans in Zimbabwe and South Africa resulting from COVID-19; and
- 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 71%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.8 m.
- 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\$3.0 m.
- Price of crude oil increasing by 10% compared to the current price forecasted of US\$75 a barrel. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$1.0 m.
- A second hard lockdown of 3 months or more including a complete ban on air travel. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US\$2.3m.

These risks, along with the high level of sensitivity of the forecasts to the key assumptions described above, indicate that a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

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 2020:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 3 Amendments – Amendment of definition of business
- Amendment to IFRS 16 - COVID-19 Related Rent Concessions

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.

- IFRS 17 Insurance contracts - effective for annual period commencing on 1 January 2021
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 - effective 1 January 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 - effective 1 January 2021
- Annual Improvements to IFRSs (2018 - 2020 Cycle) - effective 1 January 2022:
 - IFRS 1
 - IFRS 9
 - Illustrative Examples accompanying IFRS 16
 - IAS 41
- Amendments to IAS 16 Property, Plant and Equipment – effective 1 January 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective on 1 January 2023
- Amendments to IAS 8 - Definition of Accounting Estimates- effective 1 January 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective 1 January 2023
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies - effective 1 January 2023

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.

Notes to the consolidated financial statements

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.

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.

Exceptional items

The Group presents those items which, because of their size, nature or expected infrequency of events giving rise to them, merit separate presentation to allow the users of the financial statements to understand better the Group's financial performance in the period. Examples of items that may give rise to disclosure as exceptional items include:

- Impairments of intangible assets or property, plant and equipment as well as the reversal of such write downs or impairments;
- Restructuring provisions or their reversal including redundancy costs, lease surrender costs or similar contract cancellation costs;
- Corporate-related costs including refinancing costs, and significant costs relating to acquisitions and disposals;
- Disposals of items of property, plant and equipment and intangible assets; and
- Abnormal legal costs, litigation settlements and other similar settlements.

Where these exceptional items are material in size and nature to the performance of the Group in the period, they are disclosed on a separate line in the consolidated income statement.

Notes to the consolidated financial statements

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.

When an operation is classified as a discontinued operation, the statement of comprehensive income is re-presented 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.

Notes to the consolidated financial statements

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 ¹	Engine Overhaul / Shop Restoration ²	Engine Hot Section Inspection ²	Landing Gear ¹	Auxiliary Power Unit ("APU") ²
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
PC12 Fleet	25 years	3,500 Hours	2,000 Hours	n/a	n/a

¹ Depreciated on the straight-line method.

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

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

Notes to the consolidated financial statements

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.

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.

Notes to the consolidated financial statements

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.

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 or 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 18.

Notes to the consolidated financial statements

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.

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.

Notes to the consolidated financial statements

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.

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.
- "Treasury shares" represents the value of shares in fastjet Limited that are held by fastjet Limited Employee Benefit Trust.

Notes to the consolidated financial statements

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.

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.

Notes to the consolidated financial statements

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.

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 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 2020 (2019: 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 2020, management's assessment showed that there had been no changes to the valuation of FedAir CGU.
- Impairment of intangible assets (Note 13). 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 of US\$1.5m (2019: US\$1.5m).

Notes to the consolidated financial statements

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 31 - 33.
- the determination of the functional currencies of subsidiaries. Management concluded that the functional currency for fastjet Zimbabwe during 2020 and 2019 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:
 - fastjet Zambia;
 - 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 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 continuing and discontinued business 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 2020	fastjet Zimbabwe US\$'000	fastjet Mozambique US\$'000	fastjet Central Systems US\$'000	Central (Plc) US\$'000	federal Airlines US\$'000	Eliminate Inter- segment US\$'000	Total US\$'000
External	11,627	-	-	-	4,373	-	16,000
Inter-segment	184	-	1,800	101	580	(2,665)	-
Total revenue	11,811	-	1,800	101	4,953	(2,665)	16,000
Other income	606	-	-	8,443	271	(34)	9,286
EBITDA	(2,958)	(6)	377	(708)	(951)	7,536	3,290
Other finance income / (expense)	(1,311)	(12)	(75)	164	195	-	(1,039)
Depreciation / amortisation	(122)	-	(6,674)	-	(269)	6,099	(966)
(Loss) / Profit before tax	(4,391)	(18)	(6,372)	(544)	(1,025)	13,635	1,285
Tax	-	-	-	-	336	182	518
Net (loss) / profit	(4,391)	(18)	(6,372)	(544)	(689)	13,817	1,803
Non-current assets	6,780	-	121	6,306	3,393	-	16,600

Notes to the consolidated financial statements

Year ended 31 December 2019	fastjet Zimbabwe US\$'000	fastjet Mozambique US\$'000	fastjet Central Systems US\$'000	Central (Plc) US\$'000	federal Airlines US\$'000	Eliminate Inter- segment US\$'000	Total US\$'000
External	25,199	2,908	-	-	12,667	-	40,774
Inter-segment	26	-	-	-	144	(170)	-
Total revenue	25,225	2,908	-	-	12,811	(170)	40,774
Other income	996	73	1,848	482	971	(3,141)	1,229
EBITDA	262	(3,187)	(1,559)	11,381	952	(12,396)	(4,547)
Other finance income / (expense)	(1,754)	96	105	865	(65)	-	(753)
Depreciation / amortisation	(188)	-	(88)	(320)	(305)	(510)	(1,411)
(Loss) / profit before tax	(1,680)	(3,091)	(1,542)	11,926	582	(12,906)	(6,711)
Tax	-	-	(70)	-	(318)	182	(206)
*Net (loss) / profit	(1,680)	(3,091)	(1,612)	11,926	264	(12,724)	(6,917)
Non-current assets	8,977	-	257	6,956	4,583	-	20,773

* This excludes discontinued operations.

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 2020 US\$'000	Year ended 31 December 2019 US\$'000
Guernsey structure (dormant entities)	-	(5)
Total	-	(5)

4. Revenue

Revenue from continuing operations is made up of the following:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Passenger revenue	11,990	35,003	3,131
Charter revenue	3,824	5,173	-
Ancillary services	186	573	68
Cargo revenue	-	25	-
Total	16,000	40,774	3,199

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 2020	*Zimbabwe US\$'000	Mozambique US\$'000	FedAir US\$'000	Central US\$'000	Total US\$'000
Passenger revenue	10,276	-	1,714	-	11,990
Charter revenue	1,136	-	2,688	-	3,824
Ancillary services	215	-	(29)	-	186
Cargo revenue	-	-	-	-	-
Total	11,627	-	4,373	-	16,000

Notes to the consolidated financial statements

Year ended 31 December 2019	*Zimbabwe US\$'000	Mozambique US\$'000	FedAir US\$'000	Central US\$'000	Total US\$'000
Passenger revenue	24,497	2,547	7,959	-	35,003
Charter revenue	162	305	4,706	-	5,173
Ancillary services	515	56	2	-	573
Cargo revenue	25	-	-	-	25
Other revenue	-	-	-	-	-
Total	25,199	2,908	12,667	-	40,774

* All ZWL transactions are included in the Zimbabwe segment.

