Flybondi Limited

Annual report and consolidated financial statements

Registered number 10178160

For financial year ended 31 December 2021

Contents

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)
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 2021

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 2021.

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"), such as high levels of aircraft utilization and staff productivity, load factors consistently above 90% and amongst the lowest unit costs of any airline in South America.

In March 2020, the Coronavirus crisis hit Argentina and the local authorities halted all operations. The Group's revenue from ticket and ancillary sales declined almost 100% and management was forced to take drastic cost-cutting measures for the Group's survival.

After 9 months without operation, Flybondi resumed its domestic flights in December 2020 from Ezeiza International Airport ("Ezeiza") and, 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. In January 2021, Flybondi had a 7% market share in the domestic market. At the end of the year, the Group had a 15% domestic market share and almost 1% international market share (because it resumed its flights to Brazil and Uruguay on Dec-16, 2021). The Group carried more than 878,000 passengers and increased its fleet to 4 aircraft.

In late 2021, the Group announced its growth plan for 2022 ("Plan 2X") to double the number of transported passengers by increasing its fleet, its routes to more domestic and international destinations, and its headcount to 1,100 employees.

Regarding 2022, in January the Company launched its new route Buenos Aires – Ushuaia, and in the third quarter 2022, we launched Buenos Aires – Comodoro Rivadavia, Buenos Aires – Puerto Madryn and Buenos Aires – Calafate.

In addition, 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 the Company 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.

Last, as of December 2022, Flybondi was servicing 16 domestic and 4 international destinations and operating ten aircraft. The Group is generating cash from advanced sales, which have been at the highest level since inception.

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.

Group Strategic report (Continued)
For the financial year ended 31 December 2021

Group overview (continued)

Values

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:

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.
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 keep 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.

Group Strategic report (Continued)
For the financial year ended 31 December 2021

Group overview (continued)

Business Model (continued)

Consolidated Statement of financial position

	For the year ended 31 December 2021 USD	For the year ended 31 December 2020 USD
Current assets	47,731,714	5,956,759
Non-current assets	39,253,926	26,665,204
Total assets	86,985,640	32,621,963
Current liabilities	62,990,545	31,908,619
Non-current liabilities	22,402,183	12,912,150
Total liabilities	85,392,726	44,820,769
Total equity	1,592,913	(12,198,806)
Total liabilities plus equity	86,985,640	32,621,963

Consolidated Statement of comprehensive income

	For the year ended 12.31.2021 USD	For the year ended 12.31.2020 USD
Total revenue	60,055,858	22,413,847
Total operating expenses	(60,657,152)	(51,299,510)
Net financing expense	2,594,530	3,968,930
Tax on loss	-	21,306
Result for the period	1,993,236	(24,895,427)

Financial Ratios

	For the period ended 12.31.2021	For the period ended 12.31.2020
Solvency	0.02	(0.27)
Leverage	53.61	(3.67)
Liquidity	0.82	0.22

Group Strategic report (Continued)
For the financial year ended 31 December 2021

Financial overview and capital management (continued)

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 ten 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.
- *Climate risk and Sustainability*, as an airline we recognise our future growth must be sustainable.

<u>External risks.</u>

Exchange rates. The Group operates in Argentina and most of its customers are based in Argentina, hence most of our revenues are derived in ARS. We have to make, 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 ARS 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 was in place for 2021 or 2020.

Group Strategic report (Continued)
For the financial year ended 31 December 2021

Principal risks and uncertainties (continued)

External risks(continued)

Fuel costs. Fuel represents a significant portion of our total operating costs. An increase in fuel prices 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 was in place for 2021 or 2020.

Additionally, during 2022, the conflict between Russia and Ukraine caused a bullish trend on fuel price.

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, strong labour unions, social and ethnic unrest, and currency instability. We maintain close relationships with local authorities and, as an organisation, we can react quickly to adverse events.

Covid-19. The Covid-19 lockdown had a material adverse effect on the Group's financial performance in 2020 and 2021. All the airlines in the world went through and even many continue to do so, due to a situation with very negative and long-term consequences. We noted the closure of several airlines, the return of aircrafts, the loss of thousands and thousands of jobs, Group closures in all areas of suppliers that work for the industry. According to estimates from the International Air Transport Association (IATA), all regions will improve their collected financial performance compared to 2020 and 2021. Latin America will see losses cut from USD$ 5.6 billion in 2021 to USD$ 3.7 billion in 2022.

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 because 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. 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.

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.

Group Strategic report (Continued)
For the financial year ended 31 December 2021

Principal risks and uncertainties (continued)

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 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 several 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 2021

Principal risks and uncertainties (continued)

Human resources

At the end of year, Flybondi had 591 employees (2020: 545).

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 half of 2022, we have seen an important increase in cash generation mainly due to advanced ticket and ancillary sales. In addition, that trend continues into the third quarter. From this, the Company is expecting to operate above breakeven for the remainder of year and into the first quarter of 2023. As such, we don't expect to require any additional equity contribution from the shareholders in the short term.

Climate and sustainability

As a socially and environmentally responsible airline we recognise our future growth must be sustainable. Likewise, new environmental legislation and reporting has increased focus on this area. In addition, there is a slow pace of technological advancement to aid decarbonisation such as the availability of Sustainable Aviation Fuel and improvements to aircraft efficiency. From the management of the Group, we are aware of how important and critical this topic is, in response to the same, the management started a committee that will be working on sustainability initiatives during 2023.

