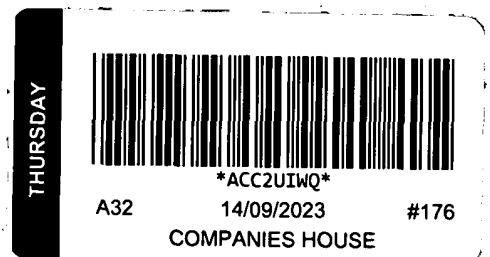


Registered number: 06528991

FLEXJET OPERATIONS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



FLEXJET OPERATIONS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | K C Ricci M A Rossi B G Watts |
| Registered number | 08528991 |
| Registered office | Meadow Gate Farnborough Airport Farnborough Hampshire GU14 6XA |
| Independent auditor | Deloitte LLP Statutory Auditor 1 Station Square Cambridge CB1 2GA |
| Bankers | HSBC Bank UK Plc 1 Centenary Square Birmingham B1 1HQ |
| Solicitors | Jones Day 21 Tudor Street London EC4Y 0DJ |

FLEXJET OPERATIONS LIMITED

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FLEXJET OPERATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic report together with the audited financial statements for Flexjet Operations Limited (the "Company") for the year ended 31 December 2022. In preparing this Strategic report, the Directors have complied with s414C of the Companies Act 2006.

Principal activity and business review

The principal activity of the Company during the fiscal year was being a provider of private jet charter passenger services. The Company primarily provides charter services via an aircraft management agreement with a related party company, Flexjet Limited, whose clients include fractional owners of aircraft ("Shared Ownership Programme"), or who are accessing aircraft via its pre-defined number of flying hours per year ("Access Programme"). Both companies are part of the OneSky Flight, LLC group of companies ("OneSky Group").

Since 2020, the Company has been working with 4AIR, a rating system for sustainability for aviation companies, which is a long-term sustainability programme, including a 300% carbon offset as standard for every flight, at no extra cost to the customer.

In 2021, Flexjet Limited fully launched its Shared Ownership and Access programmes in the UK and European markets, under the banner of Red Label by Flexjet, looking to emulate the success of its American sister company, Flexjet, LLC. Flexjet branded flights in the EMEA region are predominantly operated by either the Company, or by Flexjet Operations Malta Limited, a company registered in Malta. Flexjet Limited and Flexjet Operations Malta Limited are both related party companies and, combined with the Company, these three entities form the basis of "Flexjet Europe".

New exclusive modern aircraft types, a distinctive luxury on-board experience and highly personalised service are at the core of the Red Label offering. The Red Label programme had already provided Flexjet, LLC in the USA with a distinctive competitive advantage and the Company's Directors have identified that there is a similar market space for this offering in the UK and Europe.

In 2022, Flexjet Europe tripled its number of new customers to its Shared Ownership and Access programmes than in the previous year, seeing decent revenue growth and net new customer acquisition. These positive sales trends in the first full year of operation validate management estimations about the market potential to grow their presence and scale throughout the UK and Europe. This increase in new customers has contributed to the Company doing more flown hours on the aircraft that are registered on its AOC which, in turn, contributed to more revenue hours per aircraft.

As Flexjet Europe continues to expand to reach the appropriate required scale in the EMEA region, it continues, however, to generate operating losses driven by the investment in operations and marketing infrastructure. In 2022 specifically, Flexjet Europe increased its headcount by over 30%, with the Company increasing its headcount by over 75%, re-enforcing the organisation with required expertise in all business critical areas, such as Safety, Flight Management, Customer Service and Sales.

The mid-term leading ambition of the OneSky Group and its reputation for high end jet services require the OneSky Group to keep on investing in its development before it expects to see profitability in the Company. The OneSky Group has highlighted publicly its ambition for growth and continued support in the Company, and the losses it incurred in the year were expected.

FLEXJET OPERATIONS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Results for year under review

Revenues for the year amounted to £22,182,387 (2021: £29,708,265), whereas Cost of sales for the year were £18,924,010 (2021: £26,199,366). This represented a 25% decrease in revenues and a 28% decrease in cost of sales on the prior year and is attributable to the changes in the geography of where the Flexjet Europe fleet of aircraft are registered. In 2022, a number of aircraft were deregistered from the Company and were instead registered in Malta with Flexjet Operations Malta Limited, and by the end of 2022, nine aircraft were registered in Malta, whilst just two aircraft were left registered with the Company in the UK.

