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Air Traffic and Navigation Services Company (SOC) LTD

ANNUAL FINANCIAL STATEMENTS 2025/2026



Air Traffic and Navigation Services Company SOC Limited
(Registration number 1993/004150/30)

Annual Financial Statements for the year ended 31 March 2026

These annual financial statements were prepared by:
Pinky Phaswana CA (SA)

These annual financial statements are audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999

Published 30 September 2026

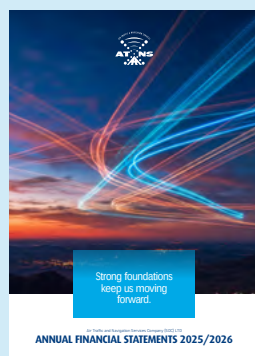
TABLE OF CONTENTS

OUR REPORTING SUITE

ATNS 2025/2026 Annual Integrated Report



ATNS 2025/2026 Annual Financial Statements



Global Reporting Initiative Index



OUR REPORTING GUIDE

The following supplementary information does not form part of the audited financial statements and is unaudited.

- 2-6** Directors' Report
- 7-10** Audit and Risk Committee Report
- 11** Certificate of the Company Secretary

ATNS 2025/2026 ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the audited financial statements presented to the shareholder.

- 12** Directors' Responsibilities and Approval
- 13-18** Independent Auditor's Report
- 19** Statement of Financial Position
- 20** Statement of Profit or Loss and Other Comprehensive Income
- 21** Statement of Changes in Equity
- 22** Statement of Cash Flows

NOTES TO THE FINANCIAL STATEMENTS

- 23-37** Material Accounting Policies (Note 1)
- 38-40** New Standards and Interpretations (Note 2)
- 41-93** Notes (Note 3 - 41)
- 94** Company Information

DIRECTORS' REPORT

Annual Financial Statements for the year ended 31 March 2026



The ATNS Directors' have pleasure in submitting their report on the financial statements of Air Traffic and Navigation Services Company SOC Limited for the year ended 31 March 2026.

1. NATURE OF BUSINESS

Air Traffic and Navigation Services Company SOC Limited was incorporated in South Africa. The company operates mainly in South Africa and also in some other African countries.

The company is principally engaged in the supply of air traffic and navigation services and the maintenance of the air traffic and navigation infrastructure. Other operations of the company include the supply of aeronautical information services, technical and aerodrome services, aeronautical communication, Very Small Aperture Terminal (VSAT) network and the

training of air traffic control and technical staff for a larger market extending outside of South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. GOVERNANCE ENVIRONMENT

The annual financial statements have been prepared in accordance with IFRS® Accounting Standards and the requirements of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999. The accounting policies have been applied consistently compared to the prior year.

ATNS is a state-owned company incorporated under the Air Traffic and Navigation Services Company Act 45 of 1993 as a limited liability company. The Government of South Africa, through the Minister

DIRECTORS' REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

of Transport, is the sole shareholder. ATNS falls under the governance umbrella created by the Public Finance Management Act, No. 1 of 1999 (PFMA) and related regulations and guidelines issued by the National Treasury.

In compliance with the requirements of the PFMA, ATNS concludes an annual Shareholder's Compact with the Shareholder Representative. The Shareholder's Compact contains Shareholder expectations in the form of predetermined objectives and key performance information and ensures that the Board and the Shareholder Representative are aligned in their understanding and acceptance of strategic objectives. Progress on performance is regularly reviewed by the Board and reported quarterly to the Shareholder Representative.

The Directors are fully committed to conducting business in accordance with generally accepted corporate practices. Although the Board is accountable to the Minister and acts in the interests of the company, its inclusive decision-making approach accommodates the legitimate interests and expectations of its stakeholders.

3. SAFETY REGULATION

The company is regulated by the South African Civil Aviation Authority (SACAA) as mandated under the Civil Aviation Act 13 of 2009 as amended in 2016. The company continues to adopt leading practices and be agile in its approach to continuously comply with applicable legal requirements.

4. ECONOMIC REGULATION

As a monopoly, the company is regulated economically by the Regulating Committee (RC), which is a statutory body formed and appointed by the Shareholder, the Department of Transport. The Air Traffic and Navigation Services Company Act 45 of 1993 requires ATNS to seek permission from the Regulating

Committee to levy air traffic services charges, provide air navigation infrastructure, and conduct air traffic and air navigation services.

In terms of Section 11 of the ATNS Act 45 of 1993, the company is required to submit a request for permission to levy regulated charges to the RC. Accordingly, the Act prohibits the company from levying any air traffic charges unless it is in possession of a valid permission.

The next permission application, covering the 2026/27 to 2030/31 financial years, has commenced and is expected to be finalised during 2026/27.

5. OVERALL PERFORMANCE

During the year under review, the company recorded 303 034 billable movements (2025: 287 760). Regulated revenue increased by 18,9% to R1 819 million (2025: R1 530 million), mainly due to increased domestic market movements.

Operational costs increased by 20,2% to R1 919 million (2025: R1 596 million), mainly due to the increase in employee costs, travel expenses, professional fees and repairs and maintenance.

Capital expenditure increased to R232,6 million (2025: R133,8 million), reflecting increased investment in operational infrastructure to support the continued provision of safe operations.

The company's liquidity ratio marginally decreased to 3,21:1 (2025: 3,26:1). The company's gearing ratio decreased to 20% (2025: 26,1%), mainly due to loan repayments. The loan carries both financial and information covenants; the company has reviewed these at year-end. No covenants had been breached at year-end. Furthermore, based on management projections, none of the covenants are expected to be breached in the future. The current debt levels are within the company's ability to service them.

DIRECTORS' REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

As a regulated company, ATNS measures its return on capital employed (ROCE) in line with the Approach document issued by the Regulator. Return on capital employed (ROCE) was 6%, while regulated ROCE was 1,8%. The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. The regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) declined by 10% to R162,5 million (2025: R184,6 million), mainly due to the increase in staff costs and other operating expenses. The company's cash reserves improved in the current year to R1 266 million (2025: R1 223 million), mainly due to the shareholder capital injection and cash generated from operations.

6. DIVIDENDS

No dividends were declared or paid to the shareholder during the year (2025: R nil).

7. SHARE CAPITAL

The sole shareholder of the company is the Minister of Transport, on behalf of the Government of South Africa, in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993 (Act 45 of

1993). During the year under review, the company's Memorandum of Incorporation (Mol) was amended after obtaining the special shareholder's approval by increasing the number of authorised shares from 500 million to 800 million and as a result the company issued an additional 218 602 000 ordinary shares to the shareholder (Minister of Transport).

8. CAPITAL COMMITMENTS

The company's total capital commitments for the year under review were R747,7 million.

At present, the company is in a good position to fund the capital expenditure through cash generated from operations. During the year under review, the company received an allocation of R218 602 000 from the Department of Transport as a capital injection to fund capital expenditure projects.

9. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for those noted in the financial statements.

DIRECTORS' REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

10. DIRECTORATE

The Directors in office at the date of this report are as follows:

Directors	Date Appointed	Designation	Nationality	Date resigned/ term ended
Z Majavu*	13 January 2023	Chairman	South African	
M Moholola	1 April 2022	Chief Executive Officer (Acting)	South African	
D Dondur*	26 June 2025	Non-executive	South African	
BPB Dibate	1 March 2026	Non-executive	South African	
TN Fihla	1 March 2026	Non-executive	South African	
MW Ismail	1 March 2026	Non-executive	South African	
Z Kabini	1 March 2026	Non-executive	South African	
A Latchu	1 March 2026	Non-executive	South African	
PC Marais	1 March 2026	Non-executive	South African	
B Matshego	1 March 2026	Non-executive	South African	
MA Serote	1 March 2026	Non-executive	South African	
MA Amod	13 January 2023	Non-executive	South African	28 February 2026
KS Boqwana	13 January 2023	Non-executive	South African	28 February 2026
CR Burger	13 January 2023	Non-executive	South African	28 February 2026
NC Kubheka	13 January 2023	Non-executive	South African	28 February 2026
SG Kudumela	13 January 2023	Non-executive	South African	28 February 2026
MJ Neluheni	13 January 2023	Non-executive	South African	28 February 2026
LN Ngema	13 January 2023	Non-executive	South African	28 February 2026
NP Mdawe	1 April 2022	Former Chief Executive Officer	South African	31 October 2025

For details of Directors' emoluments, refer to note 36.

* Z Majavu and D Dondur were reappointed on 1 March 2026.

11. EVENTS AFTER THE REPORTING PERIOD

The Directors considered the impact of the ongoing war in the Middle East and rising fuel prices on customers and their ability to settle invoices when due.

While international billable movements from the Middle East have declined since the conflict began, the Directors do not expect this to have a material impact on the company's operations.

Domestic billable movements have been largely unaffected, and customers continue to settle their invoices as they fall due.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

DIRECTORS' REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

12. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Directors believe the Company has adequate financial resources to continue operating for the foreseeable future. Accordingly, the Annual Financial Statements have been prepared on a going concern basis.

The Directors are satisfied that the Company is in a sound financial position, has access to sufficient borrowing facilities to meet its foreseeable cash requirements, and is not aware of any material changes, regulatory non-compliance or pending legislative amendments that may adversely affect the Company.

13. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

During the year under review, the Company had no confirmed irregular expenditure. Transactions amounting to R54,518 million were identified and remained under assessment at year-end, as disclosed in the Integrated Report. However, fruitless and wasteful expenditure amounting to R100 423 was incurred relating to staff costs and penalties. The root causes are being addressed, and the Board is committed to ensuring that adequate control measures are being put in place to prevent recurrence.

14. DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into where Directors or officers of the company had an interest.

15. AUDITORS

Auditor-General South Africa (AGSA) was appointed as the company's auditor for the year ended 31 March 2026, following the non-reappointment of SizweNtsalubaGobodo Grant Thornton.

16. SECRETARY

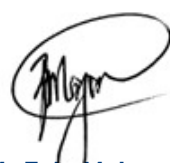
The company secretary is Ms Nobuhle Sibeko.

Postal address: Private Bag X15
Kempton Park
1620

Business address: Eastgate Office Park
Block C
South Boulevard Road
Bruma
2198

The financial statements set out on pages 19 to 93, which have been prepared on the going concern basis, were approved by the Board of directors on 28 August 2026.

Approval of Annual Financial Statements



Mr Zola Majavu CD (SA)

Board Chairman
28 August 2026



Mr Matome Moholola CA (SA)

Chief Executive Officer (Acting)
28 August 2026

AUDIT AND RISK COMMITTEE REPORT

Annual Financial Statements for the year ended 31 March 2026



Doris Dondur CA(SA) CD(SA)
Chairman of Audit and Risk Committee

The Audit Committee is a statutory committee constituted in terms of the Companies Act, 71 of 2008, as amended, and the Public Finance Management Act, 1 of 1999, as amended (PFMA). All members, including the Chairperson, are independent Non-Executive Directors. The committee is pleased to present its 2025/'26 report, which aligns with its obligations in terms of the Companies Act, the King Reports on Corporate Governance in South Africa™, and other regulatory requirements. The committee carried out its responsibilities and oversight functions independently, including those relating to the audit and financial reporting set out in its terms of reference.

ROLE

The Committee has an independent role with accountability to the Board. The Committee does not assume the functions of management, which remain

the responsibility of the executive directors, officers and other members of senior management.

The assists the Board with overseeing, inter alia:

- Assurance functions and services, including combined assurance arrangements;
- The design and implementation of internal financial and reporting controls;
- The CFO and the finance function;
- Assurance of the financial statements and other external reports issued by the organisation; and
- Risk governance.

COMPOSITION, INDEPENDENCE AND GOVERNANCE

For the year under review, the Audit and Risk Committee, appointed at the Annual General Meeting held on 18 September 2025, comprised four independent Non-Executive Directors, Ms Doris Dondur (Chairman), Mr Ameen Amod, Ms Siyabonga Kudumela and Mr Khulile Boqwana. The shareholder appointed a new Board with effect from 1 March 2026. Consequently, the ARC membership was revised in the last month of the financial year. It comprised four members, Ms Doris Dondur (Chairman), Ms Zandile Kabini, Ms Angelina Serote and Mr Wasfie Ismail, effective on 12 March 2026.

The Board is satisfied that the committee members have an appropriate mix of knowledge and experience to carry out their duties. Each member's qualifications and experience are set out in their profiles on page 28 to 31 of the Integrated Annual Report.

The Chairman of the Audit and Risk Committee maintains regular contact with the CEO, CFO and CAE. The CEO, CFO, GRCO, CAE, external auditors and other assurance providers attended all Audit Committee meetings as standing invitees. Other members of the executive team and senior management representing areas relevant to discussions of the committee attend meetings either by invitation or as and when required.

AUDIT AND RISK COMMITTEE REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

The agenda allows for management and the internal and external auditors to meet independently with the Audit and Risk Committee. The CAE and the external auditors have direct access to the committee and the committee chair to discuss any matter they regard as relevant to the fulfilment of the committee's responsibilities.

The Audit and Risk Committee Chairman reports to the Board on the Committee's activities and matters discussed at each meeting of the Board, highlighting key items that require action and providing recommendations for the Board's consideration.

The Committee recognises the importance of maintaining the independence of the internal auditors and external auditors, in both fact and appearance. Each year, the Committee assesses the performance and objectivity of the CAE and evaluates the qualifications, performance and independence of the external auditors. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, technical expertise and knowledge of ATNS and the industry.

For the year under review, ATNS appointed the Auditor-General of South Africa (AGSA) as the external auditor, with effect from 17 November 2025.

EVALUATION OF THE COMMITTEE

During the year under review, the performance evaluation of the Committee was conducted internally. The assessment concluded that the Committee was performing effectively, with some areas of improvement identified.

EXTERNAL AUDIT OUTCOMES

The Committee has noted the outcome of the external audit for 2025/'26 and further noted that remedial work is underway to strengthen ATNS's system of

internal controls, particularly in relation to systems relied upon for the collection of revenue.

ADOPTION OF THE KING V REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA™

The Audit and Risk Committee has formally recommended that the Board adopt the King V Report on Corporate Governance for South Africa™ as the organisation's endorsed governance framework. Following the Board's consideration and approval, the Committee will align its reporting with the prescribed disclosure framework set out in King V and commit to reporting against the framework in the next reporting period for 2026/'27. This approach ensures continued adherence to leading governance practices and reinforces the Committee's oversight responsibilities.

KEY FOCUS AREAS FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2026

Annual Financial Statements

The Committee has evaluated the Annual Financial Statement (AFS) of the entity for the year ended 31 March 2026 and, based on the information provided, the Committee considers that the Company complies in all material respects with the requirements of the PFMA, Treasury Regulations, Companies Act, and International Financial Reporting Standards (IFRS).

Combined Assurance

ATNS has adopted a combined assurance approach in line with King IV™ to increase the evolution and effectiveness of assurance activities by functionaries in risk, audit, compliance and assurance. The Combined Assurance Framework ensures ongoing reviews of the approach, model and processes, as well as regular discussions, information sharing and coordination of efforts among assurance providers. This approach largely contributes to an effective

AUDIT AND RISK COMMITTEE REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

control environment and supports the integrity of information used for internal decision-making by management, the Board and Board Committees. The Committee has however noted a need to strengthen the arrangements for combined assurance going forward.

System of Internal Controls

The system of internal financial control is designed to ensure:

- Integrity and reliability of financial information;
- Compliance with laws and regulations;
- Achievement of objectives;
- Safety and efficiency of operations; and
- Safeguarding of assets.