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 2021.

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.

Group Strategic report (Continued)
For the financial year ended 31 December 2021

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

- 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.

- 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 where 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 communities 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: 16 January 2023

Directors' report
For the financial year ended 31 December 2021

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 2021.

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 2021, are detailed in the Strategic Report.

During financial year 2021 the Group is not going to propose or distribute any dividends to the shareholders (2020: 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)

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.

The board of directors have reviewed management's Group and Company forecasts and judgements used in preparation of these forecasts. They have tested various financial and operational scenarios due to improved demand and market dynamics including uncertainties. As a result, the Directors' have a reasonable expectation, based on review of forecasts and its present liquidity position, that the Group and Company have adequate resources available to it continue in operational existence for a period of at least 12 months from the date of approval of financial statements and there are no material uncertainties that may cast significant doubt on Group's ability to continue as going concern.

For this reason, the Group continues to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)
For the financial year ended 31 December 2021

Research and development

During 2021, 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 2021, neither the Company nor any of its subsidiaries made any political donations nor incurred in any political expenditure. (2020: NIL)

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.

Employment of Disabled people (continued)

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.

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 fund the re-commencement of the group's operations from December 2021 onwards, the Company capitalized the convertible loan instruments as follows.

On February 21, 2022, the Convertible Loan Note instrument has been capitalized for a total of USD 2,454,196 (that have been issued in January 2021 with related accrued interest). These Convertible Loan note instruments were converted to Series A shares.

On March 31, 2022, the Convertible Loan Note instrument have been capitalized for a total of USD 2,381,765 (that have been issued in March 2021 with related accrued interest). This amount notes was converted to Series A shares.

On October 21, 2022, the Convertible Loan Note instrument have been capitalized for a total of USD 10,876,495 (that have been issued in August & October 2021 with related accrued interest). These Convertible Loan note instruments were converted to Series A shares.

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.

Directors' report (continued)
For the financial year ended 31 December 2021

Events after the reporting year (continued)

Considering these tailwinds, the Company added its ten aircraft in December 2022, completing its announced planned expansion plan for 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.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.

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 2021, the Group operated international flights between Argentina to Uruguay and Brazil. The Group established basic branches in such countries to obtain local 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 2021 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.

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: 16 January 2023

Directors' Responsibilities Statement
For the financial year ended 31 December 2021

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 international accounting standards 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 accounting 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: 16 January 2023

Grant Thornton

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 and other 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 2021, 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 to UK adopted international accounting standards.

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

- give a true and fair view in accordance with to UK adopted international accounting standards of the assets, liabilities and financial position of the Group and the Company as at 31 December 2021 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 auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Grant Thornton

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 Directors' Report and the Strategic 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 to UK adopted international accounting standards, 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.

Grant Thornton

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.

Grant Thornton

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, and IFRS 16 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: 17 January 2023

Consolidated Statement of Comprehensive Income and Other Comprehensive Income
For financial year ended 31 December 2021
(in US dollars)

Continuing operations	Note	31 December 2021 USD	31 December 2020 USD
Passenger ticket revenue	4	47,628,292	17,164,211
Ancillary revenue	4	12,427,566	5,249,636
Total Revenue		**60,055,858**	**22,413,847**
Staff Costs	6	(14,929,784)	(9,477,806)
Fuel Cost		(19,502,059)	(8,146,798)
Maintenance materials and repairs		(3,707,155)	(2,408,632)
Aircraft rentals and maintenance reserve costs	12	(2,594,353)	(13,081,221)
Aircraft right of use asset depreciation	12	(5,140,782)	(7,875,333)
Administrative expenses	5	(7.569.058)	(6,083,017)
Other operational expense		(419,643)	(1,601,693)
Distribution and marketing		(4,577,923)	(2,001,194)
Depreciation and amortisation	11	(2,216,396)	(623,817)
Operating loss		**(601.294)**	**(28,885,664)**
Financial income	9	4,791,614	2,376,588
Financial expenses	12 c & 21	(4.148.587)	(2,725,946)
Net foreign exchange loss	8	1,951,505	4,318,288
Profit/ (loss) before taxation		**1,993,236**	**(24,916,738)**
Tax on profit/ (loss)	10	-	21,306
Profit / (Loss) for the financial year		**1,993,236**	**(24,895,432)**
Other comprehensive income for the period:			
Other comprehensive income		-	-
Total comprehensive gain/ (loss) for the financial year		**1,993,236**	**(24,895,432)**

All gains and losses for the financial year are attributable to the owners of the Group.

The accompanying notes form part of these financial statements.

