Flybondi Limited

Annual report and consolidated financial statements

Registered number 10178160

For financial year ended 31 December 2020

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Group Information

Directors:	Peter Yu Bertrand Grabowski Rafael de Luque Sertac Haybat (resigned 1 August 2022) Mehmet Nane (appointed 1 August 2022) Francisco Barreto (appointed 23 May 2022) Martin Biely (appointed 23 May 2022) Paul Hong (resigned 23 May 2022) Juan Ball (appointed 1 July 2021) Michael Powell (resigned 30 June 2021) Michael Cawley (resigned 20 April 2020)
Registered/ Company number:	10178160
Registered office:	1 Scott Place 2 Hardman Street Manchester M3 3AA England
Statutory auditors:	Grant Thornton Chartered Accountants and Statutory Auditors 13-18 City Quay Dublin 2 Republic of Ireland
Bankers:	Santander UK plc 2 Triton Square, Regent's Place NW1 3AN London England
Solicitors:	DWF LLP 20 Fenchurch Street EC3M 3AG London England

Group Strategic report
For the financial year ended 31 December 2020

Introduction

The Directors present their strategic report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2020.

Group overview

Flybondi Limited (the "Company" or "Flybondi" or "Group") was created in 2017 to launch the first low-cost airline in Argentina. In January 2018, Flybondi started its commercial operations from El Palomar International Airport ("EPA"), increasing its fleet to five aircraft by May 2018. By the end of 2019, Flybondi was delivering a full suite of Ultra-Low-Cost Carriers ("ULCC") Key Performance Indicators ("KPIs"): a highly reliable operation; a diversified portfolio of domestic and international routes; high levels of aircraft utilisation and staff productivity; load factors consistently above 90%; a Net Promoter Score of 58%; and amongst the lowest unit costs of any airline in South America.

This positive momentum continued into the early months of 2020 by which the Group was operating 18 domestic routes (reaching Córdoba, Bariloche, Neuquén, Tucumán, Mendoza, Corrientes, Jujuy, Posadas, Salta, Iguazú, Santiago del Estero, Rosario and Trelew), plus services to Asunción (Paraguay), Punta del Este (Uruguay) and four cities in Brazil (Rio de Janeiro, Sao Paulo, Florianópolis and Porto Alegre).

Unfortunately, the Coronavirus crisis hit Argentina in March 2020. The authorities halted all flight operations from 20 March 2020. The Argentine government subsequently banned the sale of any flights due to depart before 1 September 2020. As a result, the Group's revenue from ticket and ancillary sales declined almost 100% and Management was forced to take drastic measures to protect the Group's cash position. Most expenses are the variable costs from flight operations and in tandem with flight activity, these fell to almost zero. Therefore, the focus was on minimising fixed costs. These are primarily aircraft lease and parts expenses, staff salaries and other overheads. The Group's staff and management accepted a substantial salary cut while the flight restrictions were in place. In addition, the Group returned three aircraft to their lessors during FY2020 at minimum cost and negotiated payment concessions for the other two aircraft that remained in the fleet. Management also negotiated material concessions with most suppliers and the Group's major shareholder continued supporting the Group through the crisis.

After 9 months without operation, Flybondi resumed its domestic flights in December 2020 from Ezeiza International Airport ("Ezeiza") and developed strict health protocols during the flying experience to provide a safe environment for our passengers and employees. In April 2021, the Group moved its operations to its new operating base at the Jorge Newbery International Airport ("Aeroparque").

During 2021, the Group experienced a healthy rebound in domestic traffic, with load factors above 90%, outpacing pre-pandemic levels. As of September 2022, Flybondi was servicing 17 domestic and 4 international destinations and operating five aircraft. The Group is generating cash from advanced sales, which have been at the highest level since inception. We have an ambitious plan to substantially increase our fleet and operations and expect to have 10 aircraft during the fourth quarter of 2022.

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Group overview (continued)

Values

The Group's values drive its day-to-day management and activities to achieve its long-term vision:

Safety	Safety is fundamental to every decision in the Group and is the pre-requisite for staying in business.
Ultra-Low Cost	We aim to achieve the lowest unit costs of any major airline in Latin America.
Human & Humble	*We aim to build a strong Group culture around our people, who will provide a friendly* service to our passengers. We believe in humility over arrogance.
Innovative	We aim at leveraging technology to achieve mass personalisation, improved customer experience and greater efficiency.
Ethical	Integrity and sound business ethics are embedded in every layer of our organisation and are essential principles that guide everything we do.
Fun	We believe it is important for our employees to enjoy their work. This will help deliver high customer satisfaction and productivity.

Business Model

Flybondi's business model is characterised by the following core elements:

Single Aircraft Type	The Group operates only one type of aircraft: Boeing B737s, with the highest seating configuration (189 seats). A single aircraft type in the fleet is fundamental to simplicity and low costs. The Group prefers the B737 because there are more B737 qualified pilots and mechanics in Argentina and it requires less equipment for ground handling than other aircraft types.
High Aircraft Utilisation	The Group aims to achieve daily aircraft utilisation more than 12 hours, which enables the business to spread fixed costs over a larger number of passengers.
Point to Point	The Group focuses on the point-to-point market, offering only limited connecting opportunities. This simplicity also helps keep costs low.
Direct Distribution	The Group sells most of its tickets directly to customers via its website. Travel agents may sell tickets but receive only modest, variable commissions.
Outsourcing of non-core activities	Wherever possible, the Group will outsource non-core activities. Examples include heavy maintenance, overseas handling, and call centres and IT.

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Group overview (continued)

Business Model (continued)

Stimulate Demand	The Group will stimulate demand by offering compelling low fares. The objective is not to take passengers from existing airlines but to attract new passengers who are currently travelling by bus, car or simply not travelling at all. Low-cost carrier companies around the world have been able to multiply the size of existing markets between three and ten-fold by offering low fares.
Low Overheads	The Group will keeps a lean organisational structure and minimise overheads.
Ancillary Revenues	The Group aims to generate revenues from ancillary income ("non-ticket revenue"). These include checked-in baggage, seat allocation, and on-board sales of food, drinks and gifts. High ancillary revenues help Flybondi to offer the lowest base fares in order to further stimulate demand and sharpen its competitive edge.

Financial overview and capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and evaluates adjustments to it considering changes in economic conditions and the risk characteristics of the Group's business and assets. To maintain or adjust the capital structure, the Group may adjust the amount of any dividends it could pay to shareholders, return capital to shareholders, issue new shares, or sell assets to strengthen its capital structure.

Consolidated Statement of financial position

	For the period ended 31 December 2020	For the period ended 31 December 2019
	USD	USD
Current assets	5,956,759	13,249,254
Non-current assets	26,665,204	82,844,895
Total assets	32,621,963	96,094,149
Current liabilities	31,908,619	37,180,492
Non-current liabilities	12,912,150	48,261,640
Total liabilities	44,820,769	85,442,132
Total equity	(12,198,806)	10,652,017
Total liabilities plus equity	32,621,963	96,094,149

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Financial overview and capital management (continued)

Consolidated Statement of comprehensive income

	For the period ended 31 December 2020	For the period ended 31 December 2019
	USD	USD
Total revenue	22,413,847	68,838,033
Total operating expenses	(5,790,193)	(91,156,045)
Net financing expense	6,459,608	(7,247,546)
Tax on loss	21,306	(14,512)
Loss for the year	(24,895,432)	(29,580,071)

Principal risks and uncertainties

There are a number of risks that could affect the Group's long-term performance and steps are taken to understand and evaluate these in order to achieve our objective of sustainable growth. This section includes a short description of the key risks that could, if not properly dealt with, affect the Group's future success, although it does not list all risks that might possibly affect our business.

Risk management is a dynamic and developing area and the Group is committed to ensuring that it employs best practices to identify and mitigate risks as best it can.

The Board is responsible for the Group's risk process. Senior management reports to the Board at each of the scheduled Board meetings. These reports include detailed assessment of, for example, commercial and operational risks, foreign exchange and fuel price changes that may arise during the reporting year. In addition, the Board is kept updated by senior management as and when specific risk issues arise between Board meetings. As part of this process, the Group's senior management team and a number of other senior employees meet at least quarterly to consider and update the principal risks identified. These principal risks, many of which are the subject of regular reporting and discussion between senior management and the Board, are detailed below. The Board is therefore satisfied that it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The key risks identified by the Board fall into nine broad Groupings:

- *external factors*, such as fuel cost, inflation, foreign exchange rates, general economic trends, pandemics and geopolitical risk;
- *competition*, to ensure that we take the necessary actions to protect our first mover advantage from competitor activity in markets served by the Group that could result in loss of market share and diminished revenue;
- *product development*, making sure that we are making the best use of our capacity and ensuring that we have access to the right airport infrastructure at the right price so that we can keep on delivering the superior Flybondi service at low fares across our expanding network;
- *fleet development*, to ensure the Group has the right number of aircraft available at the right time to take advantage of commercial opportunities and grow in a disciplined way;
- *regulatory risk*, ensuring that we remain compliant with regulations affecting our business and operations;
- *operations*, including safety events and terrorist incidents;
- *information technology and cyber risk*, including website availability, protection of our own and our customers' data and ensuring the availability of operations-critical systems;
- *human resources*, ensuring we are able to recruit the right number of colleagues of the right quality to continue to grow and, once recruited, that they remain sufficiently engaged and motivated, as well as ensuring that the Group has appropriate succession management for key colleagues in place; and
- *availability of funds*, unavailability of suitable fleet- and counterparty-financing could adversely impact relationships with suppliers which could in turn lead to operational disruption and impact the financial position that could result in the inability to meet contractual obligations or the inability to fund the business.

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Principal risks and uncertainties (continued)

External risks

Exchange rates. The Group operates in Argentina and most of its customers are based in Argentina, hence most of our revenues are derived in Argentine pesos. We have to make, however, a large number of payments in US dollars. Aircraft leases are denominated in US dollars, as are other key costs such as fuel, maintenance and aviation insurance. As a result, an appreciation of the US dollar against Argentine peso may impact results and margins. We therefore may evaluate hedging our exchange rate exposure in accordance with a Board-approved hedging policy. No such hedging is currently in place for 2020.

Fuel costs. Fuel represents a significant portion of our total operating costs. A rise in fuel prices, along with the rise in global inflationary pressures, could significantly affect our operating costs. We therefore may evaluate hedging our aviation fuel cost in accordance with a Board-approved hedging policy. No such hedging is currently in place for 2020.

Political and economic risks. We are exposed to political and economic events and trends in Argentina and Latin America, and an economic downturn could affect demand for air travel. Argentina and Latin America have experienced, and may still be subject to, potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and conflict between federal and regional authorities as well as between countries, corruption among governmental officials, strong labour unions, social and ethnic unrest and currency instability. We maintain close relationships with local authorities and, as an organisation, we are able to react quickly to adverse events.

