



NAFISAT 2025/26

ANNUAL FINANCIAL REPORT

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1 Introduction

The North East African Indian Ocean (NAFISAT) and adjacent regions use a Very Small Aperture Terminal (VSAT) satellite communication system to address communication deficiencies in the region. The Air Traffic and Navigation Services State Owned Company (ATNS) was appointed as a service provider to finance the network and recover costs through a signed cost recovery agreement with the International Air Transport Association (IATA).

The objectives for the implementation of the NAFISAT projects are to:

- a) Provide reliable, efficient, sustainable and effective aeronautical voice (ATS/DS) and data (AFTN) circuits and services;
- b) Provide additional communication functionality for future implementation of VHF remote relay, radar data transmission, ATN communication and other critical services in line with the ICAO regional CNS/ATM plan;
- c) Implement a VSAT technology platform which not only meets the user requirements, but is of modern design and has future expansion capability;
- d) Facilitate the interoperability and interconnectivity of the NAFISAT network with other VSAT networks used for aeronautical fixed communication in the AFI region; and
- e) Implement a cost-effective logistic support system and support infrastructure to allow, not only network and remote terminal maintenance to be conducted from a central point, but also “on-site” distributed maintenance to be undertaken by the individual member states.

2 ATNS Management Report

ATNS management hereby presents the financial report for the year ended 31 March 2026. The North East African Indian Ocean (NAFISAT) and adjacent regions use a Very Small Aperture Terminal (VSAT) satellite communication system to address communication deficiencies in the region. The Air Traffic Navigation Services State Owned Company (ATNS) was appointed as a service provider to finance the network and recover costs through a signed cost recovery agreement with the International Air Transport Association.

Management is responsible for the preparation, integrity and fair presentation of the financial report.

The auditors performed agreed upon procedures on the financial report presented on pages 8 to 23 in accordance with the International Standard on Related Services (ISRS4400) “Engagements to Perform Agreed-Upon Procedures regarding Financial Information”. The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services SOC Limited's audited financial statements. In addition to the audit performed on ATNS (which includes the NAFISAT network), agreed upon procedures were performed by the auditors to the network and their report is on pages 5 to 7.

During the year under review revenue increased by 2,7% to \$4,164 million (2025: \$ 4,054 million) mainly due to increased FIR crossings, having assessed the following factors, management are of the view that NAFISAT network remains a going concern:

- Monitoring of cash flow and liquidity requirements on a regular basis, using rolling forecasts, with cash reserves at the end of the reporting period being \$2,610 million (FY2025: \$5,082 million) and;
- An ongoing review of operating costs with clear cost containment measures in place.

Management is of the opinion, based on the information available to date, that NAFISAT communication network financial report fairly presents the financial position of NAFISAT network and the results of its operations and cash flow for the year ended 31 March 2026.

Management has every reason to believe that the network has adequate resources in place to be able to continue its operations for the foreseeable future.

Signed by:



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Chief Financial Officer

AGREED-UPON PROCEDURES REPORT ON THE FINANCIAL INFORMATION RELATING TO THE NAFISAT NETWORK FOR THE PERIOD 1 APRIL 2025 TO 31 MARCH 2026

To the Accounting Authority and Management of Air Traffic and Navigation Services SOC Limited

Purpose of this Agreed-Upon Report

Our report is solely for the purpose of assisting you in determining whether the financial information (the NAFISAT income statement (IS) after profit share report and the NAFISAT 2025/26 Annual Financial Report) relating to the NAFISAT network for the period 1 April 2025 to 31 March 2026 is accurate and may not be suitable for another purpose.

Our report is addressed to you and is intended for submission to the participating states and other stakeholders of the NAFISAT network. It should not be distributed to any other parties without our prior written consent.

Responsibility of the Engaging and Responsible Party

Air Traffic and Navigation Services has acknowledged that the agreed-upon procedures are appropriate for the purpose of this engagement. Air Traffic and Navigation Services is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibility

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Air Traffic and Navigation Services, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that may have been included in the report.