The Committee's role includes evaluating the company's internal financial controls and accounting systems. To fulfil this responsibility, the Committee reviewed reports from management, the internal audit function and external auditors regarding the effectiveness of these systems.

The Committee noted a need to strengthen oversight over the design and implementation of information technology systems to ensure reliability, availability, accuracy and protection of systems in relation to user access management, programme change controls and service continuity.

During the year under review, the Committee:

- Adopted the Audit Strategy and the scope of work for 2025/'26, confirming suitable reliance on internal audit and the appropriateness of key audit risks identified;
- Approved the external auditor's fees for 2025/'26 in accordance with Section 94(7)(b) of the Companies Act;
- Confirmed that it was not notified of any material irregularities by the external auditors in terms of the Public Audit Act, 2004, as amended.
- The Committee reviewed the findings and recommendations of the external auditors

and confirmed that no material matters were unresolved.

The Committee recognises the importance of maintaining the independence of the external auditors, in both fact and appearance. Each year, the Committee evaluates the qualifications, performance and independence of the external auditors. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, technical expertise and knowledge of ATNS's operations and industry. For the year under review, the external auditor was newly appointed. To enable the external auditor to familiarise themselves with the environment, the assessment had not yet been conducted at the time of the issue of this Report.

Notwithstanding the delay in appointing the external auditor following the rotation at the AGM, the Committee is satisfied this did not affect its responsibilities, as the external auditor assumed its responsibilities on time to enable ATNS to meet its statutory obligations in relation to the external audit.

Internal Audit

The CAE reports functionally to the Audit and Risk Committee and administratively to the CEO. Internal audit is a key independent internal assurance provider, an integral part of the risk management process and forms the third line of defence. The Audit and Risk Committee uses reports on the activities of internal audit and those from other assurance providers to assess the adequacy and effectiveness of internal control and risk management.

During the period under review, the Committee approved the Internal Audit Charter and Internal Audit Plan and monitored the implementation thereof.

The Audit and Risk Committee is satisfied that the internal audit is independent. During the year under review, the function had capacity constraints. This

AUDIT AND RISK COMMITTEE REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

was addressed with the appointment of a substantive CAE with effect from 1 January 2026. The Committee is satisfied that the internal audit was able to provide objective assurance on the adequacy and effectiveness of the internal control environment. It is further satisfied that internal audit epitomises professional objectivity in gathering, evaluating and communicating information, and demonstrates the highest level of ethics.

Finance Function

The Audit and Risk Committee received regular reports from the CFO on the financial performance, details of budgets, forecasts, long-term plans and capital expenditures, financial reporting controls and processes, and the adequacy and reliability of management information used for financial reporting. The Audit and Risk Committee was satisfied with the expertise and experience of finance function, under the leadership of the Acting CFO, Ms Pinky Phaswana, appointed with effect from 24 March 2025 following the appointment of Mr Matome Moholola to the role of Acting CEO.

Going Concern

The Committee evaluated management's assessment of the company's ability to continue operating as a going concern. After considering the known facts and circumstances, the Committee concluded that there is no significant uncertainty that could raise doubts about the company's capability to continue its operations. Acting on the committee's recommendation, the Board approved the preparation of the company's annual financial statements under the going concern assumption.

Whistleblowing

The Audit and Risk Committee is satisfied with the procedures to receive, evaluate, investigate and report on confidential and anonymous complaints on integrity and ethics based on the submissions received from the internal audit division and the ethics office.

CONCLUSION

The Audit and Risk Committee is satisfied that it fulfilled its statutory obligations as prescribed by legislation and the functions outlined in its terms of reference. Therefore, it has complied with its legal, regulatory, oversight and other responsibilities. The Committee extends its gratitude to management and the Board for their support, as well as to the external auditor for its services, dedication, diligence and cooperation.



Ms Doris Dondur

Chairman of Audit and Risk Committee
CA(SA) CD(SA)
24 August 2026

COMPANY SECRETARY'S CERTIFICATION

Annual Financial Statements for the year ended 31 March 2026



Nobuhle Sibeko
Company Secretary

In terms of Section 88(2)(e) of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'Sibeko'.

Ms Nobuhle Sibeko
Company Secretary
28 August 2026

DIRECTORS' RESPONSIBILITIES AND APPROVAL

Annual Financial Statements for the year ended 31 March 2026

The Directors are required in terms of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS® Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company, and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that, in all reasonable circumstances, is

above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the company's cash flow forecast for the year to 31 March 2027 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The annual financial statements have been examined by the company's external auditors, and their report is presented on pages 13 to 18.

The financial statements set out on pages 19 to 93, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 August 2026.

Signed on behalf of the Board of Directors:



Mr Zola Majavu CD (SA)

Board Chairman
28 August 2026



Mr Matome Moholola CA (SA)

Chief Executive Officer (Acting)
28 August 2026

INDEPENDENT AUDITOR'S REPORT

Annual Financial Statements for the year ended 31 March 2026

Report of the auditor-general to Parliament on Air Traffic and Navigation Services SOC Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

1. I was engaged to audit the financial statements of Air Traffic and Navigation Services SOC Limited (the public entity) set out on pages 19 to 93 which comprise the statement of financial position as at 31 March 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity, and the statement of cash flows for the year then ended, as well as notes to the financial statements, including material accounting policy information.
2. I do not express an opinion, on the financial statements of Air Traffic and Navigation Services SOC Limited. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Revenue from contracts with customers and trade receivables

3. I was unable to obtain sufficient and appropriate evidence that revenue from contracts with customers for the current year has been properly accounted for, due to the status of accounting records. ATNS's aviation service revenue process is highly automated and dependent on information technology systems. Significant deficiencies were identified in the design and operating effectiveness of information technology general controls. As a result of these deficiencies, I was

unable to rely on system-generated reports and automated controls used in the processing and recording of revenue transactions.

4. Furthermore, alternative audit procedures performed identified discrepancies between source data and recorded transactions, and numerous transactions were deleted with no adequate and verifiable explanations for such deletions. The absence of these transactions from the population made available for audit, without audit trail supporting the reason for their deletion, compromised the integrity, completeness and accuracy of the underlying revenue data. These unexplained deletions indicate that revenue-related records can be removed from the system without sufficient preventive or detective controls, increasing the risk that valid aircraft movements and related billable transactions may be omitted, altered or inappropriately excluded from the billing process and financial records.
5. I was unable to confirm the accuracy and completeness of revenue data by any other means, consequently, I was unable to determine whether any adjustment relating Revenue, stated at R2 074 108 562 in the financial statements, was necessary.

Responsibilities of the Accounting Authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
9. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

REPORT ON THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report.

The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to Strategic goal 1: Service Excellence presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the ATNS's performance on its primary mandated functions and that are of significant national, community or public interest.

- Annual safety management system (SMS) Maturity level achieved
- Number of ATNS-related fatal aircraft accidents
- Number of serious safety incidents (A+B) per 100 000 flights
- Number of flight procedure designs submitted
- Average departure time efficiency per flight based on calculated take-off time (CTOT)
- Percentage communications, navigation and surveillance (CNS) service level agreement breaches (ATNS related)

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its

INDEPENDENT AUDITOR'S REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- there is adequate supporting evidence for the achievements reported

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the following indicators:

- Annual SMS Maturity Level achieved
- Number of ATNS-related fatal aircraft accidents
- Number of serious safety incidents (A+B) per 100 000 flight hours
- Number of flight procedure designs submitted
- Average departure time efficiency per flight based on calculated take-off time (CTOT)

16. The material finding on the reported performance information for the selected material indicators is as follows:

Strategic goal 1: Service Excellence

Percentage CNS service level agreement breaches (ATNS related)

17. The indicator in the annual performance report differed from what was committed to in the approved planning documents. The reported indicator was "Percentage CNS service level agreement breaches (ATNS related)", while the planned indicator was "CNS service level agreement breaches (ATNS related)". This change was made without obtaining the required approval, which undermines transparency and accountability. Furthermore, the reported performance was determined using an average of percentages, whereas the approved Technical Indicator Description and the prescribed method of calculation do not provide for the calculation of percentages or the averaging of percentages. Consequently, the reported performance was not measured in accordance with the approved planning documents.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information.

REPORT ON COMPLIANCE WITH LEGISLATION

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority

INDEPENDENT AUDITOR'S REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

is responsible for the entity's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the ATNS, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA.
25. Material misstatements of non-current assets, current liabilities, expenses and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Revenue management

26. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

27. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objective presented in the annual performance report that have been specifically reported on in this auditor's report.
28. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objective presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material

INDEPENDENT AUDITOR'S REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

misstatement of this other information, I am required to report that fact.

31. I did not have anything to report.

INTERNAL CONTROL DEFICIENCIES

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the finding on the selected material indicators included in the annual performance report and material findings on compliance with legislation included in this report.

34. Management did not design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity.

35. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting. Inadequate record keeping resulted in a limitation of scope.

36. Management did not implement adequate controls over the transmission, reconciliation and safeguarding of revenue data between operational and billing systems, resulting in an ineffective record-keeping environment that did not support the completeness and accuracy of revenue recognised in the financial statements.

37. Management did not adequately review the financial statements and annual performance report to ensure that errors were identified and corrected prior to the submission for auditing resulting in material misstatements in the financial statements.

38. Senior management did not implement effective compliance monitoring to ensure the collection of all revenue due to the entity.

Auditor-General

Pretoria
28 August 2026



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

INDEPENDENT AUDITOR'S REPORT *continued*

Annual Financial Statements for the year ended 31 March 2026

Annexure - Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 49(1); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7; 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(2)(c); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); 86(4); 88(2)(d); 112(2)(a); 129(7)
Companies Act Regulations, 2011	Regulation 43(2)(a)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No.03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2026

	Note(s)	2026	2025
Assets			
Non-Current Assets			
Property, plant and equipment	13	874 858 290	914 138 862
Right-of-use assets	14	47 773 401	62 530 046
Intangible assets	15	88 317 953	109 332 556
Capital work in progress	16	428 508 247	275 113 175
Deferred tax	17	164 116 692	209 861 179
Contract assets	18	-	1 129 628
Prepayments	19	507 231	6 793
		1 604 081 814	1 572 112 239
Current Assets			
Contract assets	18	1 157 249	-
Prepayments	19	77 812 764	49 614 145
Short term investments at amortised cost	20	19 255 143	20 196 205
Trade and other receivables	21	236 641 348	207 323 518
Current tax receivable	22	16 632 480	13 486 901
Cash and cash equivalents	23	1 265 819 638	1 222 579 481
		1 617 318 622	1 513 200 250
Total Assets		3 221 400 436	3 085 312 489
Equity and Liabilities			
Equity			
Share capital	24	613 248 000	394 646 000
Retained income		1 720 726 826	1 757 200 980
		2 333 974 826	2 151 846 980
Liabilities			
Non Current Liabilities			
Interest-bearing loans and borrowings	25	325 560 271	394 220 361
Lease liabilities	14	58 207 145	74 482 002
		383 767 416	468 702 363
Current Liabilities			
Lease liabilities	14	21 896 010	24 330 003
Interest-bearing loans and borrowings	25	68 660 090	68 617 486
Contract liabilities	26	7 757 792	16 429 632
Provisions	27	67 230 080	67 022 112
Trade and other payables	28	338 114 222	288 363 913
		503 658 194	464 763 146
Total Liabilities		887 425 610	933 465 509
Total Equity and Liabilities		3 221 400 436	3 085 312 489

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Annual Financial Statements for the year ended 31 March 2026

	Note(s)	2026	2025
Revenue	3	2 074 108 562	1 791 438 914
Other operating income	4	8 913 604	2 907 681
Other operating losses	5	(24 039 965)	(12 891 575)
Reversal of impairment loss / (impairment loss) on financial assets at amortised cost	6	3 488 621	(15 516 668)
Depreciation costs on property, plant and equipment	13	(123 257 826)	(122 787 448)
Depreciation of right-of-use assets	14	(16 264 181)	(18 032 059)
Amortisation of intangible assets	15	(28 713 603)	(27 946 652)
Impairment loss on non-financial assets	7	(1 018 324)	(1 103 215)
Employee costs	8	(1 335 898 085)	(1 115 677 378)
Other operating expenses	9	(582 616 339)	(480 112 083)
Operating (loss) profit		(25 297 536)	279 517
Finance income	10	79 172 686	72 469 250
Finance costs	11	(42 666 969)	(36 016 872)
Profit before taxation		11 208 181	36 731 895
Taxation	12	(47 682 335)	(14 440 671)
Total comprehensive profit/(loss) for the year		(36 474 154)	22 291 224

STATEMENT OF CHANGES IN EQUITY

Annual Financial Statements for the year ended 31 March 2026

	Share capital	Retained income	Total equity
Balance at 1 April 2024	190 646 000	1 734 909 756	1 925 555 756
Profit for the year	-	22 291 224	22 291 224
Total comprehensive income for the year	-	22 291 224	22 291 224
Issue of shares	204 000 000	-	204 000 000
Total contributions by owners of the company recognised directly in equity	204 000 000	-	204 000 000
Balance at 1 April 2025	394 646 000	1 757 200 980	2 151 846 980
Loss for the year	-	(36 474 154)	(36 474 154)
Total comprehensive loss for the year	-	(36 474 154)	(36 474 154)
Issue of shares	218 602 000	-	218 602 000
Total contributions by owners of the company recognised directly in equity	218 602 000	-	218 602 000
Balance at 31 March 2026	613 248 000	1 720 726 826	2 333 974 826
Note	24		

STATEMENT OF CASH FLOWS

Annual Financial Statements for the year ended 31 March 2026

	Note(s)	2026	2025
Cash flows from operating activities			
Cash generated from operations	29	162 511 097	184 601 436
Tax paid	22	(5 083 427)	(15 907 049)
Finance costs paid	30	(57 435 923)	(62 795 591)
Finance income received	31	71 872 982	65 037 671
Net cash from operating activities		171 864 729	170 936 467
Cash flows from investing activities			
Cash payments to acquire property, plant and equipment	13	(26 864 508)	(22 282 293)
Cash receipts from sale of property, plant and equipment		223 365	76 425
Cash payments to acquire intangible assets	15	-	(7 499 617)
Cash payments to acquire work in progress	16	(205 928 244)	(104 132 672)
Net cash from investing activities		(232 569 387)	(133 838 157)
Cash flows from financing activities			
Proceeds on issue of shares	24	218 602 000	204 000 000
Repayment of lease liabilities	30	(18 747 050)	(15 503 679)
Repayments of borrowings	30	(68 965 517)	(34 482 759)
Proceeds from a loan from the bank	30	-	152 588 958
Net cash from financing activities		130 889 433	306 602 520
Total cash movement for the year		70 184 775	343 700 830
Cash and cash equivalents at the beginning of the year		1 222 579 481	887 370 047
Losses on realised foreign exchange on cash and cash equivalents		(26 944 618)	(8 491 396)
Cash and cash equivalents at the end of the year	23	1 265 819 638	1 222 579 481

MATERIAL ACCOUNTING POLICIES (NOTE 1)

Annual Financial Statements for the year ended 31 March 2026

Corporate Information

ATNS is a State-Owned Enterprise with limited liability incorporated in South Africa. The company's registration number is 1993/004150/30, and its registered address and office is Block C, Eastgate Office Park, South Boulevard Road, Bruma, 2198, Republic of South Africa. The company is principally engaged in the provision of air traffic and navigation services.

The annual financial statements of the company for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2026.

1. MATERIAL ACCOUNTING POLICIES

Below is the list of material accounting policies.

1.1 Basis of Preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999 as amended.

The annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rand, which is the company's functional currency.

Amounts presented in the annual financial statements were rounded off to the nearest Rand.