Deferred income (forward ticket sales)

Amounts included in Trade and other payables (linked to forward ticket sales)	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Balance - 01 January	1,874	2,517
Amounts released to revenue during the year	(1,874)	(2,517)
Tickets booked and banked in advance for the following year not recognised as revenue during the period – included in liabilities ¹	1,663	1,874
Balance – 31 December	1,663	1,874

¹ See Note 18

Notes to the consolidated financial statements

5. Operating profit / (loss)

Operating profit / (loss) is stated after charging the following disclosable items:	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Operating lease costs			
• Aircraft from the SAHL group (related party) (short term lease)	-	184	-
• Aircraft from other lessors or operators (short term lease)	1,172	3,533	-
Right- of- use amortisation (see Note 15)			
• Property	277	392	97
• Equipment	7	9	-
Fuel	2,819	8,680	3,561
Amortisation of other intangible assets (see Note 13)	528	838	-
Depreciation of property, plant and equipment (see Note 14)			
• Property, plant and equipment	154	170	-
• Owned aircraft	1,506	3,242	-
Audit fees paid:			
• Group - 2020 (BDO)	129	-	-
• Subsidiary companies - 2020 (BDO)	84	-	-
• Group - 2019 (BDO)	59	175	-
• Subsidiary companies - 2019 (BDO)	(87)	259	14
• Subsidiary companies - 2017 (KPMG)	-	10	-
• Subsidiary companies – 2018 (BDO)	-	21	-
• Subsidiary companies - 2018 (PWC and Deloitte)	-	10	-
• Subsidiary company - 2017 (Deloitte)	-	(50)	(50)
Share option charges	-	1	-
Net foreign exchange losses	684	168	-

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	Year ended	ZWL
	31 December 2020 US\$'000	31 December 2019 US\$'000	Year ended 31 December 2019 US\$'000
Aircraft leases			
- South Africa (FedAir) (Solenta)	-	532	-
- South Africa (FedAir) (Other)	1,172	3,533	-
Aircraft depreciation	1,506	3,242	-
Fuel	2,819	8,680	3,561
Crew costs and training			
- Flight crew and cabin crew salaries	1,726	2,585	1,205
- Other crew costs	173	489	113
- Training	254	514	1
Aircraft maintenance and overhaul			
- Zimbabwe (Solenta)	2,777	4,487	86
- Mozambique (Solenta)	-	1,782	-
- South Africa (FedAir) (Solenta)	825	250	-
- South Africa (FedAir) (Other)	495	885	-
Passenger variable costs	973	1,928	507
Ground handling	909	2,265	40
Airport costs (landing, parking, overfly and navigation)	865	2,257	2
Cost of ancillaries	339	840	469
Withholding taxes	402	-	-
Aircraft insurance	161	173	-
Flight operations support	258	372	-
Codeshare capacity purchase - LAM (Mozambique)	-	1,384	-
Passenger delay, goodwill and immigration fines	32	164	39
In-flight retail	24	28	-
Airport passenger charges	41	155	-
Other operational costs	118	379	-
Other	76	238	-
Total	15,945	37,162	6,023

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	Year ended	ZWL
	31 December 2020	31 December 2019	Year ended
	US\$'000	US\$'000	31 December 2019
			US\$'000
Employee costs			
- salaries and wages	3,158	4,407	515
- other employee costs	268	557	219
- sub-contractors and consultants	734	688	10
Legal and professional	722	950	(87)
IT costs	681	937	75
Office costs	329	555	
Depreciation of property, plant and equipment	154	170	-
Depreciation of right- of- use assets	284	401	97
Amortisation of intangible assets	528	518	-
Marketing and advertising costs	80	516	120
Other costs	79	383	117
Total	7,017	10,082	1,066

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	Year ended	ZWL
	31 December 2020	31 December 2019	Year ended
	US\$'000	US\$'000	31 December 2019
			US\$'000
RBZ Legacy Loan settlement gain ¹	7,380	-	-
AAR settlement gain ²	643	-	-
Loan with SAHL gain	420	-	-
Advertising and marketing income earned	448	-	-
Recoveries	113	-	-
Maintenance recharges	98	441	-
Settlement agreement on PHI	60	-	-
Profit on modification of leases	50	-	-
Hangarage	44	-	-
Parking	23	-	-
Recovery of credit card deposit previously written off	-	370	-
Fuel recovery	-	339	-
Insurance refund	-	73	-
Other	7	6	-
Total	9,286	1,229	-

¹ This is the gain from the settlement of the RBZ Legacy Loan. Refer to page 12 for further details.

² A settlement discount was granted by creditor ARR. See Note 18 for further details.

Notes to the consolidated financial statements

8. Exceptional Items

Exceptional items include the following non-cash items:	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
VAT write off *(a)	-	397
Impairment of fastjet Limited brand * (b)	-	320
Total	-	717
	-	717

* See notes below

- a) An amount of US\$397k was written off relating to VAT input pre-registration receivables, which were deemed no longer recoverable.

- b) The fastjet Limited brand asset was impaired on 31 December 2019. This was after management had established that the recoverable amount was lower than the carrying amount. The recoverable amount of the fastjet Limited brand has been calculated with reference to value generated through its use which is modelled on the cash flows generated from the 0.5% royalty on operating entity revenue. The impairment was US\$320k. As at 31 December 2020, management concluded that no additional impairment was necessary as there was no movement to the value of the brand.

Notes to the consolidated financial statements

9. Employees

The average number of staff (including Directors) employed by the Group during the year amounted to:	Year ended 31 December 2020	Year ended 31 December 2019
Administration and management	80	118
Cockpit and cabin crew	66	72
Ground and flight operations	32	40
Commercial	12	6
Aircraft maintenance	5	4
Total staff employed (continuing operations)	195	240

Employees analysis by country (continuing operations):

• Zimbabwe	83	81
• South Africa (fastjet Central Systems)	23	28
• South Africa (FedAir)	86	127
• United Kingdom	3	4
Total staff employed	195	240

The aggregate payroll costs (including Directors):	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Salaries and wages	6,146	9,122	2,058
Social security costs	124	110	6
Pension costs	43	8	-
Total	6,313	9,240	2,064

Payroll costs for the continuing operations are disclosed in:

Administration costs	4,160	5,652	745
Cost of sales	2,153	3,588	1,319
Total	6,313	9,240	2,064

The aggregate remuneration of the Directors in the year was:	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Salaries and wages	325	351
Directors' fees	116	126
Bonuses	80	-
Benefits	12	68
	533	545

The remuneration of the highest paid Director was US\$240k (2019: US\$188,000). The remuneration of the Directors are presented on page 44.