Professional Ethics and Quality Control

We have complied with the ethical requirements in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and in accordance with other ethical requirements applicable to performing agreed-upon procedures engagements in South Africa.

The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and it is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures

We have performed the procedures described below, which were agreed upon with Air Traffic and Navigation Services, in the engagement letter dated 2 September 2026.

No.	Procedures	Findings
Area A: Information obtained		
1	Obtain the following relating to the 2025/26 financial year: i. the NAFISAT income statement after profit share report ii. the NAFISAT annual financial report iii. the final audited ATNS trial balance iv. the final audited ATNS general ledger v. the consolidated employees costing report vi. the salary cost split	Obtained the following relating to the 2025/26 financial year: i. NAFISAT IS after profit share report ii. NAFISAT 2025/26 Annual Financial Report iii. Final audited ATNS Trial Balance iv. Final audited ATNS General Ledger v. Consolidated Employees Costing Report vi. Salary Cost Split No exceptions were noted.
Area B: The trial balance agreed to the network report		
2	Filter for account number 400.401 on the final audited ATNS trial balance for the 2025/26 financial year and agree the amounts to the trial balance in the NAFISAT income statement after profit share report, to establish the accuracy and completeness of the amounts allocated to the NAFISAT network. Report any differences identified.	Filtered for account number 400.401 on the 2025/26 final audited ATNS trial balance and agreed the amounts to the trial balance in the NAFISAT IS after profit share report to ensure the accuracy and completeness. No exceptions were noted.
Area C: The expenditure sample		
3	Haphazardly select a sample of five expenses from the ATNS general ledger for the 2025/26 financial year allocated to the NAFISAT network and perform the following procedures: i. Agree the general ledger details to the invoice details for validity ii. Review the calculation and basis of allocation for shared expenses and inspect the approval of the basis of allocation iii. Inspect the relevant supporting documents for expense motivation or description to ensure that the expense has been allocated correctly to the NAFISAT division iv. Inspect the invoice date to ensure that the expense relates to the period under review	Haphazardly selected a sample of five expenses from the ATNS general ledger for the 2025/26 financial year allocated to NAFISAT and performed the following procedures: i. Agreed the general ledger details to the invoice details for validity ii. Reviewed the calculation and basis of allocation for shared expenses and inspected the approval of the basis of allocation iii. Inspected the relevant supporting documents for expense motivation or description to ensure that the expense had been allocated correctly to the NAFISAT division iv. Inspected the invoice date and ensured that the expense relates to the period under review No exceptions were noted.
Area D: Staff costs allocated to the network		
4	Obtain the 2025/26 consolidated employees costing report, filter for the NAFISAT cost allocation segment and reconcile it to the ATNS general ledger using the short codes. Obtain explanations for variances identified and, where necessary, evidence corroborating those explanations.	Obtained the 2025/26 Consolidated Employees Costing Report, filtered for the NAFISAT cost allocation segment and reconciled to the 2025/26 ATNS general ledger using the short codes. No exceptions were noted.
5	Obtain the salary cost split for the period 1 April 2025 to 31 March 2026 together with the approved cost allocation rates, haphazardly select a sample of transactions and re perform the cost	Obtained the Salary Cost Split for the period 1 April 2025 to 31 March 2026 with approved cost allocation rates. Haphazardly selected a sample of transactions and re-performed the cost allocation and determined