The loss for the year, after taxation, amounted to £9,544,847 (2021: profit £20,178). The reason for the reduction in profit in the current fiscal year was due to non-cash activities. There was a significant foreign exchange loss of £2,916,520 in the year (2021: £20,002) as a result of USD strengthening against GBP in 2022. The Company has significant debt with related parties (see note 20) held in USD, and as a UK company whose functional currency is in GBP, it is subject to these gains and losses, depending on how the exchange rate moves between USD and GBP. As USD strengthened against GBP by more than 10% in the year, this caused the Company to incur these foreign exchange losses.

The other main reason for the loss for the year, after taxation, was due to an unique event with the Company deciding to fully impair the carrying value of its investment in Halo Aviation Ltd of £6,185,125 (see note 12). On 30 April 2021, the Company acquired 100% of the share capital of Halo Aviation Ltd. Halo Aviation Ltd manages a fleet of helicopters including the Augusta AW109 and AW169 models. The acquisition of Halo Aviation Ltd has positioned the OneSky Group to offer its clients end-to-end flight solutions by adding helicopters to its portfolio of fixed-wing aircraft. In 2023 and beyond, Halo Aviation Ltd intends to acquire its own helicopters and to sell fractions of them under its Shared Ownership programme. It is therefore expected that Halo Aviation Ltd will be loss-making in the short-term, whilst the Shared Ownership programme takes time to ramp up. For this reason, management have decided to fully impair the value of the investment now.

Key performance indicators

Management tracks and monitors these metrics as key indicators of company performance.

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--------------------------|--|--|
| | £ | £ |
| Turnover | 22,182,387 | 29,708,265 |
| Cost of sales | (18,924,010) | (26,199,366) |
| Gross profit | 3,258,377 | 3,508,899 |
| (Loss)/profit before tax | (9,544,847) | 20,178 |

FLEXJET OPERATIONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

Principal risks and uncertainties in relation to the industry:

Brexit

The concerns expressed regarding Brexit in 2020 came into effect in 2021, as the relationship between the UK Civil Aviation Authority and its European equivalent soured, and the freedoms of air effectively became constraints both for UK operators wanting to operate in Europe and vice versa. The Company overcame these restrictions once the OneSky Group formed a new company in the EU state of Malta. Flexjet Operations Malta Limited was formed on 31 May 2021 and obtained an Air Operators Certificate ("AOC"). In 2022, the Malta AOC overtook the UK AOC for number of aircraft registered on the Flexjet Europe fleet and is the reason why Revenues and Cost of sales decreased in the Company in 2022, compared to the prior year.

On a related topic, it became more difficult to hire multilingual sales and customer support staff, as many European nationals left the UK during the pandemic, and there are now barriers to hire EU and Swiss nationals. The Company has worked around this by employing people locally in Europe via a personnel employment company.

Environmental concerns

Since 2020, the Company has been working with 4AIR, a rating system for sustainability for aviation companies, and is now committed to a long-term sustainability programme, including a 300% carbon offset as standard for every flight, at no extra cost to the customer.

Fraud

Identity theft and credit card fraud continue to be prevalent in the Company's industry. The Company uses a recognised online payment platform called Stripe, for all its online payments, and offers regular training to stay ahead and mitigate this risk. Know your customer (KYC) training has been rolled out to all sales and business development teams, and the Company has access and uses World Check, an independent verification tool, before signing programme contracts.

Principal financial risks and uncertainties

Below are the financial risks affecting the Company as well as the financial management procedures taken to mitigate these risks:

Liquidity and cash flow risk

Liquidity and cash flow risks relate to the ability to pay for goods and services required by the Company to trade on a day-to-day basis. The Company continues to have access to sufficient cash and working capital to allow it to trade effectively for the foreseeable future through the continued support of its affiliated company, OneSky Flight, LLC.

The Directors have considered the current and future activities of the Company, including cash forecasts for a period covering at least the next 12 months. The Directors have received assurances that the Company's affiliate will continue to support the Company for a period not less than 12 months from the approval of these financial statements and have satisfied themselves that it has sufficient resources to be able to do so.