Consolidated Statement of financial position for Flybondi Limited (10178160)
as at 31 December 2021
(in US dollars)

	Note	31 December 2021 USD	31 December 2020 USD	31 December 2019 USD As restated
ASSETS				
Non – current assets				
Tangible assets	11	5,218,183	5,233,080	6,527,741
Other receivables	14	7,974,585	7,027,755	10,125,294
Other assets	15	5,684,860	1,826,811	13,701,806
Rigth of Use	12	20,376,298	12,577,558	52,490,054
Total non – current assets		**39,253,926**	**26,665,204**	**82,844,895**
Current assets				
Other receivables	14	2,202,624	1,347,558	1,417,258
Trade receivables	16	14,845,106	1,380,409	4,274,709
Inventory	18	4,995	2,579	22,343
Other assets	15	2,080,072	1,641,326	1,505,194
Cash and cash equivalents	17	28,598,917	1,584,888	6,029,750
Total current assets		**47,731,714**	**5,956,760**	**13,249,254**
Total assets		**86,985,640**	**32,621,964**	**96,094,149**
EQUITY AND LIABILITIES				
Equity				
Share capital	21	1,181,195	1,181,195	585,635
Share premium	21 & 2.19	103,622,177	91,823,696	90,374,645
Retained Eamings	21 & 2.19	(103,210,459)	(105,203,695)	(80,308,263)
Total Equity		**1,592,914**	**(12,198,805)**	**10,652,017**
Non – current Liabilities				
Other payables	19	4,829,176	3,337,210	3,116,835
Lease Liabilities	20	17,573,007	9,574,940	45,144,806
Total non – current liabilities		**22,402,183**	**12,912,150**	**48,261,641**
Current Liabilities				
Trade and other payables	19	58,287,052	27,701,011	26,992,438
Lease Liabilities	20	4,703,491	4,207,608	10,188,054
Total current liabilities		**62,990,543**	**31,908,619**	**37,180,492**
Total liabilities		**85,392,726**	**44,820,769**	**85,442,132**
Total equity and liabilities		**86,985,640**	**32,621,964**	**96,094,149**

The accompanying notes form part of these financial statements.

Approved by the Board on 16 January 2023 and signed by order of the Board:

Peter Yu.
Director

Company Statement of financial position for Flybondi Limited (10178160)
as at 31 December 2021
(in US dollars)

	Note	31 December 2021 $ USD	31 December 2020 $ USD	31 December 2019 USD As restated
ASSETS				
Non - current assets				
Investment in subsidiaries	13	9,006,000	-	9,119,119
Total non - current assets		**9,006,000**	-	**9,119,119**
Current Assets				
Cash and cash equivalents	17	381,341	66,193	1,986,006
Other receivables	14	27,841	75,966	133,682
Total current assets		**409,182**	**142,159**	**2,119,688**
Total assets		**9,415,182**	**142,159**	**11,238,807**
EQUITY AND LIABILITIES				
Equity				
Share capital	21	1,181,195	1,181,195	585,635
Share premium	21 & 2.19	103,622,177	91,823,696	90,374,645*
Retained Earnings	21 & 2.19	(93,288,945)	(80,308,264)	(50,728,192)*
Profit and loss		(2,759,665)	(12,980,682)	(29,580,071)
Total Equity		**8,754,762**	**(284,054)**	**10,652,017**
Current Liabilities				
Trade and other payables	19	660,420	426,213	586,790
Total current liabilities		**660,420**	**426,213**	**586,790**
Total equity and liabilities		**9,415,182**	**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 2,759,665 (2020: USD 12,980,682). 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 16 January 2023 and signed by order of the Board:

Peter Yu.
Director

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2021
(in US dollars)

	Nominal Share Capital	Share Premium	Retained Earnings	Total Equity
	USD	USD	USD	USD
Balance at 31 December 2019 (as previously stated)	585,635	89,418,750	(79,352,368)	10,652,017
Prior year adjustment (note 2.19)	-	955,895	(955,895)	-
Balance at 31 December 2019 (as restated)	585,635	90,374,645	(80,308,263)	10.652.017
Total comprehensive income for the period				
Loss for the year	-	-	(24,895,432)	(24,895,432)
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	91,823,696	(105,203,695)	(12,198,805)
Total comprehensive income for the period				
Profit for the year	-	-	1,993,236	1,993,236
Transactions with owners, recorded directly in equity				
Loan notes classified as Equity (Note 21)	-	11,798,483	-	11,798,483
Balance at 31 December 2021	1,181,195	103,622,179	(103,210,459)	1,592,914

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity
For the financial year ended 31 December 2021

	Nominal Share Capital	Share premium	Retained Earnings	Total equity
	USD	USD	USD	USD
Balance at 31 December 2019 (as previously stated)	**585,635**	**89,418,750**	**(79,352,368)**	**10,652,017**
Prior year adjustment (note 2.19)	**-**	**955,895**	**(955,895)**	**-**
Balance at 31 December 2019 (as restated)	**585,635**	**90,374,645***	**(80,308,263)***	**10,652,017**
Total comprehensive income for the period				
Loss for the 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**	**91,823,696**	**(93,288,945)**	**(284,054)**
Loss for the year	-	-	(2,759,667)	(2,759,667)
Transactions with owners, recorded directly in equity				
Loan notes classified as Equity (Note 21)	-	11,798,483	-	11,798,483
Balance at 31 December 2021	**1,181,195**	**103,622,179**	**(96,048,612)**	**8,754,762**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flow
For the financial year ended 31 December 2021
(in US dollars)