No.	Procedures	Findings
	allocation to establish that costs were allocated in accordance with the approved rates.	that the costs were correctly allocated per the approved Salary Cost Split. No exceptions were noted.
Area E: The foreign exchange translation		
6	Recalculate the foreign exchange translation from Rand (ZAR) to United States Dollars (USD) of the classes of transactions reflected in the trial balance using the average rate for the period, compare the recalculated amounts to the NAFISAT United States Dollar trial balance provided by management, and follow up and resolve differences identified.	Recalculated the foreign exchange translations from ZAR to USD of the classes of transactions reflected in the trial balance using the average rate for the period and compared the recalculated amounts to the USD amounts reported. No exceptions were noted.
7	Recalculate the foreign exchange translation from Rand to United States Dollars of the account balances reflected in the NAFISAT trial balance using the spot rate at 31 March 2026, compare the recalculated amounts to the NAFISAT United States Dollar trial balance provided by management, and follow up and resolve differences identified.	Recalculated the foreign exchange translations from ZAR to USD for the account balances reflected in the NAFISAT trial balance using the spot rate as at 31 March 2026 and compared the recalculated amounts to the USD amounts reported. No exceptions were noted.
Area F: Classification of the line items		
8	Review and agree the classification of the revenue, expenditure, asset, liability and equity line items per the NAFISAT trial balance in the NAFISAT income statement after profit share report for the 2025/26 financial year to the NAFISAT 2025/26 annual financial report, to establish that amounts are correctly classified.	Reviewed and agreed the classification of the revenue, expenditure, asset, liability and equity line items per the NAFISAT Trial Balance in the NAFISAT IS After Profit Share for the 2025/26 financial year to the NAFISAT 2025/26 Annual Financial Report and determined that amounts were correctly classified. No exceptions were noted.



Peniel Chartered Accountants & Auditors Inc
Registered Auditors

Per : Courage Shumba CA(SA)
Engagement Partner
Registered Auditor

Unit 7, Northgate Office Park, Block 1B,
18 Aureole Avenue,
Northriding,
2162

Date: 22 September 2026

4 Statement of Financial Position as at 31 March 2026

ASSETS	Notes	US \$ 2026	US \$ 2025
Non-Current Assets			
Property, plant and equipment	9.9	296 763	438 255
		296 763	438 255
Current Assets			
Trade and other receivables	9.10	327 317	354 178
Deferred tax asset	9.11	58 554	51 654
Prepaid expense	9.12	16 273	13 621
Cash and cash equivalents	9.13	2 610 957	5 082 744
		3 013 101	5 502 197
TOTAL ASSETS		3 309 864	5 940 452
EQUITY AND LIABILITIES			
Foreign translation reserve		(99 738)	(16 878)
Retained Earnings		865 078	824 246
Total Equity		765 340	807 368
LIABILITIES			
Current Liabilities			
Trade and other payables	9.14	2 220 633	4 828 226
Provisions	9.15	3 930	-
Current income tax liabilities	9.8	319 961	304 858
Total Liabilities		2 544 524	5 133 084
TOTAL EQUITY AND LIABILITIES		3 309 864	5 940 452

5 Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2026

	Note	US \$ 2026	US \$ 2025
Revenue	9.2	4 164 433	4 054 489
Other Income	9.3	118 366	59 534
Staff Costs	9.4	(538 917)	(444 009)
Administration cost	9.5	(2 236 926)	(2 382 247)
Depreciation and impairment	9.9	(171 933)	(74 068)
Other Expenses	9.6	(317 977)	(264 486)
Operating Profit		1 017 046	949 213
Finance revenue	9.7	167 993	179 891
Profit before tax		1 185 039	1 129 104
Income tax expense	9.8	(319 961)	(304 858)
Profit for the year		865 078	824 246

6 Statement of change in equity for the year ended 31 March 2026

	Foreign translation reserve US \$	Retained Income US \$	Total US \$
Balance as at 31 March 2025	(16 878)	824 246	807 368
Total comprehensive income for the yea	-	-	-
Balance as at 31 March 2025	(16 878)	824 246	807 368
Total comprehensive income for the yea	-	865 078	865 078
Transfer to ATNS	-	(824 246)	(824 246)
Movements	(82 860)	-	(82 860)
Balance as at 31 March 2026	(99 738)	865 078	765 340

