



SOUTH AFRICAN AIRWAYS

STAR ALLIANCE 

2025

INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH





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01 INTRODUCTION

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FY25 HIGHLIGHTS

FINANCIAL



Operational profit of

R336 million

(2024: loss of R513 million)

Revenue of

R9 266 million

(2024: R7 029 million)

Total passenger revenue* of

R7 675 million

(2024: R4 668 million)

Total cargo freight performance up

47% from the previous year

Ended the year with cash and cash equivalents of

R1 967 million

* Includes fuel levies

OPERATIONAL



Carried 1.9 million passengers



Consumed **188 million** litres of jet fuel

Launched programme for the improvement of the aesthetics of the fleet and the elevation of customer experience

Launched the Dar es Salaam and Lubumbashi routes

Progressed the refurbishment of airport lounges and reprofiling project

Achieved a **99.6%** flight schedule completion ratio

Operated **18 282** flights

2 321 permanent domestic employees and
645 domestic contractors (South Africa)

PERFORMANCE



Revenue Passenger-Kilometres

("RPK")

R3.4 billion

(FY24: R1.9 billion)

Available Seat Kilometres

("ASK")

R5.3 billion

(FY24: R3.4 billion)

Passenger Load Factor

("PLF") 65%

(FY24: 58%)



ABOUT THIS REPORT

South African Airways is a state-owned airline that specialises in the transportation of passengers, freight and mail to international, regional and domestic destinations.

REPORTING SCOPE AND BOUNDARY

This integrated report is targeted at stakeholders and provides information relating to the strategy, business model, operating context, material matters, risks, opportunities, governance and operational performance of South African Airways SOC Limited (SAA) and its subsidiaries for the period 1 April 2024 to 31 March 2025. The report covers all entities and divisions within SAA and follows the previous integrated report published in February 2018 after SAA underwent business rescue. Between FY2018 and the present the company published annual reports only. Given the seven- year gap in integrated reporting we acknowledge the gaps in applying integrated reporting principles and will seek to address these going forward.

APPROACH TO REPORTING

The integrated report covers SAA's risks, opportunities and outcomes relating to the group's operating environment, overall businesses and stakeholder engagement with key groups that could influence its ability to create and sustain value, as well as the extent to which the group's objectives have been achieved.

In compiling the report, we were guided by international and South African reporting guidelines and best practices, which comprise the following:

- The International Integrated Reporting Framework (<IR> Framework)
- Companies Act 71 of 2008 (Companies Act)
- Public Finance Management Act 1 of 1999 (PFMA)
- IFRS Accounting Standards (IFRS)
- The King IV Report on Corporate Governance™* for South Africa, 2016 (King IV™)
- Global Reporting Index (GRI) standards
- International Organization for Standardization (ISO) Standards

APPROACH TO MATERIALITY

SAA considers material matters to be those factors most relevant to our ability to continue delivering shared value outcomes (see our value proposition on page 10).

We have identified the following material matters:

- Financial sustainability
- Health and safety
- People
- Route network/market share
- Global travel trends
- Information technology
- Reputation management (governance)

These are addressed throughout the report with further detail set out on page 28.

SIX CAPITALS

In line with the International Integrated Reporting Council's concept of reporting in terms of the six capitals that impact value creation and erosion in a business, the group's activities and performance relating to the capitals below are covered throughout the report, as indicated.



Financial capital

Financial resources deployed by the company 92 to 153



Intellectual capital

Organisational knowledge, systems, protocols and expertise 38 to 48



Human capital

Competency, capability and experience of the Board, management and employees 18 and 54



Social and relationship capital

Relationship and engagement with broader society and communities impacted by the group 50 and 54



Natural capital

Company's use of natural resources 58



Manufactured capital

Physical infrastructure used 38

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ABOUT THIS REPORT CONTINUED

ASSURANCE

Management is the first line of assurance with a combined assurance framework in place that is overseen by the Audit Risk and Governance Committee. The framework ensures the integration, coordination and alignment of risk management and assurance processes. It further enables an effective control environment and supports the integrity of information used for decision-making by leadership. As per King IV™, a combined assurance model assists the Board in assessing the effectiveness of the internal control environment and enables the Board to assess the integrity of the information used for reporting and decision-making. As a combined assurance model is in place, the standards and principles were assessed by an external assurance provider where required.

Business process standards/codes/principles/guidelines	Level of application/compliance in our reporting	Assurance provider
External audit	Applied with application reported in the annual financial statements	Auditor General of South Africa
IFRS accounting standards	Applied with application reported in the annual financial statements	Auditor General of South Africa
Internal audit	Applied and reported within the integrated report	14 Internal Audit Service Providers
International Integrated Reporting Council	Guided by its principles	No external assurance
King Code on Corporate Governance 2016™ ("King IV™")	Guided by principles	No external assurance
Companies Act 71 of 2008	Applied with application reported in the annual financial statements.	Auditor General of South Africa
Broad-based black economic empowerment	Applied and reported within the integrated report	Ardent business partners
PFMA	Applied and reported within the integrated report	Auditor General of South Africa

BOARD APPROVAL

The SAA Board assumes responsibility for the integrity of this integrated annual report and believes that it was prepared in accordance with the International Integrated Reporting Framework. The report remains the ultimate responsibility of the Board with the necessary assurance provided to the Board by senior management. It was submitted to the Audit Committee, which recommended it to the Board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements by management, internal audit and external audit. The Board has critically assessed and satisfied itself as to the assurance obtained from SAA's combined assurance model, which enables an effective internal control environment that supports the integrity of information used for decision-making and reporting by the Board, the Board committees and management.

The Board also considered materiality for the purposes of the integrated annual report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the report, or a decision by stakeholders.

Our integrated annual report sets out how SAA's strategy, governance, performance and prospects lead to the creation of value over time. The Board is of the view that, to the best of its knowledge and belief, the integrated report addresses matters material to our stakeholders' decision-making and provides a balanced view by explaining how SAA expects to create value over time, taking into consideration the group's impact on its stakeholders and the environment in which it operates. The Board approved the integrated annual report for FY25 on 28 January 2026.

FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements relating to the SAA group that are based on the beliefs, assumptions and information currently available to the Board. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and include, without limitation, statements relating to the group's business prospects, future developments, trends and conditions in the industry, and geographical markets in which SAA operates. The forward-looking statements may also contain objectives, overall market trends and strategies, and information relating to operations, risk management and the ability to control costs. All forward-looking statements have not been reviewed or reported on by SAA group's external auditors.

CHAIRPERSON'S REPORT

SAA remains committed to ensuring sustainable growth for the group and its stakeholders and safeguarding its operations through ethical governance.



Key initiatives include:

- Strengthening governance frameworks to ensure transparency, accountability and compliance.
- Embedding financial sustainability into our operating model, with disciplined capital allocation, working capital management and risk management.
- Enhancing stakeholder confidence through consistent reporting, improved audit outcomes, and proactive engagement with regulators, investors and customers.
- Commitment to South Africa's national developmental agenda by aligning our CSI initiatives with the UN Sustainable Development Goals ("UNSDGs"), while ensuring that environmental, social and governance (ESG) principles are integrated into our operations.
- Together with our subsidiaries, we remain committed to environmental sustainability and reducing our carbon footprint by implementing an environmental management system ("EMS") that complies with the ISO 14001 standards.

STRATEGIC FOCUS

The Board's strategic priority remains the financial, governance and operational sustainability of SAA. Looking ahead, key focus areas include:

- Ensuring financial sustainability and developing a comprehensive funding plan to secure capital for future growth.
- Expanding the airline's route network to strengthen market presence and competitiveness.
- Upholding ethical governance and improving audit responsiveness and outcomes.
- Enhancing operational efficiency.
- Driving a culture of accountability and performance excellence.

These focus areas align with our strategic objectives as outlined on page 26.

OUR MARKET ENVIRONMENT

The global airline industry continues its steady recovery, with passenger demand returning to, and in many markets surpassing, pre-pandemic levels. Forecasts indicate sustained growth through 2025 and beyond, albeit at a moderated pace as the sector transitions from the sharp post-pandemic rebound to historically aligned growth rates.

This positive outlook, however, is tempered by a challenging global context. Persistent supply chain disruptions continue to be a critical concern, affecting aircraft and engine manufacturing, delivery schedules and the maintenance, repair and overhaul ("MRO") sector. These constraints limit capacity expansion and fleet modernisation efforts.

Geopolitical uncertainties, driven by ongoing conflicts and shifting international relations, continue to pose risks to route stability, fuel price volatility and traveller confidence in certain regions.

OUR COMMITMENT TO SUSTAINABILITY AND GOVERNANCE

SAA received a disclaimed audit outcome for the financial year ended 31 March 2025. As a team, we are committed to improving the audit outcome underpinned by a culture of accountability as we aim to stabilise and steer SAA towards financial sustainability.

SAA's commitment to sustainability recognises that sustainable governance is central to building resilience, ensuring financial sustainability and improving stakeholder confidence.

ACKNOWLEDGEMENT OF THE PREVIOUS BOARD

The new Board of Directors which I lead was only appointed on 8 August 2025. It is befitting that we acknowledge the invaluable contribution of the previous interim Board, under the leadership of Chairperson, Mr Derek Hanekom.

Their stewardship during a critical transitional period laid the foundation for the progress we continue to build upon. Their efforts in stabilising governance structures and guiding the airline through a challenging recovery phase are deeply appreciated.

APPRECIATION

I extend my sincere appreciation to the SAA team, the outgoing Board, executive leadership and all employees for their dedication, resilience and passion in revitalising this iconic South African brand. Your efforts continue to build momentum and strengthen our position for long-term success.

We also acknowledge the leadership of Minister Barbara Creecy, whose guidance on sustainability and good governance continues to shape our approach to responsible aviation and our alignment with developmental priorities.

Ms Sedzani Mudau
Chairperson

28 January 2026





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SAA AT A GLANCE

South African Airways ("SAA") was founded in 1934 and is the oldest airline on the African continent and one of the oldest airlines in the world.

South African Airways is a state-owned airline that specialises in the transportation of passengers, freight and mail to international, regional and domestic destinations. This forms part of its mission to deliver commercially sustainable, world-class air passenger aviation services in South Africa and Africa and to its tourism and trading partners.

SAA was founded in 1934. As one of the world's oldest airlines, it boasts an illustrious history spanning 91 years and continues to be significant in the current global air space. It is one of Africa's most awarded airlines and is part of the Star Alliance network, which it joined in 2006 to offer its customers worldwide reach and an improved travel experience.

Today SAA operates over 18 282 flights annually with 17 aircraft and has 2 321 permanent employees spread across its different subsidiaries and divisions. These include SAA Technical, which provides aircraft maintenance services; Air Chefs, which specialises in airline catering; SAA Cargo, a provider of cargo air transportation logistics; and the loyalty programme Voyager. The company is led by a dynamic team that looks to fulfil SAA's strategic goals, ensuring its sustainability as a world-class airline.

As a diversified airline that provides seamless passenger and cargo transport services across the continent and to the world, SAA has proved to be a vital catalyst for growth and development.

It continues to expand cautiously, driven by its goal of global expansion in conjunction with its strategic airline partners. This will enable it to achieve a sustainable and progressive upward trajectory in its commercial success and become a benchmark for public sector excellence.

OUR VALUE PROPOSITION

Core values

SAA focuses on reliability, safety, and cost-efficiency to ensure excellent travel experiences.

Service excellence

The airline prioritises punctuality and seamless service across all passenger touchpoints.

Network expansion

Expanding route networks driven by market intelligence and customer feedback improves connectivity.

Reputation and integrity

Commitment to quality service and operational integrity strengthens SAA's status as preferred carrier.

OUR AMBITIONS

Vision for leadership

SAA aspires to lead Africa's aviation sector with seamless connectivity and exceptional customer service.

Operational efficiency

Focused on operational efficiency and financial sustainability to ensure long-term growth and trust.

Commitment to innovation

Dedicated to innovation and digital transformation to stay competitive in the evolving aviation industry.

OUR VISION

To be Africa's leading world-class airline.

OUR MISSION

To deliver commercially sustainable, world-class air passenger and aviation services in South Africa and Africa and to our tourism and trading partners.

OUR OBJECTIVES

- Support South Africa's national developmental agenda
- Achieve and maintain commercial sustainability
- Provide excellent customer service
- Achieve consistent, efficient and effective operations
- Foster performance excellence

SAA AT A GLANCE CONTINUED

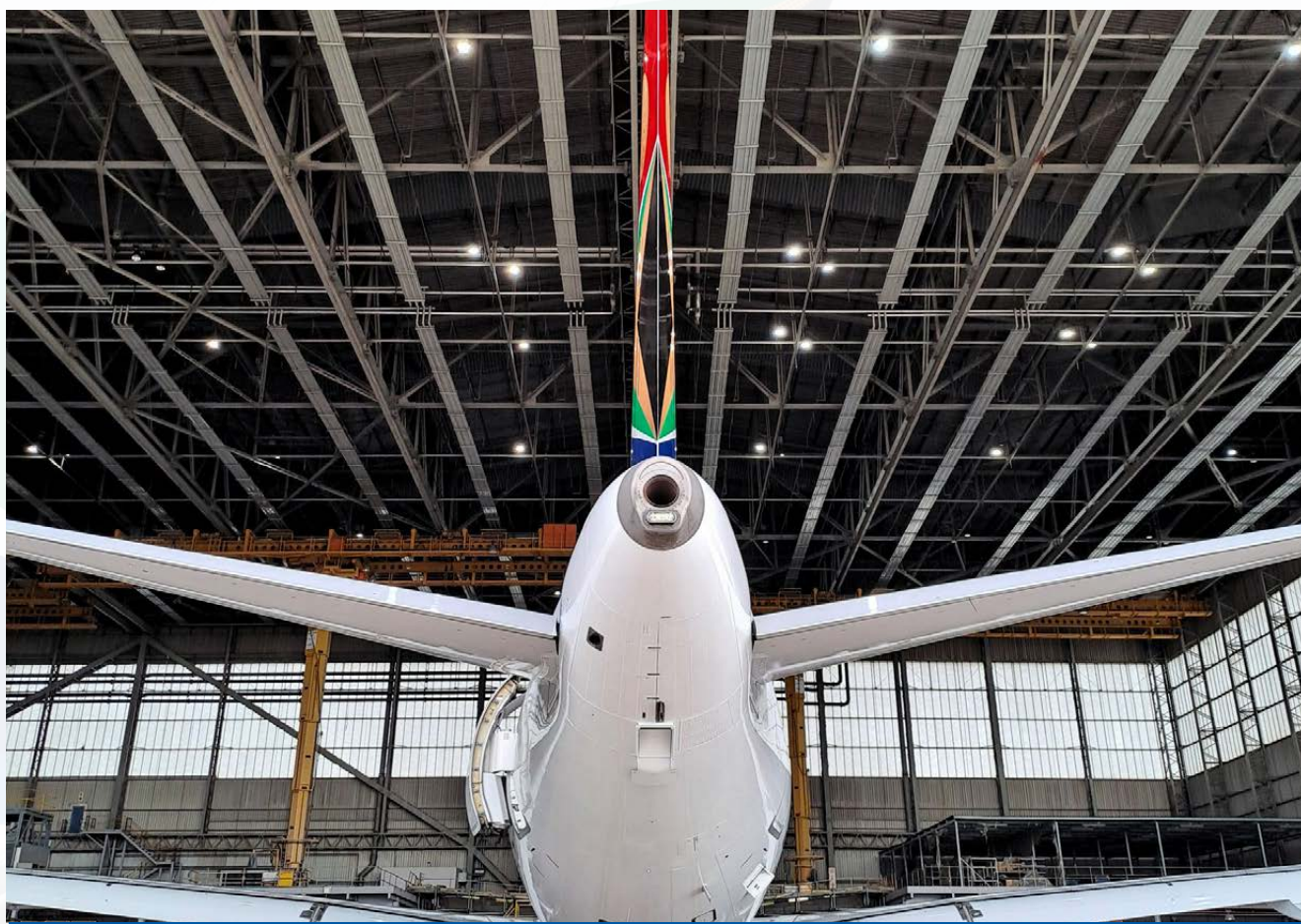
OUR OPERATIONS

South African Airways is headquartered in Johannesburg with operations across the globe. SAA restarted operations in late September 2021 with six leased aircraft operating five routes and has since increased its operations to 15 routes using 17 aircraft, with plans to expand flight frequencies to key destinations. The increased flight activity compared to last year was driven by the addition of frequencies to critical routes such as Cape Town, Durban, Accra, Harare, Lagos, and Lusaka, including the resumption of operations to Perth in April 2024, Dar es Salaam and the commencement of Lubumbashi.

The launch of the Dar es Salaam route on 7 February 2025 marked the successful execution of a key tactical objective in the company's route network strategy of establishing a presence in the East African market.

Routes are carefully selected to ensure they will contribute positively to the airline's financial performance.

We have appointed 57 new pilots, bringing the number of pilots to 190, and carrying a total of 1.9 million passengers over the past financial year.



Market segments we serve

Domestic

Domestic travellers frequently fly between South Africa's key economic cities like Johannesburg, Cape Town, Durban and Gqeberha.

Regional

Regional passengers include business and leisure travellers moving within Africa's emerging markets for better connectivity.

International

International passengers rely on connections to global cities such as São Paulo (from Cape Town and Johannesburg) and Perth for trade and tourism.

OUR ROUTE NETWORK

(at date of report)

192

Star Alliance
destinations

.. SAA'S ROUTE MAP ..