	Note	31 December 2021 USD	31 December 2020 USD
Cash flows from operating activities			
Profit / (Loss) for the period		1,993,236	(24,895,432)
Adjustments for:			
Depreciation and amortisation	11	2,216,396	623,817
Depreciation of right of use	12.b	5,140,782	7,875,333
Interest	12.c & 21	4,148,587	235,268
Disposals of tangible fixed assets	11	188,758	1,448,745
Income tax	10	-	(21,306)
		13,687,760	**(14,733,576)**
Decrease / (Increase) in other assets	15	(4,296,794)	11,738,863
Decrease / (Increase) in inventory	18	(2,416)	19,764
Decrease / (Increase) in trade and other receivables	14 & 16	(15,266,593)	6,061,540
Increase in trade and other payables	19	32,078,007	950,255
Net cash generated operating activities		**26,199,964**	**4,036,846**
Cash flows from investing activities			
Acquisition of tangible fixed assets	11	(2,390,257)	(777,900)
Net cash used in investing activities		**(2,390,257)**	**(777,900)**
Cash flows from financing activities			
Lease repayment	20	(6,412,590)	(9,748,418)
Proceeds from the issue of convertible loan notes	21	9,616,913	2,044,610
Net cash generated financing activities		**3,204,322**	**(7,703,808)**
Net increase/ (decrease) in cash and cash equivalents		27,014,030	(4,444,862)
Cash and cash equivalents at the beginning of the period	17	1,584,888	6,029,750
Cash and cash equivalents at period end	17	**28,598,918**	**1,584,888**

*Certain reclassifications were made in the information presented in the above Statement of Cash flow for the current and previous year, in order to present this information on uniform bases. The modification of the presentation of the information does not imply changes in the decisions made based on it.

The accompanying notes form part of these financial statements.

Company Statement of Cash Flow
For the financial year ended 31 December 2021
(in US dollars)

	Note	31 December 2021 USD	31 December 2020 USD
Cash flows from operating activities			
Loss for the financial year		(2,759,665)	(12,980,682)
Adjustments for:			
Impairment in Investments	13	-	12,729,119
Interest		2,181,568	-
		(578,097)	**(251,563)**
Decrease in trade and other receivables	14	48,125	57,717
(Decrease) / increase in trade and other payables	19	234,207	(160,577)
Net cash used in operating activities		**(295,765)**	**(354,424)**
Cash flows from financing activities			
Proceeds from the issue of Convertible Loan note / capital contributions	21	9,616,913	2,044,610
Net cash generated from financing activities		**9,616,913**	**2,044,610**
Cash flows from investing activities			
Increase in investments	13	(9,006,000)	(3,610,000)
Net cash used in investing activities		**(9,006,000)**	**(3,610,000)**
Net Increase in cash and cash equivalents		315,148	(1,919,813)
Cash and cash equivalents at the beginning of the year	17	66,193	1,986,006
Cash and cash equivalents at financial year end	**17**	**381,341**	**66,193**

The accompanying notes form part of these financial statements.

Notes to the financial statements
For the financial year ended 31 December 2021

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 Líneas 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 2021.

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 2,759,665 (2020: USD 12,980,682).

The consolidated and Company financial statements of Flybondi 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"), being Standards and Interpretations issued by the International Accounting Standards Board ("IASB") 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.

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 2021

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.

Transactions arising in foreign currencies are translated into the respective functional currencies at the rates of exchange in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated to euro at the rate of exchange prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated to USD at foreign exchange rates in effect at the dates the transactions were affected. Foreign currency differences arising on retranslation are recognized in profit or loss.

2.1.2 New IFRS and amendments to IAS and interpretations as of 1 January 2021.

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

New Standards

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2": these amendments provide temporary alternatives for applying specific hedge accounting requirements to relationships directly affected by reform of the interest rate benchmark, such as LIBOR and other interbank rates. The application of these amendments did not have any impact on these Group and Company's financial statements.
- Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021. The application of these amendments did not have any impact on these Group and Company's financial statements.

Other than the above standards, none of the standards, amendments and interpretations effective during the current financial year had a significant impact on the Group and Company's financial statements.

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 2021. The Directors anticipate that the new Interpretations and Standards will be adopted in the Group and Company's financial statements when they become effective, but do not expect these Standards to have a material effect on the Group and Company's financial statements.

2.1.3 New IFRS requirements in issue but not yet effective.

- Presentation of Financial Statement regarding classification of liabilities (Amendments to IAS 1)
- Update of references to the Conceptual Framework (Amendments to IFRS 3)
- Accounting for proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended (Amendments to IAS 16).
- Costs included when assessing whether a contract is onerous (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

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

- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 — Comparative Information

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. All inter-company account balances and any unrealized income or expenses arising from intra-group transactions have been eliminated in preparing the consolidated financial statements.

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

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.

The board of directors have reviewed management's Group and Company forecasts and judgements used in preparation of these forecasts. They have tested various financial and operational scenarios due to improved demand and market dynamics including uncertainties. As a result, the Directors' have a reasonable expectation, based on review of forecasts and its present liquidity position, that the Group and Company have adequate resources available to it continue in operational existence for a period of at least 12 months from the date of approval of financial statements and there are no material uncertainties that may cast significant doubt on Group's ability to continue as going concern.

For this reason, the Group continues to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.5 Revenue

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.)

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.

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

Revenue from non-ticket revenues is recognised 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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.6 Property, plant and equipment (continued)

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.

2.8 Investments in subsidiaries

The Company holds investments in subsidiary companies, which are carried at cost less any impairment.