Foreign currency risk

The Company mitigates the turbulence in the fluctuations on exchange rates by accepting and paying in Sterling, Dollars and Euros therefore hedging its exposure and minimising the risk. The Company will continue to evaluate these risks and will consider hedging strategies in the future as deemed necessary.

FLEXJET OPERATIONS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Interest rate risk

The Company does not have any significant external borrowings and as such the Directors consider the interest rate risk to be minimal at this stage. The European Central Bank's long standing policy of negative interest rates came to an end in 2022. The Company's bank, HSBC, has therefore ceased to pass on negative interest on the Company's holdings of Euro.

This report was approved by the board and signed on its behalf.



K C Ricci
Director

Date: 11 September 2023

FLEXJET OPERATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for Flexjet Operations Limited (the "Company") for the year ended 31 December 2022.

As permitted under s414C(11) of the Companies Act 2006, the Directors have included information in the Strategic report that otherwise would be required under s416(4) to be disclosed in the Director's report, including future developments, and financial risk management. This information is shown by way of cross-reference in the Directors' report.

Directors

The Directors who served during the year, and up to the date of signing the report, were:

K C Ricci
M A Rossi
B G Watts

Results and dividends

The loss for the year, after taxation, amounted to £9,544,847 (2021: profit £20,178).

No dividends were paid during the year (2021: £Nil). The Directors do not propose a dividend (2021: £Nil).

Going concern

The Company made a loss after tax in the year of £9,544,847 (2021: profit £20,178) and has net liabilities at the reporting date of £18,692,263 (2021: £9,147,416). The Company is dependent on continued financial support and has a letter of support in place from OneSky Flight, LLC, a related company formed in the USA, stating that the Company will receive such support for a period of at least 12 months from the date of the financial statements being approved, and the Directors have received a letter from OneSky Flight, LLC confirming that it has sufficient resources. The Directors therefore consider it to be appropriate to continue preparing the financial statements on a going concern basis.

Future developments

The Company will continue to focus on supporting the growth of the Flexjet brand across the UK and European markets as its affiliate Flexjet Limited looks to bolster sales in its Shared Ownership and Access Programmes. Following the acquisition of Halo Aviation Limited, the AOC is now used for rotary and fixed-wing aircraft, so there will be increased investment in the Operations teams to support both aircraft types.

Subsequent events

There have been no significant events affecting the Company since the reporting date.

Financial risk management objectives and policies

Details of financial risk management objectives and policies and the exposure of the Company to liquidity risk and foreign currency risk can be found in the Strategic report and form part of this report by cross reference.

Information in Strategic report

In accordance with the Companies Act 2006, section 414C(11), information in respect of business activities and principal risks and uncertainties are shown in the Strategic report.

FLEXJET OPERATIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Deloitte LLP, have been appointed during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Qualifying third party indemnity provisions

The Company purchased a Directors' and officers' third-party liability insurance policy throughout the year. Although Directors' defence costs may be met, neither the Company or the ultimate parent Company's indemnity nor insurance provides cover in the event that a Director is proved to have acted fraudulently or dishonestly.

This report was approved by the board and signed on its behalf.



K C Ricci
Director

Date: 11 September 2023

FLEXJET OPERATIONS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

FLEXJET OPERATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXJET OPERATIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Flexjet Operations Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

FLEXJET OPERATIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXJET OPERATIONS LIMITED
(CONTINUED)**

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Civil Aviation Authority ("CAA") regulation and operating licences.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

FLEXJET OPERATIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXJET OPERATIONS LIMITED
(CONTINUED)**

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue cut off has been determined a significant risk due to it carrying the greatest potential for fraud. Our audit procedures involve assessing the design and implementation of internal controls surrounding the revenue business process as well as substantive procedures to test appropriateness of sales recorded around the year-end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

FLEXJET OPERATIONS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLEXJET OPERATIONS LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Adkins

Paul Adkins (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, UK
Date: 12 September 2023

FLEXJET OPERATIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Note | 2022 £ | 2021 £ |
|--|------|--------------------|------------------|
| Turnover | 4 | 22,182,387 | 29,708,265 |
| Cost of sales | | (18,924,010) | (26,199,366) |
| Gross profit | | 3,258,377 | 3,508,899 |
| Administrative expenses | | (12,699,950) | (3,438,970) |
| Operating (loss)/profit | 5 | (9,441,573) | 69,929 |
| Interest payable and similar expenses | 9 | (103,274) | (49,751) |
| (Loss)/profit before tax | | (9,544,847) | 20,178 |
| Tax on (loss)/profit | 10 | - | - |
| (Loss)/profit for the financial year | | (9,544,847) | 20,178 |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (9,544,847) | 20,178 |

The notes on pages 15 to 29 form part of these financial statements.