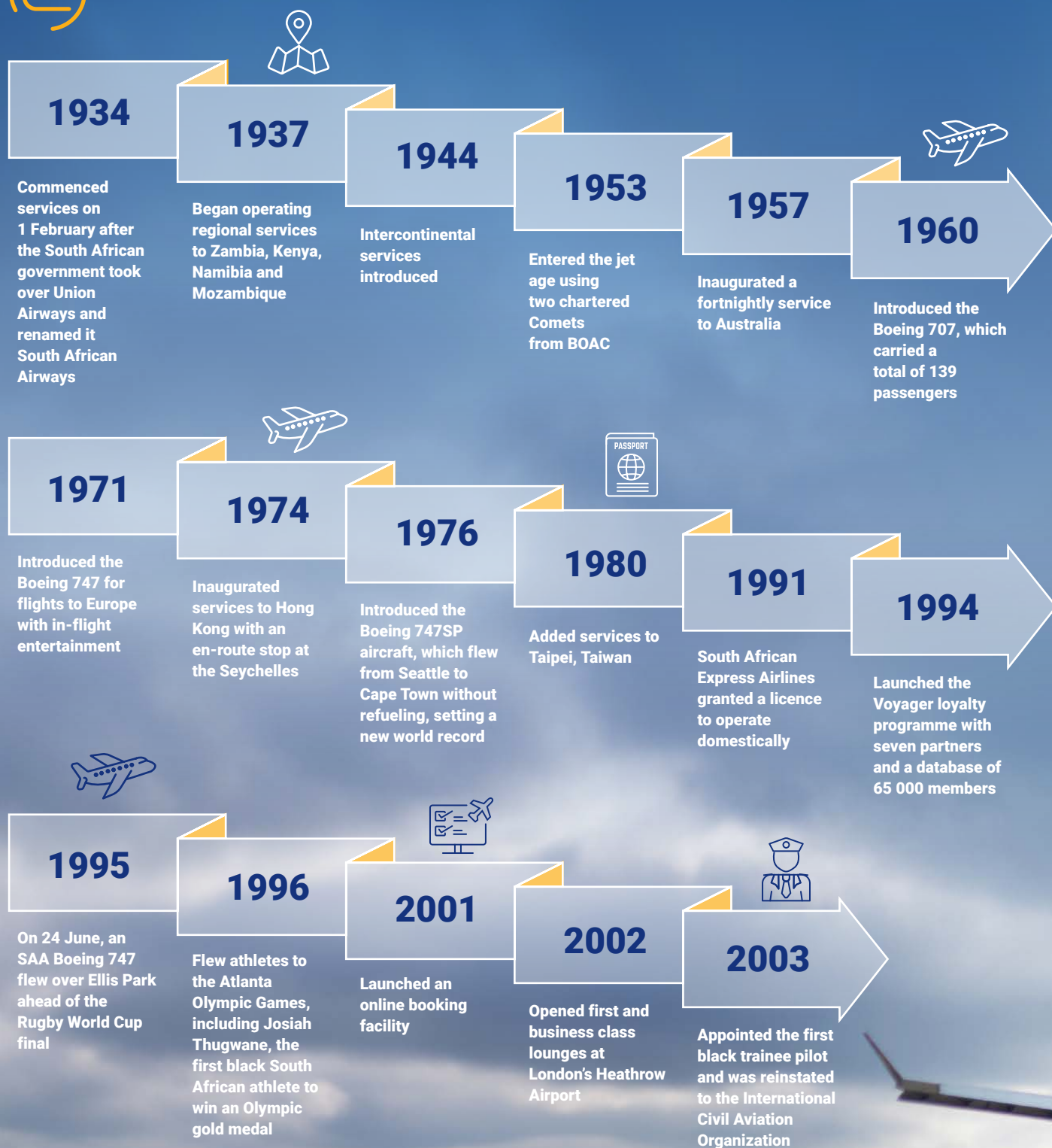


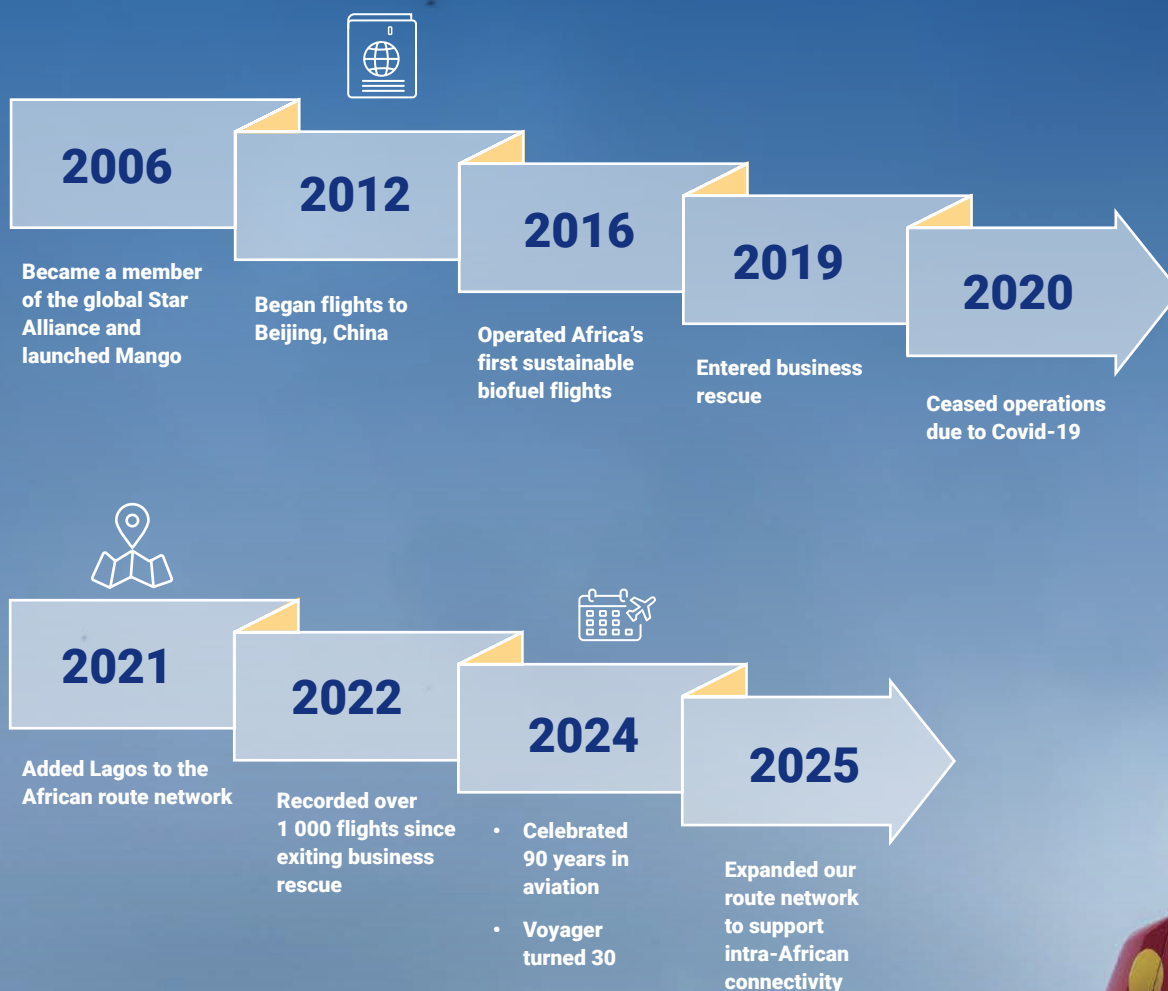
OUR GROUP STRUCTURE



TIMELINE

Celebrating nine decades of aviation milestones





OUR MARKET IN CONTEXT

The global airline industry continues to exhibit a strong and sustained recovery, with passenger demand not only rebounding but surpassing pre-pandemic levels across numerous markets. Forecasts indicate ongoing growth through 2025 and beyond, though at a more moderate pace, reflecting a shift from the initial post-pandemic surge to more normalised, historically consistent expansion.

This upward trajectory is unfolding within a challenging global environment marked by significant operational and economic pressures. Chief among these are persistent supply chain disruptions, which are critically affecting aircraft and engine production, delivery timelines, and the maintenance, repair, and overhaul ("MRO") sector, ultimately limiting capacity expansion and fleet renewal initiatives. In parallel, geopolitical instability driven by ongoing conflicts and evolving international dynamics continues to introduce uncertainty, with potential implications for route viability, fuel price volatility, and passenger confidence in affected regions.

According to IATA, African airlines demonstrated strong performance in FY25, with revenue passenger kilometres increasing by 14.9% year-on-year. Available seat kilometres grew by 11.2%, leading to a passenger load factor of 75.9%, an improvement of 2.4 percentage points. This highlights the continued potential in emerging African markets. The number of scheduled flights globally are predicated to be higher than in previous years, giving confidence that the industry will see growth.

Given the past year's global post-Covid economic and geopolitical headwinds, jet-fuel prices remain volatile, and supply chain disruptions impacting aircraft manufacturers continue to pose ongoing challenges. Despite these hurdles, SAA has demonstrated resilience, achieving profitability in FY23 and showing strong indications of continued recovery beyond FY25.

High jet fuel costs continue to be a challenge for all airlines globally. SAA mitigates this through a fuel levy charge that is raised as part of the ticket price. Africa faces unique challenges that impact airline sustainability. Foremost of these are higher-than-average fuel costs that are approximately 20% more than in developed markets, a perceived general premium levied on aircraft finance contracts, and difficulties with repatriating revenues from certain countries. Despite these obstacles, Africa is poised for rapid growth, offering significant economic and tourism development opportunities.

Three macro trends defined the market during SAA's financial year:



Capacity constraints

A persistent and critical challenge worldwide is the global aircraft supply chain disruption. Production delays and maintenance issues limit capacity growth globally, a factor directly impacting SAA's planned fleet expansion



Airfares and costs

Despite some fluctuations in fuel price, average airfares are generally unlikely to fall significantly due to the balance between constrained supply and strong demand, coupled with rising operational costs



The rise of emerging markets

The momentum for growth is largely generated by the dynamism seen in emerging economies, with the fastest growth anticipated in regions like Asia-Pacific and the Middle East. This trend affirms SAA's strategic focus on the highly profitable African and South American markets

The African market continued to demonstrate potential but faces unique challenges. These include higher-than-average fuel costs (approximately 20% more than developed markets) and difficulties with repatriating revenues. Nonetheless, projections indicate Africa is poised for rapid growth over the next two decades, with traffic volumes expected to nearly double by 2043.



OUR MARKET IN CONTEXT CONTINUED

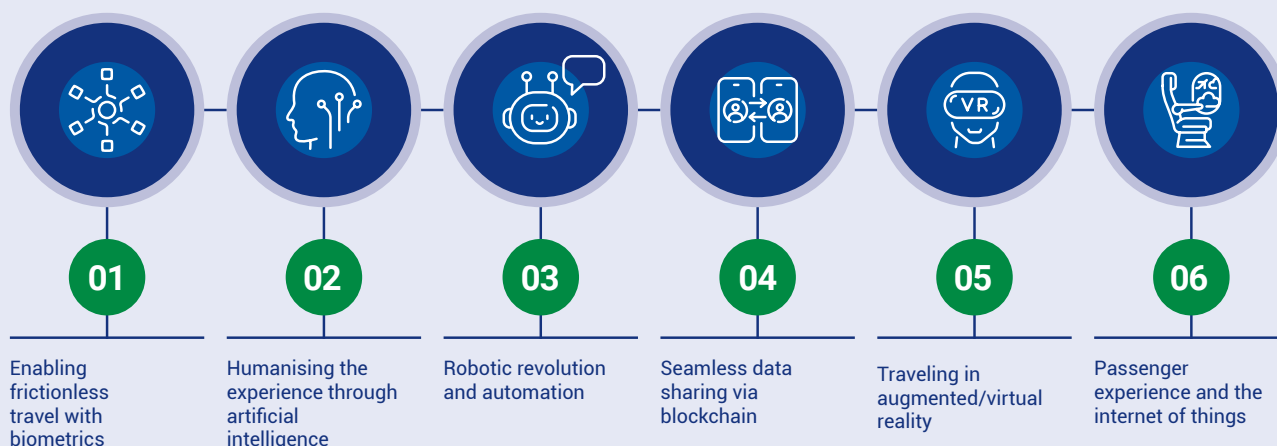
HOW WE ARE RESPONDING

SAA strategically positioned itself to capture growth by enhancing its digital resilience and customer experience through the following:

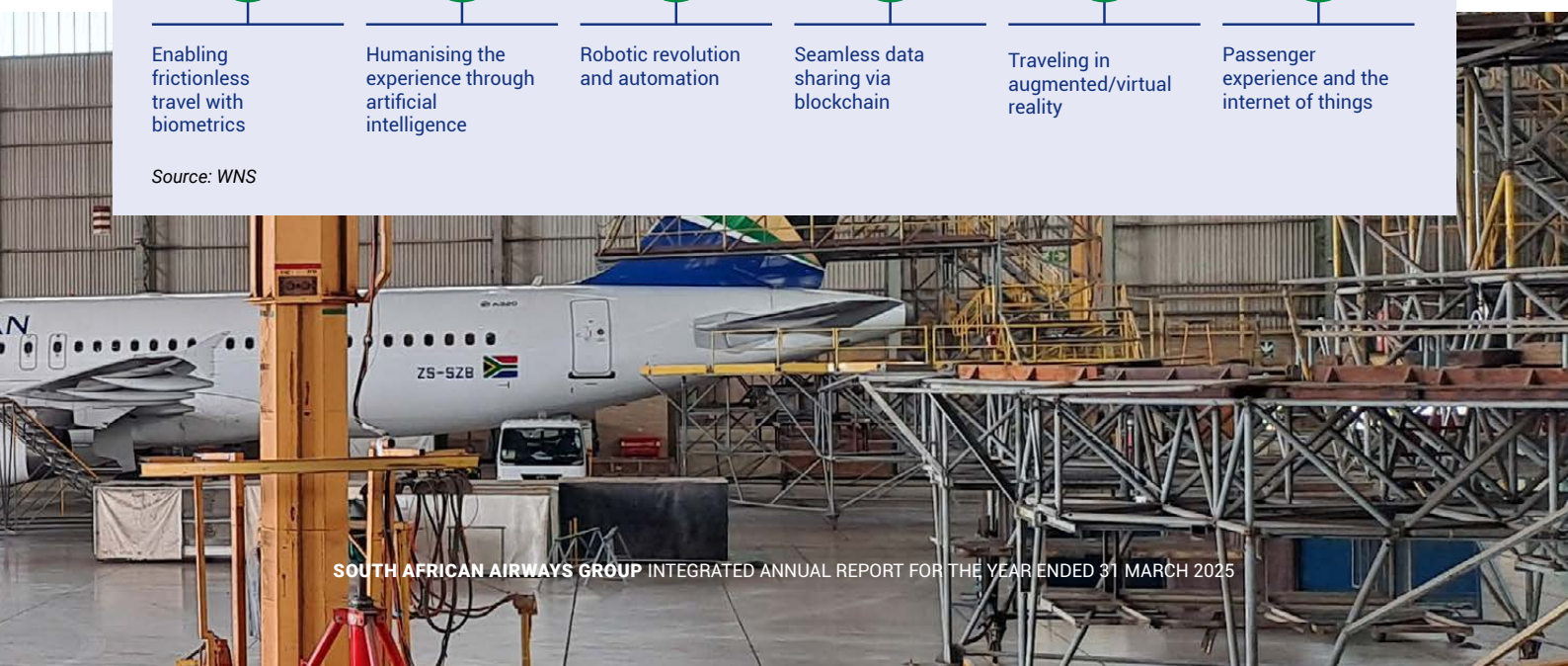
- The airline successfully implemented new direct booking systems, launched an improved mobile app and modernised its digital customer experience
- SAA is utilising technology, such as AI for efficiency and planning, a key industry trend
- Focusing on expanding high-yield regional and international routes and actively tackling supply constraints and through ACMI leasing, SAA is navigating global headwinds to ensure continued, structural and profitable growth
- Implementing a new booking payment platform, which is designed to facilitate payments on both direct and indirect channels, enhancing the reliability of our payment processes across our various channels
- Focusing on our five-year corporate plan which charts a bold, pragmatic and revolutionary path toward long-term financial sustainability
- Refurbishment of all SAA's domestic lounges
- Modernisation of our fleet and elevation of our customer's travel experience
- Shifting focus to high-level corporate actions that should catapult the SAA group into a long-term financially successful organisation

As the industry recovers, and the era of the Fourth Industrial Revolution gains ground, there is competitive pressure among airlines to offer the latest in digital services that enhance seamless and frictionless customer interface and entertainment.

TOP TRENDS FOR THE GLOBAL AIRLINE INDUSTRY



Source: WNS





INTERIM BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

at 31 March 2025

NON-EXECUTIVE DIRECTORS

MR DEREK HANEKOM



Chairperson

Appointed: 15 April 2023

MS FATHIMA GANY



Non-executive director

Appointed: 15 April 2023

MR MAHLUBI MAZWI



Non-executive director

Appointed: 15 April 2023

MR DUMISANI SANGWENI



Non-executive director

Appointed: 15 April 2023

EXECUTIVE DIRECTORS

MS FUNDI SITHEBE



Non-executive director

Appointed: 15 April 2023

ADV JOHANNES WEAPOND



Non-executive director

Appointed: 15 April 2023

PROF MALESELA JOHN LAMOLA

Interim chief executive officer

Appointed: 14 July 2021

MS LINDSAY OLITZKI

Interim chief financial officer

Appointed: 1 June 2023

Legend for committee membership

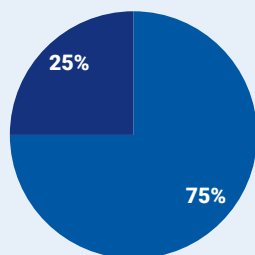
(ARGCO) Audit, Risk and Governance Committee (REMCO) Remuneration and Human Resources Committee
(FINCO) Finance and Investment Committee (SENCO) Social Ethics and Nominations Committee



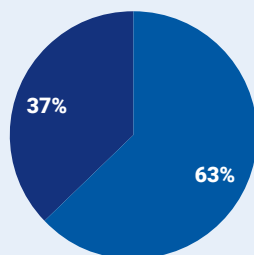
Committee chair



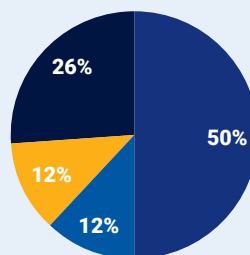
INTERIM BOARD OF DIRECTORS CONTINUED

Board
independence

■ 2 executive directors
■ 6 non-executive directors

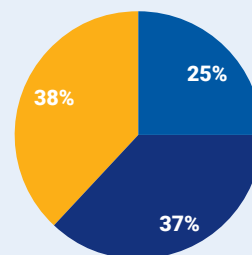
Board gender
diversity

■ 3 females
■ 5 males

Board
demographics

■ 2 white
■ 1 coloured
■ 1 Indian
■ 4 black

Age



■ 3 older than 60 years
■ 3 between 50 and 59 years
■ 2 between 40 and 49 years

EXECUTIVE MANAGEMENT

MR MADODA NKALANE

Chief Operations Officer

MS MPHLO LETLAPE

Chief Human Capitals Officer

MR COBUS McQUIRK

Chief Technology Officer

MS VIMLA MAISTRY

Group Corporate Affairs

MR TEBOGO TSIMANE

Chief Commercial Officer

MS KOEKIE MBEKI

Chief Legal Officer

MS RUTH KIBUUKA

Company Secretary

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

as of 8 August 2025

NON-EXECUTIVE DIRECTORS



MS SEDZANI MUDAU (43)

Chairperson

CA(SA), RA, MBA

Appointed: 8 August 2025

Sedzani is an accomplished finance executive with extensive experience in senior leadership roles. Her governance expertise spans both public and private sectors, where she has held multiple non-executive directorships.



