Annual Report & Accounts

2019

Strategic Report

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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 just 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 over 3.9 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 complimentary services to all customers.

On 3 November 2019, fastjet celebrated its fourth 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 and Bulawayo to Johannesburg in South Africa, which remains a popular destination choice for fastjet customers.

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The Group's long-term goal is to become a capital-light business, operating 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 continuing to hold its investments in the airline, shuttle and charter operations of the FedAir business and the fastjet Zimbabwe business.

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 the 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 Cancellation were not affected, it would no longer continue to provide financial support to the Company. Without this support, it was unlikely that the Company would be 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 faced with Coronavirus disease (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 27 March 2020, and additionally, FedAir also suspending all operations effective 27 March 2020.

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 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 compliment 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. fastjet Zimbabwe maintained a fleet of three ERJ145s as of 1 November 2020. One ERJ145 has been disposed of in March 2020 to Solenta Aviation (Proprietary) Limited.

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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$ 161,000) at an interest rate of Prime + 1.5% (current rate 8.5%) secured on 17 April 2020
- COVID 19 Government backed loan of ZAR 12,639,647 (US$ 726,000) 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 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 ability to continue as a going concern. For further details refer to Going Concern section on page 32.

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.

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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.

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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

fastjet Zimbabwe Route Network

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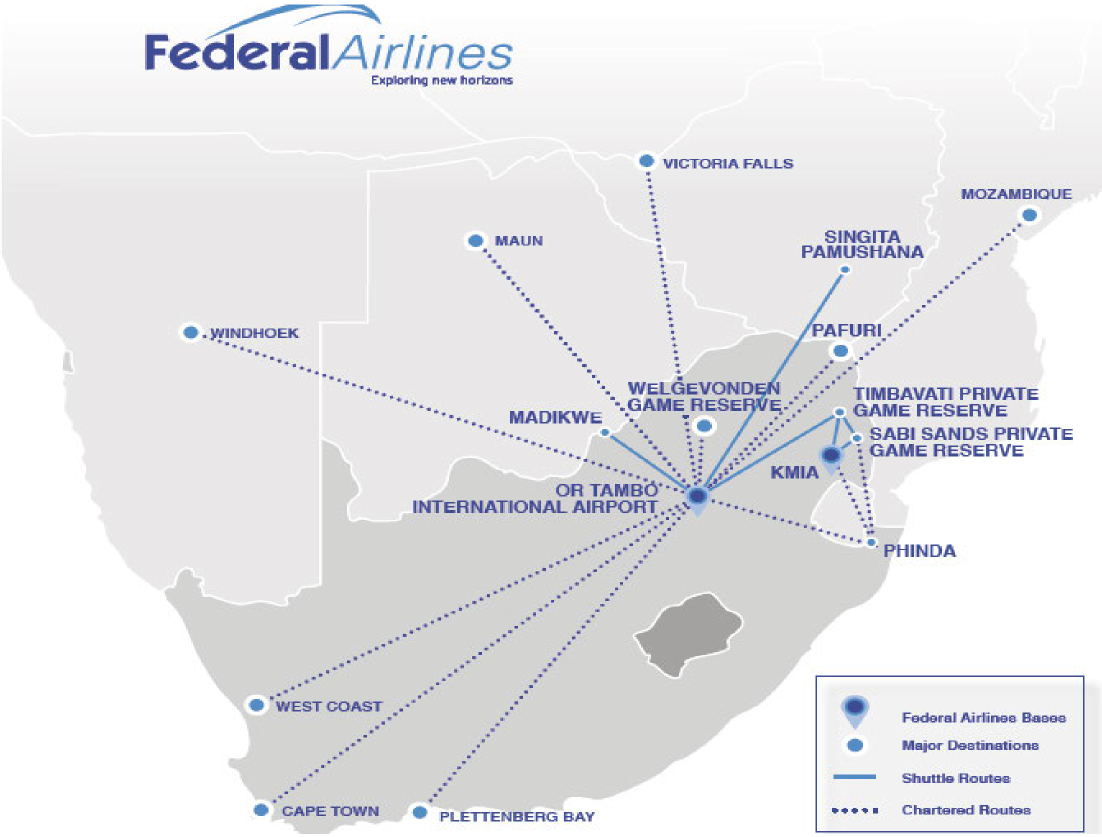
FedAir Route Network



Strategic Report

Chairman's Statement

Rashid Wally, Chairman

To the stakeholders of fastjet Plc and its subsidiaries

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

The year under review

It is with great pleasure to report that 2019 has seen great improvement in the overall performance of the Group. This is evidenced by the significant reduction in the Group losses for the year by 88% compared to the prior year. The Board has been working tirelessly, re-strategizing to ensure that the performance of the Group can be improved, and the historical losses mitigated and stopped.

The Group acquired FedAir in October 2018 and the current year results include FedAir full year of operations. FedAir boosted the performance of the Group as it recorded a profit for the year of US$0.8m (2018: US$0.1m loss).

Zimbabwe remains economically volatile and has been declared a hyperinflationary environment. The effect of this was well managed and is evidenced by the fact that the segment recorded a reduced loss of US$1.7m (2018: US$12.7m loss).

The year under review was difficult for the Group, considering the stiff competition in Mozambique, one of the countries in which the group has been committed to and operated in for the past two years. There was an oversupply of available seats on all routes in the country, following the entry of Ethiopian Airlines, a third domestic scheduled aircraft carrier. After considerable review of the negative financial impact to the group, the Board took the decision to suspend operations in Mozambique on 26 October 2019. Mozambique reported a loss before tax of US$3.1m (2018: US$6.3m) for the ten months of operation in 2019. The Board remains committed to returning to Mozambique when the overall demand for air travel in the country has increased sufficiently, in comparison to the capacity supplied, to enable long-term financial viability.

Global crisis

As at the time of this report, the world is faced with Coronavirus disease (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.

Changes in the Board of Directors

Mark Hurst, who was appointed the Group's Deputy Chief Executive Officer on 1 January 2019, has been valuable and paramount to the business throughout the year. Mark brought in a lot of the much-needed experience in dealing with challenging African markets. Mark was then appointed Interim Group Chief Executive Officer following the resignation of Nico Bezuidenhout, who left the Group on 29 September 2019.

We would like to thank Nico for his active contribution to the Board and the various committees he served on over his three years as Group Chief Executive Officer.

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Kris Jaganah joined the Group in September 2018 and was appointed as Group Chief Financial Officer and an Executive Director on 5 April 2019, replacing Michael Muller who had resigned and left the Group on 29 March 2019. Kris brings with him advanced IT-focused "big data" experience, that will help fastjet with faster, more detailed and focused integrated financial reporting and business intelligence systems.
Both Mark and Kris have added valuable new skills and more specifically, a hands-on approach, to running the Group. I am confident that with this, and their dedicated team, we will continue to see more improvements in the operations of the Group's business and that fastjet will grow successfully and viably into 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.

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.

Rashid Wally
Chairman
4 December 2020

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Chief Executive Officer's Statement

A significant part of the first six months of 2019 was focused on closing out the divestment from Tanzania, following the Group's decision made in late 2018 to divest from Tanzania. In support of this and the anticipated associated costs, the Group had approached its main shareholders and raised US$40.0 million in new equity. This ensured the settlement of outstanding key liabilities from the Group's prior operations, settlement agreements to be entered into with key Tanzania E190 aircraft and other suppliers, and further secured limited additional future cash flow for the continuing retained operations.

Michael Muller, the Group Chief Financial Officer, left on 29 March 2019, handing over to Kris Jaganah, our current Group Chief Financial Officer. This change, along with the introduction of our new Group auditors, BDO LLP (UK), who had taken over from KPMG, resulted in a large amount of additional time also being invested between Kris, myself and the BDO UK team, as they performed their first audit of fastjet Plc, and the several transactions executed in 2018 and prior years.

Kris was mandated by the Board to ensure that monthly accounting and reporting, together with key analytical data, was received accurately and faster than historically had been the case. From the second half of 2019, this was successfully achieved and continues.

Additionally, a significant amount of time, effort and focus was devoted to the evolving economic environment in Zimbabwe, and its impact on our business activities, following the introduction of a new domestic currency and a changing regulatory environment in Zimbabwe, which became effective 22 February 2019.

During 2019, fastjet executed its decentralisation strategy. We reviewed all business initiatives and resources, decentralising as required, with appropriate organisational realignments made. Every single member of our staff was made aware of the imperative need to reduce historical losses in Zimbabwe, South Africa and Mozambique, with goals set to focus on achieving this. Throughout the year, all central operating activities and business functions continued to deliver the services and support to the decentralised core businesses.

In line with our strategy to migrate from a traditional low-cost carrier to a more value-driven airline, fastjet continued to provide its customers with a more flexible and engaging approach. This involved changes to the product proposition and offered features, all aligned with our customer and their travel market-specific expectations. Improvements in our customer engagement gave us a better understanding of our customers' needs and expectations, and this resulted in direct adjustments to our pricing models and service offerings. Our commitment to excellent customer experience, and in turn, generation of revenue and customer loyalty, continues and remains our teams' daily and core focus.

Although 2019 presented numerous operational and strategic challenges for the Group, the operations were significantly rationalised and simplified. The operating losses decreased substantially during the year, all paving the way for a sustainable future with far fewer capital demands from shareholders into the future. We are leaner today having invested quality time and energy in 2019 to build new solid foundations, resolve legacy challenges from the business and its past, and pave the way for future stability and sustainable, profitable growth.

Zimbabwe

Revenue of fastjet Zimbabwe for the year ended 31 December 2019 decreased marginally to US$25.2m (2018: US$26.0m). A series of cost-saving measures, which including ownership of the ERJ145 operational fleet, lower fuel prices, and operations with our own flight crews, resulted in a significant improvement in the full year loss before tax of US$1.7m (2018: US$12.7m loss).

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fastjet Zimbabwe is a well-known and prominent brand in Zimbabwe. In 2019, fastjet Zimbabwe carried 172,227 passengers (2018: 182,188) on 5,311 flights (2018: 4,745), with an average load factor of 65%, down from a prior year average of 77%. Revenue per passenger increased by 2% following the right pricing of the ticket seats in the second half of 2018 and onwards. fastjet Zimbabwe performed well considering that Zimbabwe was characterised by a reduction in raw demand for travel, driven by the economic challenges and hyperinflation. The performance of fastjet Zimbabwe is especially commendable considering that there are several competitors on the key international route, Johannesburg to Harare. Such competitors include South African Airways, SA Airlink, British Airways and the national carrier, Air Zimbabwe, the majority of whom did not reduce capacity throughout the year.

fastjet Zimbabwe's operations accounted for 62% of Group revenue in the full year 2019 (2018: 67%). 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 82% (2018: 84 %), while aircraft utilization averaged 5.12 block hours per day per aircraft (2018: 8.67 block hours per aircraft). The decrease in aircraft utilisation supported overall on-time performance and dispatch reliability, with more on ground time for preventative maintenance.

On 22 February 2019, the Reserve Bank of Zimbabwe formally announced the introduction of a new domestic currency "ZWL", 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 ZWL 2.500 = US$1.00.

Since March 2019, due to the above changes, the ZWL to US$ exchange rates via interbank market devalued significantly from the starting ZWL 2.500 to a current interbank rate of ZWL16.77 as of 31 December 2019. This devaluing currency drove significant inflation and increases in costs of all supplies in the country, with the resultant inflation running in excess of 200% in ZWL terms as at year-end.

The position improved from April 2019, when monetary policy changes allowed companies to maintain both ZWL local currency accounts and separate US$ Nostro currency accounts. These changes enabled fastjet Zimbabwe to start selling 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.

As with other Zimbabwean businesses, fastjet Zimbabwe experienced some difficulties in easily obtaining access to foreign currency from the commercial banks to settle foreign suppliers from the commercial banks.

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 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.

Mozambique

During December 2018, competition in the domestic Mozambique market intensified significantly following the entry of a third carrier, Ethiopian Airlines Mozambique. With a third airline in the market, the available seat capacity increased significantly and resulted in a reduction of ticket yields.

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Two Category 5 tropical cyclones at the beginning of 2019 compounded the situation further, as demand suppressed whilst the available capacity remained from all the carriers. This situation prompted fastjet Mozambique to deepen their relationship and partnership with Linhas Aéreas de Moçambique S.A ("LAM") via the entry into a codeshare agreement. The fastjet Mozambique operations were scaled back, with less frequency on all routes, avoiding an ensuing price war and oversupply of capacity between competitors.

The reduced route network that took effect from April 2019 and the codeshare with LAM helped to reduce losses. However, despite these two fundamental changes, fastjet Mozambique continued to lose money, and with the Group's limited available cash flow, the Board decided to suspend all operations in Mozambique effective 26 October 2019.

Federal Airlines ("FedAir")

fastjet Plc through its investment in Parrot Aviation (Pty) Limited, exercised its option to purchase shareholding in FedAir on 7 October 2018. FedAir performed well during the year and has contributed positively to the Group results, with the inclusion of the first full year of results into 2019 (2018: three months from October 2018 to December 2018). 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. In addition, its charter business continued to do well.

Following the purchase of the four Embraer ERJ145 aircraft in the December 2018 capital raise, the Group deployed one ERJ145 aircraft into FedAir. This deployment allowed FedAir to establish their own full ACMI operation using the ERJ145 jet, intentionally reducing longer term operational dependence on Solenta Aviation (Pty) Limited. It further allowed FedAir the opportunity to gain significant experience of scheduled airline operations, as it operated scheduled flights on behalf of fastjet Zimbabwe. The introduction of this larger jet allowed FedAir to provide its senior crews with better career progression within FedAir and the opportunity to transition to the ERJ 145 fleet from the B1900D or PC12.

fastjet Central Systems (South Africa)

Following the Board's approval of the decentralisation strategy, the implementation of this resulted in the reorganisation and termination of key senior roles from the Group's headquarters in South Africa, in commercial, marketing and financial accounting, and these were then migrated into Zimbabwe and Mozambique. This transition enabled a closer alignment to the needs of the individual Group airlines in each country, enhanced overall efficiencies and understandings on the ground, and created a greater more in-depth knowledge of the realities that our customers and the local travel market required. These measures, in turn, contributed to mitigating against trading losses and the achievement of overall business turnaround goals.

Simultaneously, we reorganised and streamlined functions and business units that remained operating from the South African headquarters, strengthening our focus, in line with our vision, on the core brand and airline management functionality, whilst at the same time reducing costs at the South African base.

Today fastjet Central Systems' core focus is on supporting 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 Plc focus on brand standards, oversight of the decentralised operations and teams, and on the overall safety and quality of the fastjet Group's activities.

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Outlook for 2020-2021

Following the rationalisation and decentralisation strategy deployed in 2019, the outlook for 2020 looked positive, and we had budgeted and expected to be profitable for the full year of operations; our quarter one performance 2020 was slightly weaker than budget due to very aggressive pricing from our competitors on the Johannesburg to Harare route, a key route for fastjet Zimbabwe, resulting in depressed yields.

During the first quarter of 2020, the world started to feel the effects of COVID-19, as it hit the Northern Hemisphere. With infections reported in South Africa in early March 2020, effective 26 March 2020, South Africa closed its international borders to all countries. Zimbabwe followed South Africa and closed all airports and borders from 30 March 2020. These closures and restrictions on air travel resulted in the temporary suspension of scheduled operations at fastjet Zimbabwe and FedAir from the end of March 2020.

During the lockdown period, fastjet Zimbabwe performed limited repatriation flights and had no scheduled airline revenue generation. FedAir operated limited B1900D freight charters and ERJ145 charters and incurred losses, despite significant restructuring and employee retrenchments during quarter two 2020.

Due to the above and the worldwide travel restrictions linked to COVID-19, the Board is expecting a full-year loss for the group for the year ending 31 December 2020. International travel in South Africa and Zimbabwe resumed on 1 October 2020.

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 2021.

Loan from Solenta Aviation Holdings Limited (“SAHL”)

SAHL is a major shareholder of the Group and owned 59.34% as at 31 December 2019;

A loan balance of US$2,000,000 remained unpaid as at 31 December 2019. On 18 May 2020, a further amount of US$600,000 was drawn and the current loan capital balance is now US$2,600,000.

Of this current total US$2,600,000, an amount of US$2,000,000 is repayable no later than 31 December 2022 and attracts interest at a fixed 6.00%. The remaining US$600,000 was 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$600,000 loan attracts interest at 10.00%, and on every six-month renewal, a 1% fee is chargeable for the renewal.

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.