Covid-19. The Covid-19 lockdown has had a material adverse effect on the Group's financial performance. All the airlines in the world went through and even many continue to do so, due to a situation with negative and long-term consequences. We noted the closure of several airlines, the return of aircrafts, the loss of thousands of jobs, and knock on impacts for suppliers that work for the industry. According to estimates from the International Air Transport Association (IATA), annual passenger revenue fell in 2020 alone by more than USD 250 billion. In Latin America alone, losses of USD 15 billion are estimated, due to the 41% reduction in passenger transport in the region compared to 2019. Due to the carry-over effect, IATA also forecasts that airlines in Latin America suffered net losses of about USD 3.3 billion in 2021.

Brexit. Flybondi Limited is incorporated in the UK, although all the significant operating subsidiaries are based in Latin America and do not suffer any economic or financial consequences as a result of Brexit.

Product development

We do not just compete for customers; we also compete for access to infrastructure. The Group projects high growth, and as we grow, we will need more terminal space, slots, ground services and aircraft parking to be able to operate our flights. Certain airports to which we may need to operate may already be or become congested, meaning we may not be able to secure access to those airports at our preferred times and, therefore, when we have slots, we need to make sure that we retain them. We therefore ensure that we maintain close working relationships with relevant airport authorities and slot co-ordinators, and we are continually improving our system to ensure that slot requests and submissions are made in a timely way.

Fleet development

In order to grow, we need capacity and that means that we need an appropriate supply contract for new aircraft which manufacturers are able to deliver. Our emphasis is on mid-life aircraft – aimed at operating a more efficient fleet which is more reliable and therefore able to be utilised for over twelve hours a day. For the business, that means lower unit operating costs, and for our customers, lower prices. A large aircraft order is a significant financial commitment and so requires financing. We intend to finance all our new aircraft deliveries through leasing arrangements. We are confident that, given the B737 aircraft's desirability because of its superior operating economics and Flybondi's existing equity funding commitments, lease finance arrangements are readily available on competitive terms.

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Principal risks and uncertainties (continued)

Regulatory risks

Even in a liberalised air traffic environment, aviation remains a highly regulated industry. The Group relies on an air operator's permit issued by ANAC in Argentina. The permit allows the airline to operate air services within Argentina. ANAC is also the authority that grants the routes the Group applies for. As the Group establishes operations in other countries, it will also require the appropriate government-issued permits.

Due to changes in government regulations to provide a safe health environment against COVID as commercial airline operations resumed, the only airports in Buenos Aires authorised to operate within this framework were Aeroparque and Ezeiza. As a result, in December 2020, Flybondi temporarily re-started its operations from Ezeiza, until April 2021, when it moved to its permanent base at Aeroparque.

Operational risks

An accident or incident, or terrorist attack, can adversely affect an airline's image and customers' willingness to travel with that airline. Our priority is the safety of our aircraft, passengers and crew. Our aircraft fleet is highly reliable and to ensure a full level of control and the highest level of standards, we create and operate our own line maintenance organisation.

We are cultivating a strong safety culture. Our safety plan foresees Safety Review Board meetings planned for four times a year involving both senior management and operational staff, as well as Safety Action Group monthly meetings involving operational staff. The Board reviews any issues which have arisen in the previous three months and also reviews the actions taken to address them. The Safety Action Group reviews detailed data from all aspects of our operation to identify trends and actions taken that are addressed in monthly safety review meetings

We have introduced an anonymous safety reporting system, so that our flight and cabin crew and other key operational staff are able to report safety issues which are a concern to them. Our entry standards for operating crew are high and our training programs ensure that all of our pilots are trained to the same exacting standards.

Information technology and cyber risk

The Group operates as an e-business. All our bookings are processed through our website, with components that are built either in-house or outsourced. We are therefore dependent on our information technology systems to receive, process and manage ticket reservations, process credit card, debit card and cash payments, check in passengers, provide customer support, manage our traffic network, perform flight operations and engage in other critical business tasks, including content distribution and cyber security services to mitigate security threats.

Our website is our shop window and therefore it is critical that it is secure and reliable. We outsource the hosting and operation of these systems to a number of IT and service providers. However, we retain an experienced internal team to oversee the operation of these systems and key performance standards with each of our key IT suppliers. We are increasing the number of card acquirers and payment service providers that we use, with each provider becoming an effective back-up for the others. We will continue to review our business-critical systems to ensure that the appropriate level of backup is in place. The Group will continue to develop business continuity processes to ensure that key staff can be relocated to an alternative location should our normal offices become unusable, to ensure that they remain appropriate and sufficient for the Group's continued growth.

Cyber risk is a critical consideration for our business and for our Board. Our systems could be attacked in a number of ways and with varying outcomes – for example, unavailability of our website or operations-critical systems or theft of our customers' data. Apart from immediate commercial loss, any loss of customer data could likely result in considerable loss of confidence of our customers. Cyber security is a constantly evolving challenge and one of the key issues related to cyber security is our colleagues' awareness of the risk and of the possible ways in which our business could be attacked. Our in-house IT department will continue to review emerging threats and the Board will be kept up to date on the actions being taken by the Group to safeguard its systems. More generally, protection of both our own and our customers' data remains a key issue.

Group Strategic report (Continued)
For the financial year ended 31 December 2020

Principal risks and uncertainties (continued)

Human resources

During the year, Flybondi employed an average 545 (2019: 572), with the decline in employee numbers aligning to the decreased number of aircraft in operation.

Our people are the backbone of our business and it is their day-to-day dedication that allows us to deliver our low-cost, quality service. But we know that competition for the high-quality people who we seek is keen and may become even more so.

- From time to time, pilots and others can be in short supply. We invest a huge amount of time in recruiting pilots and training them to maintain our high standards.
- We invest time in maintaining a good relationship with our employees. We strive to make sure that this will remain the case, but we realise that there can be no guarantee. We know that we need to ensure that we continue to motivate our colleagues. Feedback is an essential part of this process – both giving and receiving – and we consider direct communication between senior management and other employees as the best way of listening to our employees' concerns.

Availability of funds

We work with a number of counterparties, and we continue to seek further counterparties, in order to reduce the risk of counterparty default or of an existing counterparty withdrawing credit. We maintain detailed cash flow projections to forecast liquidity requirements, aimed at maintaining sufficient liquidity to meet all of our obligations as they are expected to fall due and to fund the ordinary operation of the business through the seasonality of the year.

Whilst we remain a start-up business and before we are able to consistently generate cash inflows from operating activities, we will remain dependent on investment from our shareholders. During the second half of 2021 and the first quarter of 2022, we have seen an important increase in cash generation mainly due to advanced ticket and ancillary sales. In addition, that trend has continued into the second quarter. From this, the Company is expecting to operate above breakeven for the remainder of year end 2022. As such, we don't expect to require any additional equity contributions from the shareholders in the short term.

Statement by the Directors in the performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

The Directors of the Group must act in accordance with a set of general duties including (among others) those under s172 of the Companies Act to promote the success of the companies.

The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

The Directors oversee a structured approach to the development of the Group's strategy, looking at commercial considerations and the development of current and possible future markets. They also take a long-term perspective on matters such as possible strategic workforce requirements and the impact of new technology.

- Long-term business planning and key strategic decisions are undertaken in line with the strategy agreed by the Directors.
- The Group's employees are fundamental to the delivery of Group's goals. The Group aims to be a responsible employer in their approach to the pay and benefits their employees receive. The health, safety and well-being of their employees is one of their primary considerations in the way it does business (see previous section). In this regard, the Group conducted an in-depth review of entire workforce remuneration and the alignment of incentives with the Company's culture. The review covered the structuring of pay and incentives across the Group.
- Delivering on the commitments the Group makes to their customers is critical to its long-term success. Senior Executives meet regularly with customers and, as necessary, subsequently brief the Directors on the status of these important relationships and how the Group is delivering on its commitments. During the year, the Directors were also provided with details of the output from the Group customer satisfaction surveys.

Statement by the Directors in the performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 (continued)

- During the year the Directors met with senior leaders from Group's Supply Chain function to review the work they are doing in working with their suppliers to ensure the companies procure goods and services on a cost-effective basis and consistent with mutually agreed quality and delivery requirements.
- The Group considered the impact of its operations on the community and environment and in particular how the companies influence the regions were facilities are located (for more information see previous section).
- Responsible behaviour is fundamental to how the companies do business. The Group's Code of Conduct sets out the standards and behaviours expected of all the companies' employees to meet the high standards of business conduct – legally and ethically – that their customers and other stakeholders expect. Directors intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance. The intention is to nurture the Group's reputation through the compliance of the Code of Conduct which is reflected in the companies' actions.
- Directors' intention is to behave responsibly toward Group's shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of the Group's long-term objectives.

Future development

The support from shareholders, and our dedicated employees means that Flybondi's is in a strong position to emerge from the pandemic. We look forward to brighter years 2022 and 2023, we aim to continue servicing the community's dependent on us and hope to be able to maintain continued employment for as many of our team as we practicable can. Beyond that, we have the building blocks in place within our fleet, our route network and sources of income to have every confidence in the future.

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

Peter Yu
Director

Date: 19 October 2022

Directors' report
For the financial year ended 31 December 2020

Introduction

The Directors present their annual report and the audited financial statements for Flybondi Limited ("the Company") and its subsidiaries together ("the Group") for the financial year ended 31 December 2020.

Principal activity

Flybondi Group Limited is dedicated to the scheduled passenger air transport, non-scheduled passenger air transport and service activities incidental to air transportation.

Registered office

On 13 July 2021, the Company changed its registered office address to DWF Law LLP, 1 Scott Place, 2 Hardman Street, Manchester, M3 3AA. Previously, the Company's registered office was at 87 Fairmile Lane, Cobham, Surrey KT11 2DG, UK.

Results and dividends

The results for the financial year ended 31 December 2020, are detailed in the Strategic Report.

During financial year 2020 the Group has not propose or distributed any dividends to the shareholders (2019: USD Nil).

Future developments and financial risk management are detailed in the strategic report.

Directors

The Directors who served during the financial year, and up to the date of approval of the financial statements were:

Peter Yu
Bertrand Grabowski
Rafael de Luque
Sertac Haybat (resigned 1 August 2022)
Mehmet Nane (appointed 1 August 2022)
Francisco Muniz Barreto (appointed 23 May 2022)
Martin Biely (appointed 23 May 2022)
Juan Ball (appointed 30 July 2021)
Paul Hong (resigned 23 May 2022)
Michael Powell (resigned 30 June 2021)
Michael Cawley (resigned 20 April 2020)

From July 2021, Peter Yu, Managing Partner at Cartesian Capital Group ("Cartesian"), the main shareholder of Flybondi, became the new Chairman of the Company, replacing Michael Powell. At the same time, the Vice Chairman role was created, which was filled by Rafael De Luque, Senior Managing Director at Cartesian. In addition, Juan Ball, an active minority shareholder in the Company, was appointed as Director of the Company in July 2021.