MS FATHIMA GANY (50)

Deputy Chairperson

CA(SA)

Re-appointed: 8 August 2025

Fathima has over 20 years' experience in finance, working in both the public and private sectors across Africa and the Middle East. Her broad expertise is essential for overseeing corporate and operational finance, taxation, financial governance and regulatory frameworks, as well as public finance.



MS BONGIWE MBOMVU (58)

Non-Executive Director

LLM (Attorney)

Appointed: 8 August 2025

Bongiwe has over 25 years' experience spanning legal, risk, compliance, ethics, transformation, and governance fields. She is a strategic thinker with strong financial and operational leadership capabilities, complemented by exceptional communication and presentation skills. Her extensive experience includes serving in both executive and non-executive roles, with a proven track record in designing and implementing effective operating and governance models.



MS BONGIWE PITSO (54)

Non-Executive Director

BA, LLB

Appointed: 8 August 2025

Bongiwe is an admitted Attorney of the High Court of South Africa with over 20 years of strategic, operational and leadership experience across the aviation, infrastructure, and legal sectors. Her expertise spans corporate strategy, airport economics, aviation operations management, infrastructure finance and public-private partnership models. Her career reflects a strong record of organisational stewardship, governance excellence and the ability to lead complex, highly regulated and capital-intensive environments with clarity and accountability.



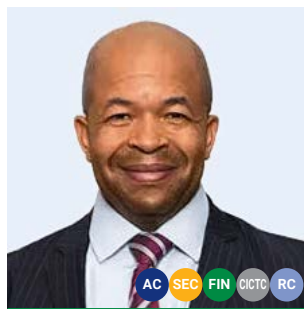
AMB DENNIS DLOOMO (61)

Non-Executive Director

MSS

Appointed: 8 August 2025

Dennis is a seasoned diplomat with ambassadorial-level experience and with a distinguished career in national and international security. His expertise spans high-stakes negotiation, government intelligence and strategic project management. He has played a pivotal role in advancing security policy and fostering global cooperation across complex geopolitical landscapes.



ADV JOHANNES WEAPOND (52)

Non-Executive Director

LLB, BCom (Honours IT)

Re-appointed: 8 August 2025

Johannes is a seasoned legal and governance professional with deep expertise in compliance, forensic investigation, and risk management. He is an admitted Advocate of the High Court of South Africa with a career that spans both public and private sectors, with specialisation in corporate law, contract law and government intelligence. He is also certified in fraud examination, compliance management and computer forensics.



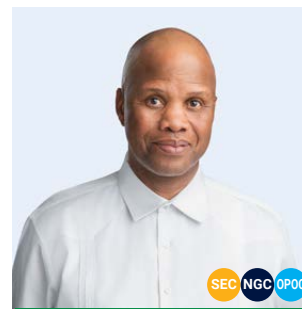
MR LISA MANGCU (60)

Non-Executive Director

MIB

Appointed: 8 August 2025

Lisa has over 30 years' experience in key roles across national, provincial and municipal government structures. He is a seasoned public sector leader with deep expertise in strategic leadership, financial management, governance and policy implementation. He has also served as Deputy Minister of Transport, where he spearheaded ethical governance, financial oversight and policy reforms aimed at modernising South Africa's transport systems.



MR MONGEZI INDIA (63)

Non-Executive Director

MBL

Appointed: 8 August 2025

Mongezi is a seasoned business strategist with over 25 years of experience in the military, police and aviation sectors. He has worked in aerospace, defence, civil security and business strategy industries. He has served as a member of the National Council for Correctional Services and serves as executive director at Incomar Aerospace and Defence Systems.

* The current structure reflects the composition of the Board post financial year end.

BOARD OF DIRECTORS CONTINUED

**MS PAMELA YAKO** ⁽⁵⁶⁾*Non-Executive Director**MBL*

Appointed: 8 August 2025

Pamela has extensive experience in leadership coaching, organisational change and turnaround strategies. She has served as Director-General in multiple South African government departments, including Environmental Affairs and Tourism, and Water Affairs and Forestry. Pamela is a passionate advocate for women's empowerment and environmental sustainability and served on the board of WWF South Africa.

**DR PRITTISH DALA** ⁽⁴³⁾*Non-Executive Director**PHD (IT), M.IT, CD(SA), CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, CRISC, LA27001*

Appointed: 8 August 2025

Prittish has over 21 years' experience across several industry verticals, including an array of local and international client engagements within the public and private sector. His area of expertise includes information technology, cyber security, large scale digital transformation, privacy, project governance and management, auditing risk management, corporate governance, ICT governance, strategy, leadership, compliance, forensics and research.

**DR SALOME CHILOANE-NWABUEZE** ⁽³⁶⁾*Non-Executive Director**PHD (Civil Eng), MBA*

Appointed: 8 August 2025

Salome's experience stems from various local and national government departments as well as Rand Water. Her area of expertise is in civil engineering, project management, monitoring and evaluation, research, corporate governance, water and sanitation, as well as strategy formulation and implementation. She currently serves on various public and private sector boards.

**MS SIPHUMELELE DLUNGWANE** ⁽³⁹⁾*Non-Executive Director**CA(SA), MPhil (Finance)*

Appointed: 8 August 2025

Siphumelele is an accomplished finance professional with experience in both the private and public sectors spanning diverse areas including external auditing, internal auditing, accounting and financial management. Through serving in governance committees she has developed invaluable and sound understanding in annual financial statements, risk management practices, internal controls, legislative requirements and audit practices.

EXECUTIVE DIRECTORS

**MR THEUNIS POTGIETER** ⁽⁵¹⁾*Non-Executive Director**BCom (Economics), MIB*

Appointed: 8 August 2025

Theunis is an aviation economist and senior executive with over 25 years' experience across global aviation, e-commerce and financial services. He has held senior leadership roles at South African Airways, executive roles at Qatar Airways and Emirates Airline, and currently serves as a Senior Consultant to IATA and Kula Partners, specialising in airline strategy, network and fleet planning, digital transformation and strategic advisory across Africa.

**PROF MALESELA JOHN LAMOLA** ⁽⁶³⁾*Group Chief Executive Officer*
PhD, MBA

Re-appointed: 8 August 2025

John has many years of experience in the aviation industry and was chairperson of SAA's Interim Board from July 2021, and has been the CEO since May 2022. He was CEO at Denel Aviation from 1996 to 2001. He also served on the board of the Airports Company South Africa between 2012 and 2017. Prior to his return to full-time academia, he built and managed a proprietary private equity investment portfolio that included holdings in aviation and internet technologies. John holds the position of adjunct associate professor of Philosophy of Technology at the University of Johannesburg.

**MS LINDSAY OLITZKI** ⁽⁶⁵⁾*Chief Financial Officer*
CA(SA)

Re-appointed: 8 August 2025

Lindsay is an accomplished finance executive with extensive experience in both the manufacturing and aviation sectors. Lindsay completed her articles with Arthur Young (now EY) in 1986, before joining Nampak as divisional financial director for both the Petpak and Rigid Plastics divisions. In March 2000, Lindsay transitioned to the aviation industry, joining SAA Cargo where her responsibilities included oversight of finance, IT, and HR functions. Lindsay was subsequently transferred to SAA Technical as Executive Manager: Finance, further deepening expertise in the aviation environment.

After rejoining Nampak, Lindsay returned to SAA in 2012 as Head of Financial Accounting. Lindsay was appointed interim Chief Financial Officer in June 2023 and was re-appointed as CFO on 8 August 2025.

Lindsay brings a wealth of financial leadership, operational insight, and governance experience to the SAA executive team.

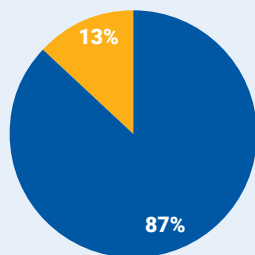
Legend for committee membership:

- Audit Committee
- Remuneration and Human Resources Committee
- Finance and Investment Committee
- Social and Ethics Committee
- Nominations and Governance Committee
- Operational Performance Oversight Committee
- Commercial, Information and Communications Technology Committee
- Risk Committee



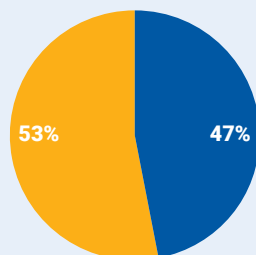
BOARD OF DIRECTORS CONTINUED

Board independence



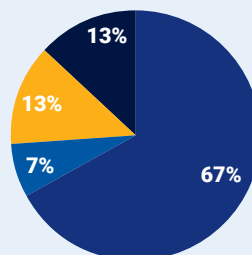
■ Non-executive directors
■ Executive directors

Board gender diversity



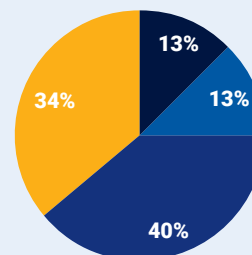
■ Males
■ Females

Board demographics



■ Black
■ Coloured
■ Indian
■ White

Age



■ between 30 and 39 years
■ Between 40 and 49 years
■ Between 50 and 59 years
■ Older than 60 years

EXECUTIVE MANAGEMENT

**MS KOEKIE MBEKE**

Chief Legal Officer

**DR LEBOGANG MOSOLOTSANE**

Chief Technology Officer

**MR MADODA NKALANE**

Chief Airline Operations Officer (Interim)

**MS MPHLO LETLAPE**

Chief Human Capital Officer (Interim)

**MS RUTH KIBUUKA**

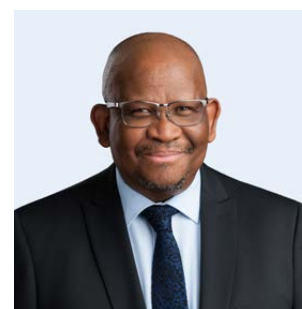
Company Secretary

**MS SAFI SALEH**

Chief Audit Executive

**MR SANGE MXENGE**

Chief Strategy and Capital Planning Officer

**MR TEBOGO TSIMANE**

Chief Commercial Officer

**MS VIMLA MAISTRY**

Chief Group Corporate Affairs (Acting)

**MR WELLINGTON NYUSWA**

Chief Executive Officer: SAA Technical

**MR MATSHELA SESHIBE**

Chief Executive Officer: Air Chfs







03 STRATEGY AND VALUE CREATION

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OUR STRATEGY

SAA is pleased to present its five-year Corporate Plan which was submitted to the Department of Public Enterprises and the National Treasury in accordance with Section 52 of the PFMA in February 2025.

For the 2024/25 financial year, SAA operated under the Strategic Intent Statement issued by the Minister of Public Enterprises for 2024/25–2026/27, together with the aligned Shareholder Compact agreed with the Minister of Finance. These instruments set out the shareholders' expectations for SAA's mandate and developmental role, translating them into annual targets and key performance indicators across financial sustainability, network and fleet, customer experience, operations, people, transformation, and governance.

SAA's performance against these targets is presented in the performance section of this Integrated Report, showing progress across most strategic pillars while highlighting areas for improvement.

Building on this strategic intent and the 2024/25 outcomes, SAA presents its five-year Corporate Plan, submitted to the Department of Transport and National Treasury in terms of section 52 of the PFMA in February 2025. Covering 1 April 2026 to 31 March 2031, the plan reflects guidance from SAA's annual strategy sessions and outlines how the airline will strengthen its position in domestic, regional, and select intercontinental markets. The strategy is anchored on safety, valuing people and customers, accountability, integrity, and performance excellence.

THE GROUP'S OVERALL STRATEGIC OBJECTIVES ARE TO:

Achieve and maintain commercial sustainability

Provide excellent customer service

Achieve consistent, efficient and effective operations

Foster performance excellence

Support South Africa's national developmental agenda



All decisions taken around the SAA business environment need to be consistent with these strategic objectives as well as our mission, vision and values.

IMPLEMENTATION

Improving strategy implementation continues to be a key focus area for SAA. A robust implementation framework has been developed and will be further underpinned by:

ensuring stable and effective leadership

strengthening financial management

fostering a culture of accountability and performance

enhancing operational efficiency

managing change effectively

addressing external challenges

This implementation approach will enable the SAA CEO to direct and assume full accountability for the implementation. The relevant Board committees will continue to provide oversight and guidance on progress. Achievement of agreed targets will provide greater assurance for the shareholder and National Treasury.



OUR MATERIAL MATTERS

SAA considers material matters to be those factors most relevant to its ability to continue delivering shared value outcomes.

Many aspects are considered when determining our material matters. These factors have the potential to add and maintain value for our stakeholders, but they can also detract from value if they are not well handled. These include both short- and long-term and controllable and uncontrollable causes. When assessing material matters, we also carefully consider trade-offs.

Our material matters represent the critical drivers of value that inform our strategic decision-making and are most likely to influence our stakeholders in their assessment of the group's ability to create value over time.

The following material matters were considered and approved by the Board:

Material matter	Progress made	Related capitals
Financial sustainability	<ul style="list-style-type: none"> Streamlined operations Reduced costs 	     
Health and safety	<ul style="list-style-type: none"> Streamlined investment in aviation infrastructure 	     
People	<ul style="list-style-type: none"> Skills training and development Medical aid extended Build and drive a culture of accountability and performance 	     
Route network/ market share	<ul style="list-style-type: none"> Adjusted network to focus on high demand routes Enhanced connectivity to key destinations 	     
Global travel trends	<ul style="list-style-type: none"> Network optimisation Fleet modernisation 	     
Information technology	<ul style="list-style-type: none"> Enhanced investment in technology to elevate customer experience 	     
Reputation management (governance)	<ul style="list-style-type: none"> Active engagement with shareholder representative and other stakeholders to ensure alignment with national civil aviation policy Environmental management system implemented complying with ISO 14001 Fleet modernisation programme introducing more fuel efficient aircraft reducing environmental footprint Improved audit outcomes 	     

OUR CAPITALS



Financial capital



Human capital



Natural capital



Intellectual capital



Social and relationship capital



Manufactured capital

BUSINESS MODEL

SAA uses a hub-and-spoke model with Johannesburg as the main hub and Cape Town as secondary, streamlining passenger connections. Post-restructuring, SAA now focuses on fleet efficiency and route profitability to optimise operations and costs and continuous network evaluation allows SAA to align routes with strategic goals and adapt to market demands quickly.

INPUTS						
	Financial	Manufactured	Intellectual	Human	Social and relationship	Natural
	<ul style="list-style-type: none"> Retained earnings Investment funding Cash generated from operations 	<ul style="list-style-type: none"> 18 282 operating flights Acquisition of aircraft, engines, components and spares 17 aircraft 	<ul style="list-style-type: none"> Management uses a wealth of expertise and skills acquired through years of experience in the airline sector 	<ul style="list-style-type: none"> 3 302 group employees 212 learnerships 	<ul style="list-style-type: none"> Relationship with employees/suppliers/customers Commitment to CSI and transformation 	<ul style="list-style-type: none"> As an aviation services provider we are especially accountable for the appreciation and preservation of the natural resources used and deployed in the delivery of our goods and services, and how our concerns in this regard affect the use of financial capital



ACTIVITIES	
	One of the largest airlines in South Africa, offering passenger flights and cargo services to 15 destinations across South Africa, Africa and two intercontinental routes. Provides aircraft maintenance services through SAA Technical and airline catering through Air Chefs.



OUTCOMES		
	<ul style="list-style-type: none"> R9 266 million revenue R336 million operating profit R509 million aircraft lease costs R896 million expenditure on maintenance costs 	<ul style="list-style-type: none"> R1 591 million distributed to staff as compensation and benefits R8.3 million invested in skills development Level 6 B-BBEE CSI programme Aviation as a career awareness events
	<ul style="list-style-type: none"> One of the largest airlines in South Africa offering: <ul style="list-style-type: none"> Cargo freight services Technical services Airline catering The leadership team has vast technical experience 192 Star Alliance destinations 	<ul style="list-style-type: none"> Compliance with Carbon Offsetting and Reduction Scheme for International Aviation requirements One of 62 airlines to participate in the IEnvA programme that aims to reduce the global airline sector's impact on the environment

BUSINESS RISKS AND OPPORTUNITIES MANAGEMENT

The Board assumes responsibility for the governance of risk and has committed SAA to a process of risk management that is aligned with the principles of good corporate governance and international benchmarks for good risk management. Oversight of risk management is entrusted to the Audit Risk and Governance Committee, which regularly receives updates from management on all risk-related activities.

The risk management framework applies to SAA and its subsidiaries, the Board, its committees, management, all employees – including temporary and fixed-term staff – contractors and consultants.

The risk management process below illustrates the key components that are applied within SAA.

Risk Management Process



REPUTATIONAL RISK MANAGEMENT

Management has committed to continuously assessing emerging risks and the implementation of control improvement plans to manage the risks. Further, management has developed a communications plan to share SAA's victories and successes.

RISK APPETITE AND TOLERANCE

Risk appetite and tolerance limits are historical and management is in the process of revising them; however, they were considered in the control improvement plans put in place to ensure that risks are within the appetite and tolerance limits previously set.

BUSINESS RISKS AND OPPORTUNITIES MANAGEMENT CONTINUED

ENTERPRISE RISK MANAGEMENT (“ERM”)

SAA has and maintains a group Risk Policy (“the Policy”) and Risk Management Framework (“the Framework”) which are aligned to ISO31000, and other international risk management standards. As part of implementing risk management in SAA, the policy and the framework underwent a significant review and were approved to ensure relevance and alignment with the business. Based on the aforesaid policy and framework, risks are identified and mitigated, with the risk registers being maintained at subsidiary and divisional levels.