Notes to the consolidated financial statements

10. Finance income and Finance charges

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Finance income			
Interest received on short term deposits	51	99	19
	51	99	19
Finance charges			
Interest charges	264	340	-
Net foreign exchange losses	683	168	-
Bank charges (includes 2% transfer fees in Zimbabwe)	130	344	174
Other finance charges	13	-	-
	1,090	852	174

11. Taxation

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Current tax (benefit) / expense:		
Overseas tax expense	-	213
Deferred tax	(518)	(7)
	(518)	206
Disclosed in:		
- continuing operations	(518)	206
Tax (benefit) / charge - continuing and discontinued operations	(518)	206

Notes to the consolidated financial statements

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Profit / (loss) from continuing operations before tax	1,285	(6,711)
Loss from discontinued operations before tax	-	(5)
Profit / (loss) before tax	1,285	(6,716)
Profit / (loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	244	(1,276)
Current year losses for which no deferred tax has been recognised	600	338
Foreign exchange not allowed	125	150
Expenses not deductible for tax purposes	412	788
Non-taxable income	(1,416)	-
Allowances	(301)	-
Change in tax rate	-	(10)
Release of fair value adjustment	(182)	(182)
Overseas turnover tax	-	398
Total current tax (benefit) / expense	(518)	206

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 2020 the Group had accumulated tax losses of approximately US\$257m (2019: US\$253m 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.

12. 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 3,800,824,884 (2019: 3,800,824,884). The profit for the purposes of basic earnings per share being the net profit attributable to the equity holders of the parent was US\$1.8m (2019: US\$6.9m loss).

Weighted average number of ordinary shares	Year ended 31 December 2020	Year ended 31 December 2019
Issued ordinary shares as at 01 January	3,800,824,884	3,800,824,872
Effect of warrants exercised in February 2019	-	9
Effect of warrants exercised in October 2019	-	3
Weighted average number of shares as at 31 December	3,800,824,884	3,800,824,884

Notes to the consolidated financial statements

13. Intangible assets

	Goodwill US\$'000	AOCs US\$'000	Brands* US\$'000	Computer software US\$'000	Total US\$'000
Cost					
At 31 December 2018	1,499	7,893	2,797	1,480	13,669
Additions	-	-	-	38	38
Foreign currency difference	-	-	-	1	1
At 31 December 2019	1,499	7,893	2,797	1,519	13,708
Additions	-	-	-	-	-
At 31 December 2020	1,499	7,893	2,797	1,519	13,708
Less: Amortisation and Impairment					
At 31 December 2018	1,499	2,979	1,328	1,479	7,285
Impairments for the year	-	-	320	-	320
Amortisation for the year	-	491	19	8	518
At 31 December 2019	1,499	3,470	1,667	1,487	8,123
Amortisation for the year	-	491	19	18	528
At 31 December 2020	1,499	3,961	1,686	1,505	8,651
Net carrying amount					
At 31 December 2018	-	4,914	1,469	1	6,384
At 31 December 2019	-	4,423	1,130	32	5,585
At 31 December 2020	-	3,932	1,111	14	5,057

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 2020 US\$'000	Year ended 31 December 2019 US\$'000
fastjet Zimbabwe CGU		
fastjet Limited brand ¹	2,500	2,500
Less: cumulative impairment	<u>(1,540)</u>	<u>(1,540)</u>
	<u>960</u>	<u>960</u>
FedAir CGU		
FedAir brand ²	297	297
Less: cumulative impairment	<u>(108)</u>	<u>(108)</u>
Less cumulative amortisation	<u>(38)</u>	<u>(19)</u>
	<u>151</u>	<u>170</u>
Total	1,111	1,130

¹ fastjet Limited brand:

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 2020	Year ended 31 December 2019
Period in which management forecasts are based	2021-2024	2020-2022
Growth rate applied beyond approved forecast period	3.00%	3.00%
Discount rate	15.00%	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 2020 US\$'000	Year ended 31 December 2019 US\$'000
fastjet Zimbabwe	960	960
Total	960	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\$ 28,102)
1% increase in the discount rate	(US\$ 56,736)

² FedAir brand:

As at 31 December 2020, 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 2020	Year ended 31 December 2019
Period in which management forecasts are based	2021-2025	2020-2022
Growth rate applied beyond approved forecast period	2.00%	2.40%
Discount rate	14.80%	15.00%
Foreign exchange rate ZAR: US\$	R14.620:US\$1.00	R14.00 = US\$1.00

The recoverable amount was established to be US\$5.0m at 31 December 2020 (2019:US\$5.0m).

As at 31 December 2020, 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\$ 413,913)
1% increase in the discount rate	(US\$ 384,746)
R1:00 increase in ZAR:US\$ exchange rate	(US\$ 331,995)

Notes to the consolidated financial statements

14. 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
Cost						
At 31 Dec. 2018	16,825	255	257	376	52	17,765
Additions	370	67	40	97	122	696
Capitalised costs	279	-	-	-	-	279
Disposals/write off	(70)	-	-	(2)	-	(72)
Foreign currency difference	(167)	3	1	9	36	(118)
At 31 Dec. 2019	17,237	325	298	480	210	18,550
Additions	-	6	3	81	2	92
Capitalised costs	737	-	-	-	-	737
Disposals/write off	(2,260)	-	-	(55)	-	(2,315)
Foreign currency difference	(220)	(2)	3	(2)	(5)	(226)
At 31 Dec. 2020	15,494	329	304	504	207	16,838
Accumulated depreciation						
At 31 Dec. 2018	692	105	238	159	10	1,204
Charge for the year	3,242	48	11	85	26	3,412
Foreign currency difference	(229)	-	-	-	-	(229)
At 31 Dec. 2019	3,705	153	249	244	36	4,387
Charge for the year	1,506	37	12	75	30	1,660
Disposals	(290)	-	-	-	-	(290)
Foreign currency difference	(34)	4	1	3	2	(24)
At 31 Dec. 2020	4,887	194	262	322	68	5,733
Net carrying amount						
At 31 Dec. 2018	16,133	150	19	217	42	16,561
At 31 Dec. 2019	13,532	172	49	236	174	14,163
At 31 Dec. 2020	10,607	135	42	182	139	11,105

Aircraft with a carrying amount of US\$3.1m, serve as security for the instalment liabilities in Note 19.
Aircraft ZS - BBD with a carrying amount of US\$1.9m, serve as security for the loan with Solenta Aviation Holdings Limited.

Notes to the consolidated financial statements

15. Right-of-use assets and lease liabilities

Nature of leasing activities (in the capacity as lessee)

The Group leases sixteen 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\$1.9m (2019:US\$4,1m). 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 2020 and the corresponding lease liabilities:

Right-of-use assets

	Property US\$'000	Equipment US\$'000	Total US\$'000
As at 1 January 2019	1,326	25	1,351
Additions	131	-	131
Amortisation	(392)	(9)	(401)
Foreign exchange movements	(56)	-	(56)
As at 31 December 2019	1,009	16	1,025
Additions	25	-	25
Amortisation	(277)	(7)	(284)
Effect of modification to lease terms	(266)	(1)	(267)
Foreign exchange movements	(59)	(2)	(61)
As at 31 December 2020	432	6	438

Amount held in ZWL as at 31 December 2019 is US\$37k

Notes to the consolidated financial statements

Lease liabilities

	Property US\$'000	Equipment US\$'000	Total US\$'000
As at 1 January 2019	1,326	25	1,351
Additions	131	-	131
Interest expense	141	2	143
Lease payments	(366)	(11)	(377)
Foreign exchange movements	(143)	-	(143)
As at 31 December 2019	1,089	16	1,105
Additions	25	-	25
Interest expense	51	1	52
Lease payments	(279)	(7)	(286)
Effect of modification to lease terms	(320)	(1)	(321)
Foreign exchange movements	(47)	-	(47)
As at 31 December 2020	519	9	528