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.

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.

2.10Trade 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.

2.11Trade 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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

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.

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.

Notes to the financial statements (continued)
For the financial year ended 31 December2021

2. Accounting policies (continued)

2.14Taxation (continued)

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.

2.15Financial 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.

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

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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.

(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, investment in subsidiaries, 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

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.16Financial instruments (continued)

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.

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.

2.17Employee 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.
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.

2.18Provisions

Also, provisions are re-measured at each reporting date based on the best estimate of the settlement amount.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.19 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.

Nature of the prior period error

During the financial year, while performing a final reconciliation of all equity tranches invested by the investors, management noted that an initial investment tranche in 2017 provided directly to the subsidiary in Argentina, Flybondi SAU, had been understated by USD 955,895 in the contra recording in the parent company accounts of Flybondi Limited, due to a clerical error in conversion rates applied. The adjustment has not impacted the results reported in this set of financial statements for the 31 December 2021 financial year, however it has been identified that the results reported in a period prior to this had been impacted. Accordingly, the directors have amended the opening prior period comparative financial information to reflect the adjustment. The adjustment is detailed below:

Impact on consolidated and company financial statements

	2019 USD
Share premium (as previously stated)	89,418,750
Impact of prior period adjustment	955,895
Share premium (as restated)	90,374,645
Retained earnings (as previously stated)	(79,352,368)
Impact of prior period adjustment	(955,895)
Retained earnings (as restated)	(80,308,263)

The effect of the adjustment does not impact previously reported total shareholders' funds, profit or loss reported or cash flows.

2.20 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:

- 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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

2. Accounting policies (continued)

2.20 Leases (continued)

- 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.

2.21 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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

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

The preparation of financial statements in conformity with IFRS 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.

e) 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.
The board of directors have reviewed management's Group and Company forecasts , judgements used in preparation of these forecasts, testing various scenarios due to improved demand and market dynamics including uncertainties ,the Directors have a reasonable expectation, based on review of forecasts and its present liquidity position, that the Company has adequate resources available to it continue in operational existence for a period of at least 12 months from the date of approval of financials statement and there are no material uncertainties that may cast significant doubt on Group's ability to continue as going concern.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

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

For this reason, the Group continues to adopt the going concern basis in preparing the financial statements

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 2021

4. Revenue

Group

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

	In the period to:	
	31 December 2021	31 December 2020
Passenger ticket revenue - Domestic	47.267.516	12.931.523
Passenger ticket revenue - International	360.775	4.052.599
Ancillary revenue – Domestic	12.376.841	4.618.403
Ancillary revenue - International	50.726	625.077
Other Income	-	186.245
Total	**60.055.858**	**22.413.847**

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

4. Revenue (continued)

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.

The Group 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 2021 as part of receivables amounted to USD 14.8M (2020 USD 1.4M) and the contract liabilities (unearned revenues) were USD 31.9M (2020: USD 3.9M).

5. Administrative expenses

Group

	In the period to:	
	31 December 2021	**31 December 2020**
	USD	**USD**
General Administrative Expenses & Professional Services	7.095.971	5,922,387
Training services	473,086	160,630
Total	**7.569.058**	**6,083,017**

There are no non-audit fees payable to the appointed auditors (2020: USD Nil). During the financial year the auditor's fee recognised in the consolidated statement of comprehensive income is USD 107,759 (2020: USD 77,625).

During the financial year the auditor's fee for subsidiaries recognised in the consolidated statement of comprehensive income is USD 52,100 (2020: USD 35,550).

6. Staff numbers and costs

Group

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 2021	**31 December 2020**
Commercial	7	5
General/Administration	164	166
Operations	420	374
Total	**591**	**545**

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

	In the period to:	
	31 December 2021	**31 December 2020**
	USD	**USD**
Wages and salaries	12,603,996	8,230,369
Social security	2,325,788	1,247,437
Total	**14,929,784**	**9,477,806**

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 2021

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 2021, and 2020 from Group entities are as follows:

	31 December 2021 USD	31 December 2020 USD
Total remuneration:		
Aggregate remuneration	197,977	197,040
Total	**197,977**	**197,040**

8. Net foreign exchange

	31 December 2021 USD	31 December 2020 USD
Foreign exchange gain	1,964,029	5,963,947
Foreign exchange loss	(2,105)	(1,645,659)
Net foreign exchange	**1,951,505**	**4,318,288**

Net foreign exchange gain for the year mostly is due to the amount in the Banks (Argentinian pesos) and Trade Receivables in the operating company in Argentina. Net foreign exchange loss is primarily due to equity contributions to operating companies in Argentina.