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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 continued lockdowns and 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

Michael Muller, the Group Chief Financial Officer, resigned effective 29 March 2019 and Kris Jaganah joined the Board as the new Group Chief Financial Officer on 5 April 2019. On 30 September 2019, Mark Hurst who was the Group Deputy Chief Executive Officer from 1 January 2019, was appointed as the Group Interim Chief Executive Officer from 29 September 2019, after Nico Bezuidenhout's resignation and final termination of employment on the same date.

M Hurst.

Mark Hurst
Chief Executive Officer
4 December 2020

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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[1] and/or the Executive Team, included the following:

- Decentralisation of total operations into each respective country of operations;
- Significant reduction of flight schedule in Mozambique from April 2019;
- Ultimate suspension of all flight operations in Mozambique from 26 October 2019;
- Core focus on yield and profitability per flight operated and not only revenue growth (at any cost);
- Focus and adapting to new currency and regulatory environment in Zimbabwe, following introduction of ZWL currency; weekly adaptive ZWL ticket pricing with US$ ticket pricing baseline;
- Rationalisation of core costs and overheads in South Africa in Fastjet Central Systems;
- Focus on resolution of older legacy challenges and historical open items (creditor reconciliation errors, claims, non-compliance of local in-country regulations or legal requirements on group intercompany loans, group payments etcetera, from the fastjet group over several years of operations from the United Kingdom and/or South Africa;
- Transition from pure low-cost carrier into a value driven airline, more focused on specific customer-driven requirements and nuances in each country (such as on-board free limited catering, one free checked-in piece of luggage included in the fare);
- Start of IOSA certification for fastjet Zimbabwe Limited;
- Establishment of ERJ145 jet ACMI operations in FedAir;

[1.] Certain decisions taken by the Board were in late 2018 and deployed during 2019.

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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.

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 2019, 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 is committed to providing effective communication with the shareholders of the Company. Significant developments were disseminated through the London Stock Exchange announcements and all RNSs or regular updates are available thereafter on the Company website.

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.

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

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

Further details can be found in the Corporate Governance statement.

Suppliers & Customers

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

fastjet has flown over 3.9 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 complimentary services to all customers.

fastjet Zimbabwe and fastjet Mozambique 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 2019 and 2018 financial years.

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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 39 to 49 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.

2020 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 complimentary services to all customers.

The 2020 initiatives aimed at achieving this goal include:

- Surviving the COVID-19 crisis and ensuring the Group was in a position to restart scheduled passenger operations at short notice;
- Supporting Group airlines in the achievement of IATA Operational Safety Audit accreditation ("IOSA");
- Embedding fiscal stability and strengthening operating cashflows, specifically with reference to repatriating positive cash flows from our Zimbabwean operation;
- 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.

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 2019 operated up to four frequencies between Harare and Johannesburg daily; and twice a day flights between Harare and Victoria Falls, Harare and Bulawayo and Bulawayo and Johannesburg.

Strategic Report

During 2019, fastjet Zimbabwe load factors on its Zimbabwean operations fell to 62% in 2019 from 77% in 2018, due to reduced core demand within the country. fastjet Zimbabwe also realised a 13% increase in revenue per passenger carried.

- **Harare to Johannesburg:** During 2019, 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 77% frequency share on this route during 2019, 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 2019, 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 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 consolidated its position in Zimbabwe during 2019, with the operation now connecting all major cities and routes offered for business and leisure. Our brand presence and acceptance is very strong within Zimbabwe and with all Zimbabwean travellers. Our core focus and challenge today is the South African travelling passenger, capturing a greater market share of originating customers from South Africa to use fastjet Zimbabwe as their airline of choice.

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.

Strategic Report

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 2019, 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 airline generated net profit after tax margins of 2% in 2019 and 6.0% in 2018. Its main competitor in the shuttle services business remains SA Airlink, a South African based entity and schedule carrier.

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. At this stage however, due to the huge additional pressures induced by the COVID-19 related country lockdowns, and the Group's limited excess cash reserves, there are no imminent plans to start any scheduled airline services in South Africa with FedAir.

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.

Strategic Report

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 60 - 142 were approved and authorised for issue by the Board of Directors on 4 December 2020.

MPHurst.

Mark Hurst
Chief Executive Officer
4 December 2020

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 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 Plc 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

- **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 32. The Company is in the process of further enhancing and strengthening its reporting and internal control environment; and

- **Information Technology ("IT"):** The availability, security, compliance and performance of website 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.

- **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;

- fastjet Mozambique – scheduled airline operations out of Mozambique (suspended 26 October 2019);

- Federal Airlines – non-scheduled shuttle services and charter inside South Africa and regionally;

- Central – Holding Company, financing and listing on AIM

- fastjet Central Systems (fastjet Africa) – systems and support services to the group airlines

Strategic Report

The performance of cash generating units is included below:

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 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**

Group revenue increased by 6% to US$40.7m (2018 US$38.5m). This was driven by an increase in revenue of US$12.7m following the acquisition of Federal Airlines (included for only three months in 2018, following its acquisition in October 2018). This was offset by a decrease in revenue of US$6.0m for fastjet Mozambique, following the entry of another domestic carrier into the market in December 2018, and the Board's decision to reduce scheduled operations from April 2019 and eventually suspend all operations from 26 October 2019.

Zimbabwe revenue decreased slightly year on year by US$0.8m to US$25.2m (2018: US$26.0m). This was achieved against a backdrop of significant turmoil in Zimbabwe with the newly introduced currency depreciating by 94% and inflation rates running in excess of 200%.

Mozambique revenue decreased 67% year on year to US$2.9m (2018: US$8.9m). During December 2018, competition in the local Mozambique market intensified following the entry of a third domestic carrier, Ethiopian Airlines Mozambique. This increased overall aircraft and capacity supply, coupled with two category 5 tropical cyclones at the beginning of 2019, all of which served to suppress demand, prompting fastjet to deepen its relationship and partnership with LAM. fastjet scaled back frequency on routes, to reduce overall capacity supply, and additionally aligned the schedules with LAM as mentioned above. Following continued losses and the ongoing oversupply of available seats by other carriers, fastjet decided to suspend all flight operations in Mozambique from 26 October 2019.

FedAir revenue increased to US$12.8m (2018: US$3.6m) as FedAir was only acquired in October 2018 and the 2018 comparatives are for the last three months results only. Pro-rating the 2018 three months revenues show a relative year-on-year decrease in revenue of 12%. This is mainly due to the weakening of the Rand against the US$. During 2019, the Rand devalued by more than 8% when compared to the 2018 financial year.
Total costs before exceptional items for the group decreased by 26% to US$47.6m (2018: US$64.0m restated). This was driven by several cost-containment measures instigated during the year by the Board and specifically the acquisition of four ERJ145 jet aircraft from SAHL following the December 2018 capital raise. The purchasing of the four ERJ145 jet aircraft reduced significantly the operating lease costs that were being incurred.

Strategic Report

The Group loss for the year was reduced significantly to US$6.9m (2018: US$63.9m restated). This shows a great improvement in the overall performance of the Group during 2019. Of this 2019 total loss of US$ 6.9m, an amount of US$ 3.1m was incurred in fastjet Mozambique and will not repeat in 2020.

The performance of cash-generating units for the year ended 31 December 2018 as comparatives, is included in the table below:

Year ended 31 December 2018	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	25,930	8,937	5	-	3,642	-	38,514
Inter-segment	32	-	14,105	14,302*	-	(28,439)	-
Total revenue	25,962	8,937	14,110	14,302	3,642	(28,439)	38,514
EBITDA	(4,341)	(6,238)	137	(28,934)	245	-	(39,131)
Other finance income / (expense)	(7,739)	(100)	(167)	(4,699)	(50)	2,545	(10,210)
Depreciation / amortisation	(643)	-	(941)	(6,043)	(17)	-	(7,644)
Loss before tax	(12,723)	(6,338)	(971)	(39,676)	178	2,545	(56,985)
Tax	-	-	-	305	(324)	-	(19)
**Net loss	(12,723)	(6,338)	(971)	(39,371)	(146)	2,545	(57,004)
Non-current assets	11,108	-	104	7,927	3,806	-	22,945

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 fastjet Mozambique, and the latter to the operations of FedAir.

Scheduled Airline Services

Measure	**2019**	**2018**	**Movement**
Passenger numbers	195,251	254,982	-23%
Revenue per Passenger (US$)	142.0	134.0	6%
Revenue per Total Seat (US$)	94.8	96.6	-2%
Seats Flown	292,875	354,650	-17%
Available Seat Kilometres ("ASK")	216,848,470	305,173,450	-29%
Load Factor	67%	72%	-7%
Revenue per ASK (US cents)	12.80	12.54	2%
Cost per ASK (US cents) (excluding exceptional items)	15.50	20.99	-26%
Cost per ASK ex. Fuel (US cents) (excluding exceptional items)	11.98	16.72	-28%
Aircraft Utilisation (Hours)	5.74	8.67	-34%
Aircraft Utilisation at Year End (Hours)	5.12	6.01	-15%

Unscheduled Airline Services (3 Months for 2018)

Measure	**2019**	**2018**	**Movement**[1]
Passenger numbers – Shuttle	33,938	8,168	n/a
Passenger numbers – Charter	8,998	2,321	n/a
Revenue per pax (US$) - Shuttle	243	276	n/a
Revenue per pax (US$) - Charter	523	581	n/a

[1] Unscheduled Airlines relates to FedAir flights. 2019 and 2018 results are not comparable because 2019 results are for the full year, yet 2018 statistics are for three months.

Strategic Report

KPI commentary

As discussed above there was a reduction in capacity in Mozambique from April 2019 due to the entry of a third airline competitor and two category 5 tropical cyclones. Fastjet suspended operations from 26 October 2019. This led to the decrease noted in Seats flown and Available Seat Kilometers (“ASK”).

Passenger numbers decreased by 59,731 from 2018. Of this drop 9,961 is attributable to Zimbabwe and 49,770 to Mozambique due to the factors disclosed in the previous paragraph.

Revenue per passenger increased by 6% following the right pricing of the ticket seats in the second half of 2018 and onwards. This resulted in the increase in Revenue per ASK.

Load Factor dropped to 67% from 72% in 2018 with Zimbabwe dropping to 65% from 77%. fastjet Zimbabwe performed well considering that Zimbabwe was characterised by a reduction in raw demand for travel, driven by the economic challenges and hyperinflation. The performance of fastjet Zimbabwe is especially commendable considering that there are several competitors on the key international route, Johannesburg to Harare. Such competitors include South African Airways, SA Airlink, British Airways and the national carrier, Air Zimbabwe, the majority of whom did not reduce capacity throughout the year. This decrease in load factor resulted in the decrease in Revenue per total seat.

Cost per ASK (US cents) (excluding exceptional items) decreased by 26% following the purchase of four aircrafts following the December 2018 capital raise and the cost reduction strategy implemented across all departments towards the end of 2018.

Aircraft Utilisation (Hours) dropped by 34% from 8.67 hours in 2018 to 5.72 hours in 2019 as part of a conscious decision to improve on time performance.

Unscheduled airline services are not comparable to 2018 as Fedair was consolidated as from October 2018 only.

Funding Activities

Shareholder Fundraising

There was no capital raised during the year ended 31 December 2019. The last capital raise was on 13 December 2018 when the Group raised capital of US$40.0m.

The following table gives a detailed analysis of the application of the US$ 40.0m funding raised in December 2018:

	US$ ‘000	**US$ ‘000**	**US$ ‘000**
	Non-Cash	**Cash**	**Total**
Acquisition of 4 x ERJ145 jet aircraft	11,500	-	11,500
Part repayment of SAHL long-term loan	10,400	-	10,400
Short-term creditors	-	7,100	7,100
Tanzania exit creditor settlements	-	4,400	4,400
Professional fees associated with the capital raise	2,400	-	2,400
fastjet Mozambique operation	-	2,000	2,000
Repayment of portion of SSCG loan	-	1,300	1,300
Lease termination penalty	500	-	500
Fuel supplier deposit	-	400	400
	24,800	**15,200**	**40,000**

Strategic Report

Loan from SSCG and loan to Annunaki Investments

Original transaction

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

At the same time, fastjet Zimbabwe deposited ZWL5.0m of its restricted bank balances within Zimbabwe with Annunaki Investments (Private) Limited ("Annunaki"), a Zimbabwean registered company, on an interest-bearing deposit at 4% fixed per annum, for an initial period of six months.

Loan amendments

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

- The loan amount from fastjet Zimbabwe to Annunaki was increased from ZWL5.0m to ZWL7.0m due to devaluation of the underlying ZWL currency;

- During the term of the Loan Agreement with SSCG, SSCG shall have the option to convert the US$2.0 m repayments 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).

Between 12 June 2019 and 14 June 2019, Annunaki repaid the ZWL7.0m to fastjet Zimbabwe together with all the accrued interest.

At the time of repayment, the ZWL7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of ZWL 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred as a result of further devaluation of the ZWL currency against the US$.

Strategic Report

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.

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 ZWL2.500 = 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 ZWL2.500 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.

Strategic Report

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.

It was however 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 is contrary to the requirements of IAS 21 and the effect of this non-compliance is material to both the company and group financial statements. This non-compliance is also applicable to the figures referenced in the Strategic Report and Directors Report.

The financial statements now 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.

Strategic Report

Going Concern

The Group has in recent years operated at a loss and incurred a further operating cash outflow during 2019. Management took the decision to suspend operations in Mozambique effective 26 October 2019. This decision was taken to avoid further losses. There has been an oversupply of available seats by other carriers on all routes in this country. The Board remains committed to returning to Mozambique when the overall demand for air travel in the country has increased sufficiently in comparison to the capacity supplied to enable long term financial viability.

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 the Group can continue to operate in its current status 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 that 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 remaining one UK employee. The FedAir aircraft compliment 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 cancelled. fastjet Zimbabwe maintained a fleet of four ERJ145s as at 31 December 2019. One of these ERJ145's was since disposed of in March 2020 to Solenta Aviation (Proprietary) Limited.

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 ($161,000) 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 ($726,000) 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

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 people, 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.

Strategic Report

In preparing these financial statements, the Directors continue to adopt the going concern basis.

The Directors believe, based on current financial projections and funds available, that the Group will have enough resources to meet its operational needs over the relevant period, being at least until December 2021. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis.

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

- Flight operations for Fastjet Zimbabwe reached pre-Covid levels during the last week of November and maintaining this pattern going forward.

- Flight operations for FedAir resumed in October 2020 and reaching approximately 50% of pre COVID-19 levels by July 2021 onwards; Federal airlines usually experience a peak around Easter and the three last months of the calendar year.

- Federal Airlines generating US$1.0m free cashflow per year; and

- 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 29 Contingent liabilities.

Strategic Report

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 have 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 cancelations 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. There is no indication of when these restrictions may be lifted, whether they will be reimposed or when demand may return.

- 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 70%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US$ 4.1 million.

- Price of crude oil exceeding US$ 55 a barrel from a current forecast price of US$ 40. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US$ 2.0 million.

- 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$ 5.1 million.

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

Loan from SSCG

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.

Coronavirus disease (COVID–19)

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. Please refer to page 3 for details and actions taken by management.

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$3.6 million to US$1.4 million as at 31 March 2020.

Strategic Report

Loan from SAHL – additional US$600,000 drawn under loan extension

On 18 May 2020, the Company negotiated and secured a US$600,000 additional loan facility with SAHL (the "Additional Shareholder Loan"). The Additional Shareholder Loan was provided to aid the Company with its overall working capital. After the additional US$600k loan was drawn down, the current balance outstanding is now US$2.6 million.

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

- Fixed interest rate of 10%, calculated daily, based on a 360-day loan period and paid monthly in arrears;
- The maximum loan term of the additional US$600k is 18 months, with final repayment to occur no later than 18 November 2022;
- 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 ERJ145 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; and
- The Additional Shareholder Loan includes standard representations, warranties and events of default, including pledged security.

AAR International, Inc. ("AAR") – creditor balance owed US$1,685,671

The AAR amount of 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 8 November 2018, fastjet Plc entered into a first amendment to settlement agreement as part of the December 2018 capital raise with AAR, under which AAR agreed to convert the outstanding creditor balance into shares of fastjet Plc, should the Group not trade profitably in the period 1 January 2019 to 30 June 2019; although the Group did not trade profitably during the first six month period of 2019, no share conversion of the creditor occurred;
- On 12 November 2019, Fastjet Plc entered into a second amendment agreement to the original settlement agreement signed, that removed the conversion rights of fastjet Plc of the AAR creditor balance into shares and that now required fastjet Plc to repay the creditor balance on or before 30 June 2021;

Strategic Report

- On 10 March 2020, fastjet Plc and AAR entered into a Full and Final Settlement Deed of the outstanding creditor amount, the terms of which allowed Fastjet Plc 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;

- On 15 May 2020, due to the COVID-19 induced worldwide lockdowns and suspension of all fastjet and FedAir flights, fastjet Plc 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 (US$100,000 due payment) and 30 October 2020 respectively (US$100,000 due payment).