Amount held in ZWL as at 31 December 2019 is US\$44k

Maturity analysis of lease liabilities

At 31 December 2020	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	59	122	161	186	-

At 31 December 2019	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	88	237	357	423	-

Notes to the consolidated financial statements

16. Trade and other receivables

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Trade and other receivables due within one year:			
Trade receivables (net of provision for loss allowance)	2,179	2,560	16
Other receivables	703	780	559
Total financial assets other than cash and cash equivalents classified as amortised cost	2,882	3,340	575
VAT and tax	1,000	285	-
Prepayments	301	761	10
Total	1,301	1,046	10
Total	4,183	4,386	585

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 2020 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:

As at 31 December 2020	Current US\$'000	ZWL US\$'000
Expected loss rate – category 1	1%	1%
Gross carrying amount	2,717	-
Loss provision	27	-
Expected loss rate – category 2	100%	100%
Gross carrying amount	-	-
Loss provision	-	-
As at 31 December 2019		
Expected loss rate – category 1	1%	1%
Gross carrying amount	3,340	575
Loss provision	33	6
Expected loss rate – category 2	100%	100%
Gross carrying amount	218	141
Loss provision	218	141

As at 31 December 2020 trade receivables of US\$ nil (2019:US\$218k) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the 2019 financial year relate to Air Zimbabwe (US\$141k) and Swissport (US\$77k) that were assessed and considered unrecoverable.

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Opening provision for impairment of trade receivables	218	-	-
Increase during the year	-	218	141
Decrease during the year	(218)	-	-
At 31 December	-	218	141

Notes to the consolidated financial statements

17. Cash and cash equivalents

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Petty cash	17	41	-
Bank balances	3,343	2,919	390
Cash and cash equivalents in the consolidated balance sheet	3,360	2,960	390
Cash and cash equivalents in the statement of cash flows*	3,360	2,960	390

* As at 31 December 2020, US\$283k (2019: US\$390k) of cash and cash equivalents of fastjet Zimbabwe was cash restricted for use mainly within the country.

Notes to the consolidated financial statements

18. Trade and other payables

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Trade payables	3,792	9,660	441
Deferred income (forward ticket sales)	1,663	1,874	58
Accruals *	2,106	1,446	59
AAR – A319 rotatable parts settlement (for Tanzania GCU) **	843	1,686	-
Other payables	224	488	123
Other taxation and social security	132	69	7
VAT & tax	16	17	-
	8,776	15,240	688

* The accruals include US\$281k (2019:US\$1.3m) for fastjet Limited settlement agreements as group guarantor related to the disposal of the Tanzanian CGU.

** The AAR amount of US\$843k (2019:US\$1.7m) was linked to a contingent settlement agreement related to the profitability of the Group in the first six months of 2019 which was not met, and subsequently it was agreed with the Company that the amount would be settled in cash in 2020 on a discounted basis, as detailed below:

- On 10 March 2020, fastjet Limited and AAR entered into a Full and Final Settlement Deed of the outstanding creditor amount, the terms of which allowed Fastjet Limited to repay a full and final settlement of US\$ 400,000 in four equal monthly instalments starting on 27 March 2020, 28 April 2020, 28 May 2020, 20 June 2020, and on payment of each US\$ 100,000 monthly, AAR would discount the remaining debt outstanding by an amount of US\$ 321,418; both the 27 March 2020 and 28 April 2020 payments were duly paid and a total discount of US\$643k was received which is included in other income in Note 7;
- On 15 May 2020, due to the COVID-19 induced worldwide lockdowns and suspension of all fastjet and FedAir flights, fastjet Limited approached AAR to request a deferral on the last two remaining payments of US\$ 100,000 each that were due 28 May 2020 and 20 June 2020; and
- On 27 May 2020, the two remaining instalments of US\$ 200,000 (US\$ 100,000 each) were deferred to 28 September 2020 and 30 October 2020 respectively.
- On 10 September 2020, an addendum was signed to defer the repayment dates for the last two instalments to 28 February 2021 (US\$100,000 due payment) and 31 March 2021 (US\$100,000 due payment).
- On 05 March 2021, an addendum was signed to defer the repayment dates for the last instalment to 31 May 2021 (US\$50,000 due payment) and 30 September 2021 (US\$50,000 due payment).
- The full amount outstanding was settled on 20 May 2021.

Notes to the consolidated financial statements

19. Loans and other borrowings

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Non-current		
Solenta Aviation Holdings Limited loan ¹	2,000	2,000
Instalment sale liabilities ²	1,281	1,109
COVID-19 related loan ²	767	-
Total	4,048	3,109
Current		
Instalment sale liabilities ²	134	710
Loan from SSCG ¹	795	778
Solenta Aviation Holdings Limited loan ¹	600	-
COVID-19 related loan ²	116	-
Total	1,645	1,488

No ZWL transactions are included in this balance.

¹ US\$ denominated – fastjet Limited

² 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; and
- Addition of fastjet Africa (excluding fastjet Mozambique Limitada) as additional security for the remaining term.

Notes to the consolidated financial statements

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.

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 when FedAir purchased four of their operational aircraft which are currently reflected under owned aircraft and two vehicles included under motor vehicles in (see Note 14). The loans bear interest at South African prime (currently 7.00%) minus 1%. Final instalments are due between 2021 and 2022.

As at 31 December 2020, the instalment sale liabilities are secured by the four owned aircraft with a book value in FedAir of US\$3.1m (2019: US\$3.6m) and motor vehicles with a book value in FedAir of US\$27k (2019: US\$38k).

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 7% 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);
- other operating expenses in an aggregate amount of R3,2m (US\$219k).

FedAir has complied with the above conditions to date.

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

Notes to the consolidated financial statements

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.

Loan amendments

On 1 March 2019, the Company agreed with SSCG that the terms of the unsecured loan will be extended to 31 March 2019. The terms of the Loan Agreements will remain the same except for the following changes:

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US\$2.0 m repayment plus any outstanding interest into ordinary shares in the Company (subject always to the shareholders of the Company granting the Directors sufficient authority to allot and issue such shares on a non-pre-emptive basis) (the "Option to Convert") either (i) upon the happening of an event of default under the Loan Agreements, or (ii) after 28 February 2019; and
- Any ordinary shares in the Company issued pursuant to the Option to Convert shall be issued at the higher of:
 - the volume weighted average price per ordinary share over the preceding 30 trading days on the London Stock Exchange ending on the date on which SSCG has given such written notice to convert; or
 - At par value.

Loan – second term extension

On 11 March 2019, the parties agreed to extend the Loan arrangements to 30 June 2019.

Loan – third term extension

On 11 June 2019, an amount of US\$1.25m was repaid to SSCG and the remaining US\$0.75m was extended to 31 January 2020 (third term extension).

Loan – fourth term extension

On 18 March 2020, the US\$0.75m was extended to 31 July 2020.

Loan – fifth term extension

On 8 September 2020, the US\$0.75m was further extended to 31 August 2021.

Loan – sixth term extension

On 24 August 2021, the US\$0.75m was further extended to 31 August 2022.