9. Financial income

	31 December 2021 USD	31 December 2020 USD
Interest earned on investments and cash equivalents	4,791,613	2,376,588
Total Financial income	**4,791,613**	**2,376,588**

10. Taxation

	31 December 2021 USD	31 December 2020 USD
Corporation tax		
Current tax on income for the financial year	-	(21,306)
Total	**-**	**(21,306)**
Deferred tax		
Deferred tax for the financial year	(4,931,866)	1,006,081
Deferred tax impairment	4,931,866	(1,006,081)
Total	**-**	**-**
Total tax expense	**-**	**(21,306)**

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

10. Taxation (continued)

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

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 2021	31 December 2020
	USD	USD
Profit (loss) on ordinary activity before tax	4,389,051	(24,916,739)
Corporation tax charge at 19% (2020: 19%)	(833,920)	4,734,180
Adjustment for the effect of:		
Impact of profit / (losses) in foreign jurisdictions	833,920	(4,755,487)
Income tax expense for the financial year	**-**	**(21,306)**

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 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

Current Year:

	Fixtures & furniture	Equipment	Others	Total
	USD	USD	USD	USD
Cost				
As of 31 December 2020	1,094,720	6,112,394	620,130	7,827,244
Additions	111,078	911,257	1,367,922	2,390,257
Disposals	-	(188,758)	-	(188,758)
At 31 December 2021	**1,205,798**	**6,834,893**	**1,988,052**	**10,028,743**
Depreciation				
As of 31 December 2020	(489,836)	(1,980,906)	(123,422)	(2,594,164)
Depreciation charge for the year	(226,680)	(1,064,614)	(925,102)	(2,216,396)
At 31 December 2021	**(716,516)**	**(3,045,520)**	**(1,048,524)**	**(4,810,560)**
Net Book value 31 December 2021	**489,282**	**3,789,373**	**939,528**	**5,218,183**
Net Book value 31 December 2020	**604,884**	**4,131,488**	**496,708**	**5,233,080**

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

11 Property, plant and equipment (continued)

Prior Year:

	Fixtures & furniture USD	Equipment USD	Others USD	Total USD
Cost				
As of December 31. 2019	1.159.432	6.218.309	1.120.347	8.498.088
Additions	25.253	473.670	278.978	777.900
Disposals	(89.964)	(579.585)	(779.195)	(1.448.745)
At 31 December 2020	**1.094.721**	**6.112.394**	**620.129**	**7.827.244**
Depreciation				
As of December 31. 2019	(348.202)	(1.386.135)	(236.010)	(1.970.347)
Depreciation charge for the year	(141.634)	(594.771)	112.587	(623.817)
At 31 December 2020	**(489.836)**	**(1.980.905)**	**(123.423)**	**(2.594.164)**
Net Book value 31 December 2020	**604.885**	**4.131.489**	**496.706**	**5.233.080**
Net Book value 31 December 2019	**811.230**	**4.832.174**	**884.337**	**6.527.742**

Depreciation expenses for the financial year as of 31 December 2021 amount to USD 2,216,396 (2020: USD 623,817). 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 2021 (2020: USD Nil).

12. Right of Use

a. Right of Use Assets

Current year:

	Right of use asset $ USD
Cost	
As of December 31, 2020	19.946.368
Additions	12.939.522
Return of offices and aircrafts	-
At 31 December 2021	**32.885.889**
Depreciation	
As of December 31, 2020	(7.368.810)
Depreciation charge for the year	(5.140.782)
Return of offices and aircrafts	-
At 31 December 2021	**(12.509.592)**
Net Book value 31 December 2021	**20.376.298**
Net Book value 31 December 2020	**12.577.558**

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

12 Right of Use (continued)

Prior Year:

	Right of use asset $ USD
Cost	
As of December 31, 2019	62.688.259
Additions	-
Return of offices and aircrafts	(42.741.891)
At 31 December 2020	**19.946.368**
Depreciation	
As of December 31, 2019	(10.198.205)
Depreciation charge for the 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**

b. Lease breakdown:

Current Year:

MSN & Registry No.	At 1 January 2021 $ USD	Additions $ USD	Amortization expense $ USD	Total - ROU asset $ USD
28071 LV-HFR	2,507,598		(2,006,078)	501,520
30734 LV-HKN	10,069,961	-	(2,237,769)	7,832,192
30701 LV-KAY	-	6,429,832	(389,687)	6,040,145
30703 LV-KAH	-	6,509,690	(507,249)	6,002,441
Total	**12,577,559**	**12,939,522**	**(5,140,782)**	**20,376,298**

Previous Year:

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**

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

12 Right of Use (continued)

The table above includes 4 aircraft leases as right-of-use assets, below is a breakdown of the remaining term:

MSN & Registry No.	At 1 January 2019	FY 2019	FY 2020	FY 2021	At 31 December 2021	
28071 LV-HFR	39	12	12	12	3	Months
30734 LV-HKN	72	6	12	12	42	Months
30701 LV-KAY	66	0	0	4	62	Months
30703 LV-KAH	77	0	0	6	71	Months
Average	**63.50**				**44.50**	

With the implementation of IFRS 16, the results are attributed according to the amortization expense calculated by aircraft.