7 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2026

	US \$ 2026	US \$ 2025
Cash flow from operating activities		
Operating profit	1 017 046	949 213
Tax paid	(304 858)	(335 115)
Finance revenue	167 993	179 891
Adjustments for:		
Depreciation	171 933	74 068
Changes in Working capital		
Trade and other receivables	26 861	65 371
Trade and other payables	(2 607 593)	1 810 751
Provisions	3 930	-
Cash from operations	(1 524 688)	2 744 179
Cash flow from investing activities		
Addition on work in progress	-	(11 820)
	-	(11 820)
Total cash movement for the year	(1 524 688)	2 732 359
Cash and Cash equivalent at beginning of year	5 082 744	3 398 810
Effects of currency translation	(947 098)	(1 048 425)
Cash and Cash equivalent at end of year	2 610 958	5 082 744

8 **Accounting policies**

8.1 **Basis of preparation**

The financial statements have been prepared on a historical cost basis. The financial statements are presented in American Dollars, which is the VSAT network functional and presentation currency. Amounts presented in the financial statements were rounded off to the nearest Dollar.

Statement of compliance

The financial statements have been prepared on the going concern basis and are prepared in accordance with, IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act, No. 71 of 2008.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

8.2 **Property, plant and Equipment**

Property, plant and equipment is initially measured at cost.

An item of property, plant and equipment is recognized as an asset 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.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, 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. Repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Spare parts which are not part of the unbundling methodology and servicing equipment are recognized in inventory and only transferred to profit or loss as they are utilised. Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised. These inspection costs are depreciated over the period remaining before the next compulsory major inspection.

Depreciation on assets is calculated using the straight line method to allocate their cost to its residual value over its estimated useful life, as follows:

Item	Estimated useful life
Communication equipment	15 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and in a condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

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 assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each balance sheet date.

NAFISAT network has made certain estimates in adjusting the carrying amounts of assets, which is resultant from assessing the present status of the company's assets and the expected future benefits and obligations associated with the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 comprehensive income in the year the asset is derecognised.

8.3 Work in progress

Work in progress is measured at cost less accumulated impairment.

Work in progress are 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 working progress is initially measured at cost. Cost includes all of the expenditure which 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 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 recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

8.4 Financial Instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets: Amortised cost.

Financial liabilities: Amortised cost;

8.4.1 Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value, and subsequently recorded at amortised cost.

8.4.2 Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Derecognition

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they 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.

Reclassification

Financial liabilities

Financial liabilities are not reclassified.

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any, they are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Network recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables 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

Nafisat network makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. 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 in totality. Details of the provision matrix are presented in note 9.14.

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 under administration costs in profit or loss as credit loss allowance (note 9.5).

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 (note 9.14) and the financial instruments and risk management note.

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 substantially all the risks and rewards of ownership 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. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8.5 Provisions

Provisions are recognised when:

- a) the company has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Network has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

8.6 Revenue recognition

Revenue arises mainly from services rendered from the following major sources:

- NAFISAT networks
- Spectrum service fees

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:

- 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.

Spectrum service fees

Spectrum service fees relate to the supply of Very Small Aperture Terminal (VSAT) to Saudi Air Navigation Services (SANS). The performance obligations include spectrum costs, network management services and indirect cost recovery, these services are bundled together. 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.

8.7 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 its judgement in the process of applying the company's accounting policies in areas that involve a higher degree of judgement or complexity, or areas 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.

8.7.1 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:

8.7.2 Provisions

Provisions were raised and management determined an estimate based on the information available as well as past experience.

8.7.3 Property, plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment and intangible assets. In estimating the useful lives of the assets, management considered the industry standards, the present status of the assets and the expected future benefits associated with the continued use of the assets.

8.8 Taxes

8.8.1 Current tax assets and liabilities

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.

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date.

9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9.1 New standards adopted as at 01 April 2025

Standards and interpretations not yet effective

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 sub totals 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 enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The company expects to adopt the amendment 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.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 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 1 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.

Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. Annual Improvements to IFRS

Accounting Standards—Volume 11 contains the following

a) First-time Adoption of International Financial Reporting Standards - IFRS 1

Hedge accounting by a first-time adopter.