Notes to the consolidated financial statements

20. 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 2020 US\$'000	Year ended 31 December 2019 US\$'000
At 1 January	(2,594)	(2,577)
Recognised in profit and loss	518	7
Effects of movements in exchange rate	62	(24)
At 31 December	(2,014)	(2,594)
Deferred tax liability is attributable to the following items		
Aircraft, plant and equipment	(1,342)	(1,335)
AOC	(1,101)	(1,239)
Allowance for future expenditure	(199)	(202)
Lease payments on capitalised assets	(147)	(85)
Prepaid expenses	(58)	(57)
Brand	(42)	(47)
Assessed loss	534	-
Income received in advance	202	274
Right-of-use-asset	132	71
Interest on paid leases	34	30
Leave pay provision	12	23
Provision for bonuses	4	16
Effects of movement in exchange rate	(43)	(43)
	(2,014)	(2,594)

No ZWL transactions are included in this balance.

A deferred tax asset has not been recognised for unused tax losses for all the companies in the Group except for US\$534 relating to FedAir assessed losses. This is because it is not probable that future taxable profits will be available against which the Group companies can use the benefits thereon.

Notes to the consolidated financial statements

21. Share capital and Share premium

	Number of ordinary shares £0.01 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 2019	3,800,825	9,313	1,035,890	131,331	192,077	215,004
Shares issued: 2019						
- Share premium adjustment	-	-	-	-	-	46
Total shares issued - 2019	-	-	-	-	-	46
At 31 December 2019	3,800,825	9,313	1,035,890	131,331	192,077	215,050
Shares issued: 2020	-	-	-	-	-	-
Total shares issued - 2020	-	-	-	-	-	-
At 31 December 2020	3,800,825	9,313	1,035,890	131,331	192,077	215,050

No ZWL transactions are included in this balance.

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.

2020 Capital Raises:

They were no issues of shares through any capital raises during the year 2020 (2019: nil).

Reconciliation of outstanding share warrants

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

	Year ended 31 December 2020		Year ended 31 December 2019	
	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	31,749,226	£0.310
Granted	-	-	-	-
Exercised	-	-	(12)	£0.315
Lapsed	-	-	(1,434,498)	£0.163
Outstanding at end of the year	30,314,716	£0.315	30,314,716	£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.

Of the remaining warrants, all 30,314,716 warrants are priced at 31.5 pence and all warrants lapse 31 July 2021.

Notes to the consolidated financial statements

22. Treasury shares

Treasury shares are shares in fastjet Limited that are held by the fastjet Limited Employee Benefit Trust.

	Number of Shares	US\$'000
At 31 December 2019	21,504,112	288
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2020	21,504,112	288

No ZWL transactions are included in this balance.

On 28 September 2017, the Company established an Employee Benefit Trust (“EBT”) in order to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust \$288k to fund the purchase of the shares.

On the 6 April 2021 it was decided to wind up the trust and distribute its assets of 21,504,112 shares in fastjet Limited to Kris Jaganah and Donahue Cortes. The loan of US\$315k from fastjet Limited was written off.

23. Subsidiaries

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

Active Companies	Name	Country of Incorporation	Activity	Voting rights held	
				2020	2019
	fastjet Zambia Limited	Zambia	Airline Services	49.50%	49.50%
	fastjet Zimbabwe Limited	Zimbabwe	Airline Services	49.00%	49.00%
	fastjet Africa (Pty) Limited	South Africa	Airline Management Services	100.00%	100.00%
	fastjet Mozambique Limitada	Mozambique	Airline Services	99.25%	99.25%
	Parrot Aviation Proprietary Limited	South Africa	Holding Company	25.00%	25.00%
	Aircraft and Facilities Limited	British Virgin Islands	Dormant	100.00%	100.00%
	federal Airlines Proprietary Limited	South Africa	Airline Services	25.00%	25.00%

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

The registered office of fastjet Zambia Limited is 3rd Floor, Mpile Office Park, 74 Independence Avenue, Lusaka, Zambia.

Notes to the consolidated financial statements

Subsidiaries continued

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 Aircraft and Facilities Limited is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

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

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 issue of shares, which were issued, bringing 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 77 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.

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

24. 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.

Grant date of Options granted to Directors	Number of options granted*	Vesting Conditions	Contractual life of options*
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.

	Date of grant		
	13 June 2012	1 April 2015	15 August 2016
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 2020		31 December 2019	
	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 2020 have an exercise price in the range of £0.315 to £44.78 (2019: £0.315 to £44.78) and a weighted average contractual life of 7.7 years (2019: 7.7 years).

Expense recognised in the profit or loss	Year ended	Year ended
	31 December 2020	31 December 2019
	US\$'000	US\$'000
Total expense recognised for equity-settled share-based payments	-	1

Notes to the consolidated financial statements

25. 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 2020	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	-	2,882	-	1,301	4,183	4,183
Cash and cash equivalents	-	3,360	-	-	3,360	3,360
Trade and other payables	-	-	(6,965)	(1,811)	(8,776)	(8,776)
Loans and borrowings	-	-	(5,693)	-	(5,693)	(5,693)
Lease liabilities	-	-	(528)	-	(528)	(528)

At 31 December 2019	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 ¹	-	3,340	-	1,140	4,480	4,480
Cash and cash equivalents ²	-	2,960	-	-	2,960	2,960
Trade and other payables ³	-	-	(13,280)	(1,960)	(15,240)	(15,240)
Loans and borrowings	-	-	(4,597)	-	(4,597)	(4,597)
Lease liabilities ⁴	-	-	(1,105)	-	(1,105)	(1,105)

¹See Note 16 for details of ZWL included in this amount.

² Refer to Note 17 for details of ZWL included in this amount.

³ Included in Trade and other payables at amortised cost is an amount of ZWL623k and included in the other section is an amount of ZWL65k

⁴ Lease liabilities include an amount of ZWL44k.

* 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:

At 31 December 2020	Monetary assets US\$'000	Monetary liabilities US\$'000
Sterling	66	205
US Dollars	3,788	6,676
Zambian Kwacha	11	16
South Africa Rand	1,636	4,402
Euro	246	136
Mozambican metical	50	1,821
ZWL (Zimbabwe local US\$)	283	274
	6,080	13,530
At 31 December 2019	Monetary assets US\$'000	Monetary liabilities US\$'000
Sterling	78	183
US Dollars	2,732	9,179
Zambian Kwacha	33	24
South Africa Rand	2,587	3,211
Euro	124	67
Mozambican metical	79	2,204
ZWL (Zimbabwe local US\$)	406	1,134
	6,039	16,002

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 2020 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 2019.

	10% increase in currency		10% decrease in currency	
	Impact on profit before tax		Impact on profit before tax	
	Year ended	Year ended	Year ended	Year ended
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	US\$'000	US\$'000	US\$'000	US\$'000
Sterling	(15)	(23)	15	23
Zambian Kwacha	-	-	-	-
South African Rand	(270)	1	270	(1)
Euro	(10)	(57)	10	57
Mozambican metical	(195)	(17)	195	17
Zimbabwean dollars	(53)	61	53	(61)

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 may need additional funding past March 2023 to continue operating. Should this need arise, the Board will propose a capital raise to existing shareholders.