Going concern

In order to assess whether it was appropriate for the Group and Company to be reported as a going concern, the Directors applied judgement having undertaken appropriate enquiries and having considered the business activities and the Group's and Company's principal risks and uncertainties outlined in the Group's Strategic Report and the Group's and Company's basis for going concern in the accounting policies.

In 2020, due to the Covid-19 crisis, and in the framework of the flight ban, the Company's income and billing was reduced by almost 100% and had to face high fixed costs, so it was absolutely necessary to find alternatives that allow the subsistence and sustainability of the Company. For this reason, a deep cost reduction strategy was carried out, consisting of renegotiating terms of payments and conditions with suppliers, the recession of three aircraft leasing contracts with the aim at reducing fixed costs, as well as salary reductions for all employees.

In mid-December 2020, the Company restarted its commercial operations at Ezeiza, and in April 2021 started operating from its permanent base at Aeroparque. Within the first 12 months of recommencing its operations, the Company managed to resume flights to 15 domestic and 4 international destinations. Since then, Flybondi passengers have showed great support, which is reflected in the improving load factors, reaching more than 90% since July 2021, the best occupancy level in the country. In this way, Flybondi consolidated as the second largest airline in Argentina in terms of capacity and domestic market share (15%), and it is the company with the highest occupancy on flights (94%), according to the September 2022 accumulated report carried out by the National Civil Aviation Administration (ANAC).

Directors' report (continued)
For the financial year ended 31 December 2020

Going concern (continued)

Currently, Flybondi has 1,050 collaborators and counting. In 2022, it has incorporated around 500 collaborators. Among these, 60 pilots, more than 115 cabin crew, 30 mechanics, more than 135 traffic agents and 70 ramp agents were hired. Regarding passengers, in August 2022 Flybondi reached 5,000,000 transported passengers who had "the freedom to fly" since the beginning of our operations. To continue improving the operational efficiency, during September 2022 the Company obtained the Certification in Operations with Reduced Visibility (CAT II) granted by the National Civil Aviation Administration (ANAC). The certification allows us to operate in low visibility and adverse weather conditions and makes us the first low-cost airline in Argentina to obtain it. Furthermore, during September 2022, Flybondi were selected by Linkedin as one of the 10 Top Startups in Argentina and the Company occupied the podium in third place. The list reveals which are the 10 young companies that are generating the most interest and attracting the best professionals.

Additionally in 2022, Flybondi added 4 domestic routes to enhance connectivity to the south of the Argentina: Ushuaia in January, Puerto Madryn in June and El Calafate and Comodoro Rivadavia in August. In this way, there are already 17 national destinations in which the Group operates. With respect to fleet, during the first days of October 2022 Flybondi received the eighth aircraft. The fifth aircraft was received in January, the sixth in March and the seventh in July 2022. Also, the Company will continue its domestic and international network expansion as it increases the fleet to 10 aircraft during the fourth quarter of 2022.

The Board of Directors have reviewed Management's financial forecasts and assumptions for the financial year ending 31 December 2022. After reviewing the Group's and Company's forecasts and projections and the evaluation of various outcomes because of improved demand and market dynamics, the Directors have a reasonable expectation, based on its present liquidity position, that the Company has adequate resources available to it continue in operational expansion for the foreseeable future. The Group and the Company therefore continue to adopt the going concern basis in preparing its financial statements. In arriving at this judgement there are a few assumptions and estimates involved in calculating these future cash flow projections. This includes management's expectations of revenue, Earnings before interest, tax, depreciation and amortisation (EBITDA), timing, and quantum of future capital expenditure and estimates and cost of future funding. The Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations for the next twelve months from the date of signing this report. For these reasons, notwithstanding the loss for the financial year ending 31 December 2020 of USD 24,895,432, they continue to adopt the Going Concern basis in preparing these financial statements.

Research and development

During 2020, the Group didn't carry out any leading-edge research and development, except in the field of revenue management, where the Group created its own demand curves for each route it operated, based on empirical evidence, and scattered information in the market from other airlines.

Political contributions

The Company works constructively with all levels of government across its network, regardless of political affiliation. Nevertheless, for the financial year ended 31 December 2020, neither the Company nor any of its subsidiaries made any political donations nor incurred in any political expenditure.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

Employment of Disabled people

It is the Group's policy that all persons should be considered for employment training, career development and promotion on the basis of their abilities and aptitudes, regardless of physical ability, age, gender, sexual orientation, religion or ethnic origin.

Flybondi applies employment policies that are fair and equitable for all employees and these ensure that entry into, and progression within the Group, are determined solely by application of job criteria and personal ability and competency.

Full and fair consideration, having regard to the person's particular aptitudes and abilities, is given to applications for employment and career development of disabled persons. Flybondi Limited training and development policies also make it clear that it will take all steps practicable to ensure that employees who become disabled during the time they are employed by the Group are able to remain employed by the Group.

Directors' report (continued)
For the financial year ended 31 December 2020

Energy and Carbon Report

The Group qualifies as a "Low Energy User" as the usage of energy in the UK was below the 40MWh threshold for the financial year. Accordingly, detailed information in this regard is not disclosed.

Events after the reporting year

In order to jumpstart the operations from December 2020 onwards, the Company issued convertible loan instruments as follows:

In January 2021, the Company issued 1,816,632 loan notes under a new convertible loan instrument ("Convertible Loan Note Instrument January 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 1,816,632.

In March 2021, the Company issued 1,813,778 loan notes under a new convertible loan instrument ("Convertible Loan Instrument March 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 1,813,778.

In August 2021, the Company issued 7,303,094 loan notes under a new convertible loan instrument ("Convertible Loan Instrument August 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 7,303,094.

In October 2021, the Company issued 500,000 loan notes under a new convertible loan instrument ("Convertible Loan Instrument October 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 500,000.

With these cash injections, and the healthy rebound in domestic traffic during 2021, the Company increased its fleet back up to 4 aircraft leasing contracts. In addition, it was able to self-fund its operations, increasing its domestic routes to 12 destinations and launching two international destinations by the end of 2021.

With encouraging financial and operational results in 2021, we decided to embark on an ambitious growth plan in 2022. The Directors approved management's recommendation to bring 6 additional aircraft in 2022 to gain market share and position Flybondi as the second largest airline in Argentina. Considering these tailwinds, the Company added its seventh aircraft in July, while planning to add three additional aircraft to its fleet by and during the fourth quarter of 2022. With this strong performance, the Group is increasingly well-positioned to benefit from and participate in the accelerating regional consolidation of the Latin American airline industry.

Finally, the first two Convertible Loans instruments (the "January 2022" and the "February 2022"), and their accrued interest, were converted into Series A shares in February and March 2022, respectively.

There were no other matters arising between the date of the balance sheet and the date on which these financial statements were approved by the Board of Directors, other than the ones described above.

Branches outside the state

The Company has no branches outside the UK. The Company subsidiary in Argentina, has branches in Brazil, Uruguay, and Paraguay.

During 2020, the Group operated international flights between Argentina to Uruguay, Brazil, and Paraguay. The Group established basic branches in such countries to get the operating permits and have agreements with third-party operators to provide ramp, ground handling and passenger services in the cities we flew into. These branches have no employees but rather third-party local representatives.

Matters covered in the strategic report

As permitted by Section 414C(11) of the Companies Act 2006, the Directors have elected to disclose information required to be in the Directors' report by Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, in the Strategic report.

The strategic report presented the initiatives the Group undertook in 2020 to survive during the Coronavirus crisis, and the healthy recovery in 2021 after the restart of operations in December 2020. Finally, the report laid out the main risks and uncertainties the Group currently faces.

Directors' report (continued)
For the financial year ended 31 December 2020

Disclosure of information to auditor

The Directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company or the Group's auditor are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor are aware of that information.

This Confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Main stakeholders

Disclosures in relation to the main stakeholders may be found in the Strategic Report.

Auditor

The auditor, Grant Thornton, Chartered Accountants and Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Peter Yu.
Director

Date: 19 October 2022

Directors' Responsibilities Statement
For the financial year ended 31 December 2020

The Directors are responsible for preparing the Strategic report, Directors' report and the consolidated 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 to prepare the financial statements in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law.

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 assets, liabilities and financial position of the Group and Company as at the financial year end date and of the profit or loss of the Group and Company for that financial year.

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

- select suitable accounting policies for the Company and Group's financial statements and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable IFRS Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

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

Peter Yu.
Director

Date: 19 October 2022

Independent auditor's report to the members of Flybondi Limited

Opinion

We have audited the financial statements of Flybondi Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the company statement of cash flows for the financial year ended 31 December 2020, and the related 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 financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, Flybondi Limited's and Group's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Group and the Company as at 31 December 2020 and of the Group financial performance and Group and Company cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 forming our opinion, which is not modified, we draw attention to the disclosures made in the Directors' report and Note 2.4 in the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss after tax of USD 24,895,432 for the financial year ended 31 December 2020 and had net liabilities of USD 12,198,806 at that date. These events indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued effectiveness of the proactive measures taken by the Directors, the forecasted maintenance of the Group's cash reserves, and the continued support of its shareholders via the receipt of additional funding. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Group be unable to continue in existence.

Independent auditor's report to the members of Flybondi Limited (continued)

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Strategic Report and the Directors' Report.

The directors are responsible for the other information. 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.

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 in the financial statements, 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.

We have nothing to report in this regard.

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

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 and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Flybondi Limited (continued)

Responsibilities of management and those charged with governance for the financial statements (continued)

In preparing the financial statements, management is responsible for assessing the Group and 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 management either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy law, Employment Law, Environmental Regulations and Health & Safety and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

The Group engagement team shared the risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Independent auditor's report to the members of Flybondi Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and the Board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board of directors' meetings during the financial year to corroborate enquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of non-current assets, expected credit losses and IFRS16 leases; and
- review of the financial statement disclosures to underlying supporting documentation and enquiries of management.

We requested information from component auditors on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the Group financial statements.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities
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.

Jason Crawford (Senior Statutory Auditor)
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
Dublin
Republic of Ireland
Date: 20 October 2022

Consolidated Statement of Comprehensive income and Other Comprehensive Income
For financial year ended 31 December 2020
(in US dollars)

Continuing operations	Note	31 December 2020 USD	31 December 2019 USD
Passenger ticket revenue	4	17,164,211	48,913,803
Ancillary revenue	4	5,249,636	19,924,230
Total Revenue		**22,413,847**	**68,838,033**
Staff costs	6	(9,477,806)	(17,673,880)
Fuel cost		(8,146,798)	(34,997,969)
Maintenance materials and repairs		(2,408,632)	(5,993,178)
Aircraft rentals and maintenance reserve costs	12	(13,081,221)	(1,147,496)
Aircraft right of use asset depreciation	12	(7,875,333)	(10,198,205)
Administrative expenses	5	(6,083,017)	(8,685,121)
Other operational expense		(1,601,693)	(5,967,444)
Distribution and marketing		(2,001,194)	(5,342,751)
Depreciation and amortisation	11	(623,817)	(1,150,001)
Operating loss		**(28,885,664)**	**(22,318,013)**
Financial income	9	2,376,588	556,136
Financial expenses	12	(2,725,946)	(4,522,388)
Net foreign exchange loss	8	4,318,288	(3,281,294)
Loss before taxation		**(24,916,738)**	**(29,565,558)**
Tax on loss	10	21,306	(14,512)
Total comprehensive loss for the financial year		**(24,895,432)**	**(29,580,071)**

All losses and total comprehensive loss for the financial year are attributable to the owners of the Company.