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.

b) Financial Instruments - IFRS 7

Disclosures Gain or loss on derecognition.

The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.

c) Financial Instruments - IFRS 7

Disclosures implementation guidance only

Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment

resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance

d) Financial Instruments - IFRS 7

Disclosures implementation guidance only

Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

e) Consolidated Financial Statements - IFRS 10

Determination of a 'de facto agent

The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

f) Statement of Cash Flows - IAS 7

Cost method

The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

g) Financial Instruments - IFRS 9

Transaction price

The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.

h) Financial Instruments - Amendments to IFRS 9

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 these amendments is for years beginning on or after 1 January 2026.

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

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

9.2 Revenue

	US \$ 2026	US \$ 2025
Revenue from contracts with customers		
Revenue	4 164 433	4 054 489
Disaggregation of revenue from contracts with customers		
FIR crossings	4 097 142	3 987 164
Saudi operational fees	67 292	67 325
	4 164 433	4 054 489

9.3 Other income

	US \$ 2026	US \$ 2025
Sundry income	72 748	5 643
Bad debts recovered	45 618	53 891
	118 366	59 534

Other income consists of recovered bad debts that were previously written off which was still pursued in the current financial year as well as sundry income for receipts received more than three years with no open invoices

9.4 Staff Costs

	US \$ 2026	US \$ 2025
Salaries and related costs	538 917	444 009
	538 917	444 009

Salaries are paid to the administrative personnel and engineers; related cost includes pension fund and medical aid.

9.5 Administration costs

	US \$ 2026	US \$ 2025
ATNS Management Fees	616 554	600 180
Audit fees	4 192	3 210
Bad Debts	16 293	204 303
Bank charges	1 404	1 799
Commission service fees	78 225	71 994
IATA management fees	105 353	84 261
Indirect costs	357 913	370 774
Network surplus fees	1 056 992	1 045 726
	2 236 926	2 382 247

9.6 Other Expenses

	US \$ 2026	US \$ 2025
Traveling Expenses	150 310	91 284
Telecommunications Expenses	132 801	154 549
Electronic Maintenance	34 866	18 653
	317 977	264 486

9.7 Finance income

	US \$ 2026	US \$ 2025
Interest on bank deposits	167 993	179 891
	167 993	179 891

9.8 Income tax expense

	US \$ 2026	US \$ 2025
Current income tax charge	319 961	304 858
	319 961	304 858
Current income tax liabilities	319 961	304 858
Foreign exchange movement	-	-
	319 961	304 858

9.9 Property, plant and equipment

	US \$ 2026		
Category	Cost	Accumulated depreciation	Carrying Value
Communication equipment	1 815 342	(1 518 579)	296 763
	1 815 342	(1 518 579)	296 763

	US \$ 2025		
Category	Cost	Accumulated depreciation	Carrying Value
Communication equipment	1 692 151	(1 253 896)	438 255
	1 692 151	(1 253 896)	438 255

Reconciliation of Property, plant and equipment : 2026

Category	Opening balance	Foreign exchange movement	Depreciation	Closing balance
Communication equipment	438 255	30 441	(171 933)	296 763
	438 255	30 441	(171 933)	296 763

Reconciliation of Property, plant and equipment : 2025

Category	Opening balance	Transfer from work in progress	Foreign exchange movement	Depreciation	Closing balance
Communication equipment	171 557	294 562	46 204	(74 068)	438 255
	171 557	294 562	46 204	(74 068)	438 255

9.10 Trade and other receivables

	US \$ 2026	US \$ 2025
Trade receivables	522 983	553 122
Less: Impairment of trade receivables	(219 861)	(215 738)
Trade receivables - net	303 122	337 384
Other receivables	24 195	16 794
	327 317	354 178

The movement in the impairment of trade receivables allowances during the was as follows:

Opening balance in accordance with IFRS 9	(215 738)	(338 863)
Foreign exchange movement	(15 609)	6 884
Impairment loss recognised	(16 293)	(204 303)
Receivables written off during the year	27 779	320 544
Balance at 31 March	(219 861)	(215 738)

Trade receivables generally have 30 days credit 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 prime rate plus two percentage basis points.