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 2020	Carrying amount US\$'000	Contractual cash flows US\$'000	Up to 3 months US\$'000	3 months	1 to 2 years US\$'000	2 to 5 years US\$'000	5 years and over US\$'000
				and 12 months US\$'000			
Trade payables	3,792	3,792	-	3,792	-	-	-
Other payables and accruals*	2,330	2,330	-	2,330	-	-	-
AAR settlement agreement	843	200	-	200	-	-	-
Loans with SAHL	2,600	-	-	600	-	2,000	-
Instalment sale liabilities	1,415	1,496	221	654	621	-	-
Lease liabilities	528	629	67	154	191	217	-
Loan from SSCG	795	795	-	795	-	-	-
COVID-19 related loan	882	1,063	18	158	210	677	-
Total	13,185	10,305	306	8,683	1,022	2,894	-

The following are contractual maturities of financial liabilities as at 31 December 2019:

At 31 December 2019	Carrying amount US\$'000	Contractual cash flows US\$'000	Up to 3 months US\$'000	3 months	1 to 2 years US\$'000	2 to 5 years US\$'000	5 years and over US\$'000
				and 12 months US\$'000			
Trade payables	9,660	9,660	-	9,660	-	-	-
Other payables and accruals*	1,934	1,934	-	1,934	-	-	-
AAR settlement agreement	1,686	1,686	-	1,686	-	-	-
Loans with SAHL	2,000	2,000	-	-	-	2,000	-
Instalment sale liabilities	1,819	2,024	231	691	910	192	-
Lease liabilities	1,105	1,324	107	313	426	478	-
Loan from SSCG	778	778	-	-	778	-	-
Total	18,982	19,406	338	14,284	2,114	2,670	-

* 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\$3.4m as at 31 December 2020 (2019: US\$3.0m). The cash and cash equivalents are held with bank and financial institution counterparties, which have the ratings shown below:

	Year ended 31 December 2020				Year ended 31 December 2019	
	Rating	Cash at Bank US\$'000	Cash at Bank ZWL US\$'000	Rating	Cash at Bank US\$'000	Cash at Bank ZWL US\$'000
Barclays UK	A	1,419	-	A	1,069	-
Standard Bank of South Africa	B	1,534	-	B	915	-
Ecobank Zimbabwe	BBB	268	268	BBB	411	3
NMB Bank Zimbabwe	BB	59	13	BB	391	366
CBZ Zimbabwe	A	19	2	A	107	21
Barclays Zambia	BB	12	-	BB	17	-
Standard Bank Mozambique	B	49	-	B	9	-
Bank balance as per Note 17		3,360	283		2,919	390

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 16 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. These are issued at prime bank interest rate plus one percent. 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 2020	Loans and borrowings US\$'000	Total US\$'000
Fixed interest (SAHL, SSCG)	3,395	3,395
Variable interest	2,298	2,298
Total	5,693	5,693

Notes to the consolidated financial statements

Financial instruments continued

At 31 December 2019	Loans and borrowings US\$'000	Total US\$'000
Fixed interest (SAHL & SSCG)	2,778	2,778
Variable interest	1,819	1,819
Total	4,597	4,597

No ZWL transactions are included in this balance.

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:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000	ZWL Year ended 31 December 2019 US\$'000
Loans and borrowings	5,693	4,597	-
Lease liabilities	528	1,105	44
Less: cash and cash equivalents	(3,360)	(2,960)	(390)
Net debt/ (cash)	2,861	2,742	(346)
Total equity	7,259	4,714	280
Debt to capital ratio	39%	58%	-123%

Notes to the consolidated financial statements

Financial instruments continued

The decrease in the net debt to capital ratio during 2020 resulted primarily from the increase in total equity as at 31 December 2020. The total equity increased as a result of the profits that were made in the current year. The decrease in the ratio was also because of the increase in cash and cash equivalents. Additional funding was obtained during the year in the form of an additional loan from Solenta of US\$600k and a COVID-19 related loan was obtained by FedAir in South Africa.

26. 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 2020	1,819	2,000	778	-	4,597
Loan obtained	-	600	-	760	1,360
Repayment of borrowings as per cash flow statement	(349)	-	-	-	(349)
Payment of interest	(129)	-	(28)	-	(157)
Other non-cash changes:					
Interest charges accrued	129	-	45	16	190
Foreign exchange variances	(54)	-	-	106	52
Balance as at 31 December 2020	1,416	2,600	795	882	5,693

	Instalment sale liabilities US\$'000	SAHL loan US\$'000	SSCG Loan US\$'000	Total US\$'000
At 1 January 2019	2,456	2,000	2,020	6,476
Repayment of borrowings as per cash flow statement	(686)	-	(1,250)	(1,936)
Payment of interest	(207)	-	(70)	(277)
Other non-cash changes:				
Interest charges accrued	207	-	78	285
Foreign exchange variances	49	-	-	49
Balance as at 31 December 2019	1,819	2,000	778	4,597

No ZWL transactions are included in this balance.

Notes to the financial statements

27. Related Parties

Solenta:

As at 31 December 2020, Solenta Aviation Holdings Limited (“SAHL”) was a 66.98% (2019: 59.34%) 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:

	SAHL group entity	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Non-current liabilities			
Long term loan	SAHL	2,600	2,000
Current liabilities			
Accruals – Solenta Aviation Holdings Limited	SAHL	10	19
Accruals – Solenta Investment Holdings (Pty) Ltd	SIH	240	-
Trade payables			
• Solenta Aviation Holdings Limited	SAHL	13	11
• Solenta Aviation Mozambique Limitada	SAM	1,747	2,118
• Solenta Aviation (Proprietary) Limited	PTY	42	3,543

On 1 November 2017, Solenta Aviation Mozambique Limitada (“SAM”) and fastjet Mozambique Limitada (“FAM”) entered into an agreement in which Solenta Mozambique S.A supplies to fastjet Mozambique Limited all the required flight operations activities and functions, administration and management support, administration support for the purpose of settlement of operations and related billing, maintenance activities and operations, supervision of fuel uplifting provided by the third-party suppliers, supervision of airside ground handling activities provided by the third party suppliers and airside oversight of asset security. The amounts relating to this agreement reflected in the table above under the SAM trade payable amount of US\$1.7m.

The agreement was superseded by a new agreement entered on 19 April 2019 and terminated effective 31 December 2019.

On 29 June 2021, fastjet agreed with SAM to a final settlement agreement of the outstanding amount. Refer to Note 29 for further details.

Additionally, fastjet Limited entered into a brand license agreement with 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 financial statements

Related Parties continued

Sale of Embraer Aircraft

fastjet Zimbabwe, a subsidiary of the Company, owed monies to Solenta Aviation (Pty) Limited (“Solenta”), a South African subsidiary of SAHL, a significant shareholder, relating to the maintenance and other aircraft related support activities of its Zimbabwean operations (the “Creditor Position”).

Following the suspension of the Company’s flight operations in Mozambique, one of the Company’s Embraer 145 aircraft remained idle and needed heavy maintenance. Following the completion of the heavy maintenance, the Company entered into an agreement with Solenta over the sale of that Embraer 145 to settle part of Solenta’s Creditor Position.