These accounting policies are consistent with the previous period.

1.2 Property, Plant and Equipment

Land is not depreciated and is shown at cost less accumulated impairment. Other classes of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is recognised as an asset when, and only when, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items costing less than R7 000 are depreciated at acquisition, and a residual value of R1 is assumed. These include smaller types of furniture and equipment, such as microwaves and refrigerators.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
ATC display system	Straight-line	12 years
Buildings	Straight-line	50 years
Communication equipment	Straight-line	10 to 15 years
Computer equipment	Straight-line	3 to 7 years
Electrical and mechanical equipment	Straight-line	10 years
Infrastructure	Straight-line	5 to 15 years

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

Item	Depreciation method	Average useful life
Leasehold improvements	Straight-line	6 years
Motor vehicles	Straight-line	5 years
Navigation aids	Straight-line	15 years
Office furniture and equipment	Straight-line	6 years
Radar equipment	Straight-line	15 years
Simulator equipment	Straight-line	10 years
Tools and test equipment	Straight-line	8 to 20 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The company identifies and accounts for significant components of property, plant and equipment separately when those components are deemed to be significant from the main asset. The company identifies the components based on the specifically identified components methodology. The components methodology is based on the nature of the assets. Significant components are depreciated separately over the useful life, similar to that of the main CNS system.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. These expenditures are typically associated with the replacement or significant enhancement of components of existing property, plant, or equipment, such as structural upgrades for buildings and major system changes for the Communication, Navigation and Surveillance equipment (CNS).

The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The company engaged the specialists internally in technical services and engineering projects to assist with the review of the useful lives for CNS systems. The engineers used professional experience and technical expertise to assist with the re assessment of useful lives. The specialists also used the permission and capital expenditure plans internally to assist with the review of useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

1.3 Capital work in progress

Capital work in progress is measured at cost less accumulated impairment.

Capital work in progress is both tangible and intangible assets which the company holds for its own use and which are expected to be used for more than one year.

Capital work in progress is initially measured at cost. Cost includes all expenditure that is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Major property, plant, equipment and intangible assets that are commissioned over a period of time are reflected as capital work in progress on the statement of financial position.

Impairment tests are performed on property, plant and equipment, as well as on intangible assets, when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.4 Finance costs

The company capitalises finance costs that are directly attributable to the acquisition (note 16), construction or production of a qualifying asset as part of the cost of that asset until such time as the asset is ready for its intended use. The company recognises a qualifying asset as one that takes time to get ready for its intended use.

The amount of finance costs eligible for capitalisation is determined as actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset.

All other finance costs are recognised as an expense in the period in which they are incurred (note 11).

1.5 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

For all intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Amortisation is provided to write down the intangible assets on a straight-line basis as follows:

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 to 7 years

1.6 Impairment of tangible assets, work in progress and intangible assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset or cash-generating unit.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Assets that were subject to impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment loss reversals are recognised in profit or loss within impairment.

1.7 Financial instruments

Classification and measurement of financial assets

Note 37, Financial instruments and risk management, presents the financial instruments held by the company based on their specific classifications.

The company's financial assets include trade and other receivables, contract assets, short term investments at amortised cost, and cash and cash equivalents. Financial assets are initially measured at fair value adjusted for transaction costs (where applicable); these financial assets are subsequently measured at amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

All income and expenses relating to financial assets that are recognised in profit or loss are presented on notes 4, 5 and 10.

Classification and measurement of financial liabilities

The company's financial liabilities include interest-bearing loans and borrowings, trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs (where applicable), these financial liabilities are subsequently measured at amortised cost using the effective interest method.

Short term investments at amortised cost

Impairment

The company recognises a loss allowance for expected credit losses on all investments receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective investments. The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on an investment has not increased significantly since initial recognition, then the loss allowance for that investment is measured at 12-month expected credit losses (12 month ECL).

Trade and other receivables and contract assets

The company recognises a loss allowance for expected credit losses on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables and contract assets at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to determine expected credit losses on trade and other receivables and contract assets. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables. Details of the provision matrix are presented in note 21. The company measures the loss allowance for trade receivables and contract assets by applying a simplified approach.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown separately in profit or loss as impairment gains/ (losses) on financial assets at amortised cost (note 6).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables (note 21) and the financial instruments and risk management (note 37).

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with an original maturity of three months or less. These are initially recorded at fair value and subsequently recorded at amortised cost.

Interest-bearing loans and borrowings

Recognition and measurement

Interest expense, calculated on the effective interest method and included in profit or loss (Note 11) or capitalised to qualifying assets (Note 16).

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables

Recognition and measurement

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then the interest expense is included in profit or loss in finance costs (note 11).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables are denominated in foreign currencies.

When trade payables are denominated in a foreign currency, the carrying amount of the payables is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 5).

Details of foreign currency risk exposure and the management thereof are provided in note 37.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 Prepayments

The company incurs prepayments when it pays for services and/or goods that have not been rendered. The payments made in advance are classified separately on the statement of financial position. Where services and goods are expected in a period greater than twelve months, these are classified as non-current assets; where services and goods are expected in a period less than twelve months, these are classified as current assets. When the services and goods are rendered or received, the prepayment is derecognised, and the expense is recognised in Profit and Loss. The policy also applies to the staff retention benefits.

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026ments as at 31 March 2026

1.9 Tax

Current tax assets and liabilities

The current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

When management assessed the extent to which it is probable that taxable profit will be available against which potential deferred tax assets can be utilised, they take into consideration that the use of assessed losses is limited to the greater of 80% of the taxable income or R1 million in the year of assessment.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates and applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Management's review has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.10 Leases

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short term leases of 12 months or less, or leases of low value assets. Low value assets comprise cell phones, watercoolers, tablets, telephones and small items of office furniture. For these leases, the company recognises the lease payments as an operating expense (note 9) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

Details of leasing arrangements where the company is a lessee are presented in note 14.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, unless that rate cannot be determined; then the lessee's incremental borrowing rate is applied.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in substance fixed payments, less any lease incentives.
- Lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 11).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease payments due to a change in the consumer price index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts on the lease commencement date.

The right-of-use assets are depreciated over the period of the lease term, and the applicable periods are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight-line	2 to 10 years
Communication equipment	Straight-line	2 to 4 years
Computer equipment	Straight-line	3 to 7 years
Infrastructure	Straight-line	2 to 9 years
Motor vehicles	Straight-line	5 years
Navigational aids	Straight-line	2 to 10 years
Radar equipment	Straight-line	2 to 10 years

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease by reference to the lease liability and the right-of-use asset relating to the head lease in its statement of financial position. If the head lease is a short term lease to which the company applies the exemption described previously, it classifies the sublease as an operating lease.

The various lease and non lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying revenue criteria due to its operating nature.

1.11 Share capital and equity

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

1.12 Employee costs

Short term employee benefits

The cost of short term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and bonus) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences (e.g. sick, study and family responsibility leave), when the absence occurs.

Defined contribution plans

The company has a defined contribution scheme as a retirement benefit for its employees; the assets of the scheme are held in a separate trustee-administered fund. The defined contribution fund is a pension plan under which the employees and the company pay fixed contributions, taking into account the recommendations of independent qualified actuaries. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company's contributions to the defined contribution scheme are charged to Profit and Loss in the year to which they relate.

1.13 Provisions

The company provides for the Period of Beneficial Use (PBU). PBU is a validation period commencing after system acceptance and running concurrently with the suppliers' system warranty for at least 12 months. The company retains a certain percentage payable to the Original Equipment Manufacturer (OEM) to allow the company to validate the technical performance of the system.

Refer to note 24 for details.

1.14 Revenue from contracts with customers

Major sources of revenue are the following:

- En route, aerodrome and air traffic management fees
- Very Small Aperture Terminal (VSAT II) network fees

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

- Small aerodromes fees
- Technical services
- External training fees
- Extended hours services
- ARMA fees
- Aeronautical information services
- North East African Indian Ocean (NAFISAT) network fees
- Commission service fees

The company enters into contracts involving a range of services, such as en route, aerodrome and approach fees, small aerodrome services, technical maintenance services, FIR crossings for VSAT and NAFISAT networks, and aviation training fees. The transaction price for contracts is allocated amongst the various performance obligations based on their relative stand alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised when control of promised services is transferred to a customer at an amount that reflects the consideration the company expects to receive in exchange for those services. The company accounts for transactions with customers when it has approval and commitment from both parties, each party's rights have been identified, payment terms are defined, the contract has commercial substance and collection of the consideration is probable.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts under contract liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or trade receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

En route, aerodrome and air traffic management fees

The company provides en route, aerodrome and approach services as regulated in the Government Gazette. The Government Gazette serves as the legal instrument between the company and all customers making use of the South African airspace; as per legislation, each party's rights and obligations are clearly stipulated in the Gazette. The probability of the customer paying for services rendered is based on the customer's payment history, ongoing credit valuation, bank guarantees, and the security deposit held by the company.

The promised services are mainly the provision of Air Traffic Management (ATM) services relating to the following:

- Airspace organisation and management services.
- Information management services.
- Alerting services.
- Advisory services.
- Conflict management services.
- Traffic synchronisation services.
- Flight information services.
- Demand and capacity balancing services.

The fees are bundled together as a distinct service provided by the company.

The company charges a fixed duration fee on en route charges based on the nautical miles (distance) and the weight of the aircraft, the aerodromes and air traffic management fees are variable fees based weight of the aircraft and are only charged once the aircraft departs or lands at the Airports Company South Africa. Revenue is recognised over time as the services are rendered. The transaction price allocated to en route, aerodrome and air traffic management fees is recognised as a trade receivable once the company has satisfied the performance obligations.

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

Very Small Aperture Terminal (VSAT II) network fees

The company operates the VSAT network satellite communication system to address communication deficiencies in the Southern African Development Community (SADC VSAT II). The company has contracts with the individual member states as well as International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation. The promised services to be offered among others include the following:

- ATS direct speech.
- Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS Message Handling System, ATS Inter facility Data Communication and Voice over Internet Protocol.
- Computer to computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- Aeronautical administrative support.

The above performance obligations are bundled together as a distinct service offered by the company to the network users.

The price charged for network usage by the company is a fixed consideration for each flight information region (FIR) crossing utilised. Revenue from Very Small Aperture Terminal (VSAT II) network is recognised over time as the services are rendered. The transaction price allocated to VSAT networks service are recognised as trade receivables once the company has satisfied the performance obligations.

Small aerodromes fees

The company supplies air traffic management in a form of aerodrome services to privately owned airports around South Africa. Each contract is assessed for probability of the customer paying for

the service delivered. The services include supply of air traffic controllers, telecommunication equipment and electronic maintenance. The air traffic services are bundled together as a distinct service provided by the company.

The consideration charged for small aerodromes by the company is a fixed consideration. Revenue is recognised over time based on the costs of the air traffic controllers and the infrastructure provided. The transaction price allocated to small aerodromes is recognised as a receivable once the company satisfies the performance obligations.

Technical services

The company supplies technical services for the ILS calibration to both local and foreign customers. Each contract signed with the customer is assessed for probability of the customer paying for the service delivered. The performance obligations supplied by the company includes the supply of preventative and corrective maintenance of equipment, repairs and replacement. The maintenance services are considered to be a distinct service as they are regularly supplied by the company to customers. Revenue relating to the technical maintenance services is recognised over time based on the time spent on preventive maintenance, monitoring and reporting and flight calibration.

The consideration charged for technical maintenance by the company is a fixed consideration. The transaction price allocated to these services are recognised as a receivable once the company satisfies the performance obligations.

External training fees

The company offers aviation training courses to both local and overseas customers. Before the commencement of the courses both the company and the customer sign the training proposal (contract). Customers are required to pay for the cost of the various courses offered by the company before the

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

commencement of the course and on completion of the course the student will graduate and is offered a certificate recognised in the aviation industry.

The probability of the customer paying is high because these services are paid for in advance. The performance obligations are training services, venue hire and providing a qualification/certificate, these services are bundled together as one performance obligation.

For each course rendered, the company charges a fixed duration fee. Revenue from external training fees is recognised over time based on the costs of the course instructor, course material and infrastructure utilised. The company recognises contract liabilities for consideration received in respect of unsatisfied training services; similarly, if the company has offered the training before it receives the consideration. The company recognises a receivable once the company satisfies the performance obligations.

Extended hours services

The company renders extended duty hour services for the extension of existing air traffic services beyond the normal negotiated and planned working hours. The charges that the company levies on the extended hours are regulated by legislation in the government gazette and the fees are fixed based on the time the airport remained open beyond normal operating hours. Revenue from extended hours is recognised over time. The transaction price allocated to extended hours is recognised as a receivable once the company satisfies the performance obligations.

ARMA spectrum service fees

The company supplies African Regional Monitoring Agency (ARMA) with spectrum services. The performance obligations are to monitor aircraft height keeping performance, conduct safety assessments and report the results appropriately, and monitor operator compliance with State approval

requirements. The consideration charged for these services by the company is a fixed consideration. Revenue is recognised over time based on time and data processing costs. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

Aeronautical information services

The company supplies aeronautical information services to both local and foreign customers and each contract is assessed for probability of the customer paying for the services.

The performance obligations include survey and procedure design for routing and safe navigation of aircraft. The aeronautical information services comprise both dynamic and static data, enabling safe navigation of aircraft between the pilot and the air traffic control.

The consideration charged for aeronautical information services by the company is a fixed consideration. Revenue is recognised over time based on time basis as services are provided by various departments. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

North East African Indian Ocean (NAFISAT) network fees

The company operates a VSAT network satellite communication system to address communication deficiencies in the North East African Indian Ocean (NAFISAT). The company has contracts with the individual member states as well as International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation.

The promised services to be offered, among others, include the following:

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

- ATS direct speech.
- Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS Message Handling System, ATS Inter facility Data Communication and Voice over Internet Protocol.
- Computer to computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- Aeronautical administrative support.

The above performance obligations are bundled together as a distinct service offered by the company to the network users.

The price charged for network usage by the company is a fixed consideration. Revenue from North East African Indian Ocean (NAFISAT) network fees is recognised over time as the services are rendered based on each flight information region (FIR) crossing utilised. The transaction price allocated to VSAT network services is recognised as trade receivables once the company has satisfied the performance obligations.

Commission service fees

Commission fees relate to services rendered on behalf of third parties for billing and collections. The performance obligations are mainly billing and collection of overflight movements for air traffic service, issuing invoices, credit notes and statements to customers on behalf of third parties, providing monthly statistics and refunds to third parties of the funds collected on their behalf. The consideration charged for these services by the company is a fixed consideration and, in some instances, a variable consideration is charged. Revenue is recognised over time based on the amount collected. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

1.15 Other income

For unknown cash receipts and deposits from customers that were received more than three years prior, and where it is unlikely that the receipts or the deposits will be claimed, the company applies the Prescription Act and recognises the unknown cash receipts or deposits as other income.

Service management fees relate to management fees charged by the company for project management. The performance obligations include time spent on organising and facilitating the resources for the success of the projects. The consideration charged for these services by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to these services is recognised as receivable once the company satisfies the performance obligations.

1.16 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Rand, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items are measured in terms of the historical exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 Significant accounting estimates and judgements

The preparation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies in areas that involve a higher degree of judgement or complexity, or where assumptions and estimates are significant to the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities in the next financial year, are listed below:

Provisions

Provisions were raised, and management determined an estimate based on the information available as well as past experience. Additional disclosure of these estimates of provisions is included in note 27.

Deferred Taxation

At the reporting date, based on estimated future profitability, management is of the view that there will be sufficient taxable profit available to allow the benefit of the deferred tax asset recognised. Please refer to notes 12 and 17 for details of deferred tax asset assumptions.