Other receivable includes in the main sundry debtors and indications are that at year end other receivables are not impaired.

Exposure to credit risk

The increased revenue and FIR crossings from our key customers necessitated the need to review and tighten the company's credit terms which led to the revised credit management policy.

The tightening of the credit terms led to the company maximizing the cash inflows and reduce the credit risk to an acceptable level and this was achieved by implementing aggressive collections approaches, as well as continues review and monitoring of trade receivables to identify high credit risk airlines/operators to minimize the risk and to have adequate bank guarantees in place.

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, historic experience of past default debtors.

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.
- Future cash flow forecast (April 2026).
- Bank guarantees and security cash deposits
- Airlines which are refused services.

The expected credit loss is determined as follows:

US \$			
2026			
	Estimated gross carrying amount at default	Impaired	Provision matrix
Not past due	311 108	23 358	8%
Past due by 0 to 30 days	36 546	21 173	58%
Past due by 31 to 60 days	25 713	25 713	100%
Past due by 61 to 90 days	15 510	15 510	100%
Past due by more than 90 days	134 106	134 107	100%
	522 983	219 861	

US \$			
2025			
	Estimated gross carrying amount at default	Impaired	Provision matrix
Not past due	418 413	81 028	19%
Past due by 0 to 30 days	35 009	35 009	100%
Past due by 31 to 60 days	33 111	33 111	100%
Past due by more than 60 days	18 957	18 957	100%
Past due by more than 90 days	47 633	47 633	100%
	553 123	215 738	

9.11 Deferred tax

	US \$ 2026	US \$ 2025
Opening balance	51 654	46 830
Foreign exchange movement	6 900	4 824
Closing balance	58 554	51 654

9.12 Prepayments

	US \$ 2026	US \$ 2025
Prepayments	16 273	13 621
	16 273	13 621

The prepayment relates to telecommunication expenses paid in advance.

9.13 Cash and cash equivalents

	US \$ 2026	US \$ 2025
Bank balances	2 610 957	5 082 744
	2 610 957	5 082 744

Pledged as security

None of the instruments included in cash and cash equivalents were pledged as security for any financial obligations.

Credit Quality

The credit quality of cash and cash equivalents is the credit rating of the financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime rate.

The credit quality of cash and cash equivalents that are neither past due nor impaired are assessed/monitored by reference to historical information about counter party default rates. Furthermore, the credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa and endorsed by National Treasury.

High credit grade - the counter party has evidenced no instances of defaults and/or re negotiations of contractual terms in prior periods. Furthermore, an assessment of the financial position of the company has not evidenced a weakening in either the financial position or liquidity of the company. As such the counter parties included in the high credit grade category pose a low credit risk to the company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade - the counter party has evidenced instances of defaults and/or re negotiations of contractual terms in prior periods on the repayments of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to marked fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the company.

Low credit grade - the counter party has evidenced high occurrences of defaults and/or re negotiations of contractual terms in prior periods. Furthermore, an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the company.

Fair value

The carrying value of cash and cash equivalents approximates their fair values.

Restrictions to the use of cash

No restrictions have been imposed on the company with regards to the extent to which bank and cash balances of the company may be used.

9.14 Trade and other payables

	US \$ 2026	US \$ 2025
Trade payables	141 512	2 689 228
	141 512	2 689 228
Accrued expenses	2 079 121	2 138 998
	2 220 633	4 828 226

(a) Accrued Expenses

Includes accrued invoices as well as leave pay. Leave pay is raised on the unutilised leave days owing to employees at balance sheet date.

All trade and other payables are due within 30 days.

9.15 Provisions

US \$ 2026			
Opening balance	Additions		Closing balance
Reconciliation of Property, plant and equipment : 2026			
Audit fees	-	3 930	3 930
	-	3 930	3 930