- 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). This was due to repercussions caused by COVID-19.

Cancellation of listing on AIM ("Cancellation")

Effective 24 August 2020, the Company was no longer listed on AIM. Refer to page 3 for further details relating to this.

Registration as Private Company

Following the cancellation of its listing on AIM, the Company registered as a private Company with effect from 16 September 2020.

Share Reorganisation

On the 12 August 2020, the Company proceeded with a share reorganisation which resulted in each existing Ordinary Share being sub-divided into one Ordinary Share of £0.0001 nominal value and one Deferred Share of £0.0099 nominal value.

Each Ordinary Share resulting from the Share Reorganisation has the same rights (including voting and dividend rights and rights on a return of capital) as each existing Ordinary Share except that they will have a nominal value of £0.0001 each.

FedAir overdraft and COVID-19 Loan

On 17 April 2020, FedAir secured an overdraft of R3,000,000 (around US$161,000). On 10 August 2020, FedAir received a R12,639,647 (approximately US$726,000) COVID-19 Emergency Term Loan facility from Standard Bank of South Africa Limited and the loan agreements have been agreed and implemented.

Strategic Report

GECAS aircraft – one E190 remains detained in Tanzania

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 but has not yet been satisfied. 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 to deregister the aircraft.

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 and is yet to be achieved.

Refer to note 28 Contingent liabilities for more detail.

Kris Jaganah
Chief Financial Officer

4 December 2020

Corporate Governance

Corporate Governance Statement

The Board of Directors of fastjet Plc present their report on the audited annual accounts for the year ended 31 December 2019.

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 will continue to use the QCA code for at least a year.

The report of the Audit and Remuneration Committees are set out on pages 45 and 46 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, in light of 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, in 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 who is 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 de-listing from AIM.

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.

Corporate Governance

The Company has identified the following to be its stakeholders:

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

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

Customers

fastjet has flown over 3.9 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 complimentary 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 supplier 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 where 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 2019 and 2018 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 regular 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 Interim Chief Executive Officer	Appointed 02 July 2018
Kris Jaganah	Group Chief Financial Officer	Appointed 05 April 2019
Nico Bezuidenhout	Group Chief Executive Officer	Resigned 30 September 2019
Michael Muller	Group Chief Financial Officer	Resigned 29 March 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, and then annually thereafter, organised by Liberum, the company's nominated advisor for AIM Rules and Regulations. The training focuses mainly on the legal and regulatory responsibilities of the Directors under AIM and the business of the Group and its reporting requirement. 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. Following the delisting for the Company, Liberum contract has lapsed.

Corporate Governance

Board meetings

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

Name	Position	Board Meeting	Audit Committee	Remuneration Committee
Rashid Wally	Chairman	4/4	4/4	1/1
Nico Bezuidenhout*	Chief Executive Officer	1/4	1/4	1/1
Michael Muller**	Chief Financial Officer	-	-	-
Mark Hurst	Interim Chief Executive Officer	4/4	4/4	1/1
Kris Jaganah	Chief Financial Officer	4/4	4/4	1/1
Rob Burnham	Non-Executive Director	3/4	1/4	1/1

* Resigned 30 September 2019
** Resigned 29 March 2019

There were no Nominations Committee meetings held during the year. Kris (CFO) and Mark's (CEO) appointments were not considered separately by the Nomination Committee as it was approved by the board as a whole.

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 .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
4 December 2020

Corporate Governance

Current Board of Directors

Following the resignation and appointments detailed above, 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 South East 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 Interim 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.

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

Corporate Governance

Kris Jaganah, **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
- Director - Parrot Aviation (resigned on 17 October 2019)

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 2021 once operations restart post the COVID-19 lockdowns.

The committee meets formally at least four times a year, and the Group Chief Executive Officer and Chief Financial Officer are required to attend committee meetings. When required, the internal and external auditors are also requested 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 2020 Corporate Plan, strategic direction, and budget.
- Quarterly performance for Group and its subsidiaries during 2019.
- the unaudited interim results report for the period ended 30 June 2019.
- statutory and London Stock Exchange Listings requirements.
- 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
4 December 2020

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. During the year ended 31 December 2019, the committee met once.

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 and encouraging staff to hold shares in the Company. 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 Committee and the Board believe that share ownership is an effective way of strengthening the involvement of all staff in the future development of the Company and aligning their interests with those of all shareholders. As such fastjet utilises share option schemes and share incentive schemes as appropriate.

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. In line with best practice and to bring the Directors' and shareholders' interests further into line, Executive Directors and the management team are encouraged to receive and hold shares as part of their performance related remuneration.

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 2018, the targets were weighted to progressing towards long term goals, building enterprise value, and thus directly delivering value to all the Company's shareholders.

No performance bonuses were paid during the 2019 year other than to staff in FedAir.

Corporate Governance

Year under Review

During the year under review, the committee considered:

- Executive performance reviews;
- Salary review dates were set to ensure implementation would take effect on 1 July each year; and
- Remuneration Committee ("Remco") approval of any salaries above $180k;

Directors' interests

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

Name	**31 December 2019 No. of shares of £0.01 each**	31 December 2018 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 2019

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

For the year ended 31 December 2018

	Salary US$'000	Bonus US$'000	Directors Fees US$'000	Benefits US$'000	Total US$'000
Nico Bezuidenhout*	335	400	65	20	820
Robert Burnham	-	-	79	-	79
Rashid Wally	-	-	73	-	73
Mark Hurst (*appointed 2 July 2018*)	-	-	-	-	-
Peter Hyde *(resigned 18 September 2018)*	-	-	48	-	48
Michael Muller (*resigned 29 March 2019*)	139	-	-	-	139
Total	474	400	265	20	1,159

* As part of his recruitment in August 2016, Nico Bezuidenhout was awarded a "signing-on bonus" of US$0.4m. The conditions necessary to receive this bonus were met in August 2018.

Corporate Governance

Executive committee remuneration

During 2019, the Executive Committee comprised of the following people:

- Group Chief Executive Officer;
- Chief Financial Officer;
- Chief Operations Officer; and
- Chief Brand & Compliance Officer.

The Chief Operations Officer was Sybrand Strachan and the Chief Brand & Compliance Officer was Donahue Cortes. Neither are Directors of fastjet Plc.

The total remuneration of the Executive Committee, including the Executive Directors detailed above, was US$0.8m in 2019 (2018: US$1.92m).

Share options granted to Directors

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

	31 December 2019 No. share options	**31 December 2018 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
4 December 2020

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 Plc. 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 2019 as no new nominations were considered. The appointment of Kris (CFO) and Mark (CEO) 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, Rashid Wally, the Group Interim Chief Executive Officer, the Chief Operations Officer and the Chief Brand & Compliance 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 Interim Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Operations Officer (Sybrand Strachan) and the Group Chief Brand & Compliance Officer (Donahue Cortes). The Executive Committee meets at least monthly.

By order of the Board
Ben Harber
Company Secretary
4 December 2020

Director's Report

Board of Directors

The Board of Directors of fastjet Plc present the Annual Report and the audited Financial Statements for the ended 31 December 2019.

The current Board of Directors of the Company are reflected in the Corporate Governance section on pages 43 - 44.

Results and Dividends

The consolidated income statement is set out on page 60 and has been prepared in US$, the functional and reporting currency of the Company and the consolidated Group. Refer to Chief Financial Officer's report on page 25 to 28.

The Group's net loss after taxation for the year from continuing operations was US$6.9m (2018: US$57.0m 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 2019 and 2018 financial years.

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

Information on the above specific risks can be found in Note 25 in the Notes to the Consolidated financial statements.

Post balance sheet events

Post balance sheet events are shown in the Strategic Report on page 35 and at Note 29 in the Notes to the Consolidated financial statements.

Outlook for 2020

These are detailed in the Strategic Report on page 13.

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.

Director's 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 page 114.

To date, no shares have been awarded to any employees by the EBT.

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.

Director's 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.

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) as adopted by the European Union 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 as adopted by the European Union, 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.

Director’s Report

The Annual Report and audited Financial Statements on pages 60 - 142 were approved and authorised for issue by the Board of Directors and are signed on their behalf by:

Rashid Wally
Chairman
4 December 2020

Independent auditor's report to the members of fastjet plc

Adverse Opinion

We have audited the financial statements of fastjet plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity, Parent Company balance sheet, Parent Company income statement and Parent company statement of comprehensive income, Parent Company cash flow statement and Parent Company statement in 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) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, because of the significance of the matter described in the basis for adverse opinion section of our report, the Group financial statements:

- do not give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have not been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have not been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2019 and of the Parent Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for adverse opinion

As disclosed in the Basis of preparation paragraph in Note 1 to the consolidated financial statements, the subsidiary Fastjet Zimbabwe Limited for the year ended 31 December 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 IAS 21 and the effect of this non-compliance is material to these financial statements.

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 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independent auditor's report to the members of fastjet plc

Material uncertainty related to going concern

We draw attention to the Going concern paragraph in 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 highly is 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 and other events as stated in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter and:

- evaluated the directors' assessment of the company's ability to continue as a going concern by comparing the budget to actual 2020 results to date. We independently applied sensitivities to the forecast cashflows. This sensitivity includes the time period necessary to achieve pre-COVID levels of revenue;

- considered the mitigating actions taken in response to COVID-19 and their impact on the forecast cashflows;

- considered and challenged the assumptions made by the directors in preparing the forecast cashflow;

- challenged management's forecasts by applying sensitivities over the revenue receipts. This sensitivity analysis showed that on a gross basis (i.e. before applying any mitigating action) that if a second wave occurred resulting in another lockdown and grounding of flights, this would result in the full depletion of cash reserves in less than 12 months from the date of accounts approval; and

- evaluated the adequacy of management's disclosure around going concern in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the basis for adverse opinion section and the material uncertainty related to going concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report to the members of fastjet plc

Key audit matter	How our audit addressed the key audit matter
Revenue recognition For fastjet there is a risk that revenue will be misstated or manipulated by recognising future revenue in the results. We have identified the following risks with revenue recognition: - Incorrect cut-off at the period end resulting in deferred unflown revenue being incorrectly recognised in revenue before the flight has been flown (i.e. the services have been rendered); and - Manual adjustments recorded to overstate revenue. *Refer to Accounting Policies of the Group on pages 65 to 83 for further detail on the Group's revenue recognition policies, Note 5 for Revenue and Note 18 for the deferred income (forward ticketing sales) balances.*	We: - obtained and checked, with the assistance of our IT audit specialists, the completeness and accuracy of the data set and reconciled this dataset to the revenue recorded within the general ledger; - tested a sample from each operating entity of revenue transactions recorded in order to check that revenue was recorded in the correct accounting period; and - reviewed ticket terms and conditions to confirm that tickets are sold on a non-refundable basis Our testing did not identify any issues to be reported.
Impairment of intangible assets Management have performed an assessment of the impairment of intangible assets. Given the economic environment in which the group operates, this assessment required significant judgement of management. *Refer to Accounting Policies of the Group on pages 65 to 83 for further detail on the Group's impairment policy together with use of estimates and judgements, and Note 13 for Intangible assets*	We: - challenged the assumptions made in management's assessment included the forecast royalty figures, growth rate and discount rate used; - performed a sensitivity analysis based on changes in the growth and discount rates; and - reperformed the mathematical accuracy of the impairment model. As a result of our challenge management made a further adjustment to their impairment adjustment recognising a larger impairment in the year.

Our application of materiality

Materiality for the group financial statement as a whole was set at US$0.4m (2018: US$0.39m), determined with reference to a benchmark of revenue of which it represents 1% (2018: 1%). We consider revenue to be the most appropriate benchmark as it represents the key driver of the group's ability to generate cashflows in the current period of restructuring and stabilisation.

Independent auditor's report to the members of fastjet plc

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 50% (2018: 50%) of the above materiality level taking into account various factors including the expected total value of known and likely misstatements, the number of material estimates and judgements, how homogeneous processes are within the Group, and the expected use of sample testing.

Component materiality levels were set for this purpose at lower levels up to a maximum of 58% (2018: 99%) of Group materiality.

We agreed with the Audit Committee to report any corrected or uncorrected identified misstatements exceeding US$0.01m (2018: US$0.01m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Materiality for the parent company financial statements was set at US$0.2m (2018: US$0.1m), determined with reference to a benchmark of company total assets of which it represents 28% (2018: US$28%). We consider total assets to be the most appropriate benchmark as this is a non-trading company and the shareholder focus is on maximisation of asset value.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its operating environment and assessing the risk of material misstatement at a Group level.

The Group operated during the year in three geographical markets, which were Zimbabwe, Mozambique and South Africa. Significant judgements impacting the local markets are undertaken by local management with significant judgements impacting the consolidated financial statements undertaken by head office management.

There were five significant reporting components (the three operating entities in the different geographical markets together with a central support entity and the parent company) all of which were subject to full scope audits. There were no specific scope components. For the remaining eight other components analysis was performed at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these. We performed audit procedures on the Group consolidation process.

The components within the scope of our work accounted for 100% of the group's revenue, 109% of the group's loss before tax, and 99% of the group's total assets.

The Group audit team controlled and directed the work of the two component audit teams (BDO Zimbabwe auditing the fastjet Zimbabwe Limited component and BDO South Africa auditing the remaining four full scope components). This included providing detailed audit instructions and setting of materiality. The Group audit team took part in audit meetings in South Africa and Zimbabwe via conference calls at the planning and completion stage of the component audits, as international travel was not permitted due to COVID-19 lockdowns. In addition phone conference meetings were regularly held with these component auditors to monitor progress and clear Group review findings.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Independent auditor’s report to the members of fastjet plc

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 adverse opinion section of our report, 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 IAS 21. 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 IAS 21.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

As a result of the matters described in the basis for adverse opinion section of our report and as explained in the other information section, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have identified material misstatements in the strategic report and the Directors’ report.

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

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

Responsibilities of Directors

As explained more fully in the Directors’ responsibilities statement set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of fastjet plc

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website 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.