REGULATORY COMPLIANCE (INCLUDING CORPORATE GOVERNANCE)

SAA has adopted a risk-based compliance programme aligned to ISO31000 for ERM. The Compliance Policy Framework has been defined to specifically address the material regulatory risks facing the group (SAA and its subsidiaries) across all the jurisdictions in which it operates. In terms of the Policy, regulatory risk registers are maintained at subsidiary and divisional levels.

SAA has developed a Policy on Policies Framework and a Policy Template, which aims to standardise the development of policies across SAA and its subsidiaries, as such a policy register and a regulatory universe were developed. All policies have been placed on the central database for ease of access and for knowledge management purposes.

BUSINESS CONTINUITY MANAGEMENT (“BCM”)

SAA has a Business Continuity Management System (“BCMS”) aligned with ISO 22301, in order to mitigate against business continuity risks, thereby ensuring that Business Impact Analysis (“BIAs”), Business Continuity Plans (“BCPs”) and ICT disaster recovery plans (“DRPs”) are developed, implemented, maintained and exercised.

In order to support the abovementioned and to support the company strategic objectives, a BCM Policy was developed to ensure preparedness, risk mitigation, emergency response, recovery or resumption, and permanent restoration of SAA's operations and business activities during and after an event which disrupts normal business operations. The governance process involves an Emergency Crises Committee that operates through Executive Management and reporting to the Board to ensure that business disruptions are mitigated. A business continuity gap analysis was done, with those identified gaps having received the necessary attention to improve on the BCMS that is currently in place.





04 OUR PERFORMANCE

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CHIEF EXECUTIVE OFFICER'S REPORT

SAA has remained resilient amid challenging operating conditions, both globally and locally. Although the financial headwinds persisted, the airline closed the year with an encouraging operating balance.



At a macro level, geopolitical tensions in the Middle East and Ukraine contributed to higher jet fuel costs for SAA, which now pay more for jet fuel than their European counterparts. Although crude oil prices declined, the strengthening of the US dollar during the same period offset the benefit of the lower prices. SAA still lacks the critical scale and density of flight frequencies to allow us to fully exploit the market opportunities presented by the post-Covid-19 recovery.

In addition, the re-emergence of the airline coincided with a global aviation supply chain crisis that has resulted in the shortage of aircraft, engines and components. This has led to high aircraft leasing rates as demand of used aircraft outstripped supply. Ninety percent of SAA's fleet is leased aircraft. Notwithstanding the challenges SAA faces, the airline continues to grow from strength to strength. SAA started operations post the business rescue with six leased aircraft operating five routes, and those numbers have increased threefold. In addition, we have maintained operational excellence and have secured 98 corporate agreements with various corporate entities choosing SAA for their travel requirements.

FINANCIAL PERFORMANCE

For the year under review, SAA generated a total revenue of R9.266 million compared to R7.029 million in the previous year, of which R7.675 million was from passenger revenue.

Our operating costs of R9.583 million were higher when compared to R7.164 million in the previous year. Increased activities, which saw available seat kilometres increase by 59%, were behind the increased operating costs. The securing and introduction into revenue service of aircraft and the recruitment and training of flight crew, accounted for a significant portion of the costs, indicating that the airline is still in the rebuilding phase.

SAA operated a total fleet of 17 aircraft during the year, including the wet leases contracted during the year-end peak season. The overall focus is on increasing revenue while controlling operational costs without compromising on safety and the elevation of customer experience. The economic opportunities latent in the relationship between SAA Technical and Air Chefs, respectively, as suppliers to SAA airline operations are also to be exploited.

CARGO

Our total freight and mail revenue was R372 million, with a net profit of 38% when compared to the previous year. This proved to be a remarkable performance given that SAA does not operate any freighters.

REFINING CUSTOMER EXPERIENCE

We have initiated a comprehensive cabin refurbishment programme as part of our fleet modernisation strategy. This includes upgrading our current all-economy aircraft to feature a standard business class cabin, enhancing comfort and choice for our customers. Our lounges remain a standout touchpoint, achieving a 96% customer satisfaction score – the highest since the airline's restart.

Building on this success, we plan to elevate the lounge experience further through targeted renovations designed to enhance convenience and comfort. In addition, our in-flight experience continues to improve steadily, reaching a peak satisfaction score of 84% as at 31 March 2025. These initiatives reflect our commitment to delivering a superior travel experience across every stage of the journey.

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

OUR PEOPLE

SAA group ended FY2025 with 2 321 permanent employees and 645 contractors. Regional and international stations have 51 permanent employees. A standout achievement for us was the finalisation of wage negotiations with SAAPA, who had invited NTM to join them, after SAA's pilots embarked on a two-and-a-half-day strike in December 2024, and a work to rule industrial action in March 2025. The agreement reached will endure for a period of three years, ending in 2028.

We also welcomed 22 new pilots during the financial year, bringing our total number of pilots to 195. In addition, we are proud to have our People Flight Plan, which continues to drive employee wellbeing initiatives.

OUR ROUTE NETWORK

We have taken a strategic decision to embrace the current size of SAA, in terms of its fleet and the extent of its route network, to preserve the financial sustainability of the company in the medium term. Within this strategic framework, the focus is placed on stabilising the flight schedule and offering a reliable and commendable service to customers.

During FY2025 we carried over 1.9 million passengers and completed 18 282 flights.

The network's overall performance has shown remarkable growth in several key areas, despite some setbacks in specific segments. The regional network remained the star performer for SAA, delivering an operating profit of R818.9 million in FY2025.

The new routes, which include Dar es Salaam and Lubumbashi, contributed 35% to the incremental revenue, while the rest came from increased frequencies to Accra, Harare, Kinshasa, Lagos and Lusaka. The overall network load factor increased by six percentage points, closing the year at 63%, tracking the trajectory towards a set PLF target. On our international routes, we generated a revenue of R1.864 million and operating profit of R376.9 million. The strong revenue performance is attributed to the resumption of the Perth route in April 2024, and consistent performance of the Cape Town to São Paulo route.

REPORTING

We are committed to transparent disclosure and are pleased to be producing our first integrated report since 2017. There has also been remarkable progress on the backlog of external audits. When SAA went into business rescue, there was already a backlog of audits. When we returned to the skies in 2021, audits for four years were conducted consecutively, at a time when we had just cut our staff by 80%. This created a situation where a new audit would begin as soon as the previous one concluded, making it challenging to address issues raised and work in a focused manner on producing and publishing financial results timeously. We have cleared the backlog, in terms of outstanding audits and we will be able to produce financial results in a timely manner moving forward.

LOOKING AHEAD

The global air travel industry is bouncing back after the dramatic contraction caused by the Covid-19 pandemic. We therefore look to position ourselves in a manner that will enable us to take full advantage of this uptick in travel by strategically expanding our geographic footprint and ramping up our fleet, within the confines of the supply shortage. We will do this guided by our mandate of ensuring that we help grow South Africa's economy as the national flag carrier.

We have set out on a path to make SAA the carrier of choice for local, regional and international travel, while ensuring the airline remains sustainable and, most importantly, profitable.

Our operations are stable, and we have crafted a multi-year strategic corporate plan that charts a pragmatic and revolutionary path toward long-term financial sustainability, that seeks to future-proof SAA against dynamism of the global aviation landscape, as well as emerging geopolitical and economic challenges.

APPRECIATION

I express my sincere appreciation to all our stakeholders, service providers, business partners and loyal customers for their consistent support of our business. Most importantly, I would like to congratulate SAA's devoted staff members for their vigilant devotion to the SAA brand and dedication to excellence.

The work reported here would not have been possible without the wise counsel and support of the SAA Board of Directors.

Prof John Lamola

Group Chief Executive Officer
South African Airways SOC (Limited)

28 January 2026

CHIEF FINANCIAL OFFICER'S REPORT

SAA had modest operational profit in the 2024/25 financial year, notwithstanding having successfully navigated a challenging year. The company did reasonably well based on projections, marking another year of measured, consistent growth, which has characterised SAA's progress since its relaunch.



REVENUE AND PROFITABILITY

SAA generated total revenue of R9.266 million, with R7.675 million being from passenger revenue. FY25 reflects results that point to an investment in growth and scale.

The group recorded a profit of R336 million when compared to a loss of R513 million in FY2024.

Capacity to boost passenger revenue has been made available and additional dry-lease aircraft will be onboarded in the new financial year to replace the ACMI aircraft. The focus will now be on densifying routes and increasing passenger numbers to bolster the bottom line in the year ahead.

There are blocked legacy funds amounting to R1.502 million that management continues to work on repatriating from outside the country. These are primarily legacy blocked funds in Zimbabwe.

OPERATIONAL OVERVIEW

Our operating costs amounted to R9.583 million compared to R7.164 million in the previous year.

Our maintenance costs remained below budget at R896 million, compared with the budgeted R970 million. This was largely due to the timing of maintenance events, as well as fewer-than-budgeted dry-lease aircraft flying. Lease costs amounted to R509 million, including the cost associated with the delay in the entry into service of aircraft.

While costs were below budget, the fuel price remained the largest expense, with fuel spend totalling R2.613 million. Jet fuel consumption is SAA's biggest cost contributor, representing approximately 27% of the group's cost base. Jet fuel prices have a high level of uncertainty caused by supply shocks, demand patterns, currency fluctuations, market sentiment and political events. Jet fuel price risk is the risk of increased cash cost of jet fuel due to an increase in the prices of the various jet fuel product prices that the group pays for physical jet fuel purchased around the globe.

FINANCIAL POSITION AND CASH GENERATION

SAA's cash position by the end of the financial year had improved on the back of higher forward sales and the disposal of non-core assets. SAA reflected a balance of R1.967 million in cash and cash equivalents. This includes free funds, restricted funds and clearing account balances. A total of R206 million was spent on airplane engine repairs. The increased fleet size brings about sufficient scale to ensure the cash generated is able to cover operating costs in the future.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

CAPITAL MANAGEMENT

SAA's cash and cash equivalent position by financial year end amounted to R1.96 billion.

BALANCE SHEET PERFORMANCE

Our non-current assets by financial year end amounted to R10.9 billion which was an increase compared to R8.7 billion in the previous year. Current assets were calculated at R5.2 billion, an increase when compared with R4 billion in the previous year.

Equity reflected an increase of R137 million, rising from R6.5 billion the previous year to R6.6 billion by the end of the financial year. Non-current liabilities increased from R1 billion to R2.9 billion primarily due to the increase in leased aircraft and current liabilities increased to R6.6 billion from R5.4 billion in the previous year.

AUDIT OUTCOMES

Although there were year-on-year improvements in the number of audit findings compared to prior years, SAA has not yet progressed beyond the previous disclaimer audit opinion. Since exiting business rescue, the airline has undergone seven consecutive audits covering 2018/19 through 2024/25. The continuous nature of these audits left limited opportunity for management to address findings effectively.

To remedy this, management has implemented an Audit Health Plan designed to tackle findings systematically and within defined timelines, to achieve an improved audit outcome for 2025/26. Executive management is actively driving these remediation efforts under the oversight of the Audit Committee.

In addition, significant strides have been made in upskilling the finance team over the past year. Our target is to move to a qualified audit opinion in 2025/26, with further improvements in subsequent years to ultimately achieve a clean audit opinion.

LOOKING AHEAD

We remain cautiously optimistic when exploring growth avenues and realise that long-term sustainability depends on the ability to address the underlying challenges and execute strategy effectively.

SAA has completed phase one of its recovery strategy, returning to full operations with a limited, but growing, leased fleet that is funded from its internally generated revenues. High-season passenger demand will be supported by ACMI aircraft.

Moving forward, SAA will look to prioritise the improvement of operational efficiency with a fleet sized to ensure sustainable profitability for the future.

APPRECIATION

I would like to extend my thanks to all our colleagues across SAA for their commitment and hard work. In particular I would like to thank the dedicated finance team for their exceptional commitment and professionalism in managing our financial strategies in challenging times. Their hard work has ensured that SAA is well positioned to continue growing.

Ms Lindsay Olitzki

Chief Financial Officer

South African Airways SOC (Limited)

28 January 2026



OPERATIONAL OVERVIEW

SAA is a diversified aviation group with strategic interests at various levels within the aviation value chain and a strong focus on the African continent. For the past 91 years, it has connected South Africa to its major trade and tourism partners, playing a vital role as a catalyst for growth and development across Africa.

R9.266 million
total annual revenue

R8.31 million
annual training spend

R19 million
contributed to the
national GDP

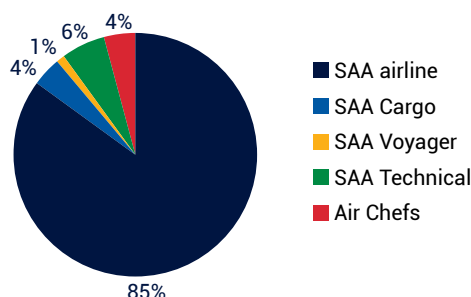
3 422
staff employed
2 321 permanent

645 contractors

51 situated in regional
and international stations

140
employees
joined
through the
Enboarder
virtual
onboarding
solution

REVENUE FOR FY25



FOUR-YEAR FINANCIAL OVERVIEW

Year	Total income	Operating costs	Operating profit/(loss) before interest, tax, depreciation and amortisation
2022	R2.0 billion	R5.2 billion	(R3.6 billion)
2023	R5.6 billion	R5.2 billion	R389 million
2024	R7.0 billion	R7.1 billion	(R136 million)
2025	R9.3 billion	R9.6 billion	(R317 million)

SAA's wholly owned subsidiaries are:

SAA Technical	Air Chefs
One of Africa's largest aircraft maintenance, repair and overhaul (MRO) businesses.	An airline catering business operating in Johannesburg, Cape Town and Durban

SAA also maintains two other substantial non-corporate businesses:

SAA Cargo	SAA Voyager
An air cargo service provider with capacity primarily sourced from the "belly space" of SAA's passenger aircraft fleet	One of Africa's strongest airline loyalty programmes

The SAA group is a 100% state-owned company and is the official flag carrier for South Africa. It provides passenger and cargo transport services and is a full-service network carrier with an operational focus on the African continent as well as on intercontinental services, targeting both business and leisure traffic flows. It is also a member of the largest international airline alliance, Star Alliance.

SAA ended the 2024/25 financial year with a demonstration of improved financial self-reliance and operational profitability, marking a significant step since its emergence from business rescue in April 2021. The group closed the year with cash and cash equivalents of R1.96 billion and is actively working on raising funding to support its liquidity and expansion plans, further cementing its commercially driven model.

When comparing the outcome to budget, it must be borne in mind that the budget was premised on the additional aircraft being in service far earlier than what was experienced. This is particularly true of the two additional wide-body aircraft that were anticipated to be in service from August 2024 and would have supported the densification and growth of the profitable West African and Brazilian routes.

Commercial reforecast the flight schedule mid-year based on the revised aircraft entry into service dates and the results have been largely aligned with this forecast. In addition, there have been the costs of investment into the fleet during this time, which were higher than anticipated, again due to the delayed entry into service.

SAA's financial outcomes remain highly dependent on the passenger revenue generated. Capacity has been made available, albeit at a price, and additional dry-lease aircraft will be onboarded in the new year to replace the ACMI aircraft. The focus going forward will be on increasing passenger numbers to bolster the bottom line in the year ahead.

OPERATIONAL OVERVIEW CONTINUED

SAA'S SHARED SERVICES



Governance



Human resources



Information technology services



Strategic planning



Stakeholder and shareholder relations



Environmental sustainability



Procurement



Legal, risk and compliance



Customer services



Finance

SAA AIRLINE

SAA is one of the most awarded airlines on the African continent and has 15 Skytrax awards, which recognise the carrier as the best African airline and Africa's first four-star airline. SAA's customer-centric approach ensures that it provides an excellent passenger experience and an innovative product offering.

Our route networks have been structured to give people greater access to air travel than ever before and a world-class customer experience that will ensure we remain an airline of choice on the African continent.

SAA SUPPORTS ITS STRATEGIC OBJECTIVES BY:

- ➔ Ensuring that the airline operates at an optimal level of sustainability to support strategic industries that access global markets and tourism
- ➔ Reviewing and revitalising its network and fleet requirements to ensure financial sustainability while establishing a sustainable footprint on the African continent
- ➔ Driving revenue through dynamic, world-class network management, fleet utilisation and customer value propositions that enhance our ability to upsell and increase our ancillary revenue
- ➔ Promoting and providing access to South Africa as a tourism and business destination

Through its operations the airline has 17 aircraft and services:

4

domestic
destinations

13

regional
destinations

2

international
destinations

2024/25 ACHIEVEMENTS

Celebrated

91 years
in aviation

19

years of Star Alliance membership

1.9 million

passengers carried

NETWORK AND FLEET PLANNING

SAA operates in a highly competitive environment and, therefore, remains focused on its customers' ever-changing needs. Meticulous planning for the airline's network and fleet is critical in this regard. We operated 18 282 flights and achieved an overall average annual load factor of 65% in the period under review. Our strategy for the past financial year focused on densifying profitable corridors and expanding the network to re-establish the airline as a leading connector across Africa.

The network plan takes into consideration the air travel market in general, the performance of the airline's current routes and opportunities for growth in new markets. Optimising the network plan strengthens SAA's position in the domestic market, entrenches and improves the group's footprint in African markets, and sustains its international network.

During FY25 the airline experienced significant difficulties in securing aircraft under its preferred dry-lease terms. This was primarily driven by global supply shortages. These shortages also mean lessors can insist on higher aircraft rentals, longer lease terms and higher deposits. As a result, one of the focus areas for the year ahead is for management to be conversant with the latest trends in the economics of aircraft financing, acquisition and leasing. However, despite operating with a smaller fleet than planned, the airline successfully translated its disciplined growth strategy into significant market presence and financial improvement.

In March 2025, SAA took delivery of two Airbus A320 aircraft, further expanding the airline's available seat capacity and stability of its flight schedule. The total number of aircraft under SAA's command was 17.