FLEXJET OPERATIONS LIMITED
REGISTERED NUMBER: 06528991

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

| | Nota | 2022 £ | 2021 £ |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 278,081 | 43,465 |
| Investments | 12 | - | 6,185,125 |
| | | <u>278,081</u> | <u>6,228,590</u> |
| Current assets | | | |
| Debtors | 13 | 13,960,720 | 4,780,854 |
| Cash at bank and in hand | | 1,031,638 | 1,350,021 |
| | | <u>14,992,358</u> | <u>6,130,875</u> |
| Creditors: amounts falling due within one year | 14 | (33,462,702) | (20,506,881) |
| Net current liabilities | | <u>(18,470,344)</u> | <u>(14,376,006)</u> |
| Total assets less current liabilities | | <u>(18,192,263)</u> | <u>(8,147,416)</u> |
| Creditors: amounts falling due after more than one year | 15 | (500,000) | (1,000,000) |
| Net liabilities | | <u>(18,692,263)</u> | <u>(9,147,416)</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 500,000 | 500,000 |
| Profit and loss account | 17 | (19,192,263) | (9,647,416) |
| Shareholder's deficit | | <u>(18,692,263)</u> | <u>(9,147,416)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


K C Ricci
 Director

Date: 11 September 2023

The notes on pages 15 to 29 form part of these financial statements.

FLEXJET OPERATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital | Profit and loss account | Shareholder's deficit |
|--|------------------------------------|------------------------------------|----------------------------------|
| | £ | £ | £ |
| At 1 January 2021 | 500,000 | (9,667,594) | (9,167,594) |
| Comprehensive income for the year | | | |
| Profit for the year | - | 20,178 | 20,178 |
| At 1 January 2022 | 500,000 | (9,647,416) | (9,147,416) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (9,544,847) | (9,544,847) |
| At 31 December 2022 | 500,000 | (19,192,263) | (18,692,263) |

The notes on pages 15 to 29 form part of these financial statements.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Flexjet Operations Limited (the "Company") is a private company limited by shares and incorporated in England and Wales. Registered number: 06528991. Its registered head office is located at Meadow Gate, Farnborough Airport, Farnborough, Hampshire, GU14 6XA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(ii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of PEAK Acquisitions, Limited as at 31 December 2022 and these financial statements may be obtained from 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

Consolidation

The Company is exempt under Section 401 of the Companies Act 2006 to prepare consolidated financial statements. The Company and its subsidiary are included in the consolidated financial statements of PEAK Acquisitions, Limited, a company which is incorporated in Ireland.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The Company made a loss after tax in the year of £9,544,847 (2021: profit £20,178) and has net liabilities at the reporting date of £18,692,263 (2021: £9,147,416). The Company is dependent on continued financial support and has a letter of support in place from OneSky Flight, LLC, a related company formed in the USA, stating that the Company will receive such support for a period of at least 12 months from the date of the financial statements being approved, and the Directors have received a letter from OneSky Flight, LLC confirming that it has sufficient resources. The Directors therefore consider it to be appropriate to continue preparing the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional currency is Great British Pounds (GBP), as that is the currency of the primary economic environment in which the Company operates, and the financial statements are presented in GBP and rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Turnover

Turnover comprises the value of goods and services supplied by the Company excluding trade discounts and value added tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific method used to recognise the different forms of revenue earned by the Company is set out below:

Related party owned / full service aircraft management contracts

For related party owned aircraft or aircraft where the Company retains the principal risks and rewards related to the management or operation, then it accounts for the revenue and costs related to those transactions as the principal. As such, revenue related to the provision of those aircraft related services, including third party income, is recognised gross.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Depreciation is provided on the following basis:

| | | |
|---------------------|---|------------------------------|
| Motor vehicles | - | 33% on a straight line basis |
| Fittings & fixtures | - | 33% on a straight line basis |
| Office equipment | - | 33% on a straight line basis |
| Computer equipment | - | 33% on a straight line basis |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The impairment loss is measured as the difference between the carrying amount and best estimate of the recoverable amount, being the higher of the fair value less costs to sell and its value in use, of the Company's investment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

Critical accounting judgements

- The Directors do not believe there to be any critical judgements noted in the presentation of the financial statements.