BDO LLP

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
4 December 2020

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

Consolidated income statement

	Note	*ZWL Year ended 31 December 2019 US$'000	*Other currencies Year ended 31 December 2019 US$'000	**Total Year ended 31 December 2019 US$'000**	Restated Year ended 31 December 2018 US$'000
Revenue	5	3,199	37,575	**40,774**	38,514
Cost of sales	6	(6,023)	(31,139)	**(37,162)**	(50,273)
Gross profit / (loss)		(2,824)	6,436	**3,612**	(11,759)
Other operating income	7	-	1,229	**1,229**	-
Administrative costs	6	(1,066)	(9,016)	**(10,082)**	(13,774)
Exceptional items	8	-	(717)	**(717)**	(21,242)
Operating loss	6	(3,890)	(2,068)	**(5,958)**	(46,775)
Finance income	10	19	80	**99**	431
Finance charges	10	(174)	(678)	**(852)**	(10,641)
Loss from continuing activities before tax		(4,045)	(2,666)	**(6,711)**	(56,985)
Taxation	11	-	(206)	**(206)**	(19)
Loss from continuing activities after tax		(4,045)	(2,872)	**(6,917)**	(57,004)
Loss from discontinued activities net of tax	4	-	(5)	**(5)**	(6,867)
Loss for the year		(4,045)	(2,877)	**(6,922)**	(63,871)
Attributable to:					
Shareholders of the parent company		(4,045)	(2,877)	**(6,922)**	(63,871)
		(4,045)	(2,877)	**(6,922)**	(63,871)
Loss per share (basic and diluted) (US$)	12				
From continuing activities		(0.00)	(0.00)	**(0.00)**	(0.08)
From discontinued activities		0.00	0.00	**0.00**	(0.01)
Total		(0.00)	(0.00)	**(0.00)**	(0.09)

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

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

Consolidated statement of other comprehensive income

	Note	**Year ended 31 December 2019 US$'000**	Restated Year ended 31 December 2018 US$'000
Loss for the year		**(6,922)**	(63,871)
Items that may be reclassified to profit or loss:			
- Exchange differences on translation of continuing operations		**16**	73
- Exchange differences on translation of discontinued operations	4	**-**	(5,491)
Total other comprehensive income / (expense) for the year		**16**	(5,418)
Total comprehensive expense		**(6,906)**	(69,289)
Attributable to:			
Shareholders of the parent company		**(6,906)**	(69,289)
Total comprehensive expense		**(6,906)**	(69,289)

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

Consolidated balance sheet

	Note	*ZWL Year ended 31 December 2019 US$'000	*Other currencies Year ended 31 December 2019 US$'000	**Total Year ended 31 December 2019 US$'000**	Restated Year ended 31 December 2018 US$'000
Non-current assets					
Intangible assets	13	-	5,585	**5,585**	6,384
Property, plant and equipment	14	-	14,163	**14,163**	16,561
Right - of - use assets	15	37	988	**1,025**	-
		37	20,736	**20,773**	22,945
Current assets					
Inventory		-	131	**131**	138
Trade and other receivables	16	585	3,801	**4,386**	4,409
Cash and cash equivalents	17	390	2,570	**2,960**	6,573
Loan to Annunaki	16	-	-	**-**	1,090
		975	6,502	**7,477**	12,210
Total assets		1,012	27,238	**28,250**	35,155
Equity					
Share capital	21	-	192,077	**192,077**	192,077
Share premium account	21	-	215,050	**215,050**	215,004
Treasury shares	22	-	(288)	**(288)**	(288)
Reverse acquisition reserve		-	11,906	**11,906**	11,906
Retained earnings		280	(409,330)	**(409,050)**	(402,128)
Translation reserve		-	(4,981)	**(4,981)**	(4,997)
Equity attributable to shareholders of the Parent Company		280	4,434	**4,714**	11,574
Total equity		280	4,434	**4,714**	11,574
Liabilities					
Non-current liabilities					
Loans and other borrowings	19	-	3,109	**3,109**	3,767
Deferred tax liability	20	-	2,594	**2,594**	2,577
Lease liabilities	15	22	758	**780**	-
		22	6,461	**6,483**	6,344
Current liabilities					
Trade and other payables	18	688	14,552	**15,240**	14,528
Loans and other borrowings	19	-	1,488	**1,488**	2,709
Lease liabilities	15	22	303	**325**	-
		710	16,343	**17,053**	17,237
Total liabilities		732	22,804	**23,536**	23,581
Total liabilities and equity		1,012	27,238	**28,250**	35,155

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

Rashid Wally
Chairman
4 December 2020

Mark Hurst
Chief Executive Officer
4 December 2020

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

Consolidated cash flow statement

	Note	**Year ended 31 December 2019 US$'000**	Restated Year ended 31 December 2018 US$'000
Operating activities			
Loss for the year		**(6,922)**	(63,871)
Adjustments for non-cash items:			
Depreciation of aircraft	6	**3,242**	692
Depreciation of other property, plant and equipment	6	**170**	111
Depreciation of right- of- use assets	6	**401**	-
Amortisation of AOC	13	**491**	-
Amortisation of other intangible assets	13	**8**	1,034
Taxation	11	**206**	19
Amortisation / Impairment of fastjet Plc brand	13	**320**	1,220
Amortisation / Impairment of FedAir brand (net of deferred tax)	13	**19**	78
VAT write off	8	**397**	-
Finance charges	26	**285**	10,641
Loss on disposal of assets		**52**	-
Loss from discontinued activities	4	**5**	6,867
Equity-settled share-based payment – released		-	11,317
Equity-settled share-based payment - services received		-	5,254
Impairment of FedAir Brand Licensing Agreement		-	4,609
Impairment of goodwill		-	1,499
Impairment of air operations certificate (net of deferred tax)		-	2,145
Lease rental arrears on the aircraft converted into equity		-	495
Finance income		-	(431)
Share option charges	24	-	281
Changes in working capital:			
(Increase) / Decrease in trade and other receivables		**(1,597)**	1,405
Increase / (Decrease) in trade and other payables		**1,935**	(14,672)
Increase in inventory		**(18)**	-
Cash utilised in operating activities		**(1,006)**	(31,307)
Cash generated from operating activities of discontinued activities		-	1,426
Interest received		-	124
Net cash utilised in operating activities		**(1,006)**	(29,757)
Investing activities			
Purchase of property, plant and equipment	14	**(975)**	(627)
Purchase of subsidiary (net of cash acquired)	24	-	(2,412)
Purchase of intangibles	13	-	(526)
Disposal of discontinued operation (net of cash disposed)	4	-	(84)
Investing activities from discontinued operations	4	-	(41)
Net cash flow from investing activities		**(975)**	(3,690)
Financing activities			
Loan repaid - Annunaki	16	**1,090**	-
(Loan repayment) / Loan received - SSCG	26	**(1,250)**	2,000
Instalment sale liabilities repayments	26	**(686)**	(177)
Lease liabilities payments	15	**(275)**	-
Lease liabilities interest paid	15	**(95)**	-
Interest paid on loans	26	**(277)**	(1,642)
Proceeds from the issue of shares (net of expenses)	21	-	24,668
Loan received - SAHL	19	-	12,000
Loan advanced - Annunaki	16	-	(5,000)
Finance lease obligations repayments	26	-	(2,284)
Loan notes and interest paid - discontinued operations	26	-	(1,234)
Net cash flow from financing activities		**(1,493)**	28,331
Net movement in cash and cash equivalents		**(3,474)**	(5,116)
Effect of exchange rate changes on cash		**(139)**	(8,390)
Opening net cash		**6,573**	20,079
Closing net cash	17	**2,960**	6,573

Consolidated statement of changes in equity

	Share Capital US$'000	Share Premium US$'000	Treasury Shares US$'000	Shares in lock-up transactions US$'000	Reverse Acquisition Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Equity US$'000
Balance at 31 December 2017	**150,752**	**209,216**	**(288)**	**(16,571)**	**11,906**	**421**	**(338,538)**	**16,898**
Shares issued net of issuance costs	41,325	5,788	-	-	-	-	-	47,113
Share based payments	-	-	-	-	-	-	281	281
Share services received	-	-	-	5,254	-	-	-	5,254
Share services released	-	-	-	11,317	-	-	-	11,317
Transactions with owners	41,325	5,788	-	16,571	-	-	281	63,965
Loss for the year (restated)	-	-	-	-	-	-	(63,871)	(63,871)
Other comprehensive income								
- Exchange differences on translation of continuing operations	-	-	-	-	-	73	-	73
- Exchange differences on translation of discontinued operations recycled to income statement	-	-	-	-	-	(5,491)	-	(5,491)
Total other comprehensive income						(5,418)	-	(5,418)
Total comprehensive loss for the year (restated)	-	-	-	-	-	(5,418)	(63,871)	(69,289)
Balance at 31 December 2018 (restated)	**192,077**	**215,004**	**(288)**	**-**	**11,906**	**(4,997)**	**(402,128)**	**11,574**
Exercise of warrants	-	-	-	-	-	-	-	
Share premium adjustment	-	46	-	-	-	-	-	46
Transactions with owners	-	46	-	-	-	-	-	46
Loss for the year	-	-	-	-	-	-	(6,922)	(6,922)
Other comprehensive income								
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**

Notes to the consolidated financial statements

1. Significant accounting policies

fastjet Plc 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 OHR.

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.

Holding Company

fastjet Plc'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 59.34% of the group's equity as at 31 December 2019 (2018: 59.34%).

Basis of preparation

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

Throughout the majority of 2018, fastjet Zimbabwe transacted predominantly in US Dollars (US$). However, in the latter stages of 2018 new mediums of exchange came into use. These included bond notes and Real Time Gross Settlement (RTGS). Whilst these mediums of exchange had exchange rates with the US$ that were fixed in law, the actual market rates of exchange achievable were different. As at 31 December 2018, the group had only an immaterial level of transactions and balances in these alternative mediums of exchange. This remained the case until 22 February 2019.

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 amount of transactions and balances are now denominated in ZWL. However, due to the operation of the foreign exchange market relating to the ZWL, it is not possible to obtain a reliable market rate of exchange with the US$. In the absence of a reliable market rate, the exchange rate specified in local law has 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.

To aid the users of the financial statements' understanding the Group has prepared the Consolidated income statement for the year ended 31 December 2019 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 statement. 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. It is further noted that no comparatives can be presented as ZWL only became a new currency on 22 February 2019.

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

Presentation of results

The Group presented results in the income statement to separately identify exceptional items and discontinued operations in 2018, in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

On 26 November 2018 the Group sold its shares in fastjet Air TZ (BVI) Limited, which further held 49% in fastjet Airlines Limited. In addition, the Board further resolved to close the Guernsey structure which consisted of dormant entities, as further described in Note 4. The closure of these entities resulted in a loss from discontinued operations after tax of US$6.9m (see Note 4).

Correction of prior period error

Prior period errors are corrected retrospectively in the financial statements. Retrospective application means that the correction affects only prior period comparative figures. Current period amounts are unaffected.

Therefore, comparative amounts of each prior period presented which contain errors are restated. If, however, an error relates to a reporting period that is before the earliest prior period presented, then the opening balances of assets, liabilities and equity of the earliest prior period presented will be restated.

Refer to Note 3.1 for detail of corrections made.

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.

Notes to the consolidated financial statements

Functional and presentation currencies

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

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

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

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.

Notes to the consolidated financial statements

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.

For the year ended 31 December 2019, the monthly average rates were used to translate the operating results.

The following table shows 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

For the year ended 31 December 2018, the average exchange rate for the year was used to translate the operating results.

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 2019 and 31 December 2018:

Currency	Year 2019	Year 2018	
	Balance Sheet (closing rate)	Income Statement (average rate)	Balance Sheet (closing rate)
South African Rand	13.978	13.284	14.3960
Mozambican Metical	61.557	60.4774	61.3799
Zambian Kwacha	14.0823	10.6410	11.9328
Zimbabwean Dollars**	16.7734	n/a	n/a
Tanzanian Shilling *	n/a	2,275.6287	2,300.0138
Kenyan Shilling	n/a	101.2916	n/a

* For 2018, the Balance Sheet (closing rate) for Tanzanian shillings is the closing rate on 30 November 2018, the date of the fastjet Tanzania CGU disposal.

** 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 has in recent years operated at a loss and incurred a further operating cash outflow during 2019. Management took the decision to suspend operations in Mozambique effective 26 October 2019. This decision was taken to avoid further losses. There has been an oversupply of available seats by other carriers on all routes in this country. The Board remains committed to returning to Mozambique when the overall demand for air travel in the country has increased sufficiently in comparison to the capacity supplied to enable long term financial viability.

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 the Group can continue to operate in its current status 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 that 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 remaining one UK employee. The FedAir aircraft compliment 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. fastjet Zimbabwe maintained a fleet of four ERJ145s as at 31 December 2019. One of these ERJ145’s was since disposed of in March 2020 to Solenta Aviation (Proprietary) Limited.

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 ($161,000) 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 ($726,000) 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 loan for six months till 1 November 2020

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 people, 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.

Notes to the consolidated financial statements

In preparing these financial statements, the Directors continue to adopt the going concern basis.
The Directors believe, based on current financial projections and funds available, that the Group will have enough resources to meet its operational needs over the relevant period, being at least until December 2021. Accordingly, in preparing these Financial Statements, the Directors continue to adopt the going concern basis.

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

- Flight operations for Fastjet Zimbabwe reached pre-covid levels during the last week of November and maintaining this pattern going forward.

- Flight operations for FedAir resumed in October 2020 and reaching approximately 50% of pre COVID-19 levels by July 2021 onwards; Federal airlines usually experience a peak around Easter and the three last months of the calendar year.

- Federal Airlines generating US$1.0m free cashflow per year; and

- 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 29 Contingent liabilities.

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 have 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 cancelations 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. There is no indication of when these restrictions may be lifted, whether they will be reimposed or when demand may return.

- 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.

Notes to the consolidated financial statements

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

- Load factors dropping by 10% from the forecast of around 70%. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US$ 4.1 million.

- Price of crude oil exceeding US$ 55 a barrel from a current forecast price of US$ 40. The effect of this on forecast cashflow over the next 12 months would be a decrease in cashflow of US$ 2.0 million.

- 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$ 5.1 million.

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.

New accounting standards, interpretations and amendments

The Group adopted IFRS 16 and IFRIC 23 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
(c) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

Notes to the consolidated financial statements

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	**Right of use assets**	**Lease liabilities**
Operating leases	Right-of-use assets are measured at an amount equal to the lease liability.	Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The lessee's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 11.25% for all leases entered into by fastjet Africa and FedAir and 12% for all leases with fastjet Zimbabwe.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	1 January 2019 **US$'000**
Assets	
Right-of-use assets	1,425
Liabilities	
Lease liabilities	1,425

The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

	01 January 2019 **US$000**
Minimum operating lease commitment at 31 December 2018	**486**
Plus: leases entered on 1 January 2019	**1,039**
Less: effect of discounting using the incremental borrowing rate as at date of initial application	**(100)**
Lease liability as at 01 January 2019	**1,425**

Notes to the consolidated financial statements

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Based on the assessment performed, this interpretation 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.

- Amendments to IAS 1 and IAS 8 – Definition of Material – effective 1 January 2020.
- Amendments to References to the Conceptual Framework in IFRS Standards - effective for annual periods beginning on or after 1 January 2020.
- IFRS 3 Amendments - effective 1 January 2020.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) – effective 1 January 2020.
- IFRS 17 Insurance contracts - effective for annual period commencing on 1 January 2021.
- IAS 1 Amendments on classification – effective on 1 January 2022.

Basis of consolidation

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

Notes to the consolidated financial statements

Business combinations

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

Goodwill

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

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

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

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

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.

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.

Notes to the consolidated financial statements

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.

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.

Notes to the consolidated financial statements

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 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.

Notes to the consolidated financial statements

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

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 1. The following policies apply subsequent to the date of initial application, 1 January 2019. Prior to transition, all operating leases were expensed on a straight - line basis.

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$4,1m.

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the lessee uses its incremental borrowing rate as the discount rate.
The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the consolidated financial statements

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.

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.

Other revenue comprises of revenue from other sources which do not form part of Group’s passenger revenue. This is recognised in the period in which the services are provided by the Group. This is measured based on the consideration specified in a contract with a customer.

Other operating income

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

Inventory

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

Notes to the consolidated financial statements

Pension costs

Defined contribution plans

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

Taxation

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

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

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

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

Share-based payments

Employee benefits

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

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

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

Notes to the consolidated financial statements

Equity-settled share-based payment transactions

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

Financial instruments

Cash and cash equivalents

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

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares that have been issued.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" mostly comprise all current and prior period results as disclosed in the income statement as well as costs taken directly to equity.
- “Translation reserve” represents the cumulative amount of foreign exchange gains and losses recognised outside of retained earnings.
- “Reverse acquisition reserve” represents the difference between the net assets assumed and the cost of the investment on combination of Rubicon and Lonrho’s reserves in 2012.
- “Treasury shares” represents the value of shares in fastjet Plc that are held by fastjet Plc Employee Benefit Trust.
- “Shares in lock-up transactions” represent the value as at 31 December 2017 of fastjet shares issued to Solenta Aviation Holdings Limited for services that were to be received in future, see Note 24.

Financial assets

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

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

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

Amortised cost:

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

Notes to the consolidated financial statements

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.

Share options:

Share options are classified as financial assets at fair value through profit or loss. When the company purchases an option, an amount equal to the fair value which is based on the premium paid is recorded as an asset.

Subsequent to initial recognition, share options are measured at fair value with changes in fair value recognised in profit and loss in the period in which they arise.

The group purchased a share option to purchase shareholding in Federal Airlines (Proprietary) Limited. Further details of the call option agreement are included in Note 24.

Derivatives

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss.

Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit and loss in the period in which they arise.

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 2018 (see Note 13). The valuation made use of estimates to determine future load factors, pricing, revenue, costs and capital expenditure requirements. The recoverable amount of FedAir was assessed by management to have been lower than the carrying amount of the assets and liabilities and hence an impairment loss was recognised totalling $4.6m in the year ended 31 December 2018. As at 31 December 2019, management's assessment showed that there had been no changes to the valuation of FedAir CGU.

- Impairment in FY18 of the US$4.6m FedAir brand license agreement held by the Group on 31 December 2018 as an Other financial asset that crystalised in FY17 as part of three simultaneous signed agreements contemplating the acquisition of FedAir which following the successful exercising of the purchase call option in FY18 had no further value.

- 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 (2018: US$1.2m).

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 32 - 34.