Going Concern

Management's assessment is that the company will continue to operate in the foreseeable future based on the latest estimates and forecasts. The details are included in note 39.

Credit Loss Allowance (ECL)

The ECL is calculated on trade receivables and is determined as the lifetime expected credit losses on trade receivables. Management estimates these using a provision matrix as detailed in Note 21. Management applies judgement based on historical experience of defaulting debtors and also incorporates forward-looking information.

Useful lives and residual values of assets

The useful lives of assets and residual values are assessed when the asset is capitalised at inception and at each balance sheet date. The assessment is based on management's best estimate and industry norms.

Management periodically reviews the useful lives of these assets based on:

- Technological obsolescence
- Changes in capital replacement plans

Significant estimation uncertainty exists particularly for CNS infrastructure assets, where technological advancements and policy changes could result in earlier or later replacement than originally estimated. Refer to notes 13, 14 and 15 for details, as well as the table of useful lives under points 1.2, 1.5 and 1.10 under the accounting policy.

Impairment of assets

Assets are impaired when there are indicators of impairment. Management performs a physical verification and assesses the conditions of the assets. Various methods are applied for different categories of

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

assets to determine the impairment. For details, refer to note 13, 15 and 16.

Leases

Management uses the implicit interest rate in the lease agreement. In the event that the implicit rate cannot be determined, then the lessee's incremental borrowing rate is applied; the implicit rate assessment is performed annually. The average incremental borrowing rate for the leases was 10.81% during the year under review. For details, refer to note 14.

Borrowings

The company uses the best rate (variable three months JIBAR) and a margin of 4.15%. For details refer to note 25 for details.

Revenue

Management makes use of estimates based on time spent and cost of infrastructure as the input method for services rendered for certain non-regulated revenue streams to determine the transaction price.

Management determines en route, aerodrome and air traffic management fees based on nautical miles determined by the internal specialist to determine the transaction price.

For details refer to note 1.14.

1.18 Commitments and contingencies

Items are classified as capital commitments when the company commits itself to future transactions with external parties for the acquisition, construction, or development of property, plant and equipment and intangible assets. Capital commitments are measured at the contracted or estimated amount of the future expenditure the company is obligated to incur under the terms of the relevant agreement, at the reporting date.

A commitment is recognised when a contractual obligation is entered into, such as the signing of a construction contract, prior to the delivery or completion of the underlying asset. A capital commitment is derecognised when the underlying asset is received, and the corresponding expenditure is recognised on the statement of financial position, the contractual obligation is cancelled, terminated, or lapses. For details, refer to note 32.

A contingency is classified as either a contingent liability or a contingent asset depending on the nature of the uncertainty and the expected outcome of the underlying event.

Contingent liabilities and contingent assets are not recognised on the statement of financial position but rather disclosed in the notes to the annual financial statements. The company estimates the financial effect of contingencies based on the best available information at the reporting date. Contingencies are derecognised from disclosures when certainty around the underlying event is confirmed. For details refer to note 33.

1.19 Related parties

Air Traffic and Navigation Services Company (SOC) Ltd is one of the 21 Schedule 2 major public entities in terms of the Public Finance Management Act (Act 1 of 1999 as amended) and reports to the Department of Transport. It therefore has a significant number of related parties, including other state-owned entities, Government departments and all other entities within the national sphere of Government. In addition, the company has a related party relationship with its directors and executive officers (key management). Unless specifically disclosed, these transactions are concluded on an arm's length basis. Key management personnel have been defined as the Air Traffic and Navigation Services Company Board of directors effective for 2025/2026. Non-executive Directors are included in the definition of key management personnel as required by IAS 24. The definition of key

MATERIAL ACCOUNTING POLICIES (NOTE 1)

continued

Annual Financial Statements for the year ended 31 March 2026

management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with the company. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

Refer to note 35 and 36 for details of related parties and executives and non-executive emoluments.

1.20 Events after the reporting period

An event, which could be favourable or unfavourable, that occurs between the end of the reporting period and the date that the Annual Financial Statements are authorised for issue.

Adjusting event

An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate.

Non-adjusting event

An event after the reporting period that is indicative of a condition that arose after the end of the reporting period.

1.21 Irregular, fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit or loss in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Irregular Expenditure

The company is listed in Schedule 2 of the PFMA, and to incur Irregular Expenditure, the non compliance must be linked to a financial transaction. Although a transaction may trigger irregular expenditure, the company will only record irregular expenditure when a transaction is recognised as expenditure in the statement of profit or loss.

NEW STANDARDS AND INTERPRETATIONS

(NOTE 2)

Annual Financial Statements for the year ended 31 March 2026

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Lack of exchangeability Amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at the measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

The company has adopted the amendment for the first time in the 2026 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to adopt early the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2026 or later periods:

Presentation and Disclosure in Financial Statements IFRS 18

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes", also being required. These categories and subtotals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS-defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhances the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the standard is for years beginning on or after 01 January 2027.

The company expects to adopt the standard for the first time in the 2028 annual financial statements.

It is likely that the amendment will have a material impact on the company's annual financial statements.

First time Adoption of International Financial Reporting Standards Amendments to IFRS 1

The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.

The effective date of the standard is for years beginning on or after 01 January 2027.

NEW STANDARDS AND INTERPRETATIONS

(NOTE 2) *continued*

Annual Financial Statements for the year ended 31 March 2026

The company expects to adopt the standard for the first time in the 2028 annual financial statements.

The adoption of this standard is not expected to impact the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

Financial Instruments Amendments to IFRS 9

Annual Improvements to IFRS Accounting Standards Volume 11 Gain or loss on derecognition Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Financial Instruments Amendments to IFRS 9

Annual Improvements to IFRS Accounting Standards Volume 11 Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Amendment to IFRS 9 and IFRS 7

Two amendments were made which deal with contracts referencing nature dependent electricity and may not be applied to other contracts by inference. In terms of these contracts, buyers of nature dependent electricity may have no practical ability to avoid making sales of unused electricity.

In the first instance, the amendments allow for entities to satisfy the "own use" requirement when considering whether contracts to buy or sell non-financial items fall within the scope of IFRS 9. This will apply if the entity is or expects to be, a net purchaser of electricity. If the contract qualifies under the amendment, then the "own use" requirement will be met, and the contract will fall outside the scope of IFRS 9.

The second amendment deals with hedge accounting. It allows an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature dependent electricity expected to be delivered by the generation facility.

Additional disclosure will be required relating to each of these amendments.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

NEW STANDARDS AND INTERPRETATIONS

(NOTE 2) *continued*

Annual Financial Statements for the year ended 31 March 2026

Supplier finance arrangements Amendments to IAS 7 and IFRS 7

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The company expects to adopt the amendment for the first time in the 2027 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

3. REVENUE

	2026	2025
Revenue from contracts with customers		
Aviation services	2 071 086 304	1 788 863 474
Revenue other than from contracts with customers		
Operating leases	3 022 258	2 575 440
Total revenue	2 074 108 562	1 791 438 914
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
Over time		
En route, aerodrome and air traffic management fees	1 819 831 477	1 530 539 955
North East African Indian Ocean (Nafisat) network fees	70 947 098	72 706 680
Small aerodrome fees	70 512 378	66 692 387
Very Small Aperture Terminal (VSAT II) network fees	64 349 305	65 429 322
Technical services	10 543 897	17 164 400
External training fees	10 061 093	15 330 364
Commission service fees	8 905 260	7 568 736
Aeronautical information services	6 651 872	7 354 658
ARMA fees	4 288 424	1 666 551
Extended hours	2 366 810	1 749 292
Weather service administration	1 303 923	1 133 810
Saudi operational fees	1 165 240	1 227 700
Service management fees	159 527	299 619
	2 071 086 304	1 788 863 474
Other revenue		
Operating leases		
Sites	689 337	456 643
Sublease buildings	1 100 023	1 053 116
Squitters	1 232 898	1 065 681
	3 022 258	2 575 440

The company earns all the lease revenue from operating leases. The company does not earn any property rental revenue from finance leases.

On 1 September 2021, the company released two buildings (Towers) at Cape Town and Durban for office space, which are under lease (head lease), by subleasing a portion of the office space in the buildings (as intermediate lessor) to a third party. The office space that is sub leased is insignificant. For details of the buildings, refer to note 14.

Rental income from squitters relates to a communication device that is installed on motor vehicles that are on the runway for identification and communication with the air traffic controllers.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

3. REVENUE *continued*

	2026	2025
Revenue from operating leases		
Sublease buildings	1 100 023	1 065 681
Squitters	1 232 898	1 053 116
Sites	468 768	456 643
	2 801 689	2 575 440
Revenue relating to variable lease payments on operating leases		
Sites	220 569	-

Maturity analysis of lease payments - 2026	Year 1	Year 2	Year 3	Year 4
Sublease buildings	1 062 447	-	-	-
Sites	357 407	-	-	-
Squitters	957 204	948 387	948 387	354 370
	2 377 058	948 387	948 387	354 370

The lease contracts are escalated on an annual basis and are linked to the Consumer Price Index (CPI). The contractual lease amounts have not been adjusted for any forecast CPI changes

Maturity analysis of lease payments - 2025	Year 1	Year 2	Year 3	Year 4
Sublease buildings	385 522	921 864	-	-
Sites	477 005	-	-	-
	862 527	921 864	-	-

Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the reporting date

The transaction price which has been allocated to performance obligations which are unsatisfied at the reporting date is presented below, together with the expected timing of satisfying the performance obligations:

2026		
Transaction price allocated to:	1 year	2-5 years
Small aerodrome fees	56 156 508	92 266 337
Technical services	8 670 690	11 910 640
External training fees	3 306 503	-
Aeronautical information services	1 972 254	-
ARMA fees	228 130	-
	70 334 085	104 176 977

The small aerodrome fees and technical services contracts are escalated on an annual basis and are linked to the Consumer Price Index (CPI); therefore, the contracts are not escalated for future years.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

3. REVENUE *continued*

	1 year	2-5 years	Over 5 years
2025 - Restated			
Transaction price allocated to:			
Small aerodrome fees	63 610 528	143 606 858	4 815 986
Technical services	6 253 899	18 330 425	-
External training fees	2 763 634	-	-
Aeronautical information services	13 665 998	-	-
	86 294 059	161 937 283	4 815 986

The prior year amounts were restated to align with the customer's service contracts.

	2026	2025
Revenue by region		
Local generated revenue		
En route, aerodrome and air traffic management fees	1 819 831 477	1 530 539 955
Small aerodrome	70 512 378	66 692 387
Technical services	6 715 283	7 185 262
External training fees	6 531 235	15 330 364
Aeronautical information services	6 651 872	6 474 893
Extended hours	2 366 810	1 749 292
ARMA fees	2 096 900	1 398 267
Weather services administration	1 303 923	1 133 810
Service management fees	-	299 619
Commission fees	186 101	164 934
	1 916 195 979	1 630 968 783
Internationally generated revenue		
Very Small Aperture Terminal (VSAT II) network fees	64 349 305	65 429 322
North East African Indian Ocean (NAFISAT) network fees	70 947 098	72 706 680
Commission fees	8 719 159	7 403 802
Technical services	3 828 614	9 979 138
External training fees	3 529 858	-
ARMA fees	2 191 524	268 283
Aeronautical information services	-	879 766
Saudi operational fees	1 165 240	1 227 700
Service management fees	159 527	-
	154 890 325	157 894 691

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

4. OTHER OPERATING INCOME

	2026	2025
Sundry income	4 841 085	911 948
Bad debts recovered	3 683 156	1 203 326
Compensation from insurance claims	263 363	169 198
Reversal of provisions	126 000	623 209
	8 913 604	2 907 681

(a) Bad debts recovered relate to income which the company received from previously written-off debt.

(b) Sundry income mainly consists of the Transport Education and Training Authority (TETA) mandatory grant of R2.0 million (FY2025: R788 000) for providing internships to unemployed graduates and the customer's prescribed receipts of R1.9 million which are older than three years and have been written off.

5. OTHER OPERATING LOSSES

	2026	2025
Gains (losses) on disposals, scrappings and settlements		
Property, plant and equipment	(2 986 308)	(7 550 224)
Right-of-use assets	(543 944)	(1 194 611)
Intangible assets	-	(252 106)
Lease liability	2 572 644	1 529 553
	(957 608)	(7 467 388)
Foreign exchange gains (losses)		
Net foreign exchange loss	(23 082 357)	(5 424 187)
Total other operating gains (losses)	(24 039 965)	(12 891 575)

The loss on finance lease relates to the early termination of leases; the assets were not fully depreciated, and lease liabilities were not fully settled at the date of disposal. At the expiry of finance lease terms, the company derecognises the relevant right-of-use assets and corresponding lease liabilities from the statement of financial position. The disposal is recognised when the company's rights to control and use the leased asset cease, and all contractual lease obligations have been fulfilled.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

6. (REVERSAL OF IMPAIRMENT LOSS//)IMPAIRMENT LOSS ON FINANCIAL ASSETS AT AMORTISED COST

	2026	2025
Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:		
Movement in credit loss allowances		
Trade and other receivables	(3 488 621)	15 516 668

The company credit loss allowance on trade receivables significantly decreased in the current year mainly due to improved collection strategy to maximise cash inflows.

For details of bad debts write off, refer to note 21.

7. IMPAIRMENT LOSS ON NON-FINANCIAL ASSETS

	Note(s)	2026	2025
Impairment losses recognised			
Property, plant and equipment	13	890 924	977 708
Work in progress	16	127 400	125 507
		1 018 324	1 103 215

For the details of impairment loss on property, plant and equipment, refer to note 13.

For details of impairment loss on work in progress, refer to note 16.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

8. EMPLOYEE COSTS

	2026	2025
Salaries and other related costs	1 087 131 268	928 046 779
Pensions costs defined contribution scheme	95 591 490	86 581 129
Performance bonus	59 087 017	59 822 454
Retention benefits	47 333 164	9 319 098
Training and development	16 363 936	10 782 599
Relocation costs	13 511 968	7 775 046
Housing allowance	8 067 938	6 162 857
Recruitment costs	5 154 550	3 080 236
Long service awards	2 165 000	2 985 000
Rewards and recognition	1 386 093	1 122 180
Ex gratia	105 661	-
	1 335 898 085	1 115 677 378

(a) Performance bonus

The performance bonus is a provision calculated based on affordability. The payment of the bonus is dependent on the performance of the company as well as the individual performance ratings for the financial year ended 31 March 2026.

(b) Retention benefits

The retention benefits relate to a payout to only air traffic services employees to retain the current skills shortages; refer to note 19 for details.

(c) Ex gratia

Ex gratia relates to discretionary and non contractual payments made by the company, During the year under review, the company paid ex gratia payments following Board approval.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

9. OTHER OPERATING EXPENSES

	2026	2025
Travel expenses	88 282 597	65 764 130
Professional fees	80 208 249	42 601 007
Repairs and maintenance	75 737 838	57 942 808
Telecommunication expenses	59 385 571	53 866 425
Computer software	40 567 115	41 685 336
Network management fees	32 554 999	34 862 197
Municipal expenses, rates and taxes	28 900 756	26 749 764
Service fees ADS B	27 947 732	22 824 939
Security	24 929 620	23 548 298
Contract services	22 060 981	20 138 477
Insurance	20 624 188	21 208 631
Marketing expenses	15 717 379	10 594 047
IT equipment repairs	15 587 914	9 927 760
Administration expenses	13 019 455	15 070 794
Legal fees	10 174 252	12 699 280
External audit fees	7 279 036	1 717 401
Directors' fees	5 625 799	5 293 284
Subscriptions	4 870 403	3 883 964
Internal audit	2 980 047	4 171 488
Fees for audit services	2 822 547	4 114 288
Fees for other services	157 500	57 200
Leases of low-value assets	2 683 340	2 453 809
Motor vehicle expenses	2 298 649	2 365 684
Short-term leases	722 115	720 717
Change management	458 304	53 465
Commitment fees DBSA	-	(31 622)
	582 616 339	480 112 083

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

10. FINANCE INCOME

	2026	2025
Interest income		
Cash and cash equivalents	76 295 326	69 337 765
Trade and other receivables	1 890 274	2 289 109
Short-term investments	575 825	842 376
Interest from revenue services	411 261	-
Total interest income	79 172 686	72 469 250

Included in trade and other receivables is interest from contract assets of R95 000.