The accompanying notes form part of these financial statements.

Consolidated Statement of financial position for Flybondi Limited (10178160)
as at 31 December 2020
(in US dollars)

	Note	At December 31 2020 USD	At December 31 2019 USD
ASSETS			
Non – current assets			
Property, plant and equipment	11	5,233,080	6,527,741
Other receivables	14	7,027,755	10,125,294
Other long-term assets	15	1,826,811	13,701,806
Right of use asset	12	12,577,558	52,490,054
Total non – current assets		**26,665,204**	**82,844,895**
Current assets			
Other receivables	14	1,347,558	1,417,258
Trade receivables	16	1,380,409	4,274,709
Inventory	18	2,578	22,343
Other assets	15	1,641,326	1,505,194
Cash and cash equivalents	17	1,584,888	6,029,750
Total current assets		**5,956,759**	**13,249,254**
Total assets		**32,621,963**	**96,094,149**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	1,181,195	585,635
Share premium	21	90,867,799	89,418,750
Retained earnings	21	(104,247,800)	(79,352,368)
Total equity		**(12,198,806)**	**10,652,017**
Non – current liabilities			
Other payables	19	3,337,210	3,116,834
Lease liabilities	20	9,574,940	45,144,806
Total non – current liabilities		**12,912,150**	**48,261,640**
Current liabilities			
Trade and other payables	19	27,701,011	26,992,438
Lease liabilities	20	4,207,608	10,188,054
Total current liabilities		**31,908,619**	**37,180,492**
Total liabilities		**44,820,769**	**85,442,132**
Total equity and liabilities		**32,621,963**	**96,094,149**

The accompanying notes form part of these financial statements.

Approved by the Board on 19 October 2022 and signed by order of the Board:

Peter Yu.
Director

Company Statement of financial position for Flybondi Limited (10178160)
as at 31 December 2020
(in US dollars)

	Note	At December 31 2020 USD	At December 31 2019 USD
ASSETS			
Non - current assets			
Investment in subsidiaries	13	-	9,119,119
Total non - current assets		**-**	**9,119,119**
Current Assets			
Cash and cash equivalents	17	66,193	1,986,006
Other receivables	14	75,966	133,682
Total current assets		**142,159**	**2,119,688**
Total assets		**142,159**	**11,238,807**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	1,181,195	585,635
Share premium	21	90,867,801	89,418,750
Retained earnings	21	(92,333,050)	(79,352,368)
Total equity		**(284,054)**	**10,652,017**
Current liabilities			
Trade and other payables	19	426,213	586,790
Total current liabilities		**426,213**	**586,790**
Total equity and liabilities		**142,159**	**11,238,807**

The accompanying notes form part of these financial statements.

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 financial year was USD 12,980,682 (2019: USD 35,404,277). There were no dividends paid or received. The Company recognised no other income or expenses in the reported year, other than the loss for the reported year.

The accompanying notes form part of these financial statements.

Approved by the Board on 19 October 2022 and signed by order of the Board:

Peter Yu
Director

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2020
(in US dollars)

	Nominal Share Capital	Share Premium	Retained Earnings	Total equity
	USD	USD	USD	USD
Balance at 31 December 2018	**170,570**	**59,464,605**	**(49,772,297)**	**9,862,877**
Total comprehensive income for the financial year				
Profit or loss	-	-	(29,580,071)	(29,580,071)
Transactions with owners, recorded directly in equity				
Issue of shares	415,066	29,954,145	-	30,369,211
Balance at 31 December 2019	**585,635**	**89,418,750**	**(79,352,368)**	**10,652,017**
Total comprehensive income for the financial year				
Profit or loss	-	-	(24,895,432)	(24,895,432)
Transactions with owners, recorded directly in equity				
Issue of shares	595,560	1,449,050	-	2,044,610
Balance at 31 December 2020	**1,181,195**	**90,867,799**	**(104,247,800)**	**(12,198,805)**

Company Statement of Changes in Equity
For the financial year ended 31 December 2020

	Nominal Share Capital	Share premium	Retained Earnings	Total equity
	USD	USD	USD	USD
Balance at 31 December 2019	585,635	89,418,750	(79,352,368)	10,652,017
Total comprehensive income for the financial year				
Loss for the financial year	-	-	(12,980,682)	(12,980,682)
Transactions with owners, recorded directly in equity				
Issue of shares	595,560	1,449,051	-	2,044,611
Balance at 31 December 2020	1,181,195	90,867,801	(92,333,050)	(284,054)

	Nominal Share Capital	Share premium	Retained Earnings	Total equity
	USD	USD	USD	USD
Balance at 31 December 2018	170,570	59,464,604	(43,948,091)	15,687,083
Total comprehensive income for the financial year				
Loss for the financial year	-	-	(35,404,277)	(35,404,277)
Transactions with owners, recorded directly in equity				
Issue of shares	415,065	29,954,146	-	30,369,211
Balance at 31 December 2019	585,635	89,418,750	(79,352,368)	10,652,017

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flow
For the financial year ended 31 December 2020
(in US dollars)

	Note	31 December 2020 USD	31 December 2019 USD
Cash flows from operating activities			
Loss for the financial year		(24,895,432)	(29,580,071)
Adjustments for:			
Depreciation, amortisation and impairment	11	623,817	1,150,001
Depreciation of right of use	12.b	7,875,333	10,198,205
Interest	12.c	235,268	4,522,388
Income tax	10	(21,306)	14,512
		(16,182,320)	**(13,694,965)**
Decrease/(increase) in other assets	15	11,738,863	(9,231,910)
Decrease/(increase) in inventory	18	19,764	(16,085)
Decrease/(increase) in trade and other receivables	14 & 16	6,061,539	(97,097)
Increase in trade and other payables	19	950,255	8,994,002
Net cash generated from/(used in) operating activities		**2,588,102**	**(14,046,056)**
Cash flows from investing activities			
Acquisition of tangible fixed assets	11 & 2.3	(777,900)	(2,421,396)
Net cash used in investing activities		**(777,900)**	**(2,421,396)**
Cash flows from financing activities			
Lease repayment	20	(8,299,673)	(11,877,787)
Proceeds from the issue of share capital	21	2,044,610	30,369,211
Net cash (used in)/generated from financing activities		**(6,255,064)**	**18,491,424**
Net increase in cash and cash equivalents		(4,444,862)	2,023,974
Cash and cash equivalents at the beginning of the period	17	6,029,750	4,005,776
Cash and cash equivalents at financial year end	17	**1,584,888**	**6,029,750**

The accompanying notes form part of these financial statements.

Company Statement of Cash Flow
For the financial year ended 31 December 2020
(in US dollars)

	Note	31 December 2020 USD	31 December 2019 USD
Cash flows from operating activities			
Loss for the financial year		(12,980,682)	(35,404,277)
Adjustments for:			
Impairment in Investments	13	12,729,119	34,080,633
Income tax		-	-
		(251,563)	(1,323,644)
Decrease/(increase) in trade and other receivables	14&16	57,716	(73,883)
Increase in trade and other payables	19	(160,577)	311,806
Net cash (used in)/generated from operating activities		**(354,424)**	**(1,085,721)**
Cash flows from financing activities			
Proceeds from the issue of share capital	21	2,044,611	30,369,211
Net cash generated from financing activities		**2,044,611**	**30,369,211**
Cash flows from investing activities			
Increase in investments	13	(3,610,000)	(27,450,274)
Net cash used in investing activities		**(3,610,000)**	**(27,450,274)**
Net increase in cash and cash equivalents		(1,919,813)	1,833,216
Cash and cash equivalents at the beginning of the year	17	1,986,006	152,790
Cash and cash equivalents at financial year end	17	**66,193**	**1,986,006**

The accompanying notes form part of these financial statements.

Notes to the financial statements
For the financial year ended 31 December 2020

1. General information

Flybondi Limited ("Flybondi", "the Company"), is a private Company limited by shares. It was incorporated and registered in the United Kingdom under the Companies Act 2006 on 13 May 2016, under the number 10178160. Its registered head office is located at 1 Scott Place, 2 Hardman Street, Manchester, United Kingdom, M3 3AA.

Flybondi Limited is the holding Company for 2 subsidiaries, Flybondi SAU, and FB Lineas Aereas S.A (collectively hereinafter referred to as the "Group"). Both subsidiaries are located in Argentina. FB Lineas Aéreas S.A. the main operating entity and Flybondi SAU is a holding entity. FB Líneas Aéreas S.A. is the first low-cost carrier in Argentina, an ultra-low-cost air carrier ("ULCC") with branches in Brazil, Uruguay and Paraguay. The branches are international locations for international flights. However, International flights were suspended in March 2020 due to COVID but resumed in December 2020.

Details of the Company's interest in subsidiaries are contained in note 13.

The principal accounting policies adopted in the preparation of the Company financial statements are set out in note 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are presented in US dollars (USD) and all amounts are rounded to the nearest USD.

The financial statements comprise a consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity, Company statement of cash flows and notes to the financial statements. Income and expenses, and the components of other comprehensive income, are recognised in the statement of comprehensive income. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company recorded a loss of USD 12,980,682 (2019: USD 35,404,277).

The consolidated and Company financial statements of Flybondi Group Limited have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies, and in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (EU), being Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and endorsed for use by the EU for financial years beginning on or after 1 January 2019. They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted by the EU.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.1.1 Basis of Measurement

The financial statements have been prepared on a historical cost basis except for certain instruments at fair value on the basis the Group and Company will continue to be a going concern, which the Directors consider appropriate having regard to the circumstances.

Historical cost is generally based on the fair value of the consideration given in exchange for assets at that time.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and Company (working closely with external qualified valuer's) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.1.1 Basis of measurement (continued)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and Company at the end of the financial year during which the change occurred.

2.1.2 New IFRS and amendments to IAS and interpretations as of 1 January 2020.

Some accounting pronouncements which have become effective from 1 January 2020 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

New Standards

- Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Estimates and Errors – Definition of Material ("IAS 8")
In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material did not have a significant impact on the financial statements.

- Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19 Rent Related Concessions (Amendment to IFRS 16)
- Amendments to IFRS 3, Business Combinations – Definition of a Business ("IFRS 3")
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. The amendments are applied prospectively to transactions or other events that occur on or after the date of first application and are not expected to have a significant impact on the financial statements.