- the determination of the functional currencies of subsidiaries. Management concluded that the functional currency for fastjet Zimbabwe during 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 determination of the implied exchange rate in Zimbabwe between US$ and RTGS during the course of 2018. Since 2009, Zimbabwe had operated in a multi-currency system with US dollars emerging as the primary and functional currency of the economic environment. In 2016, monetary policy introduced Real Time Gross Settlement (RTGS) dollars and bond notes as legal tender officially maintaining these at parity with US$. However, during 2018, there was an unofficial difference in rates between US dollars and RTGS/bond notes which the Zimbabwean market well understood. Management made the judgement that RTGS, from October 2018, met the definition of a currency. As at 31 December 2018, the Directors took the decision to fair value all monetary assets using an implied exchange rate of ZWL4.6923 to US$1.00. In the absence of an official exchange rate, management used the Old Mutual Implied Rate ("OMIR") as a proxy for the exchange rate between RTGS and US$; being the only market source of data available in the public domain. Please also see Note 25 for further considerations. Whilst this indicates a high inflation, management judgement for 2018 was that the Zimbabwean economy was not hyper-inflationary. Please see Note 25 for further details. As noted previously from 22 February 2019 a new Zimbabwean currency ZWL was recognised albeit at legally imposed exchange rates that do not reflect the economic substance of transactions' value (please see the basis of preparation paragraph of Note 1 for further details).

- 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 appoint the 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 Plc 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 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 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

* This excludes discontinued operations

Notes to the consolidated financial statements

Year ended 31 December 2018	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	25,930	8,937	5	-	3,642	-	38,514
Inter-segment	32	-	14,105	14,302*	-	(28,439)	-
Total revenue	25,962	8,937	14,110	14,302	3,642	(28,439)	38,514
EBITDA	(4,341)	(6,238)	137	(28,934)	245	-	(39,131)
Other finance income / (expense)	(7,739)	(100)	(167)	(4,699)	(50)	2,545	(10,210)
Depreciation / amortisation	(643)	-	(941)	(6,043)	(17)	-	(7,644)
Loss before tax	(12,723)	(6,338)	(971)	(39,676)	178	2,545	(56,985)
Tax	-	-	-	305	(324)	-	(19)
**Net loss	(12,723)	(6,338)	(971)	(39,371)	(146)	2,545	(57,004)
Non-current assets	11,108	-	104	7,927	3,806	-	22,945

* This included SAHL recharges for aircraft leases and share release

** 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. Correction of errors

3.1 Correction of deferred tax

During 2019, management discovered that that there was an error in accounting for deferred tax as at 31 December 2018. In 2018, there was an impairment performed in relation to the FedAir cash generating unit. This resulted in the impairment. The Group did not, however, also adjust the deferred tax relating to this impact. Consequently, the deferred tax liability was overstated, and the loss was also overstated, by an amount of US864k.

Further, upon acquisition, FedAir changed its property, plant and equipment accounting policy in its local books from a revaluation model to a cost model to be in line with fastjet group. Whilst the journal reversing the revaluation of the property, plant and equipment was correctly recorded, the journal to reverse the associated deferred tax liability was not. Therefore, there was an error in the underlying financial statements of FedAir which was uncorrected when FedAir was included in the consolidated accounts. As a result the reported loss for the year was overstated by US$305k and the deferred tax liability was overstated by the same amount.

The above correction resulted in a restatement of 2018 financial results. There was no effect on the 31 December 2017 Balance Sheet. The following table summarises the impact on the Group's consolidated financial statements.

	As previously reported US$'000	Adjustment US$'000	As restated US$'000
Impact on consolidated income statement			
Exceptional items			
- Deferred tax adjustment	(22,106)	864	(21,242)
Income tax expense	(324)	305	(19)
Loss for the year	(65,040)	1,169	(63,871)
Impact on consolidated statement of financial position			
Deferred tax liabilities	3,746	(1,169)	2,577
Retained earnings	(403,297)	1,169	(402,128)

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing, or financing cash flows for the year ended 31 December 2018.

Notes to the consolidated financial statements

4. Discontinued operations

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

Component	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
fastjet Airlines Limited:		
- trading loss net of tax (see note 4.1)	**-**	(8,907)
- gain on net liabilities no longer consolidated (see note 4.2)	**-**	16,944
fastjet Air TZ (BVI) Limited	**-**	21
ATR 72-600 disposal (see note 4.3)	**-**	(14,630)
Guernsey structure (dormant entities)	**(5)**	-
Forward sales liability	**-**	(295)
Total	**(5)**	(6,867)

4.1 fastjet Airlines Limited - trading loss net of tax

On 26 November 2018, the Group sold its shares in fastjet Air TZ (BVI) Limited, which held 49% of fastjet Airlines Limited, to Lawrence Masha and Hein Kaiser (collectively the Purchaser) for a purchase consideration of US$1.00. As the shares in the company were sold at par value, there was no capital gains tax.

The loss from fastjet Airlines Limited discontinued activities net of tax in the consolidated income statement comprises:

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Revenue	**-**	27,185
Cost of sales	**-**	(27,567)
Gross loss	**-**	(382)
Administrative costs	**-**	(7,568)
Exceptional items	**-**	(409)
Operating loss	**-**	(8,359)
Finance charges	**-**	(442)
Loss before tax	**-**	(8,801)
Taxation	**-**	(106)
Loss for the year	**-**	(8,907)

Notes to the consolidated financial statements

4.2 fastjet Airlines Limited - gain on net liabilities no longer consolidated

The effect of the disposal of individual assets and liabilities of fastjet Airlines Limited is as follows:

Balance Sheet as at November 2018 – Assets / (Liabilities)	**Total US$'000**
Property, plant and equipment	95
Trade and other receivables	2,039
Cash and cash equivalents	84
Loans and borrowings – non-current	(6,728)
Loans and borrowings – current	(700)
Trade and other payables	(6,118)
Tax	(125)
Total	**(11,453)**
Reclassification of foreign exchange translation reserve	**(5,491)**
Gain on disposal	**(16,944)**

4.3 ATR 72-600 disposal

The ATR 72-600 fleet had been acquired for the fastjet Airlines Limited (Tanzania) operations. Unfortunately, the aircraft remained undeployed due to ongoing regulatory challenges and delays from the authorities. Due to the Board's decision to discontinue the Tanzanian operation, the fleet was no longer required, and could not be deployed operationally within the remaining business units. In light of this, a decision was taken to dispose of the fleet in order to terminate the remaining nine-year financial obligation attached to the fleet and US$14.6m was written off.

Net cash outflow on disposal of fastjet Tanzania	**Year ended 31 December 2019 US$'000**	(Re-presented) Year ended 31 December 2018 US$'000
Cash consideration received	**-**	-
Cash disposed off	-	(84)
Net cash outflow on disposal of Tanzania	-	(84)

Notes to the consolidated financial statements

5. Revenue

Revenue from continuing operations is made up of the following:

	Year ended 31 December 2019 US$'000	**ZWL Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Passenger revenue	**35,003**	3,131	35,034
Charter revenue	**5,173**	-	1,415
Ancillary services	**573**	68	1,965
Cargo revenue	**25**	-	16
Other revenue	**-**	-	84
Total	**40,774**	3,199	38,514

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.

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**
Total	**25,199**	**2,908**	**12,667**	**-**	**40,774**

* All ZWL transactions are included in the Zimbabwe segment

Notes to the consolidated financial statements

Year ended 31 December 2018	Zimbabwe US$'000	Mozambique US$'000	FedAir US$'000	Central US$'000	Total* US$'000
Passenger revenue	24,369	8,411	2,254	-	35,034
Charter revenue	67	-	1,348	-	1,415
Ancillary services	1,462	503	-	-	1,965
Cargo revenue	16	-	-	-	16
Other revenue	16	23	40	5	84
Total	25,930	8,937	3,642	5	38,514

* 2018 comparative figures exclude fastjet Tanzania discontinued operations.

Deferred income (forward ticket sales)

Amounts included in Trade and other payables (linked to forward ticket sales)	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Balance - 01 January	**2,517**	2,524
Amounts released to revenue during the year	**(2,517)**	(2,524)
Tickets booked and banked in advance for the following year not recognised as revenue during the period – included in liabilities [1]	**1,874**	2,517
Balance – 31 December	**1,874**	2,517

[1] See Note 18

Refer to Note 18 which shows ZWL disaggregation for deferred income.

Notes to the consolidated financial statements

6. Operating loss

Operating loss is stated after charging the following disclosable items:	**Year ended 31 December 2019 US$'000**	**ZWL Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Operating lease costs			
- Property [1]	**-**	-	254
- Aircraft from the SAHL group (related party) (short term lease)	**532**	-	16,637
- Aircraft from other lessors or operators (short term lease)	**3,533**	-	4,065
Right- of- use amortisation (see Note 15)			
- Property	**392**	97	-
- Equipment	**9**	-	-
Fuel	**8,680**	3,561	13,036
Net foreign exchange losses / (gains)	**168**	-	(278)
Foreign exchange loss on Zimbabwean financial assets	**-**	-	8,475
Amortisation of other intangible assets (see Note 13)	**838**	-	1,034
Depreciation of property, plant and equipment (see Note 14)			
- Property, plant and equipment	**170**	-	111
- Owned aircraft	**3,242**	-	692
Audit fees paid:			
- Group - 2019 (BDO)	**175**	-	-
- Subsidiary companies - 2019 (BDO)	**259**	14	-
- Group - 2018 (BDO)	**53**	-	105
- Group - 2017 (KPMG)	**-**	-	207
- Subsidiary companies - 2018 (BDO)	**21**	-	168
- Subsidiary companies - 2017 (KPMG)	**10**	-	39
- Subsidiary companies - 2018 (PWC and Deloitte)	**10**	-	73
- Subsidiary company - 2017 (Deloitte)	**(50)**	(50)	52
Share option charges	**1**	-	281

[1.] With effect from 1 January 2019, property leases are accounted for using IFRS16 and hence capitalised as Right - of - use assets

Notes to the consolidated financial statements

Note 6 continued

Cost of sales:

Cost of sales analysis for continuing operations comprise of the following main cost categories:	Year ended 31 December 2019 US$'000	ZWL Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Aircraft leases			
- Plc	**-**	-	15,661
- fastjet Africa	**-**	-	2,683
- Zimbabwe (SAHL)	**-**		221
- Mozambique (SAHL)	**-**	-	976
- South Africa (FedAir) (Solenta)	**532**	-	112
- South Africa (FedAir) (Other)	**3,533**	-	1,049
Aircraft depreciation	**3,242**	-	692
Fuel	**8,680**	3,561	13,036
Crew costs and training			
- Flight crew and cabin crew salaries	**2,585**	1,205	1,979
- Other crew costs	**489**	113	902
- Training	**514**	1	330
Aircraft maintenance and overhaul			
- fastjet Africa	**-**	-	2,696
- Zimbabwe	**4,487**	86	311
- Mozambique	**1,782**	-	841
- South Africa (FedAir) (Solenta)	**-**	-	-
- South Africa (FedAir) (Other)	**1,135**	-	343
Airport costs (landing, parking, overfly and navigation)	**2,257**	2	2,239
Ground handling	**2,265**	40	2,606
Passenger variable costs	**1,928**	507	2,945
Codeshare capacity purchase - LAM (Mozambique)	**1,384**	-	-
Passenger delay, goodwill and immigration fines	**164**	39	-
Passenger catering	**840**	469	-
Airport passenger charges	**155**	-	-
Aircraft insurance	**173**	-	216
Other operational costs	**751**	-	286
Other	**266**		149
Total	**37,162**	6,023	50,273

Notes to the consolidated financial statements

Note 6 continued

Administrative costs:

Administrative costs for continuing operations comprise of the following main cost categories:	**Year ended 31 December 2019 US$'000**	ZWL Year ended 31 December 2019 US$'000	Year ended31 December 2018 US$'000
Employee costs			
- salaries and wages	**4,407**	515	5,426
- other employee costs	**557**	219	791
- sub-contractors and consultants	**688**	10	921
Legal and professional	**950**	(87)	2,118
Marketing and advertising costs	**516**	120	1,609
Depreciation of property, plant and equipment	**170**	-	111
Depreciation of right- of- use assets	**401**	97	-
Amortisation of intangible assets	**518**	-	1,034
Other costs	**938**	117	1,049
IT costs	**937**	75	715
Total	**10,082**	1,066	13,774

7. Other operating income

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

Other income comprises of the following:	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Advertising and marketing income earned	**441**	-
Maintenance recharges	**370**	-
Recovery of credit card deposit previously written off	**339**	-
Fuel recovery	**73**	-
Insurance refund	**6**	-
Total	**1,229**	-

No ZWL transactions are included in this balance.

Notes to the consolidated financial statements

8. Exceptional Items

Exceptional items include the following non-cash items:	Year ended 31 December 2019 US$'000	Restated[1] Year ended 31 December 2018 US$'000
VAT write off *(a)	**397**	-
Shares in lock-up transactions * (b)	**-**	11,317
FedAir impairments *(c)	-	9,195
Impairment of fastjet Plc brand * (d)	**320**	1,220
Other exceptional items	**-**	374
Total	**717**	22,509
Deferred tax related to the write off reversed		
Air Operations Certificate impairment* (c)	**-**	(834)
Impairment of FedAir brand * (c)	**-**	(30)
	717	21,645

No ZWL transactions are included in this balance.

[1] Refer to Note 3 for further details.

* 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) Of the US$16.6m at 31 December 2017 relating to the shares in lock-up transactions, US$5.3m was expensed during 2018 for flying services received and US$11.3m was written off due to the SAHL services contract being terminated as part of the December 2018 capital raise (refer to Note 24 on page 116 - 117). This value represents the unexpended share-based payment portion relating to the lease termination.

   The lease agreement was terminated to avoid paying the future cash component of the total lease obligations of US$615k per month, for the remaining 42-month period under the original 60-month lease commitment. This resulted in a contractual cash outflow saving of US$25.8m. However, as certain services under the original agreement (maintenance, crew support and training) will remain under a revised replacement agreement, the net cash saving from acquisition over the 42-month period will be US$7.0m. This arose following the purchase of four Embraer 145 aircraft from SAHL during the December 2018 capital raise and the decision to fully crew and operate the Zimbabwean aircraft fleet, minimising hard currency obligations from within Zimbabwe.

c) In 2017, a valuation was undertaken to determine the future economic value of linked transactions that gave fastjet the option to acquire FedAir valued at US$4.6m and recognised in 2017. At the point of acquisition of FedAir by Parrot in October 2018, and the consolidation of its results into the Group, an impairment exercise resulted in an impairment being recognised in FedAir and its related option asset in 2018 (refer to Note 13).

Notes to the consolidated financial statements

It is noted that the fair value of this option asset was carved out of the overall valuation of FedAir in September 2017 of US$15.0m less the future exercise consideration of US$4.0m. As such this US$4.6m impairment is related to the overall US$9.2m decrease in the valuation of FedAir in October 2018 at the point of acquisition. It is noted that a further US$0.8m decrease in the value of FedAir was due to dividends being taken by the previous shareholder prior to the call option being exercised (which reduced the future consideration price down to US$3.2m from the original US$4.0m). As such the overall decrease from the September 2017 valuation to that made in October 2018 was US$10.0m. The remaining US$4.6m was recognised in the resultant investment in FedAir (on exercise of the FedAir call option).

Following 7 October 2018, being management's judgement of the point of control, management calculated the recoverable amount of FedAir to be US$5.0m. Based on this updated valuation, an amount of US$4.6m was impaired to the FedAir investment. A further US$4.6m impairment was recognised on the FedAir assets giving an overall impairment across these linked assets of US$9.2m.

Management's US$5.0m valuation reflected a forecast decreased cash flow outlook as compared to the 2017 valuation reflecting both a specific loss of revenue to a competitor and a general decrease in market outlook. The forecast cash flow compound average growth and terminal growth rates of the value in use valuation models were seen to decrease from 9.5% to 2.5% and 3.0% to 2.0% respectively.

d) The fastjet Plc 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 Plc 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 (2018:US$1,220k).

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 2019**	Year ended 31 December 2018
Administration and management	**118**	64
Cockpit and cabin crew	**72**	33
Ground and flight operations	**40**	16
Commercial	**6**	-
Aircraft maintenance	**4**	6
Total staff employed (continuing operations)	**240**	119
Average staff employed in the discontinued operation (see Note 4)	-	144
Total staff employed	**240**	263
Employees analysis by country (continuing operations):		
- Zimbabwe	**81**	54
- South Africa (fastjet Central Systems)	**28**	31
- South Africa (FedAir) [1]	**127**	30
- United Kingdom	**4**	3
- Zambia	-	1
Total staff employed	**240**	119

[1] FedAir was acquired on 1 October 2018, and FedAir employed 119 staff on average; the 30 staff shown above represents the weighted average for quarter 4 of 2018.