The Consideration in respect of the sale was paid to the Company by way of receipt of a credit note from Solenta, reducing the Group’s creditor account owing by fastjet Zimbabwe to Solenta from US\$3.6m to US\$1.4 m as at 31 March 2020.

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 2020 US\$’000	Year ended 31 December 2019 US\$’000
Crew, Maintenance, Insurance services	SAM	-	1,629
Crew, Maintenance, Insurance services	PTY	1,447	4,184
Aircraft Base Maintenance	PTY	812	364
Crew re-currency training and/or type ratings	PTY	105	245
FedAir – C208B aircraft operating dry leases	PTY	-	184
FedAir – Maintenance services	PTY	825	250
FedAir - Crew costs	PTY	-	44
FedAir - Other costs	PTY	-	53
Engine loaner lease	SAHL	-	313
Gain on disposal	PTY	(120)	-
		3,069	7,266
Interest charges - SAHL loan		146	175

Liberum Capital Limited:

Liberum was fastjet’s nominated advisor prior to the delisting and currently holds a 5.52% shareholding in fastjet. The following were the transactions that took place between Liberum and fastjet during the year:

	Year ended 31 December 2020 US\$’000	Year ended 31 December 2019 US\$’000
Professional fees	-	105

Notes to the financial statements

Related Parties continued

Directors:

Directors are considered related parties. There are no other transactions with Directors apart from the Directors' emoluments disclosed in Note 9 and share options granted to Directors disclosed in Note 24.

Additionally, Mark Hurst, the fastjet Group 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 23 for the list of subsidiaries.

28. Contingent liabilities

GECAS aircraft:

One of the E190 aircraft which used to be leased from GECAS has yet to be deregistered by the Tanzanian Civil Aviation Authority (TCAA). Deregistration of the aircraft was due to be completed by 28 February 2019 and is the last remaining condition for the termination of the head lease agreement with GECAS. Fastjet Airlines Limited has applied for the deregistration of the E190 with the Tanzanian authorities and met the terms required to deregister the aircraft, but the TCAA are yet to accept this deregistration.

The Group and GECAS have been working together in Tanzania to try and complete this process, including through legal applications, but this process has not completed. Should this process not be achieved, the Group could be held liable for the aircraft at a replacement cost currently estimated at around US\$10 million.

Choice Motors:

Choice Motors Limited filed a complaint with the High Court of Tanzania against fastjet Limited as one of the respondents. This claim is for outstanding amount of approximately US\$70k in respect of services rendered (motor vehicles hired by fastjet Airlines Limited, the divested Tanzanian airline) for a period of five months. Management believes that the chances of fastjet Limited being liable in this matter is very remote as the contract was signed between Choice Motors and fastjet Airlines Limited. fastjet Limited is not privy to that contract and hence should not be party to this claim.

Notes to the financial statements

29. Post balance sheet events

Legal Claim in respect of FedAir

Carl Trieloff (“Trieloff”), an 18.85% shareholder of federal Airlines Proprietary Limited (“FedAir”) prior to its sale to Parrot Aviation Proprietary Limited (“Parrot”) in October 2018 (the “Sale”) and a selling shareholder on the Sale, issued a claim on 5 October 2020 disputing the selling price. fastjet has settled this claim on 31 January 2021 for R3m (approximately US\$200k) payable in four installments.

Settlement agreement with Solent Aviation Mozambique S.A (“SAM”)

A Supply service Agreement was entered into by fastjet Mozambique and SAM on 1 November 2017 for the supply of services. The agreement was superseded by a new agreement entered on 19 April 2019 and terminated effective 31 December 2019. Against the services provided by SAM, fastjet resulted in having a debt of MZN 130,397,277.70 as at 31 December 2019. The amount relating to this debt that was included in the balances at 31 December 2020 translated to US\$ is US\$1.7m.

This debt was translated to US\$2.1m on 25 June 2021. On 29 June 2021, fastjet agreed with SAM to a final settlement agreement of the outstanding amount to a revised reduced amount payable of US\$1,0m, being US\$0.50 per US\$1 of debt.

The amount was to be paid as US\$500k immediately being 29 June 2021 and the balance in six equal monthly instalments.

Employee Benefit Trust

On 28 September 2017, the Company established an Employee Benefit Trust (“EBT”) in order to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust \$288k to fund the purchase of the shares.

On 6 April 2021 it was decided to wind up the trust and distribute its assets of 21,504,112 shares in fastjet Limited to Kris Jaganah and Donahue Cortes. The total outstanding amount of US\$315k from fastjet Limited was written off.

Loan from SSCG

On 24 August 2021, the repayment of the loan capital amount due to SSCG was extended to 31 August 2022.

Purchase of aircraft

On 11 June 2021, fastjet Zimbabwe entered into a transaction to acquire a fourth Embraer ERJ 145 aircraft for an amount of US\$2.0m from ACIA Aero Leasing Limited, a related party. Delivery of the aircraft took place on 27 June 2021; entered into service on 16 July 2021 and registered as Z-FJH. The transaction is expected to be concluded with the settlement of the full purchase price on or before 31 December 2021.

Parent company balance sheet

	Note	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Assets			
Investments	4	-	-
Intangible assets	5	960	960
Intercompany loan receivable	6	5,000	5,050
		5,960	6,010
Current assets			
Cash and cash equivalents		1,419	1,069
Trade and other receivables	7	227	397
		1,646	1,466
Total assets		7,606	7,476
Equity			
Share capital	9	192,077	192,077
Share premium account	9	215,050	215,050
Treasury shares	10	(288)	(288)
Equity reserve		11,695	-
Retained earnings		(416,360)	(404,668)
Total equity		2,174	2,171
Non-current liabilities			
Loans and borrowings	11	2,000	2,000
Current liabilities			
Trade and other payables	8	2,037	2,527
Loans and borrowings	11	1,395	778
Total current liabilities		3,432	3,305
Total liabilities		5,432	5,305
Total liabilities and equity		7,606	7,476

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 loss for the year was US\$11.7m (2019: US\$765k loss).

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



Rashid Wally
Chairman
18 November 2021



Mark Hurst
Group Chief Executive Officer
18 November 2021

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 2018	192,077	215,004	(288)	(403,903)	-	2,890
Shares issued	-	-	-	-	-	-
Creditors settlement	-	46	-	-	-	46
Transactions with owners	-	46	-	-	-	46
Loss for the year	-	-	-	(765)	-	(765)
Balance at 31 December 2019	192,077	215,050	(288)	(404,668)	-	2,171
Loss for the year	-	-	-	(11,692)	-	(11,692)
Capital contributions	-	-	-	-	11,695	11,695
Balance at 31 December 2020	192,077	215,050	(288)	(416,360)	11,695	2,174

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 4). 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. This future brand license fees recoverable, based on the current operating airline businesses, resulted in a provision for impairment of the brand of US\$1.5m.
- Impairment of capital contributed into fastjet Africa, fastjet Mozambique and fastjet Zambia amounting to US\$11.7m (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 at 31 December 2020.
- Impairment of loan with Parrot Note 6. The loan had a value of US\$9.6m and was impaired by US\$4.6m. 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 sensitivities will result in a change in the impairment 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 65.