2.1.3 New IFRS requirements in issue but not yet effective

The Group has not applied the following new Interpretations and Standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2020.

The Directors anticipate that the new Interpretations and Standards will be adopted in the Group's consolidated financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new requirements that will be effective in future years.

- IFRS 17 Insurance Contracts (issued in May 2017)
The Standard that replaces IFRS 4, effective for financial years beginning on or after 1 January 2021 (earlier application permitted only if IFRS 9 and IFRS 15 also applied), requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. As the Group has neither issued insurance contracts nor held reinsurance contracts, the Standard is not expected to have an effect on its consolidated financial statements.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.1.3 New IFRS requirements in issue but not yet effective (continued)

- Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting year are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of this amendment.
- Annual improvements to IFRS standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Subsidiaries are all entities over which the Group has the power to govern the operating and financial policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control is lost. All subsidiaries have a reporting date of 31 December. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of comprehensive income.

2.3 Foreign currency

2.3.1 Reporting currency of the Group and functional currency of each Company reported.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

The consolidated financial statements are presented in US dollar ("USD"), which is the functional currency of the parent Company.

The functional currency of each Company reported in the Group's consolidated financial statements is US dollars. Each Company identifies its functional currency based on the fact that most of their costs are in US dollars, such as fuel costs, over-flights fee, aircraft leases, aviation insurance, aircraft components, and the share capital is fully integrated in US dollar. Additionally, a substantial majority of assets were denominated in US dollars, principally aircraft maintenance reserves, cash and cash equivalents, and fixed assets.

2.4 Going concern

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient working capital facilities to enable it to continue in business for a year of at least 12 months from approving the financial statements. In reaching this conclusion, the Directors have considered the future cash flows of the Group. The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Directors Report.

The financial position of the Group, its cash flows and liquidity position are described in the Strategic Report and in the Directors' Report. In addition, the section "Financial overview and capital management" of the Strategic Report includes the Group's objectives, policies and processes for managing its capital, while the section "Principal risks and uncertainties" includes its exposure to liquidity risk. Whilst the Group has no bank borrowings at the financial year end, details of its commitments under aircraft operating leases are provided in the note to the financial statements.

In 2020, due to the Covid-19 crisis, and in the framework of the flight ban in Argentina, the Company´s income and billing was reduced by almost 100% and had to face high fixed costs, so it was absolutely necessary to find alternatives that allow the continuity and sustainability of the Company. As a result, a deep cost reduction strategy was carried out, consisting of renegotiating with suppliers in terms of payments and conditions, given the recession of three aircraft leasing contracts the company's objective was to reduce fixed cost, as well as salary reductions for all employees.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.4 Going concern (continued)

In mid-December 2020, the Company restarted its commercial operations at Ezeiza, and in April 2021 started operating from its permanent base at Aeroparque. Within the first 12 months of recommencing its operations, the Company managed to resume flights to 15 domestic and 4 international destinations. Since then, Flybondi passengers have showed great support, which is reflected in the improving load factors, reaching more than 90% since July 2021, the best occupancy level in the country. In this way, Flybondi consolidated as the second largest airline in Argentina in terms of capacity and domestic market share (15%), and it is the company with the highest occupancy on flights (94%), according to the September 2022 accumulated report carried out by the National Civil Aviation Administration (ANAC).

Currently, Flybondi has 1,050 collaborators and counting. In 2022, it has incorporated around 500 collaborators. Among these, 60 pilots, more than 115 cabin crew, 30 mechanics, more than 135 traffic agents and 70 ramp agents were hired. Regarding passengers, in August 2022 Flybondi reached 5,000,000 transported passengers who had "the freedom to fly" since the beginning of our operations. To continue improving the operational efficiency, during September 2022 the Company obtained the Certification in Operations with Reduced Visibility (CAT II) granted by the National Civil Aviation Administration (ANAC). The certification allows us to operate in low visibility and adverse weather conditions and makes us the first low-cost airline in Argentina to obtain it. Furthermore, during September 2022, Flybondi were selected by Linkedin as one of the 10 Top Startups in Argentina and the Company occupied the podium in third place. The list reveals which are the 10 young companies that are generating the most interest and attracting the best professionals.

Additionally in 2022, Flybondi added 4 domestic routes to enhance connectivity to the south of the Argentina: Ushuaia in January, Puerto Madryn in June and El Calafate and Comodoro Rivadavia in August. In this way, there are already 17 national destinations in which the Group operates.

With respect to fleet, during the first days of October 2022 Flybondi received the eighth aircraft. The fifth aircraft was received in January, the sixth in March and the seventh in July 2022. Also, the Company will continue its domestic and international network expansion as it increases the fleet to 10 aircraft during the fourth quarter of 2022.

The Board of Directors have reviewed Management's financial forecasts and assumptions for the financial year ending 31 December 2022. After reviewing the Group's and Company's forecasts and projections and the evaluation of various outcomes because of improved demand and market dynamics, the Directors have a reasonable expectation, based on its present liquidity position, that the Company has adequate resources available to it continue in operational expansion for the foreseeable future. The Group and the Company therefore continue to adopt the going concern basis in preparing its financial statements. In arriving at this judgement there are a few assumptions and estimates involved in calculating these future cash flow projections. This includes management's expectations of revenue, EBITDA, timing, and quantum of future capital expenditure and estimates and cost of future funding. The Directors have satisfied themselves that the Group is expected to be able to meet its commitments and obligations for the next twelve months from the date of signing this report. For these reasons, notwithstanding the loss for the financial year ending 31 December 2020 of USD 24,895,432, they continue to adopt the Going Concern basis in preparing these financial statements.

2.5 Revenue

Revenue is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment, these criteria are considered to be met when the services are delivered to the buyer.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the year in which they are rendered.

The Group determines revenue recognition through the following steps:

- Identification of the contract with customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the performance obligation is satisfied

The Group earns its revenue from ticket sales for scheduled passenger flights and non-tickets sales (non-ticket sales is revenue generated from air travel-related services such as fees charged for excess baggage, booking through third party agencies, advance seat selection, itinerary changes, charters, airport passenger facility charges for no-show tickets, etc.)

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.5 Revenue (continued)

Revenue from ticket sales for scheduled passenger flights is recognised at the date of departure, consequently, the Company recognises a liability for tickets sold and not flown under the heading "other liabilities". The balance represents the liability corresponding to the tickets sold prior to the closing date of the fiscal year and that are pending to be used at that date. Income from the provision of services from these passages is recognised in the income statement at the time of execution of the transport or related service, that is, with the effective fulfilment of the provision or with the extinction of the obligation of the same.

Revenue from non-ticket revenues is recognised as revenue when the related service is provided by the Group, which is consider occurring in the moment of travel or when the ticket expires.

The Group acts as the principal in these arrangements and reports revenue earned and costs incurred on a gross basis.

The Group does not capitalise any costs in relation to the obtaining or fulfilling a contact with a customer in accordance with IFRS 15. There is no significant judgements or changes in how revenue is recognised. Revenue is recognised at a fixed price. All amounts recognised will generally be utilised in the next reporting year. There are no warranties, returns or refunds. The payment has no significant payments terms.

2.6 Property, plant and equipment

Property, plant and equipment are recognised 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.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

▪ Furniture and fixtures	5 years
▪ Equipment	3 or 5 years (depends of the type of equipment)
▪ Right of use asset	Over the life of the lease (shorter than useful life)
▪ Other assets	5 years

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 the consolidated Statement of Comprehensive Income.

2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.8 Investments in subsidiaries

Investments in subsidiaries are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the financial year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Other investments, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the consolidated Statement of Comprehensive Income for the financial year, where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 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.

2.10 Trade and other receivables

Short-term receivables are measured at transaction price, less any impairment. Loans receivables 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.

2.11 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Other long-term assets and receivables

Aircraft maintenance reserves reflect prepayment deposits made to lessors of aircraft under lease agreements in order to ensure that funds are available to support the scheduled heavy maintenance of the aircraft. These amounts are calculated based on performance measures, such as flight hours or cycles.

Payments for aircraft and engine maintenance, as stipulated in the respective lease agreements, are made to certain lessors as a security for the performance of future heavy maintenance works. The payments are recorded as receivables from the lessors until the respective maintenance event occurs and the reimbursement with the lessor is finalised. Any payment that is not expected to be reimbursed by the lessor is recognised within operating expenses (maintenance materials and repairs) in the statement of comprehensive income.

Aircraft maintenance reserves are classified as non-current other assets depending on the dates when the related maintenance is expected to be performed.

Other long-term receivables correspond to Value Added Tax (VAT) and Turnover Tax (TT). In the case of VAT, the credits are generated because the Group sells the tickets at a rate of 10.5% and the rate for the purchases is 21%. The difference of 10.5% becomes a tax credit, which accumulates until future use against VAT payable. In the case of TT, this tax is paid according to the specific airport jurisdiction where the incomes and expenses are generated.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.13 Expense

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

2.14 Taxation

Tax on the profit or loss for the financial year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity or other.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity

instrument of another entity. Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes a party to the financial instrument.

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Notes to the financial statements (continued)
For the financial year ended 31 December2020

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

(a) amortised cost
(b) fair value through profit or loss (FVTPL)
(c) fair value through other comprehensive income (FVOCI).

In the financial years presented the Group or Company does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

(a) the entity's business model for managing the financial asset.
(b) the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

(a) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

i. they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
ii. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

(b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Subsequent measurement of financial assets (continued)

(c) Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

i. they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

ii. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

i. financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

ii. financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. 12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses 12-month expected credit lose. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been Grouped based on the days past due.

Classification and measurement of financial liabilities

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedge accounting

The Group does not have financial instruments that require hedge accounting to be applied.

2.16Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.17 Provisions

A provision is recognised in the Statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.18 Equity balances

(a) Share capital
Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are charged to the share premium account.

Flybondi shares are classified into:

- Series A Shares
- Ordinary Shares

Voting and dividend rights are the same for both classes. The Series A shares have a twice liquidation preference for the amount invested before any distribution to ordinary shareholders.

(b) Share Premium
The amount received is recognised as an increase in shareholders' equity, and the resulting surplus on the transaction is carried to share premium.

2.19 Leases

For any new contracts the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a year in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets four key evaluations which are whether:

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.19 Leases (continued)

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the year of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the year of use.
- the Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the year of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed). Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been shown separately in the consolidated statement of financial position.

Where the Group is a lessee, payments on operating lease agreements (short term and low value leases) are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group does not act as a Lessor.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on invoiced price on an average basis for all stock categories. Net realisable value is calculated as the estimated selling price arising in the ordinary course of business, net of estimated selling costs

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

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

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates, it also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies.