The aggregate payroll costs (including Directors):	**Year ended31 December 2019 US$'000**	ZWL Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Salaries and wages	**9,122**	2,058	6,945
Social security costs	**110**	6	179
Pension costs	**8**	-	-
Share based payments (Note 24)	-	-	281
Total	**9,240**	2,064	7,405
Staff costs in discontinued operations	**-**	-	4,992
Total staff costs	**9,240**	2,064	12,397
Payroll costs for the continuing operations are disclosed in:			
Administration costs	**5,652**	745	5,426
Cost of sales	**3,588**	1,319	1,979
Total	**9,240**	2,064	7,405

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Salaries and wages	**351**	474
Directors' fees	**126**	265
Bonuses	**-**	400
Benefits	**68**	20
	545	1,159

No ZWL transactions are included in this balance.

The remuneration of the highest paid Director was US$188,000 (2018: US$820,000). The remuneration of the Directors can be found on page 47.

Notes to the consolidated financial statements

10. Finance income and Finance charges

	Year ended 31 December 2019 US$'000	ZWL Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Finance income			
Interest received on short term deposits	**99**	19	153
Net foreign exchange gains	**-**		278
	99	19	431
Finance charges			
Foreign exchange loss on Zimbabwean financial assets	**-**		8,475
Interest charges	**340**	-	2,011
Net foreign exchange losses	**168**	-	-
Bank charges (includes 2% transfer fees in Zimbabwe)	**344**	174	155
	852	174	10,641

11. Taxation

	Year ended 31 December 2019 US$'000	Restated Year ended 31 December 2018 US$'000
Current tax expense:		
UK corporation tax	-	-
Overseas tax expense	**213**	430
Deferred tax	**(7)**	(305)
	206	125
Disclosed in:		
- continuing operations	**206**	19
- discontinued operations	-	106
Tax charge - continuing and discontinued operations	**206**	125

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

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Loss from continuing operations before tax	**(6,711)**	(56,985)
Loss from discontinued operations before tax	**(5)**	(6,761)
Loss before tax	**(6,716)**	(63,746)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**(1,276)**	(12,112)
Current year losses for which no deferred tax has been recognised	**338**	2,271
Foreign exchange not allowed	**150**	18
Income not chargeable to tax	**-**	(34)
Expenses not deductible for tax purposes	**788**	9,857
Change in tax rate	**(10)**	-
Release of fair value adjustment	**(182)**	-
Change in accounting policy upon acquisition of subsidiary (refer to Note 3)	**-**	(305)
Overseas turnover tax	**398**	430
Total current tax benefit expense	**206**	125

Notes to the consolidated financial statements

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 2019 the Group had accumulated tax losses of approximately US$253m (2018: US$253m re-presented) available for offset against future taxable trading profits. The ability to utilise these tax losses is uncertain in some jurisdictions 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. Loss per share

Loss per share is calculated by dividing the 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 (2018: 704,037,026). The loss for the purposes of basic earnings per share being the net loss attributable to the equity holders of the parent was US$6.9m (2018: US$57.0m loss continuing, and US$6.9m loss discontinued).

The options and warrants in issue have no dilutive effect in either period because the Group incurred a loss on continuing and discontinued activities in both years.

Weighted average number of ordinary shares	**Year ended 31 December 2019**	Year ended 31 December 2018
Issued ordinary shares as at 01 January	**3,800,824,872**	522,406,827
Effect of shares issued in July 2018	**-**	49,123,033
Effect of shares issued in December 2018	**-**	132,507,166
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**	704,037,026

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 2017	-	5,462	2,500	862	8,824
Additions	-	-	-	526	526
Acquired through Business Combination	1,499	7,893	297	2	9,691
Discontinued operations Tanzania	-	(5,462)	-	-	(5,462)
Foreign currency difference	-	-	-	90	90
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**
Less: Amortisation and Impairment					
At 31 December 2017	-	5,462	-	441	5,903
Discontinued operations Tanzania	-	(5,462)	-	-	(5,462)
Charge for the year	-	-	-	1,038 [2]	1,038
Impairments for the year	1,499 [1]	2,979 [1]	1,328 [1]	-	5,806
At 31 December 2018	1,499	2,979	1,328	1,479	7,285
Impairment 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**
Net carrying amount					
At 31 December 2017	-	-	2,500	421	2,921
At 31 December 2018	-	4,914	1,469	1	6,384
At 31 December 2019	**-**	**4,423**	**1,130**	**32**	**5,585**

No ZWL transactions are included in this balance.

[1] Included in exceptional items - Note 8
[2] US$1,038k included in administrative costs - Note 6 and US$4k relating to discontinued operations; net amount excluding discontinued operations of US$1,034k as per cashflow statement.

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 2019 US$'000**	Year ended 31 December 2018 US$'000
fastjet Zimbabwe CGU		
fastjet Plc brand [1]	**2,500**	2,500
Less: cumulative impairment	**(1,540)**	(1,220)
	960	1,280
FedAir CGU		
FedAir brand [2]	297	297
Less: cumulative impairment	(108)	(108)
Less amortisation	(19)	-
	170	189
Total	**1,130**	1,469

[1] **fastjet Plc brand:**
The recoverable amount of the fastjet Plc 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 2019**	Year ended 31 December 2018
Period in which management forecasts are based	**2020-2022**	2019-2022
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 2019 US$'000**	Year ended 31 December 2018 US$'000
fastjet Zimbabwe	**960**	1,171
fastjet Mozambique	**-**	109
FedAir (airline operations)	**-**	-
Total	**960**	1,280

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$ 22,759)
1% increase in the discount rate	(US$ 60,922)

Notes to the consolidated financial statements

[2] **FedAir brand:**
On the acquisition of FedAir by Parrot (Parrot is a subsidiary of fastjet Plc) on 7 October 2018, an amount of US$0.3m was recognised relating to the FedAir brand.

As at 31 December 2018, 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 2019**	Year ended 31 December 2018
Period in which management forecasts are based	2020-2022	2019-2022
Growth rate applied beyond approved forecast period	2.40%	2.40%
Discount rate	15.00%	15.00%
Foreign exchange rate ZAR: US$	`R14.00 = US$1.00	`R14.00 = US$1.00

The recoverable amount was established to be US$5.0m at 31 December 2018 and an amount of US$4.6m had to be written off as impairment.

As at 31 December 2019, management has assessed the recoverable amount of FedAir CGU to be still the 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)

**** FedAir Air Operators Certificate ("AOC")**

On the acquisition of FedAir by Parrot on 7 October 2018 an amount of US$7.9m was recognised relating to the air operations certificate. The air operations certificate value was based on the intrinsic value of being able to operate the fastjet brand using the FedAir air operations certificate.

In the period to 31 December 2018 an amount of US$4.6m was written off reflecting a forecast decreased cash flow outlook as a result of both a specific loss of revenue to a competitor and a general decrease in market outlook. The forecast cash flow compound average growth and terminal growth rates of the value in use valuation models were seen to decrease from 9.5% to 2.5% and 3.0% to 2.0% respectively.

Notes to the consolidated financial statements

14. Property, plant and equipment

	Owned Aircraft US$'000	Leased Aircraft US$'000	Property US$'000	Plant & Machinery US$'000	Fixtures and Equip. US$'000	Motor Vehicles US$'000	Total US$'000
Cost							
At 31 Dec. 2017	-	42,043	148	229	680	20	43,120
Additions - via share issue	11,504	-	-	-	-	-	11,504
Additions – cash	324	-	95	11	162	35	627
Business Combination	5,021	-	35	25	81	25	5,187
Disposals	-	(42,043)	-	-	(9)	-	(42,052)
Disposal of Tanzania	-	-	(10)	-	(524)	(27)	(561)
Foreign currency difference	(24)	-	(13)	(8)	(14)	(1)	(60)
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**
Depreciation and impairment							
At 31 Dec. 2017	-	-	74	227	486	11	798
Charge for the year	692	-	41	11	131	12	887
Disposals	-	-	-	-	-	-	
Disposal of Tanzania	-	-	(10)	-	(444)	(12)	(466)
Foreign currency difference	-	-	-	-	(14)	(1)	(15)
At 31 Dec. 2018	692	-	105	238	159	10	1,204
Charge for the year	3,242	-	48	11	85	26	3,412
Disposals	-	-	-	-	-	-	-
Foreign currency difference	(229)	-	-	-	-	-	(229)
At 31 Dec. 2019	**3,705**	**-**	**153**	**249**	**244**	**36**	**4,387**
Net carrying amount							
At 31 Dec. 2017	-	42,043	74	2	194	9	42,322
At 31 Dec. 2018	16,133	-	150	19	217	42	16,561
At 31 Dec. 2019	**13,532**	**-**	**172**	**49**	**236**	**174**	**14,163**

No ZWL transactions are included in this balance.

Aircraft with a carrying amount of US$3.6m, serve as security for the instalment liabilities in Note 19.

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 fourteen 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 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 leases eight aircraft with contract terms less than twelve 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. 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$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 2019 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**

Amount held in ZWL 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**

Amount held in ZWL is US$44k.

Maturity analysis of lease liabilities

At 31 December 2019	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	88	237	357	423	-

16. Trade and other receivables

	Year ended 31 December 2019 US$'000	**ZWL Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Trade and other receivables due within one year:			
Trade receivables (net of provision for loss allowance)	**2,560**	16	1,496
Fuel deposits	**-**	-	1,000
Other receivables	**780**	559	558
Total financial assets other than cash and cash equivalents classified as amortised cost	**3,340**	575	3,054
VAT and tax	**285**	-	1,131
Prepayments	**761**	10	224
	4,386	585	4,409
Loan to Annunaki [1] at fair value	**-**	-	1,090
Total	**4,386**	585	5,499

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 from for the group – for the 2019 year these are all considered to be have a similar credit risk and aging and have been included in one category.

Notes to the consolidated financial statements

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.

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

As at 31 December 2019	**Current US$'000**	**ZWL US$'000**
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 2018		
Expected loss rate	1%	1%
Gross carrying amount	3,054	-
Loss provision	30	-

As at 31 December 2019 trade receivables of US$218k (2018:US1.1m) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the 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 2019 US$'000	**ZWL Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Opening provision for impairment of trade receivables	**-**	-	1,132
Increase during the year	**218**	141	-
Receivables written off during the year as uncollectible	**-**	-	(1,132)
At 31 December	**218**	141	-

Notes to the consolidated financial statements

Loan to Annunaki	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Financial assets held at fair value		
Loan to Annunaki at cost	-	5,000
Fair value adjustment	-	(3,910)
Loan to Annunaki at fair value [1]	-	1,090

[1] The loan to Annunaki of RTGS $5.0m was revalued to US$1,090k as at 31 December 2018 based on a deemed closing exchange rate for RTGS dollars to US$ of 4.6923. The balance on the loan was settled by Annunaki during 2019.

17. Cash and cash equivalents

	Year ended31 December 2019 US$'000	**ZWL Year ended 31 December 2019 US$'000**	Year ended31 December 2018 US$'000
Petty cash	**41**	-	27
Bank balances	**2,919**	390	6,546
Cash and cash equivalents in the consolidated balance sheet	**2,960**	390	6,573
Cash and cash equivalents in the statement of cash flows*	**2,960**	390	6,573

* As at 31 December 2019, US$390k (2018: US$1.2m) 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 2019 US$'000	**ZWL Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Trade payables	**9,660**	441	6,190
Deferred income (forward ticket sales)	**1,874**	58	2,517
Accruals *	**1,446**	59	3,191
AAR – A319 rotable parts settlement (for Tanzania GCU) **	**1,686**	-	1,686
Other payables	**488**	123	794
Other taxation and social security	**69**	7	145
VAT	**17**	-	5
	15,240	688	14,528

* The 2018 accruals include US$1.3m for fastjet Plc settlement agreements as group guarantor related to the disposal of the Tanzanian CGU.

** The AAR amount of 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 8 November 2018, fastjet Plc entered into a first amendment to settlement agreement as part of the December 2018 capital raise with AAR, under which AAR agreed to convert the outstanding creditor balance into shares of fastjet Plc, should the Group not trade profitably in the period 1 January 2019 to 30 June 2019; as the Group did not trade profitably during the first six month period of 2019, no share conversion of the creditor occurred;

- On 12 November 2019, Fastjet Plc entered into a second amendment agreement to the original settlement agreement signed, that removed the conversion rights of fastjet Plc of the AAR creditor balance into shares and that now required fastjet Plc to repay the creditor balance on or before 30 June 2021;

- On 10 March 2020, fastjet Plc and AAR entered into a Full and Final Settlement Deed of the outstanding creditor amount, the terms of which allowed Fastjet Plc 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;

- On 15 May 2020, due to the COVID-19 induced worldwide lockdowns and suspension of all fastjet and FedAir flights, fastjet Plc 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.

Notes to the consolidated financial statements

19. Loans and other borrowings

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Non-current		
Solenta Aviation Holdings Limited loan [1]	**2,000**	2,000
Instalment sale liabilities [2]	**1,109**	1,767
Total	**3,109**	3,767
Current		
Instalment sale liabilities [2]	**710**	689
Loan from SSCG [1]	**778**	2,020
Total	**1,488**	2,709

No ZWL transactions are included in this balance.

[1] US$ denominated
[2] South African Rands (ZAR) denominated

Solenta Aviation Holdings Limited loan

On 4 April 2018 the Company entered into a US$12.0m loan facility agreement with Solenta Aviation Holdings Limited ("SAHL") to fund the exercise of the Company's option over the three ATR 72-600 with the balance to be used for general working capital purposes. These same aircraft were part of the Tanzania divestment in November 2018 which triggered a loss on disposal of US$14.6m (refer to Note 4.3).

The salient terms of the Facility were as follows:

- The Facility was for a loan of up to US$12.0m to be provided by SAHL to fastjet;
- An interest rate of (i) the higher of US$ 30-day LIBOR plus 6.45% pa or 8% pa until 30 June 2019, and (ii) from 1 July 2019, the higher of US$ 30-day LIBOR plus 8.45% pa or 10% pa;
- Repayment of the loan by either (at fastjet's election) bullet repayment in full on 30 June 2019 or eight quarterly instalments of 12.5% of the loan, commencing 29 March 2019 and concluding 28 December 2020;
- Drawdown of the Facility was available until 30 April 2018, or such later date as the parties may agree and subject first to satisfying certain conditions precedent including execution and delivery of security for the loan;
- 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 Federal Airlines (Pty) Limited ("FedAir");
- 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 Plc (such nominated individuals in each case to constitute a minority of directors of the respective boards of the companies);
- fastjet utilised the Facility principally for the purpose of the payment of the ATR Purchase Option Deposit of approximately US$11.0m;

Notes to the consolidated financial statements

- SAHL was entitled to a raising fee of US$240,000 on the date of drawdown of the Facility and this was capitalised. As per the December 2018 capital raise where US$10.0m of the original loan and some outstanding interest was converted to equity the original loan was seen to have been extinguished and hence the previously capitalised transaction costs were realised to the income statement; and

- The Facility agreement includes standard representations, warranties and events of default, including restrictions on future borrowing and security (subject to exceptions).

As part of the December 2018 capital raise, SAHL agreed to convert US$10.0m of the loan together with accumulated unpaid interest of US$448,752 into fastjet Plc shares.

Additionally, the following were the main changes to the loan terms mentioned above:

- The applicable interest rate was changed to a fixed 6% per annum;

- Bullet repayment date and final repayment dates were removed and replaced with repayment after 48 months provided that there has been six months of trading profitability;

- The lender can allow repayment after 36 months, provided that the six months profitability condition has been met;

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

- Due of the extinguishment of the original loan, there was a change in the original effective interest which would result in an increase in the cashflows by US$2.1m.

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 18 November 2022.

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 (see Note 14). The loans bear interest at South African prime (currently 10.25%) plus or minus 1%. Final instalments are due between 2020 and 2022.

As at 31 December 2019, the instalment sale liabilities are secured by the four owned aircraft with a book value in FedAir of US$3.6m (2018: US$3.6m) and motor vehicles with a book value in FedAir of US$38k (2018: US$35k).

Notes to the consolidated financial statements

Loan from SSCG

Original transaction

In July 2018, fastjet Plc 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.

At the same time, fastjet Zimbabwe deposited ZWL5.0m of its restricted bank balances within Zimbabwe with Annunaki on an interest-bearing deposit at 4% fixed per annum, for an initial period of six months.

Loan amendments

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

- The loan amount from fastjet Zimbabwe to Annunaki was increased from ZWL5.0m to ZWL7.0m due to devaluation of the underlying ZWL currency;

- 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).

Between 12 June 2019 and 14 June 2019, Annunaki repaid the ZWL7.0m to fastjet Zimbabwe together with all the accrued interest.

At the time of repayment, the ZWL7.0m was valued at US$1.1m based on the Zimbabwean interbank exchange rate of ZWL 6.1200 = US$1.00. Between 31 December 2018 and the time of repayment, an additional exchange loss of US$0.7m was incurred as a result of further devaluation of the ZWL currency against the US$.