A programme for the improvement of the aesthetics of the fleet and the elevation of customer experience has been launched. This entails the harmonisation of the A320 fleet by retrofitting the all-economy class aircraft with standard business class seats and a cabin refurbishment of the entire fleet. The period under review was devoted to project planning and the validation of the costs of this project.

Within the same commitment of continually improving its product offering, SAA progressed the airport lounges' refurbishment, and the reprofiling project it has been pursuing in partnership with Discovery Bank and Investec since June 2022 by refurbishing the Cape Town domestic airport lounge.

OPERATIONAL OVERVIEW CONTINUED

REVENUE MANAGEMENT

SAA is currently executing a business plan that allows the airline to thrive from revenues generated from its operations. SAA's growth and defence of market share will require ongoing capital investment and management is focused on investigating financing options to fund further expansion and the elevation of our customer service.

Over the last couple of years SAA has managed to cultivate a positive reputation with both international and South African financial institutions, hence the success in rebuilding its aircraft fleet. The Board is currently working on this favourable creditworthiness to strengthen the company's balance sheet.

The airline has experienced steady revenue growth since restarting operations in September 2021, albeit from a low base as the aviation industry was emerging from the Covid-19 pandemic.

After the business rescue, with a fleet of six aircraft and six routes, SAA increased its revenue by an impressive 96%. In FY24, revenue generation increased by a further 49% owing to fleet capacity reaching 13 aircraft. During the December peak season SAA used aircraft wet-leased from SunExpress (a joint venture between Lufthansa and Turkish Airlines) to strategically offset a decrease in revenue owing to a shortage of three aircraft, which were expected to be delivered during the last calendar year.

In FY25, all four of the final four A320 aircraft relating to the 2023 Section 54 PFMA Application approval had been delivered to SAA, with the last of these aircraft arriving in September 2024. SAA has submitted a Section 54 PFMA submission to both Department of Public Enterprises ("now DoT") and National Treasury for approval to acquire eight additional aircraft during this financial year and extend the existing leases.

Domestic market share

SAA achieved an average of 11% market share of the domestic seat capacity on operated routes, making it the second-largest domestic operator. The domestic network remained challenging, largely driven by weak performance in the first and last quarters of the financial year. However, the domestic network did show periods of recovery, achieving a brief operating profit in the third quarter.

Regional market share

The regional network proved to be a financial powerhouse, consistently generating the largest operational profits, driven by high demand and strong margins.

Strategic expansion included the resumption of the Dar es Salaam route in the fourth quarter and the commencement of the Lubumbashi route. Core regional routes that also drove profitability included Accra/Abidjan, Lagos and Mauritius.

International network

SAA operates intercontinental flights to Perth and São Paulo. Overall, traffic on international routes grew by 167%. Industry data consistently confirms that passenger traffic worldwide has surpassed pre-pandemic levels, marking a transition from a recovery phase to a structural growth phase.

Although SAA has maintained its frequencies between South Africa and Brazil, LATAM Airlines has increased weekly frequencies from three to five. SAA frequencies rose from three to five on the Perth routes in the fourth quarter of the financial year.

Crucially, SAA is operating independently of the public purse. The airline is no longer dependent on state funding. All decisions regarding routes, fleet investment and sale of assets are strictly executed on a business, profitability and commercial viability basis.

ALLIANCES AND PARTNERSHIPS

Like most airlines, SAA cannot serve all its target markets in its own network using its own aircraft, and as such, we enter into strategic relationships with other airlines. SAA was the first African airline to align itself with a global branded alliance, Star Alliance. This year we are proud to celebrate 19 years as a Star Alliance member. The airline also maintains non-alliance partnerships with other African airlines as well as other global airlines so that we can address the needs of specific market segments.

SALES, MARKETING AND PRODUCT DEVELOPMENT

Customer service starts with the first interaction with the customer. Our sales and marketing departments launched initiatives in Southern Africa, recognising the region's competitiveness and SAA's crucial role within it. These targeted endeavours highlight our commitment to enhancing global connectivity and strengthening SAA's position in key markets.

SAA's marketing strategy remains cost-effective and focuses on key channels such as radio, billboards and travel trade media. It also maintains a strong sales presence, enhanced by introducing a sales toolkit for each salesperson.

Radio continues to be a cornerstone of our marketing. Multiple radio campaigns were launched in the past financial year, each tailored to a specific focus. Our initiatives focused on promoting international routes, with a particular emphasis on Perth.

In the previous financial year, SAA marked its 90th anniversary with a special radio campaign celebrating nine decades of service and expressed its gratitude towards those who have supported SAA throughout the years. Additionally, during our birthday month, we took the opportunity to delight our passengers by gifting 90 model aircraft to lucky travellers over 90 days.

We also launched the "Kids Fly Free" campaign, designed to stimulate travel over the Easter weekend. This promotion, limited to flights from Johannesburg to Cape Town, Durban and Gqeberha on Saturdays, was strategically executed across radio and social media platforms and garnered significant engagement for SAA.

Regionally, SAA exhibited its products at events, including the Africa Games in Accra, the Vakhegula Vakhegula soccer tournament, the International Solid Waste Association World Congress, the World Travel Market and the Sustainable Infrastructure Development Symposium of South Africa. To attract delegates, SAA offered a discount code of up to 15% for these events.

Internationally, we have concentrated on ensuring that SAA is the preferred choice for connecting and onward journeys. This has been accomplished through robust marketing, strategic trade partnerships, competitive pricing and alliances. We are currently reactivating commission agreements with some of our largest online travel agents, including Expedia, E-dreams/Opodo and Agoda. These agreements don't just enhance our brand presence, they also expand our sales distribution reach on these high-volume sales platforms.

On our online platforms, we rolled out the Amadeus Reference Experience internet booking engine, which is now available to customers in Brazil, the UK, Germany, Australia, Namibia and Nigeria. We also launched the Amadeus Payment Platform in these countries.

OPERATIONAL OVERVIEW CONTINUED

AIRPORT OPERATIONS

The airport team constantly works hard to improve customer experience. Airport operations include airport ticket sales, passenger check-in, boarding, arrivals, baggage handling and baggage claims worldwide. The Airport team consist of 265 domestic, 17 regional and 7 international employees. Airport operations measures baggage effectiveness based on SITA World Tracer standards and adjusted its operations as required to ensure excellent and cost-effective operations. The customer services journey airport experience averages 81.70 and the NPS was 45 for the year.

Baggage-handling performance also improved steadily although we acknowledge more still needs to be done to reach our desired target.

Baggage pilferage rate

Target **0.20** Achieved FY25: **0.03**

Mishandled baggage

Target **3.79** Achieved FY25: **2.65**

Year	2024	2025
Passengers carried	1 317 338	1 918 719
Bags pilfered	48	69
Pilferage rate (PR)	0.04	0.03
Bags damaged	829	1 693
Damage rate (DR)	0.82	0.91
Short shipped bags	10 139	13 239
Short ship rate (SR)	7.66	7.02
Average mishandling	2.84	2.65



OPERATIONAL OVERVIEW CONTINUED

FLIGHT OPERATIONS

Flight operations include SAA pilots, training, standards and flight planning/navigation. The SAA training department is highly regarded, proactive and forward-thinking. The airline ensures that it achieves maximum certification and extensive training has been taking place as part of the commercially required recruitment drive.

The pilot intake for the financial year was 57, taking the total number of pilots in service to 190, when balancing pilot recruitment with exits during the year. This includes one STC instructor and one *ad hoc* captain employed within the ATO. The average number of hard hours flown remained relatively constant across the various fleets for the past financial year, regardless of the introduction of ACMI operations in domestic sectors. This was due largely to the increase in the SAA schedule and introduction of seasonal frequencies in the last two quarters of the year. Additionally, there was a marked improvement in the average productivity of pilots, with the introduction of additional A320 and A330 aircraft to the SAA fleet.

IN-FLIGHT SERVICES

In-flight services include SAA cabin crew and the in-flight inventory necessary for all on-board logistics. There are currently four pursers who are qualified company check cabin crew members registered with the South African Civil Aviation Authority who are responsible for conducting the regulatory line-proficiency checks on the cabin crew. SAA's cabin crew are key to providing a safe and appealing product and are instrumental in its position as a highly awarded airline internationally. SAA will continue to focus on meeting customers' increasing expectations and invest in the training of crew.

GLOBAL OPERATIONS CONTROL CENTRE

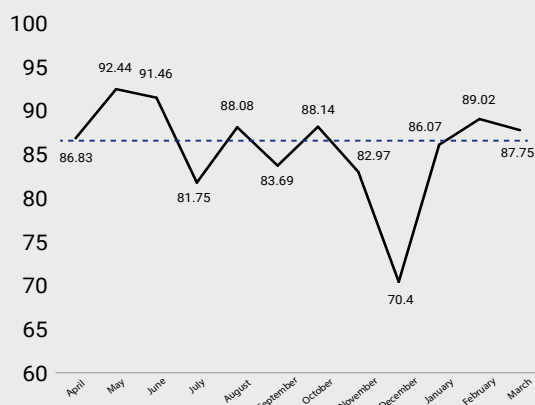
The Global Operations Control Centre ("GOCC") includes operations control, crew movement, flight dispatch, departure control, ramp and logistics, and "flight following" radio. The GOCC ensures that its operations are world-class by keeping abreast of the latest trends in, and systems for, control centre infrastructure.

To date, our departure times performance has improved despite our flight completion ratio falling short of the target of 88% throughout the financial year.

On-time performance

Target **88%** Achieved FY25: **85%**

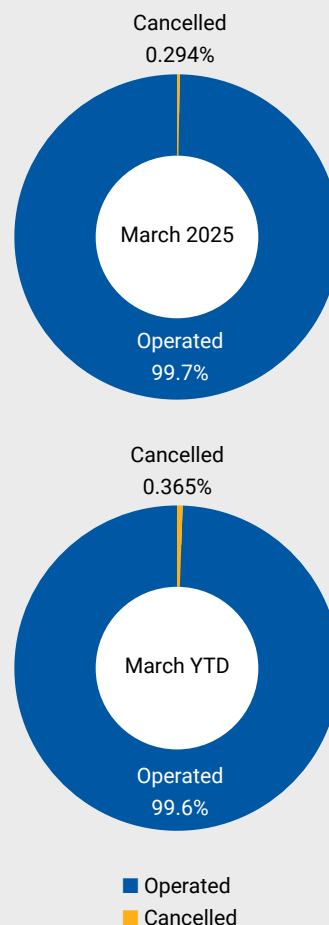
Monthly departure performance (%)
by financial year



Completion ratio

Target **95%** Achieved FY25: **99%**

Completion ratio (%)
monthly and year to date



OPERATIONAL OVERVIEW CONTINUED

QUALITY ASSURANCE

SAA's quality assurance practice ensures the airline remains at the forefront of the aviation industry and we strive to always exceed the minimum quality assurance standards. We adhere to stringent internal audits and have an entrenched safety culture. SAA maintains its IATA Operational Safety Audit and E-IOSA audit as well as its Air Operator Certificate ("AOC"). The AOC is an annual audit conducted by South African Civil Aviation Authority ("SACAA") that grants SAA approval to use aircraft for commercial purposes. It requires an operator to have personnel, assets and systems in place to ensure the safety of its employees and the public. The function of the SACAA audit is to confirm that an operator is following regulatory requirements and adhering to approved Operating Manuals ("OMs"). SAA OMs include additional standards, which SAA has agreed to uphold and which are also audited.

Quality assurance underwent an AOC audit from 2 to 6 June 2025. SAA achieved and maintained its operational regulatory compliance status.

The risk-based IOSA audit was successfully completed in October 2023. SAA's IOSA registry was updated in February and SAA was issued with the IOSA certificate, which expires in February 2026.

Internal audits for domestic, regional and international are conducted as per the audit schedule to meet the regulatory and IOSA requirements. These audits are adhered to in order to maintain the IATA Operational Safety Audit, E-IOSA audit as well as the AOC.

GROUP SECURITY SERVICES

Group Security Services is responsible for preventing acts of unlawful interference perpetrated against SAA, and protecting its facilities, staff and assets from general crime internally and externally by:

- Developing and implementing security and aviation safety policies, procedures and systems to secure and safeguard all SAA civil aviation operations from unlawful interference; and introducing appropriate security measures to protect passengers, baggage, cargo, employees and company property
- Identifying, measuring and advising on operational and physical security trends, risks and processes
- Implementing sound security threat and risk management principles in all Group Security Services operational processes and procedures
- Conducting objective, effective and professional criminal investigations and employee vetting, to prevent theft, fraud, pilferage and any illegal, unlawful actions against SAA

We upgraded our CCTV cameras and access control and deployed additional security at check-in areas and aircraft doors to assist staff with porters and traders.

FLIGHT TECHNICAL AND MAINTENANCE STANDARDS

The SAA operations team maintains oversight and control of all maintenance through monitoring and analysis to ensure the airworthiness of SAA aircraft. All SAA owned and operated aircraft are maintained as per a SACAA-approved maintenance programme ("AMP") for scheduled maintenance, which is reviewed as and when necessary. Any *ad hoc* maintenance is scheduled when significant defects arise that cannot wait for a scheduled check, or certain tasks or components become due, either due to flight cycles or hours limitations.

SAAT is also an MRO approved by SACAA, that maintains all SAA operated aircraft with an embedded maintenance plan. In addition to the general oversight of the MRO and all the maintenance activities within the MRO, other activities include liaison with aviation authorities, the OEMs (Airbus, engine, simulator devices and component manufacturers) and all internal stakeholders, including assistance with entry into service of additional aircraft into the SAA fleet. Below is a breakdown on some of the main activities and cost/revenue drivers for the financial year under review.

DEPARTMENTAL PERFORMANCE FOR FY2024/2025 (EXCLUDES LABOUR COSTS)

Activity	Spend or savings
Revenue – Simulators third party training	R57 million and a revenue of R11 975 961 generated from third party training
Revenue – Weighing of aircraft (including SAA aircraft)	R496 599.59 weighing revenue and R137 200 cost of weighing
Operational (and compliance) RVSM monitoring (A330 aircraft)	R125 509
Audits (SACAA, IOSA etc.) – findings	Nil airworthiness findings for the year under review Nil findings (SACAA whistleblower) for simulators
Technical dispatch reliability	Maintained above target of 98.8%



OPERATIONAL OVERVIEW CONTINUED

AVIATION TRAINING ORGANISATION (“ATO”)

ATO is a centralised aviation school which is responsible for the training of SAA personnel as well as external aviators. It remains committed and responsive to operational training needs and SAA business requirements. The school conducts all the required regulatory and functional training for flight deck, cabin crew, airport operations and ground staff to maintain staff currency and to capacitate new hires. The training learner feedback indicates an 80% plus satisfaction rate for FY24/25.

AVIATION MEDICAL SERVICES (“AMS”)

The medical department’s mission is to provide international level quality health services that address total health, body, mind and spirit, while developing and nurturing partnerships with human resources, employee relations, SAA departments and other stakeholders. The department’s aim is to increase productivity, educate business on the mitigation of medical risk, reduce absenteeism, enhance employee morale, attract and retain high quality employees, and thereby create healthy, positive returns on investment.

Air crew aviation licence renewal medicals increased compared to the previous financial year due to the pre-employment medical assessments. We continue to maintain our internal customers and we are slowly gaining external customers (private AvMed medicals). In the previous financial year, we saw another increase due to medical services gaining Private Aviation Big Sky as an additional customer who chose SAA clinic as their preferred service provider.

The medical services department has maintained the relationship with South African Civil Aviation Authority (“SACAA”) to assist senior Designated Aviation Medical Examiners (“DAMEs”) to comply with aviation medical examinations and assessment. Three DAMEs were accommodated in the period under review.

SAA employees and managers are now encouraged to start using the in-house occupational health services for their wellbeing through the induction tutorial and safety meeting sessions. This shows an expansion in provision of occupational health and aviation medical services.

The medical and OHS departments also had monthly meetings to correlate work-related statistics for occupational health diseases and illnesses. Integrated Quality and Safety Management System (“iQSMS”) fatigue reports for the period under review were reported and investigated. Fatigue reporting was monitored and investigated closely with the repartee. The medical department has procured two new vehicles to comply with ACSA requirements.

Developments during the year included:

- Employee engagement workshops were held for inflight teams
- Managerial referrals improved, with improved Employee Wellness Programme (“EWP”) utilisation
- Onsite psychologist clinics provided at all local stations
- Wellness Champions Network approved and nominations received
- Sick leave committee restarted and terms of reference approved
- Substance abuse policy finalised and approved
- Employee Wellbeing Services conducted a successful wellness event for SAA employees with partners (Discovery Health, Momentum, Netcare, Virgin Active, Optometrist and ASI)



OPERATIONAL OVERVIEW CONTINUED

SAA DIVISIONS

SAA VOYAGER

SAA Voyager is Africa's leading world-class loyalty programme. SAA's Voyager programme plays a pivotal role in delivering customer value and fostering long-term brand loyalty and commercial resilience. Since its inception in 1994, with only seven partners and 65 000 members, Voyager has evolved into a premier loyalty programme, now boasting a membership of over 900 000. It allows customers to spend their accumulated points on global flights or on non-airline awards, such as car rental and retail items.

Voyager allows members to accumulate and use miles through a network of 50 programme partners, which include 26 Star Alliance members along with several non-Star airlines such as Emirates, GOL, JetBlue and Virgin Atlantic. The programme is structured into five-tier levels which are Blue, Silver, Gold, Platinum and Lifetime Platinum. Each unlocks a suite of privileges such as lounge access, priority check-in, additional baggage allowance and bonus miles. In 2015, Voyager transitioned from a mileage-based model to a revenue-based frequent flyer programme, the first of its kind in Africa. Members earn one mile for every R1.60 spent on SAA-operated flights, with a transparent redemption value of 8 cents per mile, equating to a 5% return on spend. Its members represent 30% of all SAA passengers, underscoring the programme's strategic importance in retaining high-value customers and enhancing profitability.

Programme partners include:

- 26 Star Alliance member airlines (SAA excluded)
- non-airline partners
- 3 financial partners
- 1 car rental partner
- 1 hotel and resort partner
- 2 lifestyle and retail partners
- 6 other: Uber, Cruises International, Wine-of-the-Month, OpenWeb, GetTransfer and Airport Parking Joburg

SAA Voyager is a key element of SAA's customer value proposition as it:

- Attracts and retains customers
- Differentiates SAA's offering in a highly competitive market
- Recognises customer loyalty
- Constitutes a key element of SAA's customer growth proposition
- Augments customer service offerings
- Enriches operations
- Plays a vital role in performance excellence
- Supports African growth by providing an attractive incentive to existing and new customers on the African continent

Vision

To be Africa's leading world-class loyalty programme.