Current Year:

MSN & Registry No.	Amortization expense	Maintenance reserve (1)	Total
28071 LV-HFR	2,006,078	2,594,353	**4,600,431**
30734 LV-HKN	2,237,769	-	**2,237,769**
30701 LV-KAY	389,686	-	**389,686**
30703 LV-KAH	507,249	-	**507,249**
Total	**5,140,782**	**2,594,353**	**7,735,135**

Prior Year:

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 amortization	**7,875,333**	**13,081,222**	**20,956,555**

(1) Regarding Maintenance Reserve Recognition:

LV-HFR. The aircraft will not have maintenance events during the lease term and maintenance reserve payment are written off as incurred. Maintainance events are expected to commence from 2023 for all other leases.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

12 Right of Use (continued)

c. Financial Expenses

MSN & Registry No.	12.31.2021 USD	12.31.2020 USD
33029 LV-HFQ	-	588.781
34406 LV-HQY	-	466.438
28071 LV -HFR	200.025	379.121
33821-LV-HKS	-	482.900
30734 LV-HKN	647.226	782.163
30701 LV-KAY	411.033	-
30703 LV-KAH	708.736	-
Subtotal	**1.967.019**	**2.699.402**
Office Lease		
DOT	-	26.054
Palomar	-	491
Subtotal	-	**26.544**
Interest from Loan Notes	2.181.568	
Total	**4.148.587**	**2.725.946**

13. Investments in Subsidiaries

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 31.05% direct in FB Líneas Aéreas S.A., with Flybondi SAU holding a 68.95% direct proportion of ownership interest and voting rights in FB Líneas Aéreas S.A.

The principal subsidiary undertakings of the Company at 31 December 2021 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 2021

13 Investments in Subsidiaries (continued)

	Shares in Group undertakings USD
Carrying value as of 31 December 2019	**9,119,119**
Additions	3,610,000
Impairment of Investment	(12,729,119)
At 31 December 2020	**-**
Additions	9,006,000
Impairment of Investment	-
At 31 December 2021	**9,006,000**

14. Other receivables

Group

	12.31.2021	12.31.2020
Non - Current	**USD**	**USD**
Security deposits	2,820,662	1,293,698
Income Tax	705,056	642,506
Turnover Tax	1,633,857	1,244,122
Other credits	2,782,023	3,808,993
Miscellaneous	32,988	38,436
Non - current other receivables	**7,974,586**	**7,027,755**
Deferred Tax	6,177,061	11,108,927
Impairment Deferred Tax	(6,177,061)	(11,108,927)
Deferred Tax	**-**	**-**
Current		
Pre-payments	2,202,624	1,347,528
Current other receivables	**2,202,624**	**1,347,528**
	-	
Total other receivables	**10,177,210**	**8,375,283**

Company

	31 December 2021	31 December 2020
Current	**USD**	**USD**
Prepayments	27,841	75,966
Current other receivables	**27,841**	**75,966**

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

14. Other receivables (continued)

In 2020 VAT credits were significantly accumulated, although recovery thereof resumed during 2021 in line with the resumption of commercial operations. In 2020 Turnover Tax 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.

As of 31 December 2021, there are only pending credits of Turnover Tax, corresponding to the jurisdiction of Misiones, which are expected to be fully recoverable in due course.

15. Other assets

As of 31 December 2021, maintenance reserves amount to USD 5,684,860 (2020 USD 1,826,811), corresponding to 3 aircrafts (2020: 1 aircraft).

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.

	31 December 2021	31 December 2020
Non - Current	**USD**	**USD**
Maintenance reserves on aircraft leases	5,684,860	1,826,811
Non - current other assets	**5,684,860**	**1,826,811**
Current		
Consumables in stock	2,080,072	1,641,326
Current other assets	**2,080,072**	**1,641,326**
Total other assets	**7,764,932**	**3,468,137**

16. Trade receivables

	31 December 2021	31 December 2020
	USD	**USD**
Sales debtors	14,845,106	1,380,409
Trade receivables	**14,845,106**	**1,380,409**

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

16 Trade receivables (continued)

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 2021, and 31 December 2020, 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 2021, and 31 December 2020, no trade receivables, were past due.

The aging analysis of these receivables is as follows:

	31 December 2021	31 December 2020
	USD	USD
Up to 3 months	14,845,106	1,380,409
Over 3 months	-	-
Total	**14,845,106**	**1,380,409**

17. Cash and cash equivalents

Group

	31 December 2021	31 December 2020
	USD	USD
Cash at bank	28,598,917	1,584,888
Total	**28,598,917**	**1,584,888**

Company

	31 December 2021	31 December 2020
	USD	USD
Cash at bank	381,341	66,193
Total	**381,341**	**66,193**

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

18. Inventory

Group

	31 December 2021	31 December 2020
	USD	USD
Stock of onboard retail	4,995	2,579
Total Inventory	**4,995**	**2,579**

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 recognized for the financial year (2020: USD Nil).

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

19. Trade and other payables

Trade payables and contract payables are recognized at fair value and subsequently measured at amortized cost based on the applicable interest rate.

Group

	31 December 2021	31 December 2020
Non - Current	**USD**	**USD**
Other payables	4,829,175	3,337,210
Total trade and other payables	**4,829,175**	**3,337,210**

	31 December 2021	31 December 2020
Current	**USD**	**USD**
Trade payables	16,866,447	15,291,391
Salaries and social security	3,465,161	1,343,704
Tax debts	3,630,386	487,023
Income received in advance	31,924,005	3,989,091
Vouchers	2,361,485	6,553,628
Others	39,568	36,174
Total trade and other payables	**58,287,052**	**27,701,011**

Trade and other payables are principally comprised of amounts outstanding 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 received 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.

Company

	31 December 2021	31 December 2020
	USD	**USD**
Current Liabilities		
Accruals	660.420	426,213
Total trade and other payables	**660.420**	**426,213**

20. Lease Liabilities

Total cash outflow for leases for the financial year ended 31 December 2021 was USD6,412,590 (2020: USD 9,748,943).