Included in short-term investments is interest from the insurance contract.

11. FINANCE COSTS

	2026	2025
Interest-bearing loans and borrowings	50 116 808	53 445 170
Lease liabilities	8 125 029	9 393 748
Other interest paid	61 168	326 330
Total finance costs	58 303 005	63 165 248
Less: Capitalised to qualifying work in progress	(15 636 036)	(27 148 376)
Total finance costs expensed	42 666 969	36 016 872

12. TAXATION

	2026	2025
Major components of the tax expense		
Current		
Current income tax charge	1 919 230	2 210 762
Prior period under-provision	18 618	-
	1 937 848	2 210 762
Deferred		
Current year	45 712 710	12 130 897
Arising from previously unrecognised tax loss	31 777	99 012
	45 744 487	12 229 909
	47 682 335	14 440 671

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

12. TAXATION *continued*

	2026	2025
Reconciliation of the tax expense		
Reconciliation between the applicable tax rate and the average effective tax rate.		
Applicable tax rate	27.00%	27.00%
Depreciation building	-	3.80%
Depreciation: lease improvements	-	8.02%
Deferred tax reconciliation	396.17%	[0.30]%
Fruitless and wasteful expenditure	0.24%	0.43%
Impairment loss on work in progress	0.31%	0.09%
Legal expenses	1.26%	-
Prior year adjustment	0.45%	0.27%
	425.43%	39.31%

Fruitless and wasteful expenditure is spending made in vain, and the expense is not tax-deductible in terms of the Income Tax Act; hence the adjustment.

Deferred tax reconciliation relates to differences identified in property, plant and equipment.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

13. PROPERTY, PLANT AND EQUIPMENT

	2026		
	Cost	Accumulated depreciation and impairment loss	Carrying value
ATC display system	188 417 969	(125 592 949)	62 825 020
Buildings	240 141 714	(100 977 131)	139 164 583
Communication equipment	430 442 570	(231 378 759)	199 063 811
Computer equipment	240 386 536	(183 179 539)	57 206 997
Electrical and mechanical equipment	156 223 323	(92 001 558)	64 221 765
Infrastructure	5 120 841	(2 646 962)	2 473 879
Land	12 891 088	-	12 891 088
Lease improvements	117 504 274	(91 135 921)	26 368 353
Motor vehicles	771 427	(742 710)	28 717
Navigation aids	166 543 857	(78 418 798)	88 125 059
Office furniture and equipment	33 126 497	(23 970 432)	9 156 065
Radar equipment	576 511 769	(376 382 471)	200 129 298
Simulator equipment	24 505 941	(19 510 631)	4 995 310
Tools and test equipment	16 142 335	(7 933 990)	8 208 345
Total	2 208 730 141	(1 333 871 851)	874 858 290

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	2025		
	Cost	Accumulated depreciation and impairment loss	Carrying value
	191 048 628	(114 234 112)	76 814 516
	239 642 762	(99 115 895)	140 526 867
	391 017 590	(209 836 325)	181 181 265
	239 695 279	(171 829 200)	67 866 079
	151 335 952	(83 918 309)	67 417 643
	4 982 750	(2 374 513)	2 608 237
	12 891 088	-	12 891 088
	117 492 989	(86 979 352)	30 513 637
	806 965	(771 345)	35 620
	160 519 607	(75 686 289)	84 833 318
	30 286 555	(22 587 843)	7 698 712
	576 951 258	(350 277 234)	226 674 024
	24 582 932	(18 092 157)	6 490 775
	16 046 126	(7 459 045)	8 587 081
	2 157 300 481	(1 243 161 619)	914 138 862

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

13. PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Projects capitalised
ATC display system	76 814 516	-	-
Buildings	140 526 867	-	3 907 297
Communication equipment	181 181 265	6 991 617	37 820 605
Computer equipment	67 866 079	9 775 435	2 199 153
Electrical and mechanical equipment	67 417 643	5 554 354	2 124 148
Infrastructure	2 608 237	-	118 785
Land	12 891 088	-	-
Lease improvements	30 513 637	179 743	-
Motor vehicles	35 620	-	-
Navigation aids	84 833 318	-	10 719 256
Office furniture and equipment	7 698 712	3 509 299	10 119
Radar equipment	226 674 024	-	-
Simulator equipment	6 490 775	-	-
Tools and test equipment	8 587 081	854 060	-
	914 138 862	26 864 508	56 899 363

- a) The impairment loss of operational assets is performed annually, and the company performs physical verification of assets in order to assess the condition of the assets. Assets whose condition is poor or very poor are impaired in terms of the methodology; the carrying amount is 25% for poor assets and 10% for very poor assets. The company does not use the value in use to determine the recoverable value for impairment purposes. The Communication, Navigation and Surveillance equipment does not generate identifiable or independent revenue. Cash inflows from operations cannot be directly attributed to these assets alone. The CNS assets operate within a broader group of assets. The cash inflows from these CNS assets are generated collectively, not at the level of the individual asset.
- b) The company holds assets with a carrying value of nil and gross carrying amount of R28,1 million, which are currently in use. These assets are presented at a net carrying value of nil.
- c) Provisions capitalised relate to a portion of costs incurred during the construction of the asset. These costs are retained for payment from the Original Equipment Manufacturer (OEM) as a liability to the company until a certain period has lapsed as per the terms of the contract; for details, refer to note 27.
- d) During the current year, the company reviewed the useful lives of assets. The impact of the change in the useful lives is a R9,7 million decrease on depreciation. The company only extends the useful lives of assets, taking into account when the assets will be replaced and so that the assets do not depreciate to R1 whilst still in use; the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgement and an engineer's expert opinion. They consider the operating environment, alignment to industry benchmarks, and future plans.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	PBU capitalised	Disposals	Depreciation	Impairment loss	Total
	-	(353 313)	(13 578 855)	(57 328)	62 825 020
	364 814	(60 020)	(5 569 168)	(5 207)	139 164 583
	3 219 847	(1 537 311)	(28 192 008)	(420 204)	199 063 811
	-	(479 518)	(22 137 436)	(16 716)	57 206 997
	180 570	(385 703)	(10 650 128)	(19 119)	64 221 765
	19 306	-	(272 449)	-	2 473 879
	-	-	-	-	12 891 088
	-	(5 547)	(4 318 953)	(527)	26 368 353
	-	(1 643)	(5 260)	-	28 717
	528 753	(73 709)	(7 600 995)	(281 564)	88 125 059
	690	(67 071)	(1 982 763)	(12 921)	9 156 065
	-	(96 194)	(26 415 013)	(33 519)	200 129 298
	-	(971)	(1 494 494)	-	4 995 310
	-	(148 673)	(1 040 304)	(43 819)	8 208 345
	4 313 980	(3 209 673)	(123 257 826)	(890 924)	874 858 290

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

13. PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Projects capitalised
ATC display system	76 684 704	-	13 724 617
Buildings	139 367 771	-	6 386 595
Communication equipment	187 214 920	-	21 013 871
Computer equipment	63 015 350	9 198 551	15 014 624
Electrical and mechanical equipment	58 896 386	10 533 667	7 380 962
Infrastructure	2 149 602	-	650 264
Land	12 891 088	-	-
Lease improvements	40 914 107	1 702 087	-
Motor vehicles	42 363	-	-
Navigation aids	70 473 677	-	20 182 942
Office furniture and equipment	9 722 679	79 179	493 064
Radar equipment	254 677 313	-	143 000
Simulator equipment	8 023 408	-	-
Tools and test equipment	8 881 490	768 809	-
	932 954 858	22 282 293	84 989 939

- a) The impairment loss of operational assets is performed annually, and the company performs the physical verification of assets in order to assess the condition of the assets. The assets whose condition is poor and very poor are impaired in terms of the methodology; the carrying amount is 25% for the poor assets and 10% for the very poor assets. The company does not use the value in use to determine the recoverable value for impairment purposes. The Communication, Navigation and Surveillance equipment does not generate identifiable or independent revenue. Cash inflows from operations cannot be directly attributed to these assets alone. The CNS assets operate within a broader group of assets. The cash inflows from these CNS assets are generated collectively, not at the level of the individual asset.
- b) The company holds assets with a carrying value of nil and gross carrying amount of R11 million, which are currently in use. These assets are presented at a net carrying value of nil.
- c) Provisions capitalised relate to a portion of costs incurred during the construction of the asset. These costs are retained for payment from the Original Equipment Manufacturer (OEM) as a liability to the company until a certain period has lapsed as per the terms of the contract: for details, refer to note 28.
- d) During the current year, the company reviewed the useful lives of assets. The impact of the change in the useful lives is a R8.3 million decrease in depreciation. The company only extends the useful lives of assets, taking into account when the assets will be replaced and so that the assets do not depreciate to R1 whilst still in use; the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgement and an engineer's expert opinion. They consider the operating environment, alignment to industry benchmarks, and future plans.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	PBU capitalised	Disposals	Depreciation	Impairment loss	Total
	541 243	(818 331)	(12 972 830)	(344 887)	76 814 516
	681 773	(304 731)	(5 583 205)	(21 336)	140 526 867
	1 281 850	(2 557 389)	(25 373 843)	(398 144)	181 181 265
	1 295	(734 826)	(18 568 414)	(60 501)	67 866 079
	614 528	(646 419)	(9 276 760)	(84 721)	67 417 643
	55 446	-	(247 075)	-	2 608 237
	-	-	-	-	12 891 088
	-	(664 147)	(11 432 311)	(6 099)	30 513 637
	-	-	(6 743)	-	35 620
	2 110 640	(1 166 395)	(6 767 546)	-	84 833 318
	16 802	(91 124)	(2 490 174)	(31 714)	7 698 712
	-	(626 701)	(27 519 588)	-	226 674 024
	-	(433)	(1 532 200)	-	6 490 775
	-	(16 153)	(1 016 759)	(30 306)	8 587 081
	5 303 577	(7 626 649)	(122 787 448)	(977 708)	914 138 862

Property, plant and equipment encumbered as security

The company has registered a first ranking general notarial bond over movable assets for the amount of R600m to secure the loan facility with DBSA of R500m.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

For property, plant and equipment under construction, please refer to note 16.

For property, plant and equipment committed at the end of the financial year, please refer to note 32.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

14. LEASES (COMPANY AS LESSEE)

The company leases several navigation aids, radar sensors, communication facilities and radio sites necessary for executing its mandate. The lease terms for these assets range between two years and ten years. The annual escalations are 10% for those leases that include a fixed escalation. The lease agreements with variable escalations are linked to the Consumer Price Index.

The company entered into lease agreements for office buildings and infrastructure, with an average term of 10 years, and instalments payable monthly in advance, with annual escalation at 7.5%. Some of the lease agreements contain extension options exercisable by the company up to six months before the end of the lease term. The company assesses at the commencement of the agreement whether it is highly probable that it will exercise the option. The company reassesses whether it is highly probable to exercise the option when there is a significant change in circumstances.

The company considered the relevant facts and circumstances that create an economic incentive for the company to exercise or not to exercise the options. Some of these factors include the importance of the underlying assets such as the access roads, the location and the significant leasehold improvements undertaken. Consequently, the company has included all options to extend the lease terms in determining the measurement of the lease liabilities and right-of-use assets.

Right-of-use assets

Details pertaining to leasing arrangements, where the company is the lessee are presented below:

	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	45 789 919	[41 411 113]	4 378 806	46 431 837	[40 181 804]	6 250 033
Communication equipment	33 965 920	[20 793 368]	13 172 552	34 897 218	[18 489 008]	16 408 210
Infrastructure	6 994 556	[3 446 445]	3 548 111	7 086 710	[2 945 530]	4 141 180
Motor vehicles	19 230 113	[16 220 050]	3 010 063	19 672 341	[11 711 535]	7 960 806
Computer equipment	4 127 787	[2 139 925]	1 987 862	6 022 379	[2 023 180]	3 999 199
Navigation aids	31 431 028	[10 527 505]	20 903 523	33 301 947	[10 415 862]	22 886 085
Radar equipment	1 560 501	[788 017]	772 484	1 735 713	[851 180]	884 533
Total	143 099 824	(95 326 423)	47 773 401	149 148 145	(86 618 099)	62 530 046

During the current year, the company reviewed the useful lives of right-of-use assets. The impact of the change in the useful lives is a R3,7 million decrease in depreciation. The company only extends the useful lives of assets taking into account when the assets will be replaced and so that the assets do not depreciate to R1 whilst still in use; the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

14. LEASES (COMPANY AS LESSEE) *continued*

	2026	2025
Remeasurements		
Buildings	-	(4 894 129)
Communication equipment	1 540 841	1 331 827
Motor vehicles	(118 003)	(119 491)
Navigation aids	405 346	8 035 029
Radar	-	(1 452)
	1 828 184	4 351 784

The company adjusted the lease liability for the buildings (Bruma Office Park) to reflect changes to the lease agreement since the option to extend the contract was exercised. The extension was in the form of a signed addendum to the existing contract. There was a change in the payment structure of the lease, resulting in a decrease in liability and an increase in assets.

	2026	2025
Derecognition due to lease termination		
The following assets were disposed during the year under review:		
Communication equipment	(112 393)	(901 108)
Computer equipment	-	(20 206)
Navigation aids	(431 551)	(273 297)
	(543 944)	(1 194 611)

The derecognition of the right-of-use assets relates to the early termination of leases. The assets were not fully depreciated, and lease liabilities were not fully settled at the date of disposal.

	2026	2025
Additions to right-of-use assets		
Communication equipment	-	4 013 095
Computer equipment	223 323	3 924 313
Motor vehicles	-	358 544
Navigation aids	-	1 581 704
Infrastructure	-	710 909
	223 323	10 588 565

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

14. LEASES (COMPANY AS LESSEE) *continued*

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6), as well as depreciation which has been capitalised to the cost of other assets.

	2026	2025
Buildings	(1 871 226)	(2 181 033)
Communication equipment	(4 664 081)	(4 894 735)
Computer equipment	(2 234 660)	(1 797 829)
Infrastructure	(593 069)	(653 563)
Motor vehicles	(4 832 740)	(4 811 666)
Navigation aids	(1 956 357)	(3 558 404)
Radar sensors	(112 048)	(134 829)
	(16 264 181)	(18 032 059)
Other disclosures		
Interest expense on lease liabilities	8 125 029	9 393 748
Expenses on short term leases included in operating expenses	722 115	720 717
Leases of low value assets included in operating expenses	2 683 340	2 453 809
Lease liabilities		
The maturity analysis of lease liabilities is as follows		
Within one year	28 425 137	32 510 046
Two to five years	43 159 302	60 032 916
More than five years	46 216 237	51 250 684
	117 800 676	143 793 646
Less finance charges component	(37 697 521)	(44 981 641)
	80 103 155	98 812 005
Non current liabilities	58 207 145	74 482 002
Current liabilities	21 896 010	24 330 003
	80 103 155	98 812 005

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

14. LEASES (COMPANY AS LESSEE) *continued*

Future cash outflows not reflected in lease liabilities

The company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value. Payments made under such leases are expensed on a straight-line basis.