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.

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 2019 US$'000	Restated Year ended 31 December 2018 US$'000
At 1 January	**(2,577)**	-
Arising on business combination	**-**	(3,415)
Reversals relating to write offs	**-**	864
Adjustment as a result of PPE revaluation (refer to Note 3)	**-**	305
Recognised in profit and loss	**7**	(331)
Effects of movements in exchange rate	**(24)**	-
At 31 December	**(2,594)**	(2,577)

Deferred tax liability is attributable to the following items		
Aircraft, plant and equipment	**(1,335)**	(1,264)
AOC	**(1,239)**	(1,376)
Brand	**(47)**	(53)
Prepaid expenses	**(57)**	(25)
Income received in advance	**274**	222
Allowance for future expenditure	**(202)**	(157)
Leave pay provision	**23**	19
Provision for bonuses	**16**	57
Right-of-use-asset	**71**	-
Lease payments on capitalised assets	**(85)**	-
Interest on paid leases	**30**	-
Effects of movement in exchange rate	**(43)**	
	(2,594)	(2,577)

No ZWL transactions are included in this balance.

A deferred tax asset has not been recognised for unused tax losses 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 2018	522,407	9,313	1,035,890	98,547	150,752	209,216
Shares issued: 2018						
- for cash	1,405,138	-	-	14,051	18,879	5,788
- for conversion of SAHL loan	934,752	-	-	9,348	10,447	-
- for purchase of E145 aircraft	899,809	-	-	8,998	11,504	-
- creditors converted	38,717	-	-	387	495	-
Total shares issued - 2018	3,278,416	-	-	32,784	41,325	5,788
Warrants exercised	2	-	-	-	-	-
At 31 December 2018	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
Warrants exercised	-	-	-	-	-	-
At 31 December 2019	**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.

2018 Capital Raises:

On 05 July 2018, the Company issued:

- 66,495,310 new ordinary shares of 1 pence each were issued at a price of 8 pence per share raising gross proceeds of £5.3 m (US$7.0m).
- 28,924,538 new ordinary shares of 1 pence each to SAHL at a price of 8 pence per share, raising gross proceeds of £2.3 m (US$3.0m).
- On 27 July 2018, 2,824,504 new ordinary shares of 1 pence each were issued by way of an open offer to existing shareholders at a price of 8 pence per share, on the basis of one share for every 26 existing ordinary shares. This raised gross proceeds of £0.2m (US$0.3m).

Notes to the consolidated financial statements

On 13 December 2018, the Company issued:

- 3,124,999,999 new ordinary shares of 1 pence each which were issued at a price of 1 penny per share raising gross proceeds of £31.3m (US$39.3m).
- 55,171,979 new ordinary shares of 1 pence each which were issued by way of an open offer to existing shareholders at a price of 1 penny per share, on the basis of 57 shares for every 10 existing ordinary shares. This raised gross proceeds of £0.6m (US$0.7m).

In aggregate in 2018, the issue of shares raised gross proceeds of £39.7m (US$50.3m) (2017: US$90m).

The table below shows the breakdown of the nature of gross proceeds received from the capital raise in September and December 2018.

	US$'000
Cash proceeds	24,667
Acquisition of four Embraer 145 aircraft	11,504
Loan received from SAHL converted into equity	10,000
Capital raise costs	3,248
Lease rental arrears converted into equity	495
Unpaid interest on SAHL loan converted into equity	447
Total	**50,361**

2019 Capital Raises:

They were no issues of shares through any capital raises during the year 2019.

Reconciliation of outstanding share warrants

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

	Year ended 31 December 2019		Year ended 31 December 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding at beginning of the year	**31,749,226**	**£0.310**	32,706,054	£0.340
Granted	**-**	**-**	-	-
Exercised	**(12)**	**£0.315**	(1,715)	£0.320
Lapsed	**(1,434,498)**	**£0.163**	(955,113)	£1.180
Outstanding at end of the year	**30,314,716**	**£0.315**	31,749,226	£0.310

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 Plc that are held by the fastjet Plc Employee Benefit Trust.

	Number of Shares	US$'000
At 31 December 2018	**21,504,112**	**288**
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2019	**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.

23. Subsidiaries

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

Active Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2019**	2018
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%

Deconsolidated Companies			**Voting rights held**	
Name	**Country of Incorporation**	**Activity**	**2019**	2018
Fastjet SPV 1 Limited	United Kingdom	Dormant	-	100.00%
Fastjet SPV SA Two (Pty) Limited	South Africa	Dormant	-	50.00%
Fastjet Leasing UK Limited	United Kingdom	Dormant	-	100.00%
Fastjet Travel Ltd	United Kingdom	Dormant	-	100.00%
FJET South Africa (RF) (Pty) Limited	South Africa	Dormant	-	50.00%

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

The registered office of Fastjet SPV SA Two (Pty) Limited and FJET South Africa (RF) (Pty) is 39 Jan Smuts Avenue Parktown, Johannesburg, Gauteng, South Africa.

Notes to the consolidated financial statements

The registered office of Fastjet Zimbabwe Limited is 38 Clairwood Road, Alexandra Park, Harare, Zimbabwe.

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

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 82 for further detail regarding this consolidation.

Parrot Aviation (Proprietary) Limited

In the 2017 financial year, fastjet Plc 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.

fastjet Airlines Limited

fastjet Airlines Limited was the Group's airline operation in Tanzania and was divested from by the Group in November 2018. It was consolidated as a subsidiary in the financial statements until the end of November 2018. Although the Group had only 49% of the voting rights in the entity, it controlled its management, operations and distribution. Consequently, there was no adjustment for non-controlling interests.

On 26 November 2018, the Group sold its interest in fastjet Airlines Limited through the sale of its shares in its holding company fastjet Air TZ (BVI) Limited. Consequently, the results of fastjet Airlines Limited and its holding company are disclosed as a discontinued operation in the comparative period.

Notes to the consolidated financial statements

24. Shares in lock-up transactions

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 2019		31 December 2018	
	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	4,779,811	£0.95
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed			(20,000)	£50.00
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 2019 have an exercise price in the range of £0.315 to £44.78 (2017: £0.315 to £44.78) and a weighted average contractual life of 7.7 years (2018: 7.7 years).

Expense recognised in the profit or loss	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Total expense recognised for equity-settled share-based payments	**1**	281

SAHL Share Based Payment

On 5 January 2017, fastjet Plc entered into a services agreement with SAHL to provide amongst other things, access to its African AOCs and the use of three Embraer 145 aircraft over a five-year lease period. As part of the agreement SAHL were issued 95,633,199 new ordinary shares. Each flying hour under the lease was in exchange for part cash and part draw down of the shares which were held in escrow. This agreement resulted in SAHL becoming a 28% shareholder of fastjet at the time.

The following represents the movement in the share-based payment:

	Number of Shares	**US$'000**
At 31 December 2017	82,436,112	16,571
Services received during the 2018 year	(26,137,187)	(5,254)
Released as part of the capital raise*	(56,298,925)	(11,317)
Balance at 31 December 2018	-	-
Services received during the 2018 year	-	-
Released as part of the capital raise	-	-
Balance at 31 December 2019	-	-

* As part of the capital raise in December 2018, four E145 were purchased from SAHL by fastjet. Subsequently, it was agreed that the facility agreement would come to an end and the remaining equity settled share-based payment transaction value was released.

Notes to the consolidated financial statements

25. Financial instruments

The Group's principal financial instruments comprise 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 2019	**Financial assets at fair value through profit and loss**	**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**
Loan to Annunaki	**-**	**-**	**-**	**-**	**-**	**-**
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)**

[1] See 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

At 31 December 2018	Financial assets at fair value through profit and loss	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	-	3,054	-	1,355	4,409	4,409
Loan to Annunaki	1,090	-	-	-	1,090	1,090
Cash and cash equivalents	-	6,573	-	-	6,573	6,573
Trade and other payables	-	-	(11,861)	(2,667)	(14,528)	(14,528)
Loans and borrowings	-	-	(6,476)	-	(6,476)	(6,476)

* 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

The following table analyses within the fair value hierarchy the financial assets measured at fair value at 31 December 2018 in line with IFRS 13;

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Loan to Annunaki	-	-	1,090	1,090
Total	-	-	1,090	1,090

The fair value of the loan to Annunaki was categorised as level 3 as at 31 December 2018.This is because it failed the business model to hold and collect. This loan is denominated in ZWL and the fair value has been estimated based on a rate of ZWL4.6923 = US$1.00. There was no official exchange rate between the RGTS and the US$ and management used the Old Mutual Implied Rate as a proxy.

If there is 10% decrease on the exchange rate of RTGS to US$ then the value will be decrease by US$103k.

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 2019	**Monetary assets US$'000**	**Monetary liabilities US$'000**
Sterling	**78**	**183**
US Dollars	**2,732**	**9,179**
Tanzanian Shilling	**-**	**-**
Zambian Kwacha	**33**	**24**
South Africa Rand	**2,587**	**3,211**
Euro	**124**	**67**
Mozambican metical	**79**	**2,204**
Kenyan Shilling	**-**	**-**
ZWL (Zimbabwe local US$) *	**406**	**1,134**
	6,039	**16,002**

At 31 December 2018	Monetary assets US$'000	Monetary liabilities US$'000
Sterling	401	91
US Dollars	7,110	14,662
Tanzanian Shilling	-	-
Zambian Kwacha	20	23
South Africa Rand	2,598	6,048
Euro	105	43
Mozambican metical	312	1,251
Kenyan Shilling	3	-
RTGS dollars (Zimbabwe local currency) *	2,299	-
	12,848	22,118

Notes to the consolidated financial statements

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.

Sensitivity analysis

A 10% percent weakening of the following currencies against the US$ at 31 December 2019 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 2018.

	10% increase in currency Impact on profit before tax		**10% decrease in currency Impact on profit before tax**	
	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Sterling	**(23)**	(45)	23	45
Tanzanian Shilling		-		-
Zambian Kwacha		-		-
South African Rand	**1**	(314)	(1)	314
Euro	**(57)**	(13)	57	13
Mozambican metical	**(17)**	(85)	17	85
Kenyan Shilling	**(193)**	-	193	-
Zimbabwean dollars	**61**	(209)	n/a	n/a
RTGS dollars (Zimbabwe local US$) *	**n/a**	n/a	(61)	209

* **Official position:** At 31 December 2018, officially per the Reserve Bank of Zimbabwe, RTGS denominated assets and liabilities continued to be valued at RTGS1.00 = US$1.00; effective 22 February 2019, the Reserve Bank of Zimbabwe introduced an official dual currency system of real US$ and the local RTGS dollars and at the same time introduced an initial exchange rate of for transactions subsequent to 22 February 2019 of ZWL2.50 = US$1.00.

*** Management position:** Despite the above, market forces within Zimbabwe triggered a black market/ parallel trading environment due to the scarcity and difficulty in accessing real US$ and settling foreign liabilities in hard currencies from within Zimbabwe. Two companies whose shares are listed on the Zimbabwe Stock Exchange are additional listed on the either the London and/or Johannesburg Stock Exchange. This allowed an implied exchange rate to be determined between the share valuations. Considering this, management took the position as at 31 December 2018 to revalue all financial assets based on an exchange rate of RTGS4.6923 = US$1.00. This resulted in an exchange loss of US$8.5m that was expensed in 2018.

The sensitivity analysis above has only been applied to the 31 December 2019 balances and not 2018, as in 2018 the exchange rate prevailing was RTGS1.00 = US$1.00.

Notes to the consolidated financial statements

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.

The Group is in need of additional funding to continue operating as a going concern beyond 30 September 2021. To address this, the Board is currently in discussions with an investor consortium led and underwritten by Solenta Aviation Holdings Limited and other local investors in Zimbabwe (the "Investor Consortium"), in relation to securing additional loan funding from SAHL of up to US$ 1,5m.

At 31 December 2018, the Group had US$6.5m of which US$1.1m (RTGS 5.2m) has historically been restricted in Zimbabwe. During the first six months of 2019, the Group has managed to settle the majority of all foreign trade liabilities relating to the Zimbabwean operation using the restricted cash. Additionally, with the change in monetary policy from the end of February, fastjet Zimbabwe introduced US$ ticket sales and during quarter two of 2019, is achieving between 70% to 80% of all ticket sales in hard currency.

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

At 31 December 2019	Carrying amount US$'000	Contractual cash flows US$'000	Up to 3 months US$'000	3 months and 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	5 years and over US$'000
Trade payables*	**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**	**-**

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

At 31 December 2019	Carrying amount US$'000	Contractual cash flows US$'000	Up to 3 months US$'000	3 months and 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	5 years and over US$'000
Trade payables*	**441**	**441**	**-**	**441**	**-**	**-**	**-**
Other payables and accruals	**203**	**203**	**-**	**203**	**-**	**-**	**-**
Lease liabilities	**44**	**44**	**8**	**14**	**5**	**17**	**-**
Total							**-**

* Excludes deferred income and taxes

Notes to the consolidated financial statements

** the AAR amount of US$1.7m through an amendment to the settlement agreement was reduced to US$400k payable in 2020, via four instalments of US$ 100k each – see full details below:

The AAR amount of 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 8 November 2018, fastjet Plc entered into a first amendment to settlement agreement as part of the December 2018 capital raise with AAR, under which AAR agreed to convert the outstanding creditor balance into shares of fastjet Plc, should the Group not trade profitably in the period 1 January 2019 to 30 June 2019; as the Company did not trade profitably during the first six month period of 2019, no share conversion of the creditor occurred;

- On 12 November 2019, Fastjet Plc entered into a second amendment agreement to the original settlement agreement signed, that removed the conversion rights of fastjet Plc of the AAR creditor balance into shares and that now required fastjet Plc to repay the creditor balance on or before 30 June 2021;

- On 10 March 2020, fastjet Plc and AAR entered into a Full and Final Settlement Deed of the outstanding creditor amount, the terms of which allowed Fastjet Plc 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;

- On 15 May 2020, due to the COVID-19 induced worldwide lockdowns and suspension of all fastjet and FedAir flights, fastjet Plc 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 (US$ 100,000 due payment) and 30 October 2020 respectively (US$ 100,000 due payment).

At 31 December 2018	Carrying amount US$'000	Contractual cash flows US$'000	Up to 3 months US$'000	3 months and 12 months US$'000	1 to 2 years US$'000	2 to 5 years US$'000	5 years and over US$'000
Trade payables*	6,190	6,190	6,190		-	-	-
Other payables and accruals	3,985	3,985	3,985		-	-	-
AAR settlement agreement	1,686	1,686	-	1,686	-	-	-
Loans with SAHL	2,000	2,480	120		120	2,240	-
Loan from SSCG	2,020	2,107	-	1,353	754	-	-
Instalment sale liabilities	2,456	2,881	225	673	898	1,085	-
Total	18,337	19,329	10,520	3,712	1,772	3,325	-

* Excludes deferred income and taxes

Notes to the consolidated financial statements

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$3.0m as at 31 December 2019 (2018: US$6.6m). The cash and cash equivalents are held with bank and financial institution counterparties, which have the ratings shown below:

	Year ended 31 December 2019			Year ended 31 December 2018	
	Rating	**Cash at Bank US$'000**	**ZWL Cash at Bank US$'000**	Rating	Cash at Bank US$'000
Barclays UK	A	**1,069**	-	A	4,275
Standard Bank of South Africa	B	**915**	-	B	1,029
Ecobank Zimbabwe	BBB	**411**	3	BBB	568
NMB Bank Zimbabwe	BB	**391**	366	BB	547
CBZ Zimbabwe	A	**107**	21	A	92
Barclays Zambia	BB	**17**	-	BB	19
Standard Bank Mozambique	B	**9**	-	B	16
Bank balance as per note 17		**2,919**	390		6,546

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 2019	**Loans and borrowings US$'000**	**Overdraft US$'000**	**Other financial liabilities 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.

Notes to the consolidated financial statements

At 31 December 2018	Loans and borrowings US$'000	Overdraft US$'000	Other financial liabilities US$'000	Total US$'000
Fixed interest (SAHL & SSCG)	4,020	-	-	4,020
Variable interest	2,456	-	-	2,456
Total	6,476	-	-	6,476

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

Notes to the consolidated financial statements

The debt-to-adjusted-capital ratios at 31 December 2019 and at 31 December 2018 were as follows:

	2019 US$'000	**ZWL 2019 US$'000**	2018 US$'000
Loans and borrowings	**4,597**	-	6,476
Lease liabilities	**1,105**	44	-
Less: cash and cash equivalents	**(2,960)**	(390)	(6,573)
Net debt/ (cash)	**2,742**	(346)	(97)
Total equity	**4,714**	280	11,171
Debt to capital ratio	**58%**	-123%	-1%

The increase in the net debt to capital ratio during 2019 resulted primarily from the adoption of IFRS 16 (Note 15), which resulted in significant new liabilities being recorded in the statement of financial position from 1 January 2019 onward. The increase in the ratio was also because of the significant decrease in cash and cash equivalents. As indicated in liquidity risk, the Group is in need of additional cash funding and this is being actively worked on by the management together with the main shareholder, SAHL.