Mission

To reward and recognise our loyal members through the delivery of a commercially sustainable, best-in-class loyalty programme in South Africa and Africa.

2025 achievements

- Implementation of a new Voyager Loyalty System

SAA Voyager key features

- 900 000 Voyager members globally
- One mile for every R1.60 spent
- 852 542 miles were donated to charitable organisations

The programme continues to evolve through digitisation, IT enhancements and the introduction of new non-air accrual and redemption partners.

Beyond commercial value, Voyager also contributes to SAA's social impact. In the first half of 2025, over 692 000 miles were redeemed for charitable causes, benefiting organisations such as Reach for a Dream, Wings and Wishes, and the Nelson Mandela Children's Fund. As SAA expands its route network and resumes international operations, Voyager remains a vital tool in strengthening customer relationships, driving repeat business and reinforcing SAA's position as Africa's most trusted airline.



OPERATIONAL OVERVIEW CONTINUED

SAA CARGO

SAA Cargo is the airfreight division of SAA that provides global distribution network and terminal services for cargo air transportation logistics. It primarily sells belly space on SAA passenger (line) flights and other modes to the logistics industry.

SAA Cargo division operates through a combination of the line flights (70% of revenue) and purchase of capacity (17% of revenue) from strategic partner airlines. This is supplemented by an extensive global interline and road feeder service.

SAA does not fly dedicated freighters. It services its freight opportunities to destinations it does not serve by purchasing capacity from other airlines, while the bulk of its direct cargo is carried in the belly hold of the aircraft operating its scheduled routes.

Our facilities are designed to handle all types of cargo suitable for airfreight, and provide our customers with peace of mind, as they are safe, accessible and within airport precincts.

Our terminal operations in other regions are provided through partnerships with Ground Handling Agents and General Sales Agents who are well experienced. This provides SAA Cargo with an end-to-end route network that ensures rapid, safe, secure and on-time delivery of much-needed goods.

2025 achievements

- Total revenue R372 million
- Net profit of R111 million

Revenue management

Total cargo revenue for FY25 was R372 million. Given that the airline operates a limited network and without any freighters, this was a significant achievement.

Belly performance

Revenue from belly cargo that is carried on SAA passenger flights reached R98 million for FY25, a 30% increase over budget. This significant performance on belly revenue was largely driven by a strong outbound performance, especially on the Accra and Lagos routes. Additionally, the introduction of the São Paulo flights in November also contributed to the growth. Combined, routes that are operated on wide body aircrafts such as Lagos, Accra, Abidjan and São Paulo contributed 70% of the total revenue generated via belly revenue space.

Our vision

To be the leader in air cargo services between Africa and the world.

Our mission

To deliver world-class, commercially sustainable air cargo services.

Our services

SAA Cargo offers a range of air transportation logistics solutions, including agri-products, pharmaceuticals, valuable and vulnerable cargo, human remains, spare parts, pets, courier, diplomatic mail, dangerous goods and other related services.

SAA Cargo supports SAA's strategic objectives by:

- Facilitating trade and development between South Africa and key African and international markets
- Developing cargo routes aligned with key trade flows in the region
- Optimising the use of passenger belly space
- Expanding the reach of the SAA brand in offline markets through the purchase of capacity
- Ensuring secure, consistent, efficient and effective operations



OPERATIONAL OVERVIEW CONTINUED

SAA SUBSIDIARIES

SAA TECHNICAL SOC LTD ("SAAT")

The company is a wholly-owned subsidiary of the SAA group with its own management team. It employs 886 people across a broad skills base.

For the past 81 years SAAT has provided aircraft maintenance services to a vast number of commercial airlines in the domestic, regional and international markets. SAAT has been particularly successful in the delivery of high-quality maintenance services such as major airframe checks, engine overhauls, mechanical components, avionics and line maintenance.

Its main operational base is in Johannesburg, South Africa, with line maintenance capabilities at most major airports in Africa. SAAT has full support structures comprising engineering, supply chain, logistics, quality assurance, aircraft painting, major structural repairs, in-flight entertainment and cabin installations, supplemented by an extensive high-quality apprenticeship programme.

2025 achievements

- 22 heavy maintenance events were completed during the financial year, which contributed significantly to SAAT's revenue target
- Attained the contracted technical dispatch reliability performance for the SAA fleet
- 75 apprentices in 3 different aircraft trades

SAAT's reputation is founded on its proven ability to deliver quality services comparable to any other top-tier global MRO facility, with high standards that comply with FAA and EASA requirements. The customer is at the centre of what SAAT stands for, and we strive to tailor maintenance solutions to meet and exceed our customers' expectations. Our focus has always been on achieving world-class dispatch reliability, operational excellence and impressive turnaround times without compromising on quality and safety.

Revenue management

In the past financial year, SAAT achieved revenue figures of R1 196 million, an improvement of R295 million compared to the previous financial year. This significant improvement emanated from the SAA fleet growth, additional work done for third parties, and an increase in work done in line stations.

SAAT is geared up for dominance of the MRO market and to global MRO trends by building new capabilities and capacity enhancement to take advantage of new markets beyond Africa. We took a strategic decision to invest in our people to improve productivity and maintain superior operational performance while delivering the best customer service excellence – which remains key to our organisational culture.

The company has maintained full uninterrupted FAA certification since the early 1990s and complies with regulations and licences including EASA, SACAA, SANAS and EASA Part-147 training accreditation. It is an ISO 14001 organisation.

Vision

To be Africa's leading world-class maintenance, repair and overhaul facility.

Services offered

- Minor/line maintenance
- Major/heavy maintenance
- Component and repair cycle workshops
- Machine shops
- Component shops
- Accessory shops
- Landing gear workshop

SAA Technical supports SAA's strategic objectives by:

- Focusing on opportunities to reduce maintenance and overhaul costs, which are the largest costs to an airline that are semi-controllable
- Generating third-party revenue
- Providing world-class aviation maintenance
- Driving supplier development by supporting the set-up of new aircraft spares companies
- Promoting women in aviation

Aviation is forecasting significant growth by 2030. SAAT is geared to meet the growing demand for aircraft maintenance, both for classic and new generation aircraft. The training school is pivotal in shaping the calibre of engineer that will support SAAT and its customers. Partnerships and collaborations are key in forging a diverse revenue stream that is sustainable going forward.



OPERATIONAL OVERVIEW CONTINUED

AIR CHEFS

Air Chefs has been in the food industry since 1986 and has firmly established itself as a market leader in the Southern Africa airline catering industry. It operates from its central production units in Johannesburg, Cape Town and Durban, which are within 2 km of airports, and have capacity to produce 50,000 meals a day. Air Chefs has also leveraged its airline catering capabilities as a launch pad into the wider food service market and now offers a versatile catering service, from providing in-flight meals to its domestic and international airline clients, to catering for airport lounges and charter flights, supplying staff restaurant meals to corporate clients, ready-made meals for contract caterers and a multitude of other food service offerings.

Air Chefs has a fleet of high-loader trucks and refrigerated vehicles, which provide swift transport in ideal conditions. The company employs 758 people who receive ongoing in-house and external training to ensure high standards of food preparation, quality assurance and adherence to world-class food safety management programmes.

2025 achievements

- 221 permanent positions created
- Achieved a customer service level of 98% as measured by on time in full metric
- All plants FSSC22000 certified
- Fit-for-purpose management structure implemented in line with business strategy for sustainable profitability

Air Chefs is the proud owner of an FSSC 22000 certificate, which means the company adheres to compliance processes that are fully implemented throughout its food production facilities. It is also one of the few airline catering companies across the globe that has an ISO 14001 certificate. Air Chefs is also independently audited by Medina and successfully achieved 100% compliance. In addition, Air Chefs is Halaal certified by the Muslim Judicial Council.

Our values

- Accountability
- Integrity
- Respect
- Customer service
- Honesty
- Excellence in execution
- Food quality and safety
- Skills and teamwork

Revenue management

Air Chefs' total revenue in the financial year was R375 million, up from R291 million in the previous year. This represents a 27% increase in revenue, attributable mainly to the peak season and additional customer requirements such as menu changes which have resulted in price increases.

The performance of Air Chefs in the South African market is significantly reliant on SAA and continual efforts are under way to increase revenue and enhance the company's profitability, thereby reducing dependence on SAA.

Steps to diversify income sources include enticing fresh airline partnerships, increasing/extending canteen services and investigating prospects beyond the conventional aviation catering services. The latter includes food vending machines (Air Chefs-branded) and self-help coffee machines.

Smart catering and automation project

The emphasis on quality management, smart catering and automation is critical to ensuring customer satisfaction of meals produced and loaded. New technology ovens for the Johannesburg and Cape Town units and baking equipment were procured. This has resulted in positive customer feedback in terms of the quality of meals served to passengers.

Air Chefs supports SAA's strategic objectives by:

- Driving revenue growth through securing new business
- Improving processes and systems to deliver more efficient operations and a better quality product
- Contributing revenue from non-aviation markets
- Providing excellent customer service and a high-quality product that shapes customers' perception of value
- Supporting local South African economies through sourcing supplies from black-owned companies

It is a wholly owned subsidiary of the SAA group with its own management team.





05 OUR IMPACT

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STAKEHOLDER ENGAGEMENT

SAA remains integral to South African society, with the South African government as its sole shareholder. We feel building relationships with all our stakeholders is crucial to the long-term sustainability of the business.

SAA operates in communities across the globe, in a highly legislated and regulated industry that has high levels of government involvement worldwide. Our broad base of stakeholders is vital to the success of the business and positive perceptions of the company are valuable and must be established, grown and safeguarded.

Stakeholder relations play a key role in risk and reputation management and in our drive to create trust and transparency. We are committed to developing a stakeholder-inclusive approach, aligned with the recommendations of King IV.

SAA is a business with a high-cost structure and little equity, meaning that the group relies on borrowings to fund its working capital needs. Financial stakeholders, including the shareholder, banks and potential funders, are a key stakeholder group.

We use our platforms to foster and strengthen relations with our stakeholders in order to manage SAA's reputation and increase the confidence of our shareholder and society at large in our capability to deliver on our strategic intent. The Board continues to regularly work with stakeholders to find ways to address financial concerns and the status of the airline.

In addition, SAA also makes use of industry conferences, targeted stakeholder events and one-on-one meetings to cement strategic relationships and partnerships that position the airline for success.

COMMUNICATIONS

Our communications are focused on extracting positive messaging from the business and informing customers through the mass media of operational developments, route network changes, improved product offerings and any other operational developments that may arise.

We have communications portals responsible for internal and external communication across the group. We also use publications such as the airline's in-flight magazine, *Sawubona*, our online newsletter and the annual report to communicate on the latest developments within the group.



We use our internal communications platform to keep employees informed and engaged throughout the year and updated on operational and other matters.

The communications objectives are focused on enhancing and building brand loyalty, providing accurate and timeous information, and managing crises effectively.

The overarching objectives are to:

- Shift the SAA narrative from negative to neutral and positive in top-tier media
- Position SAA as one of the safest airlines globally
- Showcase award-winning hospitality based on the philosophy of *ubuntu* and warm, proudly South African hospitality
- Position SAA as Africa's only premium long-haul and wide-body airline
- Position the SAA group globally as an established brand with 90+ years of heritage, among the oldest airlines in the world
- Define, present and position SAA as a bankable business
- Drive stakeholder engagement that turns passive stakeholders into active brand ambassadors
- Defend SAA's indisputable position as the national carrier
- Position SAA as a contributor to GDP, trade and tourism
- Position SAA as an employer of choice, training for scarce and critical skills and supporting development



PRISMS
2025

Sawubona Wins Silver at 2025 PRISM Awards

For the second consecutive year, Sawubona earned Silver at the PRISM Awards, reaffirming its role as a trusted companion for SAA guests. This recognition underscores our commitment to delivering excellence across every touchpoint of the SAA experience. The 2025 awards, themed *The Human Factor – Africa's G20 Moment*, celebrated strategic communication that places people, purpose and progress at the forefront.

STAKEHOLDER ENGAGEMENT CONTINUED



Shareholder and government entities

The South African Government, as the sole shareholder, plays a pivotal role in oversight and strategic direction

Regulatory bodies such as IATA, Civil Aviation Authority ("CAA"), and State Security Agency ("SSA")



Investors and financial institutions

With SAA seeking to access capital markets and reduce reliance on state funding, investors and lenders are increasingly important stakeholders in the airline's financial sustainability strategy



Local Communities and civil society

Through Corporate Social Investment ("CSI") initiatives, SAA supports local communities and civil society



Employees and internal teams

Employees are central to SAA's brand and operations



Strategic and commercial partners

These include codeshare and alliance partners, suppliers, and service providers and the Travel Trade



Environmental and ESG stakeholders

SAA is committed to operating sustainability while ensuring it minimises its impact on the environment



Customers and passengers

As the end-users of SAA's services, customers are a core stakeholder group



Media and public

The media plays a role in shaping public perception. SAA actively manages media relations and public sentiment through briefings, reports, and stakeholder updates

Industry stakeholders

Industry stakeholder insights and best practices are essential for strategic advancement and also ensure compliance with evolving regulatory frameworks





STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder group	Impact on value creation	What matters to them	SAA's response
Shareholder & Government entities 	Oversight, strategic direction, regulatory compliance.	Safety, compliance, taxes, labour relations, economic development, safety, security, national priorities.	Transparent performance updates, strategic partnerships, regular formal meetings, and proactive regulatory monitoring.
Employees & internal teams 	Central to brand and operations; drive progress and resilience.	Training & development, fair compensation, job security, health & safety, ethics, sustainability.	Regular communications, recognition of achievements, leadership updates, performance reviews, training access, health audits, and fair HR practices.
Customers & passengers 	Shape performance and long-term success through customer experience.	Quality service, timely operations, competitive pricing, skilled crew, reliability, reputation, trust.	Multi-channel communication, highlight service excellence, transparent updates, continuous service monitoring, and relationship building.
Investors & financial institutions 	Enable financial sustainability and access to capital markets.	Financial performance, continuity, growth, integrity, governance, risk management.	Financial recovery milestones, operational efficiency, evidence of bankability, experienced leadership, timely reporting, and solvency management.
Strategic & commercial partners 	Maintain service excellence through alliances, suppliers, and industry partners.	Impact of restructuring, financial commitments, timely procurement, on-time payment, transparent tenders, continuity, and fair treatment.	Regular engagement, strengthening supplier relationships, ethical practices, supporting local suppliers, and transparent tendering.

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder group	Impact on value creation	What matters to them	SAA's response
Media & public 	Shape public perception and sentiment.	Responsive communications, financial performance, integrity, and effective stakeholder messaging.	Transparent updates, highlight milestones, communicate national benefits, crisis communications, press releases, and proactive media engagement.
Local communities & civil society 	Promote development and inclusion through social investment.	Job creation, local procurement, infrastructure, social responsibility, restructuring impact, environment, skills development, and prudent spending.	Dedicated resources, community engagement, and corporate social investment ("CSI") programmes.
Environmental & ESG stakeholders 	Drive sustainability and responsible practices.	Carbon emissions, fuel efficiency, noise, sustainable materials, ethical practices, compliance, ESG transparency.	Biofuel programme, ISO 14001-compliant EMS, fleet modernisation for efficiency.
Industry stakeholders (ACSA, ATNS, BARSAA, AFRAA, AASA) 	Contribute insights and best practices for strategic advancement.	Regulatory compliance, efficient operations, high-quality aircraft, balanced service, engagement on quality, IT/data protection, and payment platforms.	Industry association engagement, trend sharing, tourism partnerships, health & safety monitoring, product updates, efficient operations, competitive pricing, IT/security reviews.

OUR PEOPLE

Our people remain the driving force behind the success of the business and are an essential part of the long-term sustainability of our operations. We believe that a motivated and engaged workforce creates a sustainable competitive advantage for our business and benefits society. We view our workforce as the foundation of the brand's revitalisation and we strategically invest in human capital to ensure both operational excellence and a diverse, motivated team.

A combination of our knowledge, dedication and skills, along with our commitment to succeed in the long term are vital to the company's success. As we rebuild the business, we want to ensure that SAA becomes an employer of choice with the ability to attract high calibre individuals with the right set of technical and interpersonal skills crucial to the sustainability and competitiveness of the group.

We are committed to attracting, developing and retaining great people, providing an enabling working environment and creating a winning culture that embraces diversity, encourages inclusion and celebrates their contribution. An effective performance management system creates a high-performance culture aligned with SAA's strategy of ensuring organisational goals are met consistently in an effective and efficient manner.

Our policies ensure fair treatment of all employees regardless of diversity, in a manner consistent with South African employment equity requirements.

EMPLOYEES

The airline demonstrates a strong commitment to employment equity. The overall employee profile is highly diverse, with an average of 65% of the workforce classified as Black and 47% as female. SAA has established a Disability Committee to improve recruitment of persons with disabilities and is developing a medium- to long-term supply chain plan to advance female representation in the pilots' workforce.

SAA employed a total of 3 422 employees, consisting of 2 321 permanent employees and 645 domestic contractors. We also have 51 permanent employees in our regional and international stations. There are 129 employees on disability leave, with 59 being paid for by insurance.

During the year SAA finalised wage negotiations with SAAPA, who had invited NTM to join them, after SAA pilots embarked on a two-and-a-half-day strike on 5 to 7 December 2024, and a work to rule industrial action in March 2025. The agreement reached will endure for three years, FY26, FY27 and FY28.