Total cash outflow for leases for the year ended 31 March 2026 was R26 414 196 (2025: R24 886 080). The total cash outflows for low-value and short-term leases equal the expense paid; for details, refer to the other disclosures table above.

The difference in the projected cash flow from the prior year to what was actually paid is due to late submission of lease invoices for payment; the same is accounted for under lease liabilities.

At 31 March 2026, the company had a committed lease of low value, and the total commitments at that date were R1 761 654 (2025: R2 001 669).

In the current year, there were no commitments for short-term leases.

Exposure to liquidity risk

Refer to note 37 Financial instruments and risk management for the details of liquidity risk exposure and management.

15. INTANGIBLE ASSETS

	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	336 687 834	(248 369 881)	88 317 953	328 988 834	(219 656 278)	109 332 556

Reconciliation of intangible assets - 2026

	Opening balance	Projects capitalised	Amortisation	Total
Computer software	109 332 556	7 699 000	(28 713 603)	88 317 953

a) During the current year, the company reviewed the useful lives of intangible assets. The impact of the change in the useful lives is a R1.8 million decrease in depreciation. The company only extends the useful lives of assets, taking into account when the assets will be replaced and so that the assets do not depreciate to R1 whilst still in use; the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgement and an engineer's expert opinion. They consider the operating environment and alignment to industry benchmarks, as well as future plans.

The software is integrated into communication systems, the software's useful life is aligned with that of the entire equipment, and amortisation is applied over that combined lifespan.

b) The company holds software with a carrying value of nil and gross carrying amount of R40,7 million, which are currently in use. These assets are presented at a net carrying value of nil.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

15. INTANGIBLE ASSETS *continued*

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Projects capitalised	Disposals	Amortisation	Total
Computer software	102 741 494	7 499 617	27 290 203	(252 106)	(27 946 652)	109 332 556

In the prior year, the company reviewed the useful lives of intangible assets. The impact of the change in the useful lives is a R2,1 million decrease in depreciation. The company only extends the useful lives of assets taking into account when the assets will be replaced and so that the assets do not depreciate to R1 whilst still in use; the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgement and an engineer's expert opinion. They consider the operating environment and alignment to industry benchmarks, as well as future plans.

	2026	2025
Individually material intangible assets		
CAATS (Top sky)	5 404 580	6 303 497
Oracle ERP system	12 874 414	20 884 212
Governance risk and compliance	5 379 905	7 177 722
Integrated fast time project	13 471 079	18 001 781
Data links	23 129 400	25 821 008
	60 259 378	78 188 220

The CAATS system is an integrated display system used by the Air Traffic Controllers and has a remaining useful life of eight years.

Oracle ERP software system is used to manage day to day business activities such as accounting, procurement and project management, among others. The system has a remaining useful life of four years.

The governance, risk, and compliance system is used to manage projects in the internal audit department. The system has a remaining useful life of five years.

Integrated Fast Time project system is used for monitoring and controlling aeroplanes; the system has a remaining useful life of five years.

Datalinks is a telecommunication network for communication, navigation and surveillance systems; the system is used to communicate and share information for air traffic management. The system has a remaining useful life of nine and a half years.

Pledged as security

During the year under review, the company had no intangible assets pledged as security. Also, there were no intangible assets where title was restricted.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

15. INTANGIBLE ASSETS *continued*

	2026	2025
Other information		
Research and development expenditure expensed during the year	16 497	834 683

For intangible assets under construction, please refer to note 16.

For intangible assets committed at the end of the financial year, please refer to note 32.

16. CAPITAL WORK IN PROGRESS

2026	Cost	Accumulated impairment loss	Carrying value
Work in progress	575 505 992	(146 997 745)	428 508 247
2025			
Work in progress	421 983 520	(146 870 345)	275 113 175

	2026	2025
Reconciliation		
Opening carrying value	275 113 175	260 982 869
Additions	205 928 244	107 185 582
Adjustments	(1 870 525)	(5 472 226)
Other payables	(1 572 920)	(2 325 777)
Finance costs capitalised	15 636 036	27 148 376
Impairment loss	(127 400)	(125 507)
Transferred to property, plant, equipment and intangible assets	(64 598 363)	(112 280 142)
	428 508 247	275 113 175

a) The adjustment in the current year is as a result of the reversal of capital expenditure accruals and reallocation of operational expenses.

b) For PBU provision details, refer to note 27.

c) The company uses the three-month variable JIBAR rate and the fixed margin of 4.15%.

d) For work in progress committed at the end of the financial year, please refer to note 32.

	2026	2025
The balance consists of the following categories of property, plant and equipment		
ATC display system	136 951 894	191 467
Buildings	4 880 239	223 691
Communication equipment	69 977 776	71 432 149
Electrical and mechanical equipment	203 812	98 621
Navigation aids	155 021 897	149 303 738
Radar equipment	59 168 917	50 370 282
Simulator	-	7 967
	426 204 535	271 627 915

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

16. CAPITAL WORK IN PROGRESS *continued*

	2026	2025
The balance consists of the following categories of intangible assets;		
Software	2 303 712	3 485 260
Impairment loss breakdown		
Software	127 400	-
Navigation aids	-	125 502
	127 400	125 502

17. DEFERRED TAX

	2026	2025
The movement in the deferred income tax account is as follows:		
At the beginning of the year	209 861 179	222 091 088
Recognised in the statement of profit or loss	(45 744 487)	(12 229 909)
Total deferred tax asset closing balance	164 116 692	209 861 179
Deferred income tax asset relates to the following:		
Property, plant and equipment	(176 117 773)	(134 149 489)
Right-of-use assets	(12 898 818)	(16 883 112)
Lease liability	21 627 850	26 679 241
Provisions	40 406 879	40 036 093
Loss allowance on trade receivables	(2 699 021)	(3 426 761)
Contract assets	(312 457)	(304 999)
Section 24C income received in advance	-	(11 066 386)
Deferred income	8 174 736	11 863 729
Prepayments	(4 667 841)	(5 160 646)
Section 7B variable remuneration	1 256 055	1 089 971
Assess loss	305 286 159	312 994 856
Capitalised interest	(15 309 611)	(11 087 881)
Loan origination fees	(629 468)	(723 437)
	164 116 692	209 861 179

Recognition of deferred tax asset

The majority of the deferred tax balance is recognised from the assessed losses incurred during the time when there were travel restrictions due to COVID-19. The losses incurred were mainly due to lower movements resulting in the company incurring losses. At the reporting date, deferred tax assets are reviewed based on the management assumption being the permission forecasts used to support the probability assessment that sufficient taxable profits will be generated by the company in order to utilise the deferred tax assets. The unused tax losses of R310,9m have no expiry dates.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

18. CONTRACT ASSETS

	2026	2025
Contract assets	1 157 249	1 129 628
Right to consideration		
Technical services	1 157 249	1 129 628
Reconciliation of contract assets		
Opening balance	1 129 628	
Finance income	95 143	-
Foreign exchange loss	(67 522)	-
Right to consideration	-	1 129 628
	1 157 249	1 129 628
Split between non current and current portions		
Non current assets	-	1 129 628
Current assets	1 157 249	-
Closing balance	1 157 249	1 129 628

Contract assets are recognised to the extent that performance obligations have been performed by the company and that revenue has been recognised in accordance with IFRS 15 Revenue, but for which the company's right to consideration is not yet unconditional. When the right to consideration becomes unconditional, the contract asset is transferred to trade receivables.

Contract assets relate to the supply, installation and commissioning of the SADC very small aperture terminal and central Atlantic satellite terminals. The company met all the performance obligations on 1 August 2024 and, in the same period, recognised revenue. The 10% guarantee payment is expected on 1 August 2026 from the customer; period, 1 August 2024, and in the same period, recognised revenue. The 10% guarantee payment is expected on 1 August 2026 from the customer; during that period, the contract asset will be reclassified to trade receivables.

The loss allowance under contract assets has not been provided for as the credit risk for the customer profile is low.

Exposure to credit risk

Contract assets inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

However, the credit risk profile of the customer within the contract assets is considered low based on management assessment; therefore, no credit loss was provided for the contract assets.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

19. PREPAYMENTS

	2026	2025
Non-current assets		
Retention benefits	327 069	-
Other prepayments	180 162	6 793
	507 231	6 793
Other prepayments relate to extended warranty and membership fees paid for a period of more than twelve months in advance.		
	2026	2025
Current assets		
Retention benefits	54 039 603	26 796 193
Other prepayments	23 773 161	22 817 952
	77 812 764	49 614 145

Retention benefits relate to employee benefit costs in air traffic services to retain the current skills shortage. The company and the employees signed three year retention contracts, which assure the company that the employees will not resign from the company. The amount that will be paid is determined based on the level of the employee and the location. The settlement of this benefit will be done annually over three years, and the amounts are expensed monthly based on the month of service.

The company made an additional advance payment to the employees in year two (1 April 2026 to 31 March 2027) of the contracts.

The conditions attached to the contracts are as follows;

- The employees are required to remain in service for a period of three years;
- The company is committed to making the retention payment annually for the duration of the agreement, subject to continued employment; and
- Where an employee resigns before completion of the applicable service period, the employee is required to refund the unearned portion of the payment relating to the period not yet served.

At the reporting date, any portion of the year two payment relating to future service periods is recognised as a prepayment, while the portion relating to service already rendered is recognised as staff costs; for details, refer to note 8.

Other prepayments relate to rental expenses, insurance premiums, annual subscription, licenses and various operating expenses paid in advance.

The carrying value of prepayments approximates their fair values.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

20. SHORT TERM INVESTMENTS AT AMORTISED COST

	2026	2025
Short term investments at amortised cost are presented at amortised cost, as follows:		
Risk financing insurance policy	19 255 143	20 196 205
Split between non current and current portions		
Current assets	19 255 143	20 196 205

The policy provides cover for ATNS to limit the excess premiums that are payable on certain insurance risks. The above financial asset is interest-bearing and comprises USD-denominated and South African Rand-bearing assets, which are not quoted in an active market. The carrying amount is regarded as a fair approximation of the fair value; the policy is payable on demand.

The policy is renewed annually. The current policy was renewed on 1 October 2025 and expires on 30 September 2026.

Pledged as security

None of the instruments included in short-term investments was pledged as security for any financial obligations.

Exposure to credit risk

To mitigate the risk of financial loss from defaults, the company only deals with reputable counterparties with consistent payment histories. The insurer is analysed for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the brokers. Exposure to credit risk and the creditworthiness of counterparties are monitored annually.

Risk financing insurance policies are subject to the impairment provisions of IFRS 9 Financial Instruments, which require a loss allowance to be recognised for all exposures to credit risk. For the purpose of impairment assessment of risk financing insurance policy, the policy is considered to have a low credit risk. The loss allowance is measured at 12 months' expected credit losses. In determining the expected credit losses, management has taken into account historical default practices and the financial position of the counterparties and has determined that there is no probability of default. The expected credit loss is, therefore, immaterial and no impairment has been recognised in the current year.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Exposure to currency risk

Refer to note 37 financial instruments and financial risk management, for details of currency risk management for short term investments at amortised cost.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

21. TRADE AND OTHER RECEIVABLES

	2026	2025
Financial instruments:		
Trade receivables	212 963 865	189 866 317
Trade receivables related parties	27 670 312	30 742 112
Accrued income	2 122 179	6 131 557
Loss allowance	(24 990 936)	(31 729 267)
Trade receivables at amortised cost	217 765 420	195 010 719
Deposits	3 139 272	2 864 382
Employee costs	2 511 009	4 184 754
Other receivables	5 320 306	4 769 957
Non-financial instruments:		
VAT	7 738 158	-
Subsistence and travel allowance	167 183	493 706
Total trade and other receivables	236 641 348	207 323 518

Trade receivable

Trade receivables generally have 30-day terms. The company reserves the right to charge interest on overdue accounts with effect from the date the indebtedness was incurred. The rate of interest charged is the prime rate plus two percentage base points.

Trade receivables related parties

The debt due under trade receivables related parties, primarily, relates to services rendered by the company for aerodrome, en-route and approach fees, external training fees, and weather services administration.

The prior year trade receivables related parties and the credit loss allowance amounts were updated by removing the municipalities.

Trade receivables related parties generally have 30-day terms. The company reserves the right to charge interest on overdue accounts with effect from the date the indebtedness was incurred. The rate of interest charged is the prime rate plus two percentage base points.

For details of the amounts of services rendered by the company and amounts owed to the company by related parties, refer to note 35.

Deposits

Deposits are advances and amounts held by suppliers and municipalities on behalf of the company.

Employee costs

Employee costs relate to cost recovery from employees who owe money to the company for various reasons. The acknowledgement of debt forms are used as a means of recovering the funds from the employees.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

21. TRADE AND OTHER RECEIVABLES *continued*

Other receivables

Other receivables include in the main late payment interest from the bank; at year-end other receivables are not impaired.

	2026	2025
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	228 736 007	206 829 812
Non-financial instruments	7 905 341	493 706
	236 641 348	207 323 518

Trade and other receivables pledged as security

The company has pledged its personal rights against its trade and other receivables and has transferred such rights to the Lender to secure the fulfilment of the loan facility.

Exposure to credit risk

During the year under review, non-regulated business continued posing credit risk to the company, particularly the services rendered on small aerodromes, technical services, NAFISAT and VSAT networks. The credit risk on non-regulated business necessitated a review of the credit risk and provision matrix to tighten the credit management policy.

When evaluating the credit risks, the company considered deposits of R29,0 million (2025: R25,2 million) held on behalf of customers, as well as bank guarantees of R81,1 million (2025: R79,2 million) from customers in the name of the company. The quality of the bank guarantees on the credit risk is high, and they are receivable on demand by the company should the customer default on their account. During the year under review, there had been no significant changes in the quality of the bank guarantees and security deposits. All customers with or without security deposits or bank guarantees were assessed for credit loss at year-end. The deposits are included in cash and cash equivalents (note 23) as unrestricted cash, with the related liability included in other payables (note 28). When the customer ceases to trade and settles the outstanding debt, the company is obliged to return the deposit to the customer. Should the customer default, the company may utilise the related deposit in settlement of the debt.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The company measures the loss allowance for trade receivables by applying a simplified approach. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been reviewed and developed in the current year by making use of the company credit management policy and historical experience of past default debtors.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

21. TRADE AND OTHER RECEIVABLES *continued*

At year-end, the company assessed the credit risk of its customers, and the following indicators were used for the review:

- Overall default on credit terms.
- Geopolitics in the Middle East due to the ongoing war.
- Future cash flow forecast (April 2026).
- Bank guarantees and security cash deposits.