Notes to the consolidated financial statements

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

	Instalment sale liabilities US$'000	SAHL loan US$'000	SSCG Loan US$'000	Total US$'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.

	Loan notes US$'000	Finance lease obligation US$'000	Instalment sale liabilities US$'000	SAHL loan US$'000	SSCG Loan US$'000	Total US$'000
At 1 January 2018	8,684	31,096	-	-	-	39,780
Repayment of borrowings	(830)	-	(177)	-	-	(1,007)
SAHL loan received	-	-	-	12,000		12,000
SSCG loan received	-	-	-	-	2,000	2,000
Financing activities as per cash flow statement	(830)	-	(177)	12,000	2,000	12,993
Interest paid in cash as per cashflow statement	(404) [2]	(1,166)	-	(182)	(51)	(1,803)
Other non-cash changes:						
Loans assumed on FedAir acquisition	-	-	2,633	-	-	2,633
ATR 72-600 finance lease terminated	-	(31,096)	-	-	-	(31,096)
SAHL loan converted into share capital	-	-	-	(10,446)	-	(10,446)
Interest charges accrued	381	1,166	-	628	71	2,246
Fair value gain	(209)	-	-	-	-	(209)
Foreign exchange variances	(194)	-	-	-	-	(194)
Discontinued operation (Tanzania CGU)	(7,428)	-	-	-	-	(7,428)
	(7,854)	(31,096)	2,633	(10,000)	20	(46,297)
Balance as at 31 December 2018	-	-	2,456	2,000	2,020	6,476

Notes to the financial statements

27. Related Parties

Solenta:

As at 31 December 2019, Solenta Aviation Holdings Limited ("SAHL") was a 59.34% shareholder in fastjet Plc and provided aircraft leasing and related services to the Group.

During 2017, fastjet Plc entered into various agreements with SAHL and/or its subsidiaries which included (i) an option to purchase FedAir, (ii) FedAir brand licence agreement, (iii) a restraint of trade agreement with SAHL group.

On 7 October 2018, Parrot Aviation and fastjet Plc exercised its option to purchase the shareholding of FedAir, which at the time of purchase was owned 67.60% by Solenta Investment Holdings Proprietary Limited, a subsidiary company of SAHL.

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

	SAHL group entity	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Non-current liabilities			
Long term loan	**SAHL**	**2,000**	2,000
Current liabilities			
			-
Accruals – Solenta Aviation Holdings Limited	**SAHL**	**19**	157
Trade payables			
- Solenta Aviation Holdings Limited	**SAHL**	**11**	97
- Solenta Aviation Mozambique Limitada	**SAM**	**2,118**	857
- Solenta Aviation (Proprietary) Limited	**PTY**	**3,543**	570

On 1 November 2017, Solenta Aviation Mozambique Limitada ("SAM") and fastjet Mozambique Limited ("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 remain significantly unpaid and are reflected in the table above under the SAM trade payable amount of US$2,1m.

Additionally, fastjet Plc 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

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$3.6 million to US$1.4 million 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 2019 US$'000**	Year ended 31 December 2018 US$'000
Crew, Maintenance, Insurance services	**SAM**	**1,629**	3,059
Aircraft operating dry leases	**SAHL**	**-**	2,288
Aircraft operating dry leases - share release component (see Note 24)	**SAHL**	**-**	5,254
Crew, Maintenance, Insurance services	**PTY**	**4,184**	5,924
Aircraft Base Maintenance – Z-FJF	**PTY**	**364**	-
Crew re-currency training and/or type ratings	**PTY**	**245**	
FedAir – C208B aircraft operating dry leases	**PTY**	**184**	112
FedAir – Maintenance services	**PTY**	**250**	-
FedAir - Crew costs	**PTY**	**44**	
FedAir - Other costs	**PTY**	**53**	
Engine loaner lease	**SAHL**	**313**	-
		7,266	16,637
Interest charges - SAHL – remaining US$2.0m loan		**175**	628
Raising fee - SAHL US$12.0m loan		**-**	240

Liberum Capital Limited:

Liberum is fastjet's nominated advisor 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 2019 US$'000	Year ended 31 December 2018 US$'000
Professional fees	**105**	2,469

Notes to the financial statements

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 Interim 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

Choice Motors:

Choice Motors Limited filed a complaint with the High Court of Tanzania against fastjet Plc 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 believe that the chances of fastjet Plc being liable in this matter is very remote as the contract was signed between Choice Motors and fastjet Airlines Limited. fastjet Plc is not privy to that contract and hence should not be party to this claim.

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.

Notes to the financial statements

29. Post balance sheet events

Loan from SSCG

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.

Coronavirus disease (COVID–19)

Coronavirus disease (COVID-19) is 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 long or indefinite periods of time. The outbreak was respectively declared as national disasters in South Africa and Zimbabwe on 15 March and 18 March 2020. Measures such as immediate travel restrictions, quarantines and social distancing were announced to contain the spread of the virus. National lockdowns were enforced in South Africa starting from 26 March 2020 and in Zimbabwe starting from 30 March 2020. This resulted in fastjet Zimbabwe suspending all domestic flights in Zimbabwe and all international flights between Johannesburg and Harare effective the 26 March 2020, as well as FedAir suspending all shuttle operations, for an indefinite period, and until such time international borders reopen again. Management continue to monitor the situation closely and is managing cash flows to ensure the long-term sustainability of the Group.

Management considered this pandemic and its effects in view of the requirements of IAS10 Events After the Reporting Period and concluded that this is a non-adjusting event after reporting period. The spread and identification of the disease was after 31 December 2019. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect the impact of the pandemic.

The duration and the impact of COVID–19 remains unclear at this time. It is not possible to reliably estimate the duration and severity of the consequences, as well as their impact on the financial position and results of the Group for future periods.

Management assessed the impact of COVID–19 and concluded that there was a high level of uncertainty due to the unpredictable outcome of this disease. This made it difficult to estimate the financial effects of the outbreak. As at the time of issuing these financial statements no reliable estimate of the impact of the effects of the virus could be made.

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$3.6 million to US$1.4 million as at 31 March 2020.

Notes to the financial statements

Loan from SAHL – additional US$600,000 drawn under loan extension

On 18 May 2020, the Company negotiated and secured a US$600,000 additional loan facility with SAHL (the "Additional Shareholder Loan"). The Additional Shareholder Loan was provided to aid the Company with its overall working capital. After the additional US$600k loan was drawn down, the current balance outstanding is now US$2.6 million.

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

- Fixed interest rate of 10%, calculated daily, based on a 360-day loan period and paid monthly in arrears;
- The maximum loan term of the additional US$600k is 18 months, with final repayment to occur no later than 18 November 2022;
- 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 ERJ145 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; and
- The Additional Shareholder Loan includes standard representations, warranties and events of default, including pledged security.

AAR International, Inc. ("AAR") – creditor balance owed US$1,685,671

The AAR amount of 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 8 November 2018, fastjet Plc entered into a first amendment to settlement agreement as part of the December 2018 capital raise with AAR, under which AAR agreed to convert the outstanding creditor balance into shares of fastjet Plc, should the Group not trade profitably in the period 1 January 2019 to 30 June 2019; as the Company did not trade profitably during the first six month period of 2019, no share conversion of the creditor occurred;
- On 12 November 2019, Fastjet Plc entered into a second amendment agreement to the original settlement agreement signed, that removed the conversion rights of fastjet Plc of the AAR creditor balance into shares and that now required fastjet Plc to repay the creditor balance on or before 30 June 2021;

Notes to the financial statements

- On 10 March 2020, fastjet Plc and AAR entered into a Full & Final Settlement Deed of the outstanding creditor amount, the terms of which allowed Fastjet Plc 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;

- On 15 May 2020, due to the COVID-19 induced worldwide lockdowns and suspension of all fastjet and FedAir flights, fastjet Plc 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 (US$100,000 due payment) and 30 October 2020 respectively (US$100,000 due payment).

- 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). This was due to repercussions caused by COVID-19.

Cancellation of listing on AIM (“Cancellation”)

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 the 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 Cancellation were not affected, it would no longer continue to provide financial support to the Company. Without this support, it was unlikely that the Company would be able to continue as a going concern into the foreseeable future; and

- The existing challenges together with the challenges presented by COVID-19 can, be far better navigated in a private and unlisted entity.

Registration as Private Company

Following the cancellation of its listing on AIM, the Company registered as a private Company with effect from 16 September 2020.

Share Reorganisation

On the 12 August 2020, the Company proceeded with a share reorganisation which resulted in each existing Ordinary Share being sub-divided into one Ordinary Share of £0.0001 nominal value and one Deferred Share of £0.0099 nominal value.

Each Ordinary Share resulting from the Share Reorganisation has the same rights (including voting and dividend rights and rights on a return of capital) as each existing Ordinary Share except that they will have a nominal value of £0.0001 each.

Notes to the financial statements

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, has issued a claim on 5 October 2020 disputing the selling price. fastjet, Parrot and the other sellers believe that this is a vexatious claim without merit and are resisting the claim. Having obtained appropriate legal advice the directors believe that the likelihood of this claim being successful is remote and therefore no contingent liability has been disclosed.

FedAir overdraft and COVID-19 Loan

On 17 April 2020, FedAir secured an overdraft of R3,000,000 (around US$180,000). 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.

GECAS aircraft – one E190 remains detained in Tanzania

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 but has not yet been satisfied. 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 to deregister the aircraft.

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 and is yet to be achieved.

Parent company balance sheet

	Note	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Assets			
Intangible assets	4	**960**	1,280
Intercompany loan receivable	5	**5,050**	5,000
		6,010	6,280
Current assets			
Cash and cash equivalents		**1,069**	4,275
Trade and other receivables	6	**397**	229
		1,466	4,504
Total assets		**7,476**	10,784
Equity			
Share capital	8	**192,077**	192,077
Share premium account	8	**215,050**	215,004
Treasury shares	9	**(288)**	(288)
Retained earnings		**(404,668)**	(403,903)
Total equity		**2,171**	2,890
Non-current liabilities			
Loans and borrowings	10	**2,000**	2,000
Current liabilities			
Trade and other payables	7	**2,527**	3,874
Loans and borrowings	12	**778**	2,020
Total current liabilities		**3,305**	5,894
Total liabilities		**5,305**	7,894
Total liabilities and equity		**7,476**	10,784

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$765k (2018: US$77.8m loss).

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

Rashid Wally
Chairman
4 December 2020

Mark Hurst
Chief Executive Officer
4 December 2020

Parent company statement of changes in equity

	Share Capital US$'000	Share premium US$'000	Equity-settled share-based payment US$'000	Treasury shares US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 31 December 2017	150,752	209,216	(16,571)	(288)	(326,649)	16,460
Shares issued*	41,325	5,788	-	-	-	47,113
Shares based services received	-	-	5,254	-	-	5,254
Shares based services released	-	-	11,317	-	-	11,317
Share based payments	-	-	-	-	281	281
Transactions with owners	41,325	5,788	16,571	-	281	63,965
Adjustment EBT Trust shares	-	-	-	-	288	288
Loss for the year	-	-	-	-	(77,823)	(77,823)
Balance at 31 December 2018	**192,077**	**215,004**	**-**	**(288)**	**(403,903)**	**2,890**
Shares issued	-	-	-	-	-	-
Creditors settlement	-	46	-	-	-	46
Share based payments	-	-	-	-	-	-
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**

* Net of raising fees and legal expenses linked to the capital raise

Notes to the parent company financial statements

1. Accounting policies

fastjet Plc (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 as adopted by the EU ("Adopted IFRSs"), 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 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.

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 US1.5m.

- Impairment of the US$4.6m FedAir brand license agreement held by the Company during 2018, which, following successful exercising of the purchase call option in 2018, had no further value.

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 69.

Notes to the parent company financial statements

3. Employees

The average number of staff (including Directors) employed by the fastjet Plc during the year amounted to:	**Year ended 31 December 2019**	Year ended 31 December 2018
Administration and management	**5**	3
	5	3

The aggregate payroll costs (including Directors):	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Salaries and wages	**1,212**	1,643
Social security costs	**32**	53
Share based payments (Note 24 page 117 of the consolidated financial statements)	**1**	281
Total	**1,245**	1,977
Payroll costs are disclosed in:		
Administration costs	**1,245**	1,977
Total	**1,245**	1,977

The aggregate remuneration of the Directors in the year was:	**Year ended 31 December 2019 US$'000**	Year ended 31 December 2018 US$'000
Salaries and wages	**351**	474
Directors' fees	**126**	265
Bonuses	**-**	400
Benefits	**68**	20
	545	1,159

The remuneration of the highest paid Director was US$188,000 (2018: US$820,000). The remuneration of the Directors can be found on page 47.

Notes to the parent company financial statements

4. Intangible assets

	Brands US$'000	Software and other US$'000	Total US$'000
Cost			
At 31 December 2017	2,500	541	3,041
Additions	-	240	240
Disposals	-	-	-
At 31 December 2018	2,500	781	3,281
Additions	-	-	-
Disposals	-	-	-
At 31 December 2019	**2,500**	**781**	**3,281**
Amortisation and impairment charges			
At 31 December 2017	-	421	421
Impairment and amortisation for the year	1,220	360	1,580
Disposals	-	-	-
At 31 December 2018	1,220	781	2,001
Impairment for the year	320	-	320
Disposals	**-**	**-**	**-**
At 31 December 2019	**1,540**	**781**	**2,321**
Net carrying amount			
At 31 December 2018	1,280	-	1,280
At 31 December 2019	**960**	**-**	**960**

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 2019 US$'000**	Year ended 31 December 2018 US$'000
fastjet Plc brand	**2,500**	2,500
Less: cumulative impairment	**(1,540)**	(1,220)
	960	1,280

Notes to the parent company financial statements

fastjet Plc brand:

The recoverable amount of the fastjet Plc 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 2019	Year ended 31 December 2018
Period in which management forecasts are based	**2020-2022**	2019-2022
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 2019	Year ended 31 December 2018
fastjet Zimbabwe	**960**	1,171
fastjet Mozambique	**-**	109
FedAir (airline operations)	**-**	-
Total	**960**	1,280

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$ 22,759)
1% increase in the discount rate	(US$60,922)

5. Intercompany loans receivable

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Loan to Parrot[1]	**9,120**	9,070
Provision for impairment	**(4,070)**	(4,070)
	5,050	5,000
fastjet Zimbabwe Aircraft loan[2]	**12,466**	**11,504**
Provision for impairment	**(12,466)**	**(11,504)**
Total	**-**	**-**

[1] fastjet PLC 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 PLC 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 by US$4.6m to US$5.0m.

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

Notes to the parent company financial statements

6. Trade and other receivables

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Trade receivables	**339**	85
VAT debtor	**55**	99
Other debtors	**3**	45
	397	229

7. Trade and other payables

	Year ended 31 December 2019 US$'000	Year ended 31 December 2018 US$'000
Accruals	**2,177**	3,536
Trade payables	**340**	320
Other payables	**10**	18
	2,527	3,874

8. Share capital and Share premium

Refer to Note 21 in the consolidated financial statements

9. Treasury shares

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

	Number of Shares	**US$'000**
At 31 December 2018	**21,504,112**	**288**
Shares issued during the year	-	-
Shares awarded during the year	-	-
At 31 December 2019	**21,504,112**	**288**

On the 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.

10. Loans and borrowings

Refer to Note 19 in the consolidated financial statements.

Notes to the parent company financial statements

11. Contingent liabilities

Refer to Note 28 in the consolidated financial statements.

12. Related party transactions

Refer to Note 27 in the Consolidated financial statements

13. Subsidiaries

Refer to Note 23 in the Consolidated financial statements.

14. 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	*Fifth Freedom of The Air* - 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 *Fifth Freedom Right*).
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 (Interim 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 Harper Shakespeare Martineau 60 Gracechurch Street London EC3V OHR DX 700 London City
Registered Office	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

Other Information

Company details and advisors

Solicitors	Charles Russell Speechlys (CRS) 5 Fleet Place London EC4M 7RD
Financial PR	Citigate Dewe Rogerson 3 London Wall Buildings London Wall London EC2M 5SY

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