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

20. Lease Liabilities (continued)

Future minimum lease payments at 31 December 2021 were as follows:

	Lease payment	Finance Charge	Net present value
	USD	USD	USD
Within 1 year	7,702,296	2,998,804	4,703,491
1-2 years	6,588,576	2,515,398	4,073,178
2-3 years	6,588,576	1,972,116	4,616,460
3-4 years	5,225,328	1,351,863	3,873,465
More than five years	5,954,040	944,136	5,009,904
Total	**32,058,816**	**9,782,317**	**22,276,499**

The table above includes 4 aircraft leases leased as right-of-use assets. Leases were paid in the financial year while the Group had use of the assets.
For the financial year-end, the average effective borrowing rate was 24%. 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 relating to Leases and Right of use assets.

21. Share capital and total equity

Company:

As at 31 December 2021, 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.

	31 December 2021	31 December 2020
	USD	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	1,161,195
Share premium		
Share premium (Note 2.19)	103,622,179	91,823,696
Profit and loss		
Retained eamings (Note 2.19)	(93,288,945)	(80,308,263)
Profit and loss	(2,759,667)	(12,980,682)
Total equity	**8,754,762**	**(284,054)**

Share premium includes Convertible loan notes and related accrued interest classified as Equity per IAS 32 amounting to USD 11,798,483.

All convertible loan notes were converted to Series A Equity shares during 2022.

Accrued interest included above as well as in financial expenses in profit and loss account, amounted to USD 2,181,568.

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

21 Share capital and total equity (continued)

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 2020.

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 17.9 million made as part of the shareholder agreement of July 2017 remain outstanding and can be drawn by the Company as required, as it has met 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. Also, includes Convertible instruments described above.

Retained earnings

Includes all current and prior year retained profit and losses.

22. Controlling party

At 31 December 2021, the Group is 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 314,241 (2020: USD 20,908).

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 2021

24. Deferred tax

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

	Group	
	31 December 2021	31 December 2020
	USD	USD
At beginning of financial year	11,108,927	10,102,846
Impairment at beginning of the financial year	(11,108,927)	(10,102,846)
Current year charge	(4,931,866)	1,006,081
Impairment current financial year	4,931,866	(1,006,081)
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 2021	31 December 2020
	USD	USD
Cash and cash equivalents	28,598,917	1,584,888*
Trade and other receivables	25,022,316	9,755,722*
Other short term	-	-
Total financial assets	**23,805,939**	**3,843,317**

*Refer Note 29

Financial liabilities

	Group	
	31 December 2021	31 December 2021
	USD	USD
Trade and other payables	63,116,228	31,038,221
Lease liabilities (current & non-current)	22,276,499	13,782,548
Total financial liabilities	**85,392,727**	**44,820,769**

Company financial liabilities comprise trade and other payables of USD 660,420 (2020 – USD 426,215).

Company financial assets comprise other receivables and Cash and Equivalents of USD 409,182 (2020 – USD 142,159).

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.

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

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

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 has non-current lease liabilities for USD 17,573,007 (2020: 9,574,940).

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 2021	31 December 2020
	USD	USD
Financial Liabilities.		
Non-interest bearing	63,116,228	31,038,221
Lease Liaibility	22,276,499	13,782,548
Balance at 31 December	**85,392,727**	**44,820,769**

Foreign currency risk

The financial statements are presented in USD, which is also the Company's and all subsidiary's functional currency. The majority of the Group's and its subsidiary 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 2021

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

Credit risk (continued)

Trade and other receivables ageing:

	31 December 2021	31 December 2020
	USD	USD
Trade receivables to fall due:		
Not more than 3 months	14,845,106	1,380,409
More than 3 months but not more than 6 months	-	-
Trade receivables overdue:		
Not more than 3 months	-	-
More than 3 months	-	-
	14,845,106	**1,380,409**

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

26. Commitments

As of 31 December 2021, 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.

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 2021 onwards, the Company capitalized the convertible loan instruments as follows.

On February 21, 2022, the Convertible Loan Note instrument has been capitalized for a total of USD 2,454,196 (that have been issued in January 2021 with related accrued interest). These Convertible Loan note instruments were converted to Series A shares.

On March 31, 2022, the Convertible Loan Note instrument have been capitalized for a total of USD 2,381,765 (that have been issued in March 2021 with related accrued interest). This amount notes was converted to Series A shares.

On October 21, 2022, the Convertible Loan Note instrument have been capitalized for a total of USD 10,876,495 (that have been issued in August & October 2021 with related accrued interest). These Convertible Loan note instruments were converted to Series A shares.

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 ten aircraft in December 2022, completing its announced planned expansion plan for 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.

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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2021

29. Comparative financial statements and reclassification

During 2021, management identified an error relating to the 2017 financial statements in relation to a share premium transaction. This has been adjusted for in the opening comparative information in these financial statements. See consolidated and company statement of changes in equity and share capital policy in note 2.19 for further information.

Comparative information in note disclosures has also been represented where necessary to conform to current year presentation, although there is no impact on prior year profit or loss, total assets or equity and cash flows, unless otherwise stated.

30. Approval of financial statements

These consolidated and company financial statements were authorised for issue by the Board of Directors on 16 January 2023.