Key source of estimation uncertainty

- No key assumptions concerning the future, and other key sources of estimation have been noted in the preparation of these financial statements.

4. Turnover

The total turnover of the Company for the year has been derived from its principal activities of the management and charter of business jet aircraft.

An analysis of turnover by geographical destination is given below:

| | 2022 £ | 2021 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 20,861,830 | 23,552,558 |
| Rest of Europe | 1,129,713 | 2,879,509 |
| Rest of the world | 190,844 | 3,276,198 |
| | <u>22,182,387</u> | <u>29,708,265</u> |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | 2022 | 2021 |
|---|------------------|-----------|
| | £ | £ |
| Depreciation of tangible fixed assets (note 11) | 79,332 | 16,897 |
| Foreign exchange losses | 2,916,520 | 20,002 |
| Operating lease rentals | 4,234,609 | 8,237,840 |
| Impairment of fixed asset investments (note 12) | 6,185,126 | - |
| | <u>6,185,126</u> | <u>-</u> |

6. Auditor's remuneration

| | 2022 | 2021 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>53,704</u> | <u>49,000</u> |
| Fees payable to the Company's auditor in respect of: | | |
| Other non-audit services | <u>-</u> | <u>38,679</u> |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

| | 2022 £ | 2021 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,462,866 | 4,805,102 |
| Social security costs | 1,024,616 | 513,886 |
| Cost of defined contribution scheme | 299,784 | 305,325 |
| | <u>3,787,266</u> | <u>5,624,313</u> |

The average monthly number of employees, including the Directors, during the year was as follows:

| | 2022 No. | 2021 No. |
|-----------------------------|-------------|-------------|
| Captains and First Officers | 38 | 23 |
| Sales and Operations | 32 | 14 |
| Finance | 3 | 3 |
| Management | 3 | 2 |
| Contractors | 2 | 2 |
| | <u>78</u> | <u>44</u> |

8. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Directors' emoluments | 345,509 | 301,282 |
| Company contributions to defined contribution pension schemes | 19,882 | 14,632 |
| | <u>365,391</u> | <u>315,914</u> |

During the year retirement benefits were accruing to 1 Director (2021: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £345,509 (2021: £301,282).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £19,882 (2021: £14,632).

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|--|----------------|---------------|
| Other loan interest payable | 60,874 | 21,291 |
| Interest on loan notes from group undertakings | 42,400 | 28,460 |
| | 103,274 | 49,751 |

10. Tax on (loss)/profit

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Current tax on (loss)/profit for the year | - | - |
| Tax on (loss)/profit | - | - |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|--|-------------|-----------|
| (Loss)/profit before tax | (9,544,847) | 20,178 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | (1,813,521) | 3,834 |
| Effects of: | | |
| Fixed asset differences | (10,775) | (1,987) |
| Expenses not deductible for tax purposes | 1,183,545 | 36,325 |
| Adjustments to brought forward values | - | (24,810) |
| Remeasurement of deferred tax for changes in tax rates | (202,343) | (592,630) |
| Movement in deferred tax not recognised | 843,094 | 579,268 |
| Total tax charge for the year | - | - |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Tax on (loss)/profit (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%, which was substantively enacted on 24 May 2021. As at the reporting date, the deferred taxes have been measured and reflected in the financial statements using the expected future tax rate at 25%.

There were no other factors that may affect future tax charges.

The Company has an unrecognised deferred tax asset of £3,308,627 (2021: £2,469,293), of which £2,923,712 (2021: £1,973,197) is in relation to tax trading losses and £384,915 (2021: £496,096) is in relation to timing differences. The deferred tax asset has not been recognised due to the inherent uncertainty over future profitability.