Based on management assessment and judgement, the credit risk has marginally decreased as of 31 March 2026 due to improved collections on the regulated and non-regulated business, which led to a decrease in the provision matrix; the expected credit loss rate was then revised to the following rates:

	2026		2025	
	Estimated gross carrying amount at default	Impaired	Estimated gross carrying amount at default	Impaired
The ageing of trade receivables at the reporting date was:				
Not past due: 1% (2025: 1%)	201 771 052	1 415 275	176 752 942	1 628 879
Past due by 30 days: 9% (2025: 19%)	15 496 755	1 444 812	15 391 408	2 946 270
Past due by 31 to 60 days: 47% (2025: 68%)	2 163 105	1 008 576	3 944 777	2 668 022
Past due by more than 60 days: 97% (2025: 99%)	2 568 958	2 487 966	2 531 620	2 498 415
91-120 days past due: 100% (2025: 100%)	18 634 307	18 634 307	21 987 682	21 987 681
Total	240 634 177	24 990 936	220 608 429	31 729 267

	2026	2025
Reconciliation of loss allowances		
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:		
Opening balance	(31 729 267)	(27 369 533)
Remeasurement of loss allowance	3 488 621	(15 516 668)
Bad debts write off	3 249 710	11 156 934
Closing balance	(24 990 936)	(31 729 267)

Exposure to currency risk

Refer to note 37 for details of currency risk management for trade receivables.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

22. TAX (PAID)/RECOVERED

	2026	2025
Balance at beginning of the year	13 486 901	(209 386)
Current tax recognised in profit or loss	(1 937 848)	(2 210 762)
Balance at end of the year	(16 632 480)	(13 486 901)
	(5 083 427)	(15 907 049)

23. CASH AND CASH EQUIVALENTS

	2026	2025
Cash and cash equivalents consist of:		
Bank balances US dollar-denominated	237 007 032	361 354 654
Bank balances	124 577 061	102 232 082
Short term deposits	904 078 667	758 822 144
Other cash and cash equivalents	156 878	170 601
	1 265 819 638	1 222 579 481

24. SHARE CAPITAL

	2026	2025
Authorised		
800 million ordinary shares	800 000 000	800 000 000

During the year under review, the company's Memorandum of Incorporation (MoI) was amended after obtaining special shareholder approval to increase the number of authorised shares from 500 million to 800 million. The share capital of the company consists only of fully paid ordinary shares with a par value of R1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote per share at a shareholders' meeting. All the company's shares are held by the South African Government through the Minister of Transport.

	2026	2025
Reconciliation of number of shares issued:		
Balance at 1 April	394 646 000	190 646 000
Issue of shares – ordinary shares	218 602 000	204 000 000
	613 248 000	394 646 000

The South African Government, through the Minister of Transport bought additional ordinary shares to the value of R218 602 000 (2025: R204 000 000) to support the company with much-needed funds towards infrastructural development.

	2026	2025
Issued		
Ordinary	613 248 000	394 646 000

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

25. INTEREST BEARING LOANS AND BORROWINGS

	2026	2025
Held at amortised cost		
Development Bank of Southern Africa (DBSA) loan Secured	396 551 724	465 517 242
Unamortised portion of loan transaction fees Unsecured	(2 331 363)	(2 679 395)
	394 220 361	462 837 847
Split between non current and current portions		
Non current liabilities	325 560 271	394 220 361
Current liabilities	68 660 090	68 617 486
	394 220 361	462 837 847

During FY2022/23, the company secured a R500 million loan facility with the Development Bank of Southern Africa (DBSA). The following are the terms of the loan facility:

- Interest rate per annum being the aggregate of the applicable base rate (Variable 3 Month JIBAR) and margin (4.15%);
- The Johannesburg Interbank Average Rate (JIBAR) is scheduled to be discontinued following its final publication on 31 December 2026, with the South African Rand Overnight Index Average (ZARONIA) designated by the South African Reserve Bank as the successor benchmark rate. The entity holds JIBAR linked borrowings that are impacted by this reform.
- The entity is actively engaged with the lender to amend the contract terms. Since the transition is regulatory driven, Management does not anticipate a significant economic impact or value transfer for either the lender or the borrower.
- Tenor of 9 years, including the grace period;
- A commitment fee of 0.5% per annum on the undisbursed and undrawn Facility amount;
- Quarterly repayments;
- Cession of the bank account, debtors' book and insurance proceeds;
- Registration of notarial bond over all the movable property, trade and other receivables and Financial and Non Financial Covenants;; refer to notes 13 and 21.

The loan facility was fully utilised in the prior year.

The loan was initially recognised at fair value net of any directly attributable transaction costs (upfront and legal fees incurred in securing the facility). This loan is subsequently measured at amortised cost using the effective interest rate. Interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.

Exposure to liquidity risk

Refer to note 37 Financial instruments and financial risk management for details of liquidity risk exposure and management.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

26. CONTRACT LIABILITIES

	2026	2025
Summary of contract liabilities		
Aeronautical information services	4 451 289	13 665 998
Training to third parties	3 306 503	2 763 634
	7 757 792	16 429 632
Reconciliation of contract liabilities		
Opening balance	16 429 632	8 099 534
Revenue recognised on delivery of services previously paid for	(10 862 010)	(14 753 331)
Payments received in advance of delivery of performance obligations	10 344 234	24 283 726
Sub contractor payment	(7 393 232)	-
Foreign exchange differences	(56 039)	-
Payment reallocations	(703 643)	(687 066)
Client refund	(1 150)	(513 231)
	7 757 792	16 429 632

Payment reallocations mainly relate to reallocations to the VAT control account and revaluations of foreign currency amounts.

27. PROVISIONS

Reconciliation of provisions - 2026

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Legal disputes	7 022 106	-	-	-	7 022 106
Performance bonus	60 000 006	60 000 000	(59 087 019)	(912 983)	60 000 004
Audit fees	-	207 970	-	-	207 970
	67 022 112	60 207 970	(59 087 019)	(912 983)	67 230 080
Restated reconciliation of provisions - 2025					
Legal disputes	-	7 022 106	-	-	7 022 106
Performance bonus	70 000 000	60 000 006	(69 822 452)	(177 548)	60 000 006
	70 000 000	67 022 112	(69 822 452)	(177 548)	67 022 112

(a) Legal disputes

The provision for disputes represents the best estimate of amounts required to settle the known third party claim. Management, on the advice of legal counsel, expects that there is a probability that the claim could be successful based on the outcomes of the High Court.

(b) Performance bonus

The performance bonus provision is calculated based on the performance of the company as well as the individual performance ratings for the financial year ended 31 March 2026.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

28. TRADE AND OTHER PAYABLES

	2026	2025
Financial instruments:		
Trade payables	143 398 869	105 321 646
Trade payables related parties	9 766 931	2 272 386
Agency fees payable	12 838 174	4 757 797
Accrued expenses	13 627 649	9 014 357
Capital expenditure projects PBU	21 281 930	18 666 870
Deposits received	29 075 197	25 294 081
Other payables	29 459 321	34 620 008
Non-financial instruments:		
DOT MEOSAR Project related party	22 519 006	27 510 104
Accrued leave pay	56 147 145	47 907 461
VAT payable	-	12 999 203
	338 114 222	288 363 913

Capital expenditure projects relate to amounts provided for the PBU. PBU is a validation period commencing after system acceptance and running concurrently with the suppliers' system warranty; the timing and expected cash outflows are for at least a period of 12 months. During this period, the company retains a certain percentage payable to the Original Equipment Manufacturer (OEM) to allow the company to validate the technical performance of the system. Management calculates the provision based on a pre determined rate in the contract based on the value of each completed project.

Other payables primarily consist of pay-as-you-earn (PAYE) paid by the company on behalf of employees for staff retention. For details, refer to note 19.

For details of the purchase transactions and balances owed by the company to the related parties, refer to note 35.

Exposure to liquidity risk

Refer to note 37 Financial instruments and financial risk management for details of liquidity risk exposure and management.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

29. CASH GENERATED FROM OPERATIONS

	2026	2025
Profit before taxation	11 208 181	36 731 895
Contract asset revenue	-	(1 039 062)
Bad debts write-off	3 249 711	11 156 974
Depreciation and amortisation	168 235 610	168 766 159
Losses on sale of assets and lease liabilities	957 608	7 467 388
Impairment loss on property, plant and equipment	890 924	977 708
Impairment loss on work in progress	127 400	125 507
Lease liability adjustments	-	(3 631 820)
Losses on exchange differences	23 082 357	5 424 187
Movements in provisions	207 968	(2 977 888)
Movement in credit loss allowance	(6 738 331)	4 359 735
Other non-cash adjustments	(267 082)	1 874 730
Unrealised gains on exchange differences	3 862 261	3 067 209
Adjust for items which are presented separately:		
Interest income	(79 172 686)	(72 469 250)
Finance costs	42 666 969	36 016 872
Changes in working capital:		
Trade and other receivables	(19 105 331)	(19 260 343)
Prepayments	(28 198 619)	(29 185 297)
Trade and other payables	49 750 309	30 312 997
Contract liabilities	(8 671 840)	8 330 098
Work in progress accruals	(515 373)	(1 557 911)
Change in short term investments at amortised cost	941 061	111 548
	162 511 097	184 601 436

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities - 2026

	Opening balance	Capital repayments	Accrued interest
Interest-bearing loans and borrowings	462 837 847	(68 965 517)	50 116 838
Lease liabilities	98 812 005	(18 747 050)	8 125 029
	561 649 852	(87 712 567)	58 241 867
Total liabilities from financing activities	561 649 852	(87 712 567)	58 241 867

Reconciliation of liabilities arising from financing activities - 2025

	Opening balance	Proceeds from the bank	Capital repayments	Accrued interest
Interest-bearing loans and borrowings	344 699 668	152 588 958	(34 482 759)	53 445 170
Lease liabilities	104 190 420	-	(15 503 679)	9 393 748
	448 890 088	152 588 958	(49 986 438)	62 838 918
Total liabilities from financing activities	448 890 088	152 588 958	(49 986 438)	62 838 918

For details of lease liabilities, refer to note 14.

For details of borrowings, refer to note 25.

The movements in the lease liabilities relate to additions, derecognition of the right-of-use assets and the related lease liability on expired and terminated contracts.

The difference between accrued interest and finance costs paid on the borrowings is due to amortised transaction costs which are not paid.

The difference between interest accrued and finance costs paid is due to the timing difference in the date of accrual of the interest in accordance with the terms of each lease agreement and the actual date of rental repayment

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	Finance costs paid	Movements	Remeasurements	Closing balance
	(49 768 777)	-	-	394 220 361
	(7 667 146)	(2 247 867)	1 828 184	80 103 155
	(57 435 923)	(2 247 867)	1 828 184	474 323 516
	(57 435 923)	(2 247 867)	1 828 184	474 323 516

	Finance costs paid	Movements	Remeasurements	Closing balance
	(53 413 190)	-	-	462 837 847
	(9 382 401)	5 762 133	4 351 784	98 812 005
	(62 795 591)	5 762 133	4 351 784	561 649 852
	(62 795 591)	5 762 133	4 351 784	561 649 852

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

31. RECONCILIATION OF FINANCE INCOME RECEIVED

	2026	2025
Categories		
Cash and cash equivalents	76 295 326	69 337 765
Interest from revenue services	411 261	-
Trade debtors	1 890 274	2 289 109
Short-term investments	575 825	842 376
Amount as per statement of profit or loss (Note 10)	79 172 686	72 469 250
Accrued bank interest	(5 219 024)	(4 695 662)
Unpaid late payment interest on trade debtors	(1 504 855)	(1 893 541)
Short-term investments at amortised cost	(575 825)	(842 376)
Amount as per statement of cash flows	71 872 982	65 037 671

32. COMMITMENTS

	2026	2025
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	745 252 617	270 897 924
• Intangible assets	2 405 144	749 727

The committed expenditure will be financed by cash generated from operations and the shareholder capital injection that was received during the year under review.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

33. GUARANTEES AND CONTINGENT LIABILITIES

The company is involved in ongoing legal proceedings with a third party, while a provision of R7 million has been recognised (note 27). There is a possibility that, should the third party win the case, the court may award them interest and legal costs payable by the company. At the balance sheet date, it is not certain what the outcome of the courts will be and, therefore, the potential legal costs and interest cannot be reliably measured.

The company entered into an agreement with the Department of Transport (DoT) as an implementing agent for the provision of a Medium Earth Orbit Search and Rescue (MEOSAR) ground segment capability solution. The company received an advance payment of R52 million; the current balance remaining is R22,5 million. There were several delays with the implementation of the system, and the contingent liability of R29,8 million is attributable primarily to potential liabilities arising from matters relating to interest income on holding the advance payment on the company's call account.

The Company has guarantees that it would pay to the suppliers an amount of R1,9 million (2025: R8,9 million); the significant balance of the guarantee is for lease rental with the landlord and a performance guarantee with a client.

34. RETIREMENT BENEFITS INFORMATION

Substantially all employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956, which requires an actuarial valuation to be carried out every three years.

The latest actuarial assessment of the ATNS Retirement Fund was on 31 January 2014. At that time, the reporting actuaries certified the ATNS Retirement Fund as being in a sound financial position. The company's contributions to the ATNS Retirement Fund amounted to R95,6 million (2025: R86,5 million).

The ATNS retirement fund was established on 1 April 1994. The fund has been exempted from valuation with effect from 3 December 2025 and will, from that date, be subjected to quarterly assessments. The Fund applied for valuation exemption with effect from 31 January 2026 up to 31 January 2028, and the Registrar approved the application on 11 February 2026.

The company does not provide any post-retirement benefits to employees and has no exposure to any post retirement benefit obligations.

35. RELATED PARTIES

The sole shareholder of ATNS is the Minister of Transport on behalf of the South African government in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993. ATNS is a Schedule 2 public company in terms of the Public Finance Management Act.

The related parties of ATNS consist mainly of government departments, state-owned enterprises, and other public entities in the national spheres of government, as well as directors and key management personnel. A list of all government institutions and all public entities is available on the Internet at <https://nationalgovernment.co.za>.

With the exception of certain transactions with Airports Company South Africa, all transactions with the related parties are concluded on an arm's length basis.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

35. RELATED PARTIES *continued*

Year-end balances arising from related party activity

	2026	2025
Amounts included in trade and other receivables regarding related parties		
Airports Company South Africa SOC Limited	1 990 803	11 690 645
Eskom Holdings SOC Limited	-	114 182
South African Airways SOC Limited	25 788 302	18 546 062
South African Civil Aviation Authority	64 410	174 655
South African Weather Service	116 553	216 568
Amounts included in trade payables regarding related parties		
Airports Company South Africa SOC Limited	4 729 295	147 502
Alexkor Limited	7 653	-
Denel SOC Limited	30 223	-
Eskom Holdings SOC Limited	6 391	-
Government Printing Works	13 158	-
Independent Communications Authority of South Africa	77 600	-
National Department of Transport	22 516 006	27 510 104
South African Airways SOC Limited	15 000 000	11 500 000
South African Civil Aviation Authority	2 593 677	-
Telkom South Africa SOC Limited	2 308 934	2 124 884
Amounts included in contract liabilities regarding related parties		
South African Airways SOC Limited	63 467	57 918
South African Civil Aviation Authority	1 279 932	1 419 433
Ordinary share capital (shares issued)		
National Department of Transport	218 602 000	204 000 000
Borrowings outstanding		
Development Bank of South Africa SOC Limited	394 220 361	462 837 847

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

35. RELATED PARTIES *continued*

	2026	2025
Related party transactions		
Revenue from services to related parties		
Airports Company South Africa SOC Limited	20 552 914	18 210 948
Denel SOC Limited	42 383	-
Eskom Holdings SOC Limited	26	19 079
South African Airways SOC Limited	252 461 796	140 772 053
South African Civil Aviation Authority	2 235 248	3 688 034
South African National Space Agency	31 050	-
South African Weather Service	2 491 750	2 268 638
Purchases from related parties		
Airports Company South Africa SOC Limited	24 011 923	20 634 456
Alexkor Limited	62 483	-
Denel SOC Limited	256 044	-
Government Printing Works	15 176	-
Eskom Holdings SOC Limited	3 772 064	3 818 815
Independent Communications Authority of South Africa	305 192	101 701
Sentech SOC Limited	3 835 741	3 810 051
South African Airways SOC Limited	323 178	293 798
South African Broadcasting Corporation Limited	13 436	-
South African Civil Aviation Authority	31 317 329	21 503 949
South African National Space Agency	22 375	-
Telkom SA SOC Limited	36 974 288	24 926 696
Transnet SOC Limited	188 488	174 054
Finance costs paid		
Development Bank of Southern Africa SOC Ltd	49 768 777	53 413 190
Credit loss due to related parties		
Opening balance	(8 501 971)	(1 693 692)
Movement in expected credit loss	7 678 718	(6 808 279)
	(823 253)	(8 501 971)

All the companies listed above report to the various ministerial departments of the Government and hence are considered related parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, except for Eskom Holdings SOC Ltd; the company issued R11 000 on behalf of Eskom Holdings.