OUR PEOPLE CONTINUED

Employee demographics (includes permanent staff and contractors)

2 321

Permanent
employees

129

Employees on
disability leave

267

Learners/
interns

Contractors

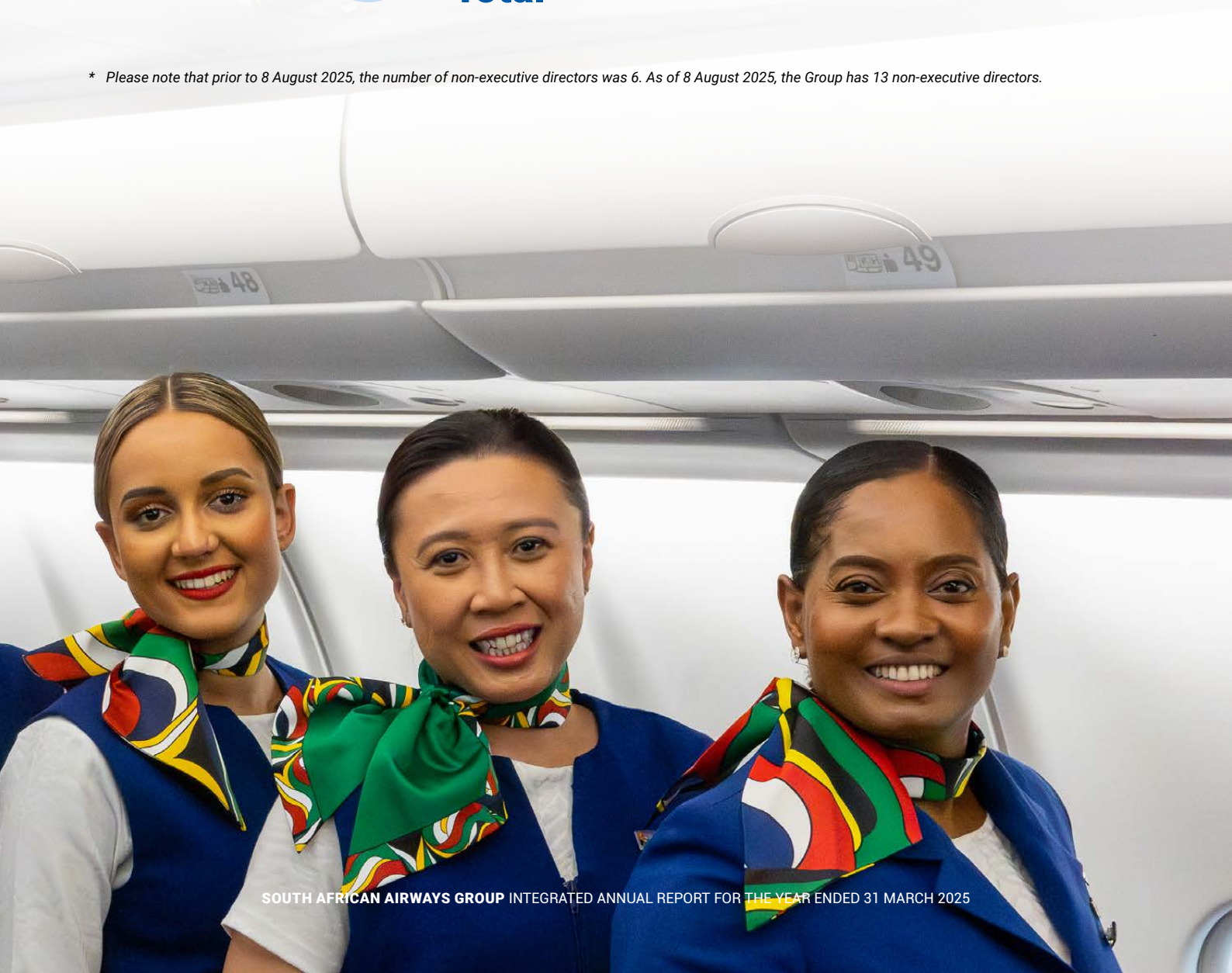
645

Non-Executive
Directors*

13

3 422
Total

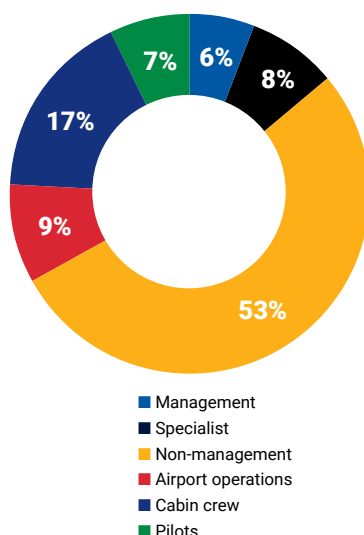
* Please note that prior to 8 August 2025, the number of non-executive directors was 6. As of 8 August 2025, the Group has 13 non-executive directors.



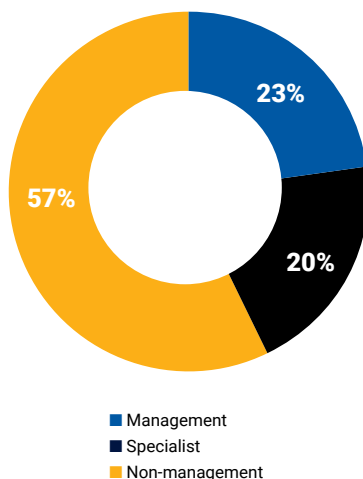
OUR PEOPLE CONTINUED

Employee demographics (includes permanent staff and contractors) continued

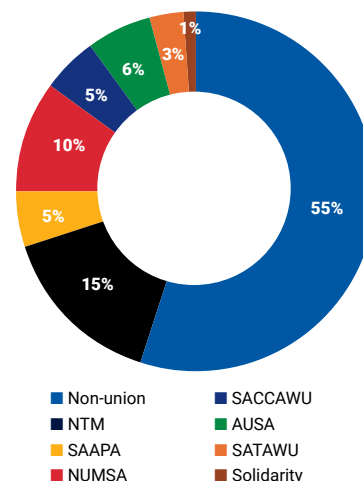
Representation by job level – domestic



Regional and international representation by level



Permanent headcount representation of union membership



Health and safety

SAA places the health, safety and well-being of its employees at the heart of its operational strategy. This commitment is guided by the imperative to meet regulatory standards, enhance workforce effectiveness, and uphold a consistent, world-class level of service. The airline operates several policies focused on employee well-being under the People Flight Plan. Management oversees the Aviation Medical Services, which performs staff medicals and tracks overall engagement through advisory services.

Most importantly, SAA takes a proactive approach to safeguarding pilot and crew well-being through its Fatigue Risk Management system. This framework tracks and logs fatigue reports, which are loaded onto the IQSMS system, enabling the airline to make informed adjustments to operational schedules. These changes are guided by fatigue-related insights from the safety department, which operates within the airline's operations division.

We also monitor pilot productivity through hard hours flown, and extensive training schedules are managed by the Aviation Training Organisation. In the medium- to longer-term, our health and safety initiatives will include launching an employee wellbeing journey initiative and supporting physical health through the planned re-opening of the SAA gym.

A new culture framework was launched, a multi-phase programme intended to evolve the SAA ethos and mindset over 18 to 24 months.

Group safety

On the safety front, SAA upheld its core commitment by achieving the safety target of zero severe and substantial aviation safety audit findings for the year. Rigorous quality assurance audits are consistently applied to third-party aircraft, crew, maintenance, insurance operators and ground handlers to ensure compliance with standards set out by the International Civil Aviation Organization ("ICAO").

SAA's Safety Management System is strictly regulated through the South African Civil Aviation Authority. SAA Safety's regulatory compliance supports business continuity through the annual renewal of SAA's Airline Operating Certificate. SAA is also a current IATA member that maintains an IATA Operational Safety Audit ("IOSA") registration, complying with international standards and best practices. These yearly safety and bi-yearly audits, respectively, verify that SAA operations comply with the best international standards.

Emergency Response Planning ("ERP") and occupational health and safety fall under the safety umbrella, ensuring not only the aviation safety and well-being of our passengers, but that of the entire organisation. SAA's ERP ensures comprehensive emergency preparedness, response and business continuity plans that provide an orderly and efficient transition from normal to emergency operations and the return to normal operations.

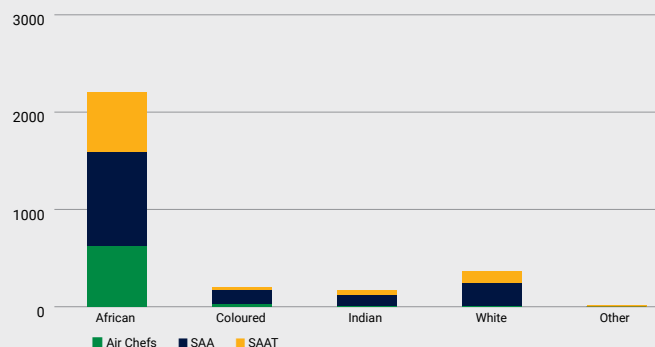
During the Airline Operating Certificate ("AOC") audit, and the IATA Operational Safety ("IOSA") audit, SAA Safety had no major findings.

OUR PEOPLE CONTINUED

GROUP HR DASHBOARD FY2025

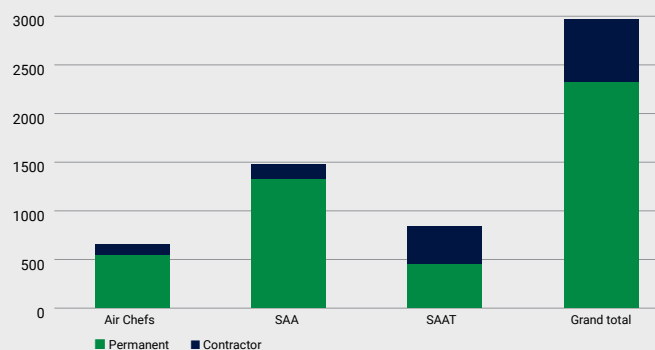
This dashboard reflects the total South African headcount of permanent and STC employees, as that is where most of the activity happens in the organisation.

Overall diversity of SAA group

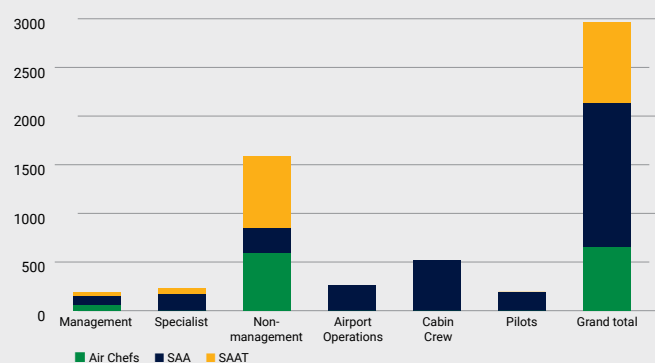


* Other are foreign nationals working in South Africa

Headcount per subsidiary



Headcount per job level



3 422

Current number
of employeesHeadcount
by gender

53%



47%

10.18%
Turnover
rate8.67
Average
years
tenure

We are actively building a future workforce through comprehensive training programmes. The airline successfully absorbed 100% of its initial interns and achieved high permanent employment rates for graduates of its skills programmes consisting of 80% for customer service agents and 84% for cabin crew. A new internship programme launched with 47 graduates in the last quarter of the financial year, which has bolstered the talent pipeline.



ENVIRONMENT

SAA looks to conduct its business in the most sustainable way possible, with the aim of proactively contributing to the country's national climate change response, by ensuring operations have a positive impact on the socio-economic and natural environments. This forms part of our efforts to be counted among the most environmentally responsible airline companies in the world.

ENVIRONMENTAL POLICY STATEMENT

SAA is committed to being a leader in sustainable environmental practices in the aviation field. We are minimising the impact of our activities on the environment by continually:

- striving for optimally efficient operations working towards reducing our carbon footprint;
- minimising waste and improving recycling initiatives at facilities and on SAA aircraft;
- including environmental concerns in our planning and decisions by using effective management systems;
- operating energy- and water-efficient practices;
- helping suppliers improve by adding environmental standards to procurement policies and operations; and
- raising the environmental awareness of employees by sharing information, promoting important issues, and identifying best practices for our business.

As the official national carrier, we are mindful of our responsibility to not only be a beneficial and caring corporate citizen, but to support an environmentally sustainable approach to doing business in the larger South African and global landscape. This ensures that we operate in a manner that has the least amount of impact on the natural environment and enables us to reduce the impact our operations have on the planet, thereby setting an example for peers in the war on climate change.

We have signed up to various programmes that help guide us on our journey to sustainability, as set out below:



IATA VOLUNTARY CARBON OFFSET PROGRAMME

Customers are invited to offset carbon emissions when making a booking on the www.flysaa.com website. This is done by opting to support various projects that lead to reduced carbon emissions around the world.

Gyapa cookstoves

SAA supports the Gyapa cookstoves project in Ghana. The efficient design of the cookstoves makes them more efficient than conventional stoves, generating significant fuel savings. In addition, the Gyapa stoves cut fuel consumption and lower carbon emissions, thereby helping to tackle climate change.



IATA ENVIRONMENTAL ASSESSMENT ("IEnvA")

SAA, in collaboration with IATA, has taken a lead role in developing a comprehensive environmental management system. This programme addresses a comprehensive spectrum of measures required for airlines to be environmentally sustainable. SAA is one of only two IEnvA stage 2-certified airlines in the world.



SUSTAINABLE ALTERNATIVE FUELS

SAA, in partnership with Boeing, SkyNRG and Sunchem, has developed a biofuel programme that uses the solaris strain of tobacco to produce sustainable fuels. In 2015, the production programme, which is a partnership between SAA and Roundtable on Sustainable Biomaterials, achieved a world first, with the crop certified as sustainable. This ensures that the crop does not displace food crops, empowers local communities and smallholder farmers, and does not have a negative impact on the environment, while providing cleaner fuels.



RECYCLING

SAA ground operations have embraced recycling and our flight operations are working to achieve a similar level of eco-friendly operations.

We recycle on-board waste on domestic routes, where waste presents no legal hazardous properties. International flights are subject to various and differing regulations. In most cases, international waste is simply destroyed. SAA is working, as part of an IATA-led initiative, to lobby governments and health authorities to allow the limited recycling of on-board items.

ENVIRONMENT CONTINUED



ENERGY EFFICIENCY

We have embarked on a process to reduce our energy use and to implement energy efficiency measures across the organisation. In addition to saving energy, we have plans under way to generate clean energy with a self-imposed target of 100% clean, renewable energy powering our head office operations.



PROCUREMENT

SAA has introduced environmental sustainability criteria into its procurement processes so that suppliers and partners are aware of and address environmental concerns. This ensures that SAA's products are sustainable and contribute to the goal of becoming the greenest airline group.



WATER USE

SAA recognises that South Africa's biggest environmental challenge is the sustainable use of water. We are in the process of investigating our own water use to find methods to reduce water usage and our heavy dependence on grid water. We are gradually adopting water conservation programmes through our entire operational structure with the support of organisations such as WWF South Africa.



WWF SOUTH AFRICA

SAA supports WWF South Africa through the SAA Voyager programme, by allowing and encouraging Voyager members to donate their miles. SAA participates in WWF South Africa programmes such as the South African Sustainable Seafood Initiative and the Biodiversity & Wine Initiative, which supports conservation efforts on South Africa's top environmentally sustainable wine farms.

We are also currently working towards the following industry goals:

- A cap on aviation CO₂ emissions from 2020 (carbon-neutral growth)
- An average improvement in fuel efficiency of 1.5% per year
- A reduction in CO₂ emissions of 50% by 2050

Environmental sustainability forms part of our shareholder and stakeholder relations scope and we have various programmes in place to reduce carbon emissions and make the airline as efficient and as sustainable as possible.



CORPORATE SOCIAL RESPONSIBILITY

As South Africa's national carrier, SAA recognises its responsibility to be a caring and impactful corporate citizen, committed to supporting and uplifting the communities we serve. Our corporate social investment ("CSI") objectives are guided by the imperative to address resource shortages that hinder South Africa's global competitiveness. This aligns with our mandate to help overcome inequalities in scarce skills and employment opportunities, while contributing to sustainable economic growth.

SAA invests resources, including employee time, expertise, services, and products, to support social development initiatives. We actively champion a range of social and environmental causes, ensuring our efforts are both meaningful and measurable.

STRATEGIC FOCUS AREAS

SAA's CSI focus areas are aligned with South Africa's national development priorities and international frameworks such as the United Nations Sustainable Development Goals ("SDGs"). Rather than providing direct donations or charitable handouts, our approach emphasises employee volunteerism and trade exchanges, enabling strategic partners to contribute financially to CSI projects and activities.

CORPORATE ENGAGEMENTS

We participate in key stakeholder engagements that contribute to the broader South African society, with a focus on supporting and uplifting communities. Notably, SAA hosts career awareness initiatives to inform and inspire young people about opportunities in aviation.

SAA CSI PROGRAMMES

SAA Voyager Member Contributions

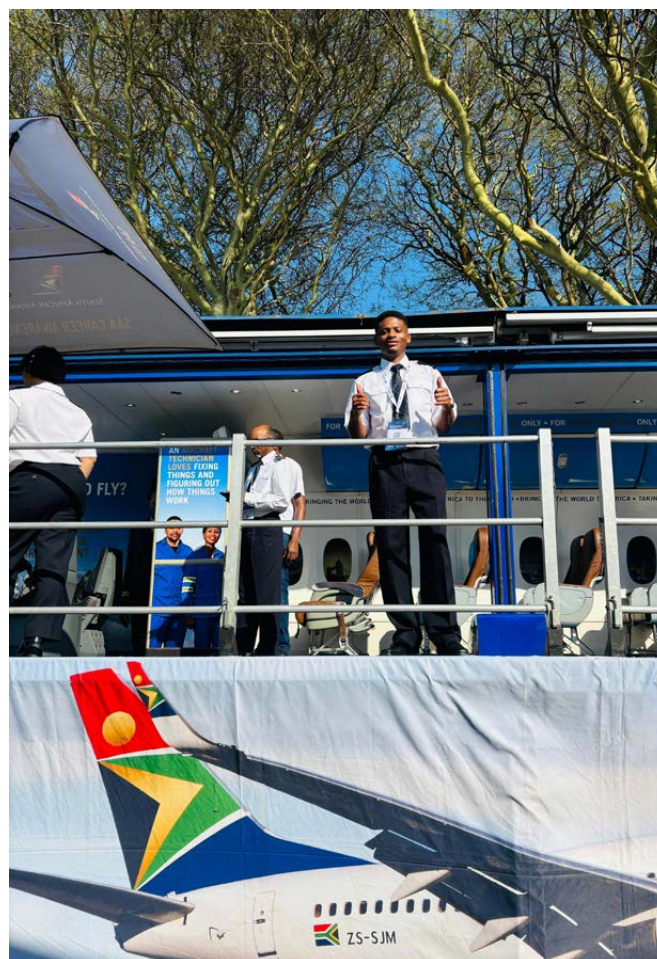
SAA Voyager members are encouraged to donate their miles to selected non-profit organisations, which are reviewed annually in line with SAA's CSI policy. Beneficiaries have included Reach for a Dream, Wings and Wishes, World Wide Fund for Nature, and the Nelson Mandela Children's Fund.