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 2020	Year ended 31 December 2019
Administration and management	3	5
	3	5
The aggregate payroll costs (including Directors):	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Salaries and wages	593	1,212
Social security costs	24	32
Share based payments (Note 24 of the consolidated financial statements)	-	1
Total	617	1,245
Payroll costs are disclosed in:		
Administration costs	617	1,245
Total	617	1,245
The aggregate remuneration of the Directors in the year was:	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Salaries and wages	325	351
Directors' fees	116	126
Bonuses	80	-
Benefits	-	68
	521	545

The remuneration of the highest paid Director was US\$240k (2019: US\$188,000). The remuneration of the Directors can be found on page 44.

Notes to the parent company financial statements

4. Investments

Investments in subsidiary undertakings were as follows:

	Year ended 31 December 2020 US\$'000
At 31 December 2019	-
Capital contributions to subsidiaries	<u>11,695</u>
At 31 December 2020	<u>11,695</u>
Impairment	
At 31 December 2019	-
Impairment for the year	<u>11,695</u>
At 31 December 2020	<u>11,695</u>
Balance at 31 December 2020	<u><u>-</u></u>

As at 31 December 2020, fastjet Limited had a total amount of US\$11.7m receivable from its subsidiaries (fastjet Mozambique US\$7.4m, fastjet Africa US\$2.1m, 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 2020.

Notes to the parent company financial statements

5. Intangible assets

	Brands US\$'000	Software and other US\$'000	Total US\$'000
Cost			
At 31 December 2018	2,500	781	3,281
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	<u>2,500</u>	<u>781</u>	<u>3,281</u>
Additions	-	-	-
Disposals	-	-	-
At 31 December 2020	<u>2,500</u>	<u>781</u>	<u>3,281</u>
Amortisation and impairment charges			
At 31 December 2018	1,220	781	2,001
Impairment for the year	320	-	320
Disposals	-	-	-
At 31 December 2019	<u>1,540</u>	<u>781</u>	<u>2,321</u>
Impairment for the year	-	-	-
Disposals	-	-	-
At 31 December 2020	<u>1,540</u>	<u>781</u>	<u>2,321</u>
Net carrying amount			
At 31 December 2019	<u>960</u>	<u>-</u>	<u>960</u>
At 31 December 2020	<u>960</u>	<u>-</u>	<u>960</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 2020 US\$'000	Year ended 31 December 2019 US\$'000
fastjet Limited brand	2,500	2,500
Less: cumulative impairment	(1,540)	(1,540)
	<u>960</u>	<u>960</u>

Notes to the parent company financial statements

fastjet Limited brand:

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 2020	Year ended 31 December 2019
Period in which management forecasts are based	2021-2024	2020-2022
Growth rate applied beyond approved forecast period	3%	3%
Discount rate	15%	15%

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 2020	Year ended 31 December 2019
fastjet Zimbabwe	960	960
Total	960	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\$ 28,102)
1% increase in the discount rate	(US\$56,736)

Notes to the parent company financial statements

6. Intercompany loans receivable

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Loan to Parrot ¹	9,120	9,120
Provision for impairment	<u>(4,120)</u>	<u>(4,070)</u>
	5,000	5,050
fastjet Zimbabwe Aircraft loan ²	13,387	12,466
Provision for impairment	<u>(13,387)</u>	<u>(12,466)</u>
Total	-	-
Other amounts receivable from Group undertakings ³	53,445	41,937
Provision for impairment	<u>(53,445)</u>	<u>(41,937)</u>
Total	-	-

¹ 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 federal Airlines. 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. The loan was subsequently impaired at year end to US\$5.0m.

² The Aircraft loan is unsecured and bears interest at 4.5% per annum.

³ 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 2020 US\$'000	Year ended 31 December 2019 US\$'000
Trade receivables	203	339
VAT debtor	21	55
Other debtors	3	3
	<u>227</u>	<u>397</u>

8. Trade and other payables

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Accruals	1,606	2,177
Trade payables	424	340
Other payables	7	10
	<u>2,037</u>	<u>2,527</u>

Notes to the parent company financial statements

9. Share capital and Share premium

Refer to Note 21 in the consolidated financial statements

10. Treasury shares

Treasury shares are shares in fastjet Limited that are held by the fastjet Limited Employee Benefit Trust.

	Number of Shares	US\$'000
At 31 December 2019	21,504,112	288
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2020	21,504,112	288

On 28 September 2017, the Company established an Employee Benefit Trust that is designed to fully align the medium to long-term interest of the management team with that of shareholders. The trust subscribed to 21,504,112 fastjet shares at £0.01 per share. On 18 October 2017, upon placing the shares, the Company loaned the Trust US\$288k to fund the purchase of the shares.

On 6 April 2021 it was decided to wind up the trust and distribute its assets of 21,504,112 shares in fastjet Limited to Kris Jaganah and Donahue Cortes. The loan of US\$315k from fastjet Limited was written off.

11. Loans and borrowings

Refer to Note 19 in the consolidated financial statements

12. Contingent liabilities

Refer to Note 28 in the consolidated financial statements.

13. Related party transactions

Refer to Note 27 in the Consolidated financial statements

14. Subsidiaries

Refer to Note 23 in the Consolidated financial statements.

15. Post balance sheet events

Refer to Note 29 in the Consolidated financial statements.

Other Information

Glossary of Key Terms

Aircraft Utilisation	Average number of block hours per day per aircraft
Aircraft Utilisation (peak month)	Average number of block hours per day per aircraft being the highest month
Aircraft Utilisation (Year-end)	Average number of block hours per day per aircraft at year-end
AOC	Air Operator Certificate
ASL	Air Service Licence
ASP	Air Service Permit
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown
BASA	Bilateral Air Service Agreement
Block hours	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
CAA	Civil Aviation Authority
CGU	Cash generating unit
Cost per ASK	Revenue less profit before tax, divided by ASK
Cost per ASK excluding fuel	Revenue less profit before tax less Fuel costs, divided by ASK
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EBITDAR	Earnings before Interest, Tax, Depreciation, Amortisation and Rent
5th Freedom	<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>).
FAM	fastjet Mozambique Limitada
FedAir	federal Airlines (Proprietary) Limited

Other Information

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

Other Information

Company details and advisors

Registered Number	5701801
Directors	Rashid Wally (Non-Executive Chairman) Mark Hurst (Group Chief Executive Officer) Nico Bezuidenhout (Group Chief Executive Officer) (resigned 30 September 2019) Michael Muller (Chief Financial Officer) (resigned 29 March 2019) Kris Jaganah (Chief Financial Officer) (appointed 05 April 2019) Robert Burnham (Non-Executive Director)
Company Secretary	Mr. Ben Harber Shakespeare Martineau 60 Gracechurch Street London EC3V OHR DX 700 London City
Registered Office	6 th Floor 60 Gracechurch Street London EC3V OHR DX 700 London City
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Auditors	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Solicitors	Charles Russell Speechlys (CRS) 5 Fleet Place London EC4M 7RD
Share Trading Platform	Asset Match UK 1 Bow Lane London EC4M 9 EE www.assetmatch.com