The nature of significant revenue transactions, among others, consists of air traffic services, weather service administration and external training.

The nature of significant purchase transactions, among others, consists of rental space, electricity supply, telecommunication supply and licenses.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

36. EXECUTIVES AND NON-EXECUTIVE EMOLUMENTS

All non-executive directors are South Africans.

The service contracts for the executive directors are for a term of five years. The notice period for the Chief Executive Officer is six months. The service contract for the non-executive directors is for a period of three years, subject to retirement at the annual general meeting. Compensation for non-executive directors is in accordance with the State-Owned Enterprise guidelines. The contract of the Chief Executive Officer also deals with compensation if the Chief Executive Officer is dismissed or if there is a material change in the role, responsibilities or remuneration.

The executive management team is eligible for an annual performance-related bonus payment linked to the performance of the company. The structure of the bonus plan and award is recommended by the Human Resources Committee and approved by the Board in accordance with the bonus scheme rules.

Executive

2026	Cost to company	Performance bonus
M Moholola	4 114 746	280 070
K Cele	2 848 467	186 059
S Hogana	2 888 659	201 004
N Mabaso	2 853 710	186 558
PT Mdebuka	3 151 381	224 760
J Manyakoana	2 968 392	197 480
MM Maqashelana	3 130 425	211 161
TV Ndou	3 470 393	229 203
G Serema	2 898 387	198 068
P Phaswana* (Appointed: 1 April 2025)	1 820 731	126 866
N Sibeko (Appointed: 1 May 2025)	2 275 150	-
T Sihlangu* (Reassigned: 31 December 2025)	1 246 022	63 691
CHB Gersbach* (Appointed: 1 July 2025)	1 674 430	134 210
JM Matshoba* (1 July 2025)	2 088 179	186 508
MJ Van Der Westhuizen* (Appointed: 5 October 2025)	1 144 638	90 463
Y Haffejee (Appointed: 5 January 2026)	641 843	-
NP Mdawe (Termination: 31 October 2025)	3 692 757	378 869
	42 908 310	2 894 970

(a) Other benefits consist of a cell phone allowance in the main.

(b) *The remuneration disclosed for these members is from the effective date of appointment.

(c) Mr T Sihlangu's remuneration is until 31 December 2025, which is his last date of acting in the position of the Chief Audit Executive.

(d) The Board reached a mutual separation agreement with Ms N Mdawe with effect from 31 October 2025.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	Other benefits	Leave days payout	Acting allowance	Termination settlement	Total
	-	-	426 895	-	4 821 711
	8 400	-	-	-	3 042 926
	33 600	-	-	-	3 123 263
	33 600	-	-	-	3 073 868
	33 600	-	-	-	3 409 741
	-	-	-	-	3 165 872
	-	-	-	-	3 341 586
	-	-	-	-	3 699 596
	33 600	-	-	-	3 130 055
	27 600	-	481 316	-	2 456 513
	-	-	-	-	2 275 150
	20 700	-	225 383	-	1 555 796
	20 700	-	169 229	-	1 998 569
	25 200	-	168 936	-	2 468 823
	-	-	4 007	-	1 239 108
	8 184	-	-	-	650 027
	-	26 877	-	5 338 897	9 437 400
	245 184	26 877	1 475 766	5 338 897	52 890 004

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

36. EXECUTIVES AND NON-EXECUTIVE EMOLUMENTS *continued*

Executive

2025	Cost to company	Performance bonus	
NP Mdawe	5 229 430	905 617	
M Moholola	3 781 415	544 146	
PT Mdebuka	2 878 724	399 248	
TV Ndou	3 196 536	439 997	
MM Maqashelana	2 887 036	442 400	
G Serema	2 656 189	367 267	
J Manyakoana	2 767 075	324 514	
K Cele	2 656 855	315 014	
S Hogana	2 656 603	296 339	
N Mabaso	2 656 691	308 006	
D Khumalo (Resigned: 31 December 2024)	1 779 085	161 449	
L Mahamba (Resigned: 31 December 2024)	2 162 561	397 614	
T Sihlangu	392 129	-	
	35 700 329	4 901 611	

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

	Other benefits	Leave days payout	Acting allowance	Total
	-	-	-	6 135 047
	-	-	-	4 325 561
	31 200	-	-	3 309 172
	-	-	-	3 636 533
	25 000	-	-	3 354 436
	36 400	-	-	3 059 856
	-	-	-	3 091 589
	31 200	-	-	3 003 069
	31 200	-	-	2 984 142
	31 200	-	-	2 995 897
	22 500	174 531	-	2 137 565
	22 500	234 513	-	2 817 188
	7 200	-	54 382	453 711
	238 400	409 044	54 382	41 303 766

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

36. EXECUTIVES AND NON-EXECUTIVE EMOLUMENTS *continued*

Non-executive

2026	Fees for services as Director	Total
Z Majavu	816 841	816 841
D Dondur	346 262	346 262
A Latchu	33 310	33 310
TN Fihla	33 310	33 310
Z Kabini	33 310	33 310
MW Ismail	33 310	33 310
PC Marais	33 310	33 310
B Matshego	28 282	28 282
BPB Dibate	33 310	33 310
MA Serote	33 310	33 310
MA Amod	656 590	656 590
KS Boqwana	738 512	738 512
CR Burger	589 361	589 361
NC Kubheka	506 851	506 851
SG Kudumela	574 400	574 400
MJ Neluheni	569 107	569 107
LN Ngema	566 423	566 423
	5 625 799	5 625 799

Non-executive

2025	Fees for services as Director	Total
Z Majavu	743 179	743 179
MA Amod	498 900	498 900
KS Boqwana	529 845	529 845
CR Burger	594 438	594 438
NC Kubheka	513 182	513 182
SG Kudumela	581 420	581 420
P Mangoma (Resigned: 4 February 2025)	391 927	391 927
MJ Neluheni	591 735	591 735
LN Ngema	550 475	550 475
PN Sibiyi (Resigned: 31 January 2025)	298 183	298 183
	5 293 284	5 293 284

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

Description	Note(s)	Amortised cost
2026		
Contract assets		1 157 249
Short term investments	20	19 255 143
Trade and other receivables	21	228 736 007
Cash and cash equivalents	23	1 265 819 638
		1 514 968 037
2025		
Contract assets		1 129 628
Short term investments	20	20 196 205
Trade and other receivables	21	206 829 812
Cash and cash equivalents	23	1 222 579 481
		1 450 735 126

Categories of financial liabilities

Description	Amortised cost
2026	
Trade and other payables	259 448 071
Interest-bearing loans and borrowings	394 220 361
Subtotal	653 668 432
Lease liabilities	80 103 155
	733 771 587
2025	
Trade and other payables	199 947 145
Interest-bearing loans and borrowings	462 837 847
Subtotal	662 784 992
Lease liabilities	98 812 005
	761 596 997

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns and sustainability.

The company monitors capital utilising several measures, including the gearing ratio. The gearing ratio is calculated as net borrowings divided by shareholders' equity. The company's targeted gearing ratio is 50%.

The capital structure at the end of the financial year is considered optimal, and the gearing ratio of the company at the reporting date had decreased to 20% (2025:26%) and was calculated as follows:

	Note(s)	2026	2025
2026			
Borrowings	25	394 220 361	462 837 847
Lease liabilities	14	80 103 155	98 812 005
Total borrowings		474 323 516	561 649 852
Equity		2 333 974 834	2 151 846 986
Gearing ratio		20%	26%

The decrease in the gearing ratio above is mainly due to the loan settlement.

Loan Covenants

Under the loan facility agreement with DBSA, the company is required to comply with the following financial covenants;

- Current assets to Current liabilities must be greater than 2 times;
- Cash and cash equivalents to Current liabilities must be greater than 1 time;
- Cumulative debt service coverage ratio (DSCR) must be greater than 3 times.

The company has complied with these loan covenants since the inception of the loan agreement. As at 31 March 2026 the current assets to current liabilities was 3.21:1 (2025: 3.3:1), cash and cash equivalents to current liabilities was 2.5:1 (2025: 2.6:1) and DSCR was 28.6 times (2025: 31 times).

For details of the interest-bearing loans and borrowings refer to note 25.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the Board on its activities.

The company's Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on short-term investments at amortised cost, trade and other receivables, contract assets and cash and cash equivalents.

Trade and other receivables credit risk exposures are managed by continuous review of the age analysis. Management applies different approaches to regulated and non-regulated customers. For regulated customers, management considers amounts owing from R100 000 to ensure that the amounts are current and there is either a security deposit or bank guarantee. For non-regulated customers the top 50 accounts for each operating entity are analysed to ensure that the amounts owing are current.

Credit risk exposure arising on contract assets is managed by doing credit assessment on customers, signing a legal binding contract and requesting advance payment before commencement of the project.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings. The company banks with only the financial institutions that are approved by National Treasury.

The company has contingency (Self Fund) Policy, underwritten and administered by the third party. The investment is a contingency policy, whereby the company covers its own risk. The fund limits are reviewed annually, and the investment may be cancelled at any time, giving 30 days' written notice. Refer to note 20 for details.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Credit loss allowances for expected credit losses are recognised for all trade receivables, contract assets and other receivables where there are potential defaults, for detail credit risk assessment on expected credit allowance. Refer to note 21.

The maximum exposure to credit risk is presented in the table below:

		2026			2025		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Short term investments	20	19 255 143	-	19 255 143	20 196 205	-	20 196 205
Trade and other receivables	21	261 632 284	(24 990 936)	236 641 348	239 052 785	(31 729 267)	207 323 518
Contract assets	18	1 157 249	-	1 157 249	1 129 628	-	1 129 628
Cash and cash equivalents	23	1 265 819 638	-	1 265 819 638	1 222 579 481	-	1 222 579 481
		1 547 864 314	(24 990 936)	1 522 873 378	1 482 958 099	(31 729 267)	1 451 228 832

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The company assessed the liquidity risk using latest forecast and projections of future cash flows. The company has enough cash reserves to fund its obligations as they become due. During the year under review, the Government, as shareholder, provided the ATNS with R218.6 million in capital funding for capital projects through the issue of shares. For details refer to note 24.

There had been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

Management assessment of the time bands is based on the contractual terms and conditions.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

The maturity profile of contractual cash flows of non derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table.

2026

	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Total liabilities						
Lease liabilities	14	28 425 139	43 159 302	46 216 237	117 800 678	80 103 155
Borrowings	25	108 765 254	361 011 217	53 195 315	522 971 786	394 220 361
Trade and other payables	28	259 448 071	-	-	259 448 071	259 448 071

Restated - 2025

	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Borrowings	25	120 100 609	400 089 808	133 487 276	653 677 693	462 837 847
Lease liabilities		32 510 049	60 032 916	51 250 684	143 793 649	98 812 005
Trade and other payables		199 947 145	-	-	199 947 145	199 947 145

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date as disclosed on note 14, 25 and 28.

Foreign currency risk

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:

	Note(s)	2026	2025
Current assets:			
Trade and other receivables	21	23 619 923	19 840 782
Cash and cash equivalents	23	237 007 031	361 354 654
Short term investments		15 119 226	20 196 205
Current liabilities:			
Trade and other payables	28	(67 204 383)	(71 354 235)
Net US Dollar exposure		208 541 797	330 037 406

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Exposure in foreign currency amounts

Most of the company's transactions are carried out in Rand. Exposures to currency exchange rates arise from the company's overseas sales and purchases, which are primarily denominated in US dollars (USD). The company also holds short term investments in US dollar (USD).

To mitigate the company's exposure to foreign currency risk, non-Rand cash flows are monitored, the company holds sufficient US dollars (USD) denominated on cash and cash equivalents (refer to note 23) and the cash and cash equivalents of US dollar (USD) denominated are being revalued to the Rand on a monthly basis using spot rate.

The net carrying amounts, in foreign currency of the above exposure is as follows:

Exchange rates

The following closing exchange rates were applied at reporting date:

	2026	2025
Rand per unit of foreign currency:		
US Dollar	17.170	18.420

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared with the previous reporting period.

A 10% strengthening in the Rand against the USD on 31 March 2026 would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remained constant. The analysis was performed on the same basis for 31 March 2025.

A 10% weakening in the Rand against USD on 31 March 2026 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remained constant.

	2026	2025
Increase or decrease in rate		
Impact on profit or loss:		
US Dollar	20 854 180	33 012 287

For details of foreign exchange gain and losses refer to note 5.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Interest rate risk

Fluctuations in interest rates impact on the value of cash and cash equivalents, short-term investments and financing activities, giving rise to interest rate risk.

The company's debt comprises different instruments, which bear interest at either fixed or variable interest rate. The ratio of fixed rate instruments in the loan portfolio is monitored and managed, by incurring variable rate on bank loans as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The variable interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

		Average effective interest rate		Carrying amount	
	Note(s)	2026	2025	2026	2025
Assets					
Short term investments		7.10%	4.10%	19 255 143	20 196 205
Cash and cash equivalents	23	7.03%	10.00%	904 078 667	758 822 144
				923 333 810	779 018 349
Liabilities					
Borrowings	25	11.08%	9.00%	394 220 361	462 837 847
Finance lease liabilities	14	10.06%	10.81%	80 103 155	98 812 005
				474 323 516	561 649 852

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 31 March 2026, if the interest rate had been 5% per annum (2025: 5%) higher or lower during the period, the impact on the profit or loss would have been R11,6 million (2025: 10,6 million).

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *continued*

Tariff Risk

Tariff revenue, contributing 88% (2025: 85.4%) of the company's revenue, is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to Consumer Price Index (CPI). A change in CPI has a positive or a negative impact on the revenue earned by the company. However, the company is allowed to adjust the difference between actual and forecast CPI in future tariffs. The tariff is determined for a five-year period.

38. EVENTS AFTER THE REPORTING PERIOD

The Directors considered the impact of the ongoing war in the Middle East and rising fuel prices on customers and their ability to settle invoices when due.

While international billable movements from the Middle East have declined since the conflict began, the Directors do not expect this to have a material impact on the company's operations.

Domestic billable movements have been largely unaffected, and customers continue to settle their invoices as they fall due.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

39. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are satisfied that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

NOTES *continued*

Annual Financial Statements for the year ended 31 March 2026

40. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2026	2025
Fruitless and wasteful expenditure	100 423	591 882

During the year under review, the Company had no confirmed irregular expenditure. Transactions amounting to R54,518 million were identified and remained under assessment at year-end, as disclosed in the Integrated Report.

The fruitless and wasteful expenditure relates to staff costs and a penalty incurred.

41. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

There were no material losses brought on by criminal activity during the year under review.

ATNS Company Information

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Email: marketing@atns.co.za

Southern Region

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Cape Town International Airport 7525

Air Traffic Management

Contact details:

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Fax: +27 21 934 5530

Technical Services

Contact details:

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Fax: +27 21 937 1181

Northern Region

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Technical Services

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RP107/2026

ISBN: 978-1-83491-861-7

Title of Publications: ATNS Annual Financial Statements 2025/2026