SiVulindlela Career Awareness

Led by SAA Technical, the SiVulindlela project features a shipping container transformed into a Boeing 737-800 simulation, complete with a flight deck and passenger seating. This immersive experience is designed to inspire youth to pursue careers in aviation. The programme is delivered by teams of experienced SAA pilots, cabin crew, aircraft technicians, and chefs, who visit disadvantaged communities to showcase the diverse opportunities available in the industry.

Employee Volunteerism

SAA actively supports and facilitates volunteerism across the group, encouraging employees to contribute their time and skills to social development initiatives.





06 ACCOUNTABILITY

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ETHICAL LEADERSHIP

The board is ultimately responsible for the group's governance, ethics and values and is supported in this regard by the Social, Ethics and Nominations Committee. It leads ethically and provides leadership within a framework of prudent and effective control, thereby ensuring that SAA is a responsible corporate citizen. The Board supports the principles of the Code of Corporate Practices and Conduct enshrined in King IV™ and derives its rights and duties from the Board Charter.

SAA encourages and supports employees to adhere to strict ethical practices. SAA does not condone the involvement of employees in any form of unlawful or criminal conduct. An Ethics Policy and an Anti-Bribery and Anti-Corruption Policy are in place to which all employees are required to adhere. The Risk and Compliance Department trains employees and makes them aware of the importance of adhering to ethical standards. Annually, employees submit conflict-of-interest declarations. In every formal committee meeting there are declarations by attendees.

There were no revisions to the Ethics Policy during the year.

WHISTLEBLOWING POLICY

SAA has created an environment that allows all stakeholders to voice genuine concerns about unethical behaviour, decisions or actions. Stakeholders are encouraged to follow the Anti-Bribery Policy, which sets out a procedure for them to raise these concerns in a suitable, confidential manner.

An anonymous whistleblowing hotline ensures that every effort is made to protect the anonymity of those voicing concerns. We receive monthly anonymous reports via the Vuvuzela whistleblowing system, which was set up in November 2023.

Two anonymous reports were received through the whistleblowing channels. In the first case, the implicated employee underwent a disciplinary process and received a final written warning for reporting to duty under the influence of alcohol.

The second matter involved commendation for management's efforts in introducing the whistleblowing hotline and raising concerns related to operational procedures within various departments. These concerns were referred to the relevant departments for resolution.

No irregular expenditure was reported to the forensic department for the financial year under review.





GOVERNANCE STRUCTURE

CURRENT GOVERNANCE STRUCTURE effective 8 August 2025

Board members

- Ms Sedzani Mudau (Chairperson)*^
- Prof John Lamola (Group Chief Executive Officer)~
- Ms Lindsay Olitzki (Chief Financial Officer)~
- Ms Fathima Gany (Deputy Chairperson)*^
- Ms Bongiwe Mbomvu*^
- Ms Bongiwe Pityi*^
- Amb Dennis Dlomo*^
- Adv Johannes Weapond*^
- Mr Lisa Mangcu*^

- Mr Mongezi India*^
 - Dr Pamela Yako*^
 - Dr Prittish Dala*^
 - Dr Salome Chiloane-Nwabueze*^
 - Ms Siphumelele Dlungwane*^
 - Mr Theunis Potgieter*^
- ~ Executive Director
* Independent non-executive director
^ Appointed on 8 August 2025



SAAT Board

- Ms Fathima Gany (Chairperson)*^
- Mr Wellington Nyuswa (Chief Executive Officer: SAA Technical)~
- Ms Sibongile Mthembu (Interim Chief Financial Officer: SAA Technical)~
- Ms Bongiwe Pityi*^
- Amb Dennis Dlomo*^
- Mr Theunis Potgieter*^

Air Chfs Board

- Mr Mongezi India (Chairperson)*^
- Mr Matshela Seshibe (Chief Executive Officer: Air Chfs)~
- Ms Solach Pather (Chief Financial Officer: Air Chfs)~
- Ms Bongiwe Mbomvu*^
- Ms Siphumelele Dlungwane*^
- Dr Prittish Dala*^



Responsibilities

- The Board meets regularly and retains full and effective management and control over the company. The Board serves as the focal point and custodian of corporate governance in the company. Among its other duties, it approves and monitors the development and implementation of policies and strategies.

BOARD COMMITTEES as at 31 March 2025

	Audit, Risk and Governance Committee	Finance and Investment Committee	Social, Ethics and Nominations Committee	Remuneration and Human Resources Committee
	See page 79 for full report		See page 72 for full report	See page 69 for full report
Members	Ms Fathima Gany (Chairperson) Mr Mahlubi Mazwi Adv Johannes Weapond	Mr Mahlubi Mazwi (Chairperson) Mr Derek Hanekom Adv Johannes Weapond	Ms Fundi Sithebe (Chairperson) Mr Mahlubi Mazwi Mr Dumisani Sangweni	Mr Dumisani Sangweni (Chairperson) Mr Derek Hanekom Ms Fundi Sithebe
Responsibilities	This committee performs duties prescribed in section 72(4) and Regulation 43(5) of the Companies Act as well as the 76 and 77 of the PFMA and Treasury Regulation 27.1.	This committee was established to assist the Board in its oversight over the financial affairs of the group, financial planning activities, financial risk management, investments decisions and objectives, as well as the procurement function.	This committee performs duties prescribed in section 72(4) and Regulation 43(5) of the Companies Act. Its duties relate to social and economic development, good corporate citizenship, the environment, health and public safety issues, consumer relationships, labour and employment issues and transformation and compliance matters. It also assists and supports the Board in the implementation of corporate governance in SAA.	The main duties of the committee include the formulation, development and implementation of remuneration and human capital strategies, policies, plans and programmes. The committee's role involves advising the Board to enable it to achieve its responsibilities in relation to the group's Human Resources policies, processes and procedures.



CORPORATE GOVERNANCE CONTINUED

INTERIM GOVERNANCE STRUCTURE up to 7 August 2025

Board members

- Mr Derek Hanekom (Chairperson)[#]
- Prof Malesela John Lamola (Interim Chief Executive Officer)~
- Ms Lindsay Olitzki (Interim Chief Financial Officer)[^]~
- Ms Fathima Gany[#]
- Mr Mahlubi Mazwi[#]
- Mr Dumisani Sangweni[#]
- Ms Fundi Sithebe[#]
- Adv Johannes Weapond[#]

~ Executive Director

[#] Non-executive directors; appointed on 15 April 2023[^] Appointed on 1 June 2023

SAAT Board

- Mr Dumisani Sangweni (Chairperson)[#]
- Mr Wellington Nyuswa (Acting Chief Executive Officer)~
- Ms Fathima Gany[#]
- Ms Fundi Sithebe[#]
- Adv Johannes Weapond[#]

Air Chfs Board

- Ms Fundi Sithebe (Chairperson)[#]
- Mr Matshela Seshibe (Chief Executive Officer)~
- Mr Mahlubi Mazwi[#]
- Adv Johannes Weapond[#]
- Ms Fathima Gany[^][#]

[^] Appointed to committee in FY24/25

BOARD COMMITTEES up to 7 August 2025

	Audit Committee	Finance and Investment Committee	Social, Ethics and Nominations Committee	Remuneration and Human Resources Committee
Members	Ms Fathima Gany (Chairperson) Mr Mahlubi Mazwi Adv Johannes Weapond	Mr Mahlubi Mazwi (Chairperson) Mr Derek Hanekom Adv Johannes Weapond	Ms Fundi Sithebe (Chairperson) Mr Mahlubi Mazwi Mr Dumisani Sangweni	Mr Dumisani Sangweni (Chairperson) Mr Derek Hanekom Ms Fundi Sithebe

CORPORATE GOVERNANCE CONTINUED

THE BOARD

The SAA Board is made up of people with a wide range of abilities, knowledge and experience. It comprises non-executive directors and two full-time, salaried executive directors. The majority of non-executive directors should be independent, according to King IV criteria, and 13 of SAA's non-executive directors are independent pursuant to the King IV principles.

In terms of the group's broad diversity policy, minimum female representation on the Board is 38%. The promotion of gender diversity at Board level is a priority for SAA. Three directors are chartered accountants, one is an advocate and three are businesspeople and aviation specialists, reflecting a diversity of skills.

The Board composition is currently 87% black and 13% non-black. The promotion of a broad diversity policy at Board level is very important for SAA. In accordance with the group's voluntary broad diversity policy, it aims to ensure that at least 50% of its directors are black.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

BOARD PERFORMANCE

During the 2025 financial year, the Board:

- Implemented a strategy for growth
- Monitored complaint trends
- Ensured policy compliance
- Identified strategic improvements
- Assessed the effectiveness of training programmes

In the 2026 financial year, the Board intends to:

- Oversee the development and approval of the group Environment Sustainability Plan
- Review enterprise and supplier development beneficiaries
- Assess total spend B-BBEE compliant companies
- Conduct employment equity planning

BOARD COMMITTEES

The various Board and subsidiary committees report quarterly to the Board on their statutory duties and Board-assigned responsibilities. Their responsibilities are set out in their terms of reference, which are regularly reviewed.

Information on the Board of Directors and their committee memberships is included in this report on page 63.

Besides the overall Board focus areas, there are subcommittee focus areas that are derived from the terms of reference and charter of each committee.

BOARD AND COMMITTEE MEETING ATTENDANCE*

Director	Board meetings (14 meetings)	Audit, Risk and Governance Committee	Finance and Investment Committee	Social, Ethics and Nominations Committee	Remuneration and Human Resources Committee
Mr Derek Hanekom* (Chairperson)	14/14	–	9/9	–	6/6
Prof Malesela John Lamola~ (Group Chief Executive Officer)	13/14	–	–	–	–
Ms Lindsay Olitzki~ (Chief Financial Officer)	14/14	–	–	–	–
Ms Fathima Gany#	14/14	7/7	–	–	–
Mr Mahlubi Mazwi#	12/14	6/7	9/9	3/4	–
Mr Dumisani Sangweni#	13/14	–	–	4/4	6/6
Mr Fundi Sithebe#	13/14	–	–	4/4	6/6
Adv Johannes Weapond#	14/14	6/7	9/9	–	–

* The Board attendance above is for FY2024/2025. For the latest Board and committee composition structure please see the Board composition table on the previous page.

CORPORATE GOVERNANCE CONTINUED

BOARD APPOINTMENTS

The appointment of directors is done in a formal and transparent manner. The shareholder is responsible for the nomination and confirmation of appointees to the Board of Directors and its committees. Other Board appointments are permissible for directors as long as they do not conflict with SAA's commercial interests or negatively influence the performance of the directors involved.

SAA's memorandum of incorporation ("MOI") requires that one-third of the directors of the company, with the exception of the executive directors, retire by rotation and offer themselves for re-election by the shareholder at the AGM.

DIRECTORS' INDUCTION AND TRAINING

A formal two-day induction programme is in place on appointment, followed by ongoing director development regarding key matters affecting the organisation. The new directors are provided with an induction pack that includes the group's Ethics Policy, among other policies.

There is a formal director development programme, but implementation has been slow given the interim nature of the Board. The Social, Ethics and Nominations Committee is responsible for managing and coordinating this process.

BOARD MEETINGS

The Board recognises that careful preparation of an agenda, and supporting documentation for Board meetings enhances productivity and strengthens the Board's strategic and supervisory role. The agenda and supporting documentation for Board meetings are distributed to all directors before each meeting. The appropriate executive director provides explanations and motivations for items of business requiring decisions in the meeting.

Discussions at Board meetings are open and constructive and no single director has unfettered powers in the decision-making process. Consensus is sought on items requiring decisions and on emerging issues that could affect the business. When necessary, decisions are also made by written resolution between scheduled meetings, as provided for in the company's MOI and the Companies Act.

Directors have access to all company information, records, executive officers and members of senior management within the group. They are apprised, whenever relevant, of new legislation and changing commercial risks that may affect the business interests of the company. In fulfilling their responsibilities, directors may seek professional advice from external advisers at the company's expense.

The Board annually undergoes a comprehensive and rigorous review and evaluation of the independence of those non-executive directors (including, if applicable, the Chairperson) classified as "independent", and has satisfied itself that, notwithstanding the fact that certain directors have been on the Board for over nine years, all the directors classified as "independent" are independent and act in an independent manner.

SUCCESSION PLANNING

The succession plan for the Board and Chairperson is handled by the shareholder, with the Remuneration and Human Resources Committee taking responsibility for the CEO.

INTERNAL CONTROLS

SAA has decisively exited its recovery phase by aggressively restructuring internal controls and committing to transparency, bolstering its reputation as a reliable and ethically governed airline. It has successfully completed the stringent annual renewal of its Air Operator Certificate ("AOC"), confirming that operations align with regulatory standards. The robust operational integrity achieved an annual schedule completion ratio of 99.6%, providing assurance of reliability to the market.

SAA also concluded the pilots' industrial action in March 2025 by signing a three-year wage settlement, stabilising the workforce and mitigating the risk of future disruption and is dedicated to resolving legacy issues by continually working alongside the Special Investigating Unit ("SIU") on ongoing investigations related to past fraud and supply chain matters. This proactive approach rebuilds public trust and demonstrates a commitment to accountability.

Governance and compliance improvements are evident in the raising of the company's B-BBEE status from non-compliant to level 6 and implementing an audit health plan to ensure consistent financial reporting. The activation of a security operations centre provides 24/7 monitoring to protect public-facing digital channels from cyber threats. Customer digital booking satisfaction reached 89.35% in the fourth quarter, reflecting success in modernisation efforts.

In addition, management actively roots out internal misconduct, with several dismissals issued in the fourth quarter of the past financial year, protecting the integrity of the organisation's policies. These dismissals were related to the abuse of staff rebate benefits.

The permanent appointment of Prof John Lamola as group CEO on 27 February 2025 (after two years as interim CEO) ensures stability and continuity in leadership to guide SAA's successful strategic reconstruction and future growth.

INTERNAL AUDIT

The organisation's internal audit function has as mandate, the provision of objective assurance and advisory services to the Board, its sub-committees and management, that is risk focused and strategy aligned. Through its work, Internal Audit provides an independent evaluation of whether organisation's governance, risk management, and internal control frameworks are appropriately designed and operating effectively across the business to enable the achievement of strategic objectives.

This function is led by the Chief Audit Executive, who is a permanent employee, appointed effective 1 August 2025. The Internal Audit function is independent from management and reports functionally to the Audit Risk and Governance Committee (ARGCO).

Its mandate is operationalised using a hybrid resourcing strategy, making use of internal capacity supplemented by external professional services firms, a panel of internal audit service providers has been appointed for this purpose. The Internal Audit function delivered assurance outcomes against the ARGCO approved internal audit plan. Audit outcomes are presented at the organisation's oversight forums, including EXCO and ARGCO for noting, with issues tracked to support management remediation efforts.

CORPORATE GOVERNANCE CONTINUED

To enhance internal audit value add, the function will focus on the following initiatives over the short to medium term:

- Enhance ways of work and methodologies to ensure the provision of timely outcomes whilst enforcing Internal Audit's role and authority (short term);
- Optimise the Internal Audit Plan coupled with the introduction of differentiated audit approaches to enhance outcomes and reduce audit fatigue (short term);
- Ensure appropriate skills and capacity to support delivery of the Internal Audit mandate and reduce reliance on external consultants (medium term); and
- Enhance management audit readiness and culture towards assurance to support improvements to the control environment (ongoing).

COMPANY SECRETARY

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring that the Board complies with statutory regulations and procedures.

Ruth Kibuuka, appointed on 1 June 2015, holding a BA (Hons) from Makerere University in Kampala, Uganda, an LLB from the University of South Africa and a CIS Diploma from the Chartered Governance Institute of South Africa. She has extensive experience in company secretarial and corporate governance arenas. An assessment of Kibuuka is performed annually by the entire Board, including the executive directors.

The company secretary reports to the Chairperson of the airline's Board of Directors and administratively to the CEO of the airline, and is responsible for ensuring that the decisions of the airline's Board and wholly owned subsidiary boards are implemented, and that corporate governance best practices are adopted by the organisation.

The role is responsible for fulfilling the functions of a company secretary as codified in section 88 of the Companies Act. Further, the role provides a company secretariat service to ensure compliance with all statutory and governance obligations as per the Companies Act for:

- The airline's Board of Directors
- Committees of the airline's Board
- The airline's Executive Committee
- Other governance forums of the airline as determined from time to time
- The airline's wholly owned subsidiaries:
 - » SAA Technical
 - » Air Chefs SOC
- The respective subsidiaries' executive committees

The Board is satisfied that Kibuuka has the requisite qualifications, competence and experience to fulfil the functions required by the group company secretary.

The Board is also satisfied that an arm's-length relationship is maintained between the company secretary and the Board and its committees, and confirms that Kibuuka is not a director or public officer of the group or any of its subsidiaries.

INFORMATION TECHNOLOGY GOVERNANCE

SAA adopted the NIST cybersecurity framework and uses internal and external skills, systems and technology to detect, prevent and contain threats. SAA has relevant IT and group policies in place to protect SAA information and intellectual property.

SAA has an IT governance framework that addresses the EU General Data Protection Regulation, the POPI Act, the Electronic Communications and Transactions Act, ISO 27000, Minimum Information Security Standards regulations and Cyber Crimes Act. The IT manco and steering committee are in place and conduct monthly and quarterly meetings as per their terms of references.

SAA has an IT charter in place which:

- Oversees the development of an IT governance framework that is appropriate and applicable to the company to deliver value to the business and mitigate IT risk
- Ensures that the IT governance charter and policies that outline the decision-making rights and accountability framework for IT governance are developed as part of the IT governance framework
- Reviews the IT internal control framework as adopted and implemented and ensures that an independent assurance of the effectiveness thereof is conducted
- Reviews the adequacy