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Impairment of non-financial assets

Management assesses whether there are indicators of impairment on an annual basis, where there are indicators of impairment of individual assets, management estimate the recoverable amount of each asset based on expected future cash flows and use an appropriate interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

b) Useful economic lives of Property, plant and equipment

The annual depreciation charge for Property, plant and equipment assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are assessed annually, they are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets.

c) Allowance for credit loss

During each reporting year, the Group and Company makes an assessment of whether trade accounts receivable are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment. The Group and Company's allowance for expected credit loss reflects expected credit losses using a provision matrix model, supplemented by an allowance for individually impaired trade receivables. The provision matrix is based on the Group's historic credit loss experience, adjusted for any change in risk of the trade receivable population based on credit monitoring indicators, and expectations of general economic conditions that might affect the collection of trade receivables. The provision matrix applies fixed provision rates depending on the number of days that a trade receivable is past due, with higher rates applied the longer a balance is past due. See Note 16.

d) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes, there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different than what is initially recorded, such differences will impact the income tax and deferred tax provisions.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

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

e) Going concern

In order to assess whether it is appropriate for the Group to be reported as a going concern, the Directors apply judgement, having undertaken appropriate enquiries and having considered the business activities and the Group's and Company's principal risks and uncertainties outlined in the Group's Strategic Report and the Group's and Company's basis for going concern in the accounting policies was made after reviewing the Group's and Company's forecasts and projections, on the basis that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group and the Company therefore continue to adopt the going concern basis in preparing its financial statements. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating these future cash flow projections. This includes management's expectations of revenue, EBITDA, timing, and quantum of future capital expenditure and estimates and cost of future funding.

f) Leases and Right to Use Asset – IFRS 16

IFRS 16 requires management to make judgments, estimates, and assumptions that affect the reported amount of the right-of-use assets and lease liabilities, and the resulting interest and depreciation expense. Actual results could differ significantly as a result of these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- Incremental borrowing rate: The rates used to present value the future lease payments are based on judgments about the economic environment in which the Group operates and theoretical analyses about the security provided by the underlying leased asset, the amount of funds required to be borrowed in order to meet the future lease payments associated with the leased asset, and the term for which these funds would be borrowed.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

4. Revenue

In the following table, revenue is disaggregated by service lines:

	In the period to: 31 December 2020 USD	31 December 2019 USD
Passenger ticket revenue - Domestic	12,931,523	45,328,071
Passenger ticket revenue - International	4,052,599	4,099,850
Ancillary revenue - Domestic	4,618,403	18,104,801
Ancillary revenue - International	625,077	1,305,311
Other Income	186,245	-
Total	**22,413,847**	**68,838,033**

The turnover in the Group is recognised at a point in time.

Performance Obligations

Information about the Group's performance obligation is summarised below:

Revenues for services

The revenues from services are satisfied when the service is delivered to the client. Revenue from:

- Ticket sales for scheduled passenger flights is recognised at the date of departure, consequently, the Group recognises a liability for tickets sold and not flown under the heading "other liabilities". The balance represents the liability corresponding to the tickets sold prior to the closing date of the fiscal year and that are pending to be used at that date. Income from the provision of services from these passages is recognised in the income statement at the time of execution of the transport or related service, that is, with the effective fulfilment of the provision or with the extinction of the obligation of the same.
- Non-tickets revenue includes revenues generated from air travel-related services (Ancillaries). It includes but is not limited to fees charged for excess baggage, booking through third party agencies, advance seat selection, itinerary changes, charters, and airport passenger facility charges for no-show tickets. They are recognised as revenue when the related service is provided by the Group, which is considered to occur in the moment of travel or when the ticket expires.

Generally, the Group invoices these services when the customer purchases the service from the entity. Payment is generally due straight away.

For each performance obligation identified, the Group determines at the beginning of the contract, whether it satisfies the performance obligation over time or satisfies the performance obligation at a given time. If the Group does not satisfy a performance obligation over time, it is considered that the performance obligation is satisfied at a point in time.

The Group satisfies its performance obligations at a specific moment in time, and they respond to performance obligations related to ticket revenue and ancillary revenue.

To determine the specific moment in which these obligations are satisfied, the Group evaluates when a client obtains control of a committed asset, to determine the price of the transaction, the Group considers the terms of the contract and its usual business practices.

The price of the transaction is the amount of the consideration to which the Group expects to be entitled in exchange for transferring the services committed to the client, excluding the amounts collected on behalf of third parties. Additionally, the Group distributes the transaction price to each performance obligation based on the relative independent sale price.

The Group acts as a principal and is exposed to the risks associated with the transaction, thus revenues are presented on a gross basis. Revenues are measured at the fair value of the consideration received.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

4. Revenue (continued)

The Company does not earn any revenue from non-air travel related services like commissions for the sale of hotel rooms, trip insurance and rental cars.

The contract assets reported in 2020 as part of receivables amounted to USD 1.4M (2019 USD 4.3M) and the contract liabilities (unearned revenues) were USD 10.84M (2019: USD 10.8M). Of the USD 22.4M revenue recognised in 2020, USD 6.8M was included in the contract liability balance.

5. Administrative expenses

	In the period to:	
	31 December 2020	31 December 2019
	USD	USD
General Administrative Expenses & Professional Services	5,922,387	8,200,153
Training services	160,630	484,968
Total	**6,083,017**	**8,685,121**

There are no non-audit fees payable to the appointed auditors (2019: USD Nil). During the financial year the auditor's fee recognised in the consolidated statement of comprehensive income is USD 77,625 (2019: USD 92,012).

During the financial year the auditor's fee for subsidiaries recognised in the consolidated statement of comprehensive income is USD 35,550 (2019: USD 28,350).

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the financial year, analysed by category, was as follows:

	In the period to:	
	31 December 2020	31 December 2019
Commercial	5	5
General/Administration	166	170
Operations	374	397
Total	**545**	**572**

The aggregate payroll costs, including Directors' remuneration during the financial year were as follows:

	In the period to:	
	31 December 2020	31 December 2019
	USD	USD
Wages salaries	8,230,369	15,005,990
Social security	1,247,437	2,667,890
Total	**9,477,806**	**17,673,880**

Company
The Company had no direct employees during the current or prior financial year, other than the Directors who did not receive any remuneration.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

7. Directors' and officers' remuneration

The Directors of Flybondi Limited are regarded as the key management personnel of Flybondi Limited.

Charges in relation to remuneration received by the Group key management personnel for services in all capacities during the financial year ended 31 December 2020, and 2019 from Group entities are as follows:

	31 December 2020 USD	31 December 2019 USD
Total remuneration:		
Aggregate remuneration	197,040	155,644
Total	**197,040**	**155,644**

8. Net foreign exchange

	31 December 2020 USD	31 December 2019 USD
Foreign exchange gain	5,963,947	2,393,416
Foreign exchange loss	(1,645,659)	(5,674,710)
Net foreign exchange	**4,318,288**	**(3,281,294)**

Net foreign exchange gain for the current year is mostly due to the conversion of monetary liabilities in the operating companies in Argentina. Net foreign exchange loss in the prior year is mostly on equity contributions in the operating companies in Argentina.

9. Financial income

	31 December 2020 USD	31 December 2019 USD
Interest earned on investments and cash equivalents	2,376,588	556,136
Total Financial Income	**2,376,588**	**556,136**

10. Taxation

	31 December 2020 USD	31 December 2019 USD
Corporation tax		
Current tax on income for the financial year	(21,306)	14,512
Total	**(21,306)**	**14,512**
Deferred tax		
Deferred tax for the financial year	1,006,081	2,209,245
Deferred tax impairment	(1,006,081)	(2,209,245)
Total	**-**	**-**
Total tax expense	**(21,306)**	**14,512**

The current tax on income arises from operating companies in Argentina FB Líneas Aéreas and Flybondi SAU.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

10. *Taxation (continued)*

The following is a reconciliation between income tax as charged to the Consolidated Statement of Comprehensive Income and the amount that would have resulted from applying the relevant tax rate to taxable income before tax:

	31 December 2020	31 December 2019
	USD	USD
Loss on ordinary activity before tax	24,916,739	29,565,558
Corporation tax charge at 19% (2019 at 19%)	4,734,180	5,617,456
Adjustment for the effect of:		
Impact of losses in foreign jurisdictions	(4,755,487)	(5,602,944)
Income tax expense for the financial year	**(21,306)**	**14,512**

Factors that may affect future tax charges

The standard rate of UK Corporation Tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and has received Royal Assent in July 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. In summary, the rate of corporation tax from 1 April 2023 will increase to 25% for companies generating taxable profits of more than £250,000.

11. Property, plant and equipment

	Fixtures & furniture USD	Equipment USD	Others USD	Total USD
Cost				
As of 31 December 2019	1,159,432	6,218,309	1,120,347	8,498,088
Additions	25,252	473,670	278,978	777,900
Disposals	(89,964)	(579,585)	(779,195)	(1,448,744)
At 31 December 2020	**1,094,720**	**6,112,394**	**620,130**	**7,827,244**
Depreciation				
As of 31 December 2019	(348,202)	(1,386,135)	(236,010)	(1,970,347)
Depreciation charge for the financial year	(141,634)	(594,771)	112,588	(623,817)
At 31 December 2020	**(489,836)**	**(1,980,906)**	**(123,422)**	**(2,594,164)**
Net Book value 31 December 2020	**604,884**	**4,131,488**	**496,706**	**5,233,080**
Net Book value 31 December 2019	**811,230**	**4,832,174**	**884,337**	**6,527,741**

Depreciation expenses for the financial year as of 31 December 2020 amount to USD 623,817 and USD 1,150,001 in 2019. Both are included on the statement of comprehensive income.

The Group has no material contractual commitments to acquire property, plant and equipment as of 31 December 2020 (2019: USD Nil).

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

12. Right of Use

a. *Right of Use Assets*

	Right of use asset USD
Cost	
As of 31 December 2019	62,688,259
Additions	-
Return of offices and aircrafts	(42,741,891)
At 31 December 2020	19,946,368
Depreciation	
As of 31 December 2019	(10,198,205)
Depreciation charge for the financial year	(7,875,333)
Return of offices and aircrafts	10,704,728
At 31 December 2020	**(7,368,810)**
Net Book value 31 December 2020	**12,577,558**
Net Book value 31 December 2019	**52,490,054**

Lease breakdown

MSN & Registry No.	At 1 January 2020 USD	Amortisation expense USD	Disposals USD	Total - ROU asset USD
33029 LV-HFQ	15,577,104	(1,011,500)	(14,565,604)	-
34406 LV-HQY	10,149,731	(1,171,123)	(8,978,608)	-
28071 LV -HFR	4,513,675	(2,006,078)	-	2,507,597
33821-LV-HKS	9,423,646	(1,268,568)	(8,155,078)	-
30734 LV-HKN	12,307,730	(2,237,769)	-	10,069,961
Subtotal	**51,971,886**	**(7,695,038)**	**(31,699,290)**	**12,577,558**
Office Lease				
DOT	515,701	(177,828)	(337,873)	-
Palomar	2,467	(2,467)	-	-
Subtotal	**518,168**	**(180,295)**	**(337,873)**	**-**
Total	**52,490,054**	**(7,875,333)**	**(32,037,163)**	**12,577,558**

The table above includes 5 aircraft leases and 2 office buildings leased as right-of-use assets, below is a breakdown of the remaining term:

MSN & Registry No.	At 31 December 2019	FY 2020	At 31 December 2020	
33029 LV-HFQ (1)	77	5	-	Months
34406 LV-HQY (1)	52	6	-	Months
28071 LV-HFR	27	12	15	Months
33821- LV-HKS (1)	52	7	-	Months
30734 LV-HKN	66	12	54	Months
DOT (1)	24	10	-	Months
Palomar (1)	7	7	-	Months
Average	**43.57**		**35.14**	

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

12 Right of Use (continued)

a. Right of Use Assets (continued)

(1) During 2020:
LV-HFQ. The aircraft was returned on 9 June 2020
LV-HKS. The aircraft was returned on 19 August 2020
LV-HQY. The aircraft was returned in July 2020
DOT. The Lease Agreement was terminated on 30 October 2020
Palomar. The Lease Agreement was terminated on 31 July 2020

b. Aircraft Rentals

Year 2020. With the implementation of IFRS 16 in 2019, the results are attributed according to the amortisation expense calculated by aircraft.