11. Tangible fixed assets

| | Motor vehicles £ | Fittings & fixtures £ | Office equipment £ | Computer equipment £ | Total £ |
|-----------------------|------------------------|-----------------------------|--------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 January 2022 | - | 3,865 | 105,211 | - | 109,076 |
| Additions | 47,095 | 120,050 | 26,360 | 120,443 | 313,948 |
| At 31 December 2022 | 47,095 | 123,915 | 131,571 | 120,443 | 423,024 |
| Depreciation | | | | | |
| At 1 January 2022 | - | 3,865 | 61,746 | - | 65,611 |
| Charge for the year | 3,783 | 29,486 | 29,594 | 16,469 | 79,332 |
| At 31 December 2022 | 3,783 | 33,351 | 91,340 | 16,469 | 144,943 |
| Net book value | | | | | |
| At 31 December 2022 | 43,312 | 90,564 | 40,231 | 103,974 | 278,081 |
| At 31 December 2021 | - | - | 43,465 | - | 43,465 |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Fixed asset investments

| | Investments in subsidiary companies £ |
|-----------------------|--|
| Cost | |
| At 1 January 2022 | 6,185,125 |
| At 31 December 2022 | <u>6,185,125</u> |
| Impairment | |
| Charge for the period | 6,185,125 |
| At 31 December 2022 | <u>6,185,125</u> |
| Net book value | |
| At 31 December 2022 | <u><u> </u></u> |
| At 31 December 2021 | <u><u>6,185,125</u></u> |

On 30 April 2021, the Company acquired 100% of the share capital of Halo Aviation Ltd. Halo Aviation Ltd manages a fleet of helicopters including the Augusta AW109 and AW169 models. The acquisition of Halo Aviation Ltd has positioned the OneSky Group to offer its clients end-to-end flight solutions by adding helicopters to its portfolio of fixed-wing aircraft. In 2023 and beyond, Halo Aviation Ltd intends to acquire its own helicopters and to sell fractions of them under its Shared Ownership programme. It is therefore expected that Halo Aviation Ltd will be loss-making for the foreseeable future, whilst the Shared Ownership programme takes time to ramp up. For this reason, management have decided to fully impair the value of the investment now.

13. Debtors

| | 2022 £ | 2021 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings | 13,133,612 | 4,195,826 |
| Other debtors | 75,041 | 9,507 |
| Prepayments and accrued income | 752,067 | 575,521 |
| | <u>13,960,720</u> | <u>4,780,854</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------|------------|
| Trade creditors | 275,529 | 386,054 |
| Notes payable | 2,500,000 | 2,000,000 |
| Amounts owed to group undertakings | 28,641,472 | 16,273,477 |
| Other taxation and social security | 374,686 | 211,453 |
| Other creditors | 72,707 | 43,993 |
| Accruals and deferred income | 1,598,308 | 1,591,904 |
| | 33,462,702 | 20,506,881 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

A portion of the consideration for the acquisition of Halo Aviation Ltd. was the issuance of a loan note by Halo Aviation Ltd. to Epic Fairgrave, Inc. (now known as Flexjet, Inc.), a related party in the USA. This note was valued at £2,000,000 and done so to pay for the capital stock issued by Epic Fairgrave, Inc. (now known as Flexjet, Inc.) to the previous owners of the business. The notes bear interest at 2.12% per annum and the expense for the financial year is £42,400 (2021: £28,460).

A portion of the consideration for the acquisition of Halo Aviation Ltd. is deferred cash payments to the previous owners of £1,000,000. The principal is payable in two instalments on the second and third anniversary of the purchase. In 2022 the short term balance outstanding was £500,000 (2021: £Nil). Interest accrues at a fixed rate of 3% per annum and the expense for the financial year is £60,874 (2021: £21,291).

15. Creditors: amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|-----------------|-----------|-----------|
| Other creditors | 500,000 | 1,000,000 |
| | 500,000 | 1,000,000 |

A portion of the consideration for the acquisition of Halo Aviation Ltd. is deferred cash payments to the previous owners of £1,000,000. The principal is payable in two instalments on the second and third anniversary of the purchase. In 2022 the long term balance outstanding was £500,000 (2021: £1,000,000). Interest accrues at a fixed rate of 3% per annum and the expense for the financial year is £60,874 (2021: £21,291).