Right of use assets

MSN & Registry No.	Amortisation expense USD	Maintenance reserve USD	Total USD
33029 LV-HFQ	1,011,500	2,819,596	3,831,096
34406 LV-HQY	1,171,123	3,016,186	4,187,309
28071 LV -HFR (1)	2,006,078	4,085,164	6,091,242
33821-LV-HKS	1,268,568	3,160,276	4,428,844
30734 LV-HKN	2,237,769	-	2,237,769
DOT	177,828	-	177,828
Palomar	2,467	-	2,467
Subtotal amortisation	**7,875,333**	**13,081,222**	**20,956,555**

(1) Regarding Maintenance Reserve Recognition:

LV-HFQ. The aircraft was returned on 9 June 2020
LV-HKS. The aircraft was returned on 19 August 2020
LV-HQY. The aircraft was returned in July 2020
LV-HFR. The aircraft will not have maintenance events during the lease
DOT. The Lease Agreement was terminated on 30 October 2020
Palomar. The Lease Agreement was terminated on 31 July 2020

c. Financial Expenses

	31 December 2020	31 December 2019
	Annual Charge	
MSN & Registry No.	**USD**	**USD**
33029 LV-HFQ	588,781	1,523,879
34406 LV-HQY	466,438	1,049,354
28071 LV -HFR	379,121	530,167
33821-LV-HKS	482,900	955,161
30734 LV-HKN	782,162	438,909
Subtotal	**2,699,402**	**4,497,470**

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

Office Lease	31 December 2020 USD	31 December 2019 USD
DOT	26,054	22,782
Palomar	490	2,136
Subtotal	**26,544**	**24,918**
Total	**2,725,946**	**4,522,388**

13. Investments in Subsidiaries

Cost	
At 31 May 2016	-
Additions	1,461,548
At 30 June 2017	1,461,548
Additions	11,269,552
At 31 December 2017	**12,731,100**
Additions	43,911,500
Impairment Investment	(40,893,122)
At 31 December 2018	**15,749,478**
Additions	27,450,274
Impairment Investment	(34,080,633)
At 31 December 2019	**9,119,119**
Additions	3,610,000
Impairment Investment	(12,729,119)
At 31 December 2020	**-**

Company

Flybondi Limited's proportion of ownership interest and voting rights is 100% in Flybondi SAU.

Flybondi Limited's proportion of ownership interest and voting rights is 1.92% direct in FB Líneas Aéreas S.A., with Flybondi SAU holding a 98.18% direct proportion of ownership interest and voting rights in FB Líneas Aéreas S.A.

The principal subsidiary undertakings of the Company at 31 December 2020 are stated below:

Name of Subsidiary	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Flybondi SAU	Argentina	100%
FB Líneas Aéreas S.A.	Argentina	100%

The registered address of Flybondi S.A.U. is Av. Libertador 6343 - Piso 2 – C.A.B.A. The principal business activity of this Company is to be a holding Company.

The registered address of FB Líneas Aéreas S.A. is Av. Libertador 6343 - Piso 2 – C.A.B.A. The principal business activity of this Company is to be a commercial airline operator.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

14. Other receivables

Group

	31 December 2020	31 December 2019
Non - Current	**USD**	**USD**
Security deposits	1,293,698	3,230,494
Income tax	642,506	822,758
Turnover tax	1,244,122	1,071,050
VAT	3,808,993	2,817,601
Miscellaneous	38,436	2,183,390
Non - current other receivables	7,027,755	**10,125,294**
Deferred tax	11,108,927	10,102,846
Impairment deferred tax	(11,108,927)	(10,102,846)
Deferred tax	-	-
Current		
Pre-payments	1,347,528	1,417,258
VAT	-	-
Current other receivables	**1,347,528**	**1,417,258**
Total other receivables	**8,375,283**	**11,542,552**

In 2020 VAT credits were significantly accumulated, although recovery thereof resumed during 2021 in line with the resumption of commercial operations. In 2020 TT credits in the jurisdiction of the Autonomous City of Buenos Aires (C.A.B.A.) were accumulated due to the base for Operations being in Palomar (Buenos Aires). However, when Flybondi started flying from Aeroparque, located in C.A.B.A. in 2021, the credit resumed recovery.

Company

	31 December 2020	31 December 2019
Current	**USD**	**USD**
Shareholder contributions pending integration	-	40,779
Prepayments	75,966	92,903
Current other receivables	**75,966**	**133,682**

15. Other assets

As of 31 December 2020, maintenance reserves amount to USD 1,826,811 (2019 USD 13,701,806), corresponding to 1 aircraft (2019: 5 aircraft).

	31 December 2020	31 December 2019
Non - Current	**USD**	**USD**
Maintenance reserves on aircraft leases	1,826,811	13,701,806
Non - current other asset	**1,826,811**	**13,701,806**
Current		
Consumables in stock	1,641,326	1,505,194
Current other asset	**1,641,326**	**1,505,194**
Total other asset	**3,468,137**	**15,207,000**

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

15. Other assets (Continued)

In the case of LV-HFR, it was confirmed that no maintenance event shall take place during the lease term.

Since no maintenance event shall take place during the lease term, the Company has not recognised any maintenance provision neither any inherited reimbursement right at the commencement date of the contract; and has recognised all maintenance obligation payments in profit and loss, as an incurred expense, over the term of the contract.

16. Trade receivables

	31 December 2020 USD	31 December 2019 USD
Sales debtors	1,380,409	4,274,709
Trade receivables	**1,380,409**	**4,274,709**

There is no material difference between the fair value of receivables and their carrying amount.

There was no provisions or write-off of uncollectible receivables in the current or prior year.

The Group defines a default event as when the customer fails to repay its debt after 6 months. The Group writes off trade receivables when they are determined to be uncollectible, and any payments subsequently received on such trade receivables are credited to the allowance for expected credit loss.

The Group's allowance for expected credit losses reflects expected credit losses using a provision matrix model, supplemented by an allowance for individually impaired trade receivables. The provision matrix is based on the Group's historic credit loss experience, adjusted for any change in risk of the trade receivable population based on credit monitoring indicators, and expectations of general economic conditions that might affect the collection of trade receivables. The provision matrix applies fixed provision rates depending on the number of days that a trade receivable is past due, with higher rates applied the longer a balance is past due. Trade receivables outstanding longer than the agreed upon payment terms are considered past due. The Group determines its allowance for individually impaired trade receivables by considering a number of factors, including notices of liquidation, information provided by credit monitoring services, the length of time trade receivables is past due, the customer's current ability to pay its obligation to the Group, the Group's history of paying balances when they are past due, historical results and the condition of the general economy and the industry as a whole. After considering the factors above, as of 31 December 2020, and 31 December 2019, the Group has determined there is no significant increase or decrease in its trade receivable credit risk since its initial recognition.

As of 31 December 2020, and 31 December 2019, no trade receivables, were past due.

The aging analysis of these receivables is as follows:

	31 December 2020 USD	31 December 2019 USD
Up to 3 months	1,380,409	4,274,709
Over 3 months	-	-
Total	**1,380,409**	**4,274,709**

17. Cash and cash equivalents

Group

	31 December 2020 USD	31 December 2019 USD
Cash at bank	1,584,888	6,029,750
Total	**1,584,888**	**6,029,750**

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

Company

	31 December 2020 USD	31 December 2019 USD
Cash at bank	66,193	1,986,006
Total	**66,193**	**1,986,006**

There is no material difference between the fair value and the carrying amount of cash and cash equivalents.

18. Inventory

	31 December 2020 USD	31 December 2019 USD
Stock of onboard retail	2,579	22,343
Total Inventory	**2,579**	**22,343**

Inventories are accounted for on a FIFO basis and stated at the lower of cost and net realisable value. Net realisable value is the estimated resale value.

The difference between purchase price or production cost of stocks and their replacement cost is not material.

There was no impairment loss recognised for the financial year (2019: USD Nil).

19. Trade and other payables

Trade payables and contract payables, are recognised at fair value and subsequently measured at amortised cost based on the applicable interest rate.

Group

Non - Current	31 December 2020 USD	31 December 2019 USD
Aircraft's return provision	-	-
Others	3,337,210	3,116,834
Total trade and other payables	**3,337,210**	**3,116,834**

Current	31 December 2020 USD	31 December 2019 USD
Trade payables	15,291,391	11,473,719
Salaries and social security	1,343,704	2,434,149
Tax debts	487,023	2,241,872
Income earned in advance	3,989,091	10,423,776
Vouchers	6,553,628	405,244
Others	36,174	13,678
Total trade and other payables	**27,701,011**	**26,992,438**

Trade and other payables are principally comprised of amounts outstanding for trade purchases relating to products sold and for amounts relating to operating activities. The carrying amount of trade and other payables and accrued liabilities is considered to be in line with their fair value at the reporting date.

Income earned in advance represents miscellaneous contractual liabilities that relate respectively to income received during the financial year for which the Group had not supplied the services at the end of the financial year.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

Company

	31 December 2020 USD	31 December 2019 USD
Current Liabilities		
Accruals	426,213	586,790
Total trade and other payables	**426,213**	**586,790**

20. Lease Liabilities

Total cash outflow for leases for the financial year ended 31 December 2020 was USD 8.3M (2019: USD 11.8M).

Future minimum lease payments at 31 December 2020 were as follows:

	Lease payment USD	Finance Charge USD	Net present value USD
Within 1 year	5,054,859	847,251	4,207,608
1-2 years	3,840,216	522,965	3,317,251
2-3 years	2,726,496	348,609	2,377,887
3-4 years	2,726,496	183,584	2,542,912
More than five years	1,363,248	26,359	1,336,889
Total	**15,711,315**	**1,928,768**	**13,782,547**

The table above includes 5 aircraft leases and 2 office buildings leased as right-of-use assets.
Although 3 aircraft and the two offices were returned during the financial year, leases were paid in the financial year while the Company had use of the assets.
For the financial year-end, the average effective borrowing rate was 12.43 %. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments as at financial year-end date.