16. Called up share capital

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid 500,000 (2021: 500,000) Ordinary shares of £1.00 each | 500,000 | 500,000 |
| | 500,000 | 500,000 |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Capital and reserves

The capital and reserves of the Company are as follows:

Called up share capital

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other recognised gains or losses made by the Company, including distributions to, and contributions from, the parent company.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £72,707 (2021: £305,325). Contributions totalling £299,784 (2021: £40,943) were payable to the fund at the reporting date and are included within other creditors.

19. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Not later than 1 year | 507,269 | 283,369 |
| Later than 1 year and not later than 5 years | 1,521,807 | 1,511,300 |
| | <u>2,029,076</u> | <u>1,794,669</u> |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Related party transactions

| | 2022 £ | 2021 £ |
|--|---------------------|---------------------|
| Amounts payable to Flexjet Limited | (13,208,488) | (3,691,842) |
| Amounts receivable from PEAK Aquisitions, Limited | 131,037 | 88,588 |
| Amounts receivable from PrivateFly Limited | 84,500 | 54,770 |
| Amounts payable to Sirio S.p.A. | (49,798) | (563,820) |
| Amounts payable to Flexjet, LLC | (14,973,673) | (12,897,154) |
| Amounts payable to Tuvoli, LLC | - | (7,348) |
| Amounts payable to Sentient Jet Charter, LLC | - | (297,972) |
| Amounts payable to Everest Fuel Management, LLC | - | (439) |
| Amounts payable to Eplo Fairgrave, Inc. (now known as Flexjet, Inc.) | (2,070,860) | (2,028,460) |
| | <u>(30,107,282)</u> | <u>(19,343,677)</u> |

The Company has taken advantage of the exemption conferred by FRS 102 section 33 'related party disclosure' not to disclose transactions with group entities where 100% of the voting rights in the Company are controlled within the group.

OneSky Flight, LLC holds a 49% minority interest, indirectly, in the Company and PEAK Acquisitions, Limited holds the remaining 51% indirect interest in the Company. The Company does business with the following operating entities that have a participating interest of a Director: Flexjet, LLC, PrivateFly Limited, Flexjet Limited, Sirio S.p.A., Constant Aviation, LLC, Everest Fuel Management, LLC, Tuvoli, LLC, PEAK Acquisitions, Limited and Epic Fairgrave, Inc. (now known as Flexjet, Inc.) and 4AIR, LLC.

| | 2022 £ | 2021 £ |
|--|--------------------------|--------------------------|
| PrivateFly Limited | 277,667 | 2,348,470 |
| Sirio S.p.A. | - | 147,636 |
| Flexjet Limited | 19,675,988 | 16,171,082 |
| PEAK Acquisitions, Limited | - | 18,750 |
| Total revenues from related parties | <u><u>19,953,635</u></u> | <u><u>18,685,938</u></u> |

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Related party transactions (continued)

| | 2022 | 2021 |
|--|--------------------|---------------------|
| | £ | £ |
| PrivateFly Limited | (62,363) | (119,998) |
| Flexjet, LLC | (70,882) | (175,569) |
| Flexjet Limited | (4,394,568) | (8,250,390) |
| Sirio S.p.A. | (2,145,299) | (2,310,929) |
| Constant Aviation, LLC | (8,815) | (188,693) |
| Everest Fuel Management, LLC | (174,920) | (133,857) |
| Tuvoli, LLC | - | (66,415) |
| 4AIR, LLC | (42,520) | |
| Total expenses from related parties | <u>(6,899,367)</u> | <u>(11,245,851)</u> |

21. Subsequent events

There have been no significant events affecting the Company since the reporting date.

22. Controlling party

The immediate parent company is Volare Acquisitions, Limited, a company incorporated in Ireland.

The smallest group in which the Company is consolidated is PEAK Acquisitions, Limited, a company incorporated in Ireland.

The largest group in which the Company is consolidated is Epic Fairgrave, Inc. (now known as Flexjet, Inc.), a company incorporated in the United States of America.

The ultimate parent company is Picco Corporation, a corporation formed in Delaware, United States of America. No publicly available, consolidated financial statements are available for Picco Corporation.

The ultimate controlling party is an individual who is a Director of the Company, K C Ricci.