Also see note 12 for further detail Leases and Right of use assets.

21. Share capital and total equity

	31 December 2020 USD	31 December 2019 USD
Ordinary shares		
2,000,000 ordinary shares of USD 0.01 each	20,000	20,000
Series A shares		
116,119,546 Series A shares of USD 0.01 each	1,161,195	565,635
Share premium		
Share premium	90,867,801	89,418,750
Profit and loss		
Retained earnings	(79,352,368)	(49,772,297)
Profit and loss	(12,980,682)	(29,580,071)
Total equity	**(284,054)**	**10,652,017**

As at 31 December 2020, the Company's share capital was comprised of 2,000,000 ordinary shares of USD 0.01 each, and 116,119,546 Series A shares of USD 0.01 each. There were no shares held in treasury at that date.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

21.Share capital and total equity (continued)

On 1 November 2018, the Company resolved to issue 1,942,886 Series A shares of USD 0.01 each for a total subscription price of USD 5,964,515.

On 5 February 2019, the Company resolved to issue 3,159,131 Series A shares of USD 0.01 each for a total subscription price of USD 9,698,533.

On 19 March 2019, the Company resolved to issue 1,589,354 Series A shares of USD 0.01 each for a total subscription price of USD 4,789,316.

On 18 May 2019, the Company resolved to issue 1,592,719 Series A shares of USD 0.01 each for a total subscription price of USD 4,889,646.

On 19 July 2019, the Company resolved to issue 8,750,317 Series A shares of USD 1 each for a total subscription price of USD 8,750,317.

On 18 September 2019, the Company resolved to issue 29,574,170 Series A shares of USD 0.2 each for a total subscription price of USD 5,914,834.

On 18 November 2019, the Company resolved to issue 59,556,000 Series A shares of USD 0.01 each for a total subscription price of USD 5,955,600, of which USD 2,044,611 was received in early FY2020.

The equity contributions from 1 November 2018 onwards are in addition to the USD 76.4 million equity commitments made in the shareholder agreement of July 2017. The latter commitments are conditional on the delivery of certain milestones – including fleet growth whereas the equity contributions since November 2018 were required in order to provide additional working capital during a period of weakness in the Argentine economy. Capital commitments of USD 32.8 million made as part of the shareholder agreement of July 2017 remain outstanding and can be drawn provided the Company meets the milestones specified in that agreement.

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for ordinary shares, net of expenses of the share issue.

Retained earnings

Includes all current and prior year retained profit and losses.

22. Controlling party

The Group is controlled by Pangaea Two by virtue of the shareholdings.

23. Related Parties

The Group's related parties include entities which are its subsidiaries, and key management.

Key Management
Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group. The only key management transactions that occurred during the financial year were the remuneration disclosed in Note 7.

Transactions
During the financial year, Cartesian Capital Group, LLC provided services rendered and expenses reimbursed of USD 20,908 (2019: USD 380,356).

Other than those disclosed above and transactions with shareholders outlined in Note 21, there were no other transactions with related parties. The Group companies did not enter into any transactions with related parties.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

24. Deferred tax

The following table illustrates the deferred tax movements recognised in the consolidated statement of financial position.

	Group	
	31 December 2020	31 December 2019
	USD	USD
At beginning of financial year	10,102,846	7,893,601
Impairment at beginning of the financial year	(10,102,846)	(7,893,601)
Current year charge	1,006,081	2,209,245
Impairment current financial year	(1,006,081)	(2,209,245)
At end of financial year, net	-	-

25. Financial instruments and risk management objectives and policies

The following table summarises the carrying amount of financial assets and financial liabilities:

Financial assets

	Group	
	31 December 2020	31 December 2019
	USD	USD
Cash and cash equivalents	1,115,380	4,608,979
Trade and other receivables	2,727,937	5,691,967
Other short term	-	-
Total financial assets	3,843,317	10,300,946

Financial liabilities

	Group	
	31 December 2020	31 December 2019
	USD	USD
Trade and other payables	31,038,221	29,805,789
Lease liabilities (current & non-current)	13,782,548	55,332,860
Total financial liabilities	44,820,769	85,138,649

Company financial liabilities comprise trade and other payables of USD 426,215 (2019 – USD 586,790).

Company financial assets comprise other receivables and Cash and Equivalents of USD 142,159 (2019 – USD 2,119,688).

Financial instruments measured at amortised cost includes cash and cash equivalents, trade and other receivables, trade and other payables, no financial instruments are measured at fair value through statement of comprehensive income.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options.

25 Financial instruments and risk management objectives and policies (continued)

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The most significant financial risks to which the Group is exposed are described below.

Liquidity risk

The Group manages liquidity risk by ensuring there are sufficient liquid assets in the Group to be able to meet its liabilities as they fall due. Management monitor cash balances and cash flow projections to ensure that any shortfalls are identified and corrective action taken. Given the level of cash held by the Group, management consider that the liquidity risk to be immaterial.

Market risk

Market risk is the risk that changes in market prices will affect the Group's earnings or the value of its financial instruments. Market risk relates to changes in market prices – such as foreign exchange rates, and interest rates and how they will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits, while maximising returns. See further analysis below on interest and foreign currency risk:

Interest rate risk

The Group´s exposure to interest rate risk mainly concerns financial liabilities, which are at fixed rate. At present, the Group have receivables that are long-term in nature, however all these relate to long term tax balances with the local Argentina authority and have no interest rate risk. In addition, the Group have non-current lease liabilities for USD 9.6M (2019: USD 45.1M).

The Group is not significantly exposed to interest rate risk and therefore no sensitivity analysis is presented. The following table analyses the breakdown of liabilities by type of interest rate.

	31 December 2020	31 December 2019
	USD	USD
Financial Liabilities.		
Non-interest bearing	31,038,221	29,805,789
Fixed rate	13,782,548	55,332,860
Balance at 31 December	**44,820,769**	**85,138,649**

Foreign currency risk

The financial statements are presented in USD, which is also the Company's and all subsidiary's functional currency. Majority of the Group's and Companies transactions are carried out in USD. The Group has exposure to foreign exchange risk in respect of its Argentina operating subsidiary. The Group does not utilise hedging instruments to protect against currency risk. The exposure to this risk is managed by holding cash also in Argentina Peso.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group does not hold collateral as security. No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments. Financial instruments measured at amortised cost includes cash and cash equivalents, trade and other receivables, rental deposit, trade and other payables.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

25 Financial instruments and risk management objectives and policies (continued)

Credit risk (continued)

Trade and other receivables ageing:

	31 December 2020	31 December 2019
	USD	USD
Trade receivables to fall due:		
Not more than 3 months	1,380,409	4,274,709
More than 3 months but not more than 6 months	-	-
Trade receivables overdue:		
Not more than 3 months	-	-
More than 3 months	-	-
	1,380,409	4,274,709

Trade receivables are invoices for the services that the Group provided. If the invoice has been outstanding for more than 6 months, the Group reclassifies to bad debts. The most significant customers are the ticket sales customers and don't have significant risks of non-collection, although the Group may experience heightened risk in the current environment.

The Group have accrued receivables, created when a milestone has been reached in a contract with a customer but the contract has not ended yet or the Company have not received the final order to issue an invoice. Every month the Company review all the accruals receivables in order to issue the invoice. If the accrual has been outstanding for more than 12 months, the Group reclassifies it and adjusts the revenue.

Credit risk also arises from cash and cash equivalents. Only banks and financial institutions with a good financial standing are used by the Group.

The Group is not considered to have a significant amount of credit risk. The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The objective of the Group is to manage operational risk in order to balance the avoidance of financial losses and damage to the Group´s reputation with overall cost effectiveness. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

In order to effectively manage those risks, Flybondi Limited has approved specific strategies for the management of financial risk, which are in line with corporate objectives. These strategies set up guidelines for the short and long term objectives and actions to be taken in order to manage the financial risks that the Group faces.

The major guidelines are the following:

- All financial risk management activities are carried out and monitored at central level.
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices.
- Compliance with regulatory and other legal requirements.
- Compliance with these standards is supported by a programme of ongoing review by senior management, internal

There is no significant concentration of credit risk.

26. Commitments

As of 31 December 2020, the Group only commitments were the leases as disclosed in Note 20. Other than this, the Group and Company had no commitments and did not enter into any agreements.

Notes to the financial statements (continued)
For the financial year ended 31 December 2020

27. Capital management policy and procedures

The Group's capital management objectives are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- To provide an adequate return to shareholders based on the level of risk undertaken.
- To have financial resources available to allow the Group to invest in areas that may deliver future benefits
- To maintain financial resources sufficient to mitigate against risks and unforeseen events.

Capital risk is not significant for the Group and measurement of capital management is not a tool used in the internal management reporting procedures of the Group.

28. Subsequent events

In order to fund the re-commencement of the group's operations from December 2020 onwards, the Company issued convertible loan instruments as follows.

In January 2021, the Company issued 1,816,632 loan notes under a new convertible loan instrument ("Convertible Loan Note Instrument January 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 1,816,632.

In March 2021, the Company issued 1,813,778 loan notes under a new convertible loan instrument ("Convertible Loan Instrument March 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 1,813,778.

In August 2021, the Company issued 7,303,094 loan notes under a new convertible loan instrument ("Convertible Loan Instrument August 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 7,303,094.

In October 2021, the Company issued 500,000 loan notes under a new convertible loan instrument ("Convertible Loan Instrument October 2022") at an interest rate of 30% and convertible into shares at USD 0.01 per share, for a total subscription price of USD 500,000.

With these cash injections, and the healthy rebound in domestic traffic during 2021, the Company increased its fleet back up to 4 aircraft leasing contracts. In addition, it was able to self-fund its operations, increasing its domestic routes to 12 destinations and launching two international destinations by the end of 2021.

With encouraging financial and operational results in 2021, the group embarked on an ambitious growth plan in 2022. The Directors approved management's recommendation to bring 6 additional aircraft in 2022 to gain market share and position Flybondi as the second largest airline in Argentina.

Considering these tailwinds, the Company added its seventh aircraft in July 2022, while planning to add three additional aircraft to its fleet by or in the fourth quarter of 2022. With this strong performance, the Group is increasingly well-positioned to benefit from and participate in the accelerating regional consolidation of the Latin American airline industry.

Finally, the first two Convertible Loans instruments (the "January 2022" and the "February 2022"), and their accrued interest, were converted into Series A shares in February and March 2022, respectively.

There were no matters arising between the date of the balance sheet and the date on which these financial statements were approved by the Board of Directors, other than the ones described in this Note, the Strategic Report and the Directors' Report that are part of these financial statements.

29. Approval of financial statements

These consolidated financial statements were authorised for issue by the Board of Directors on 19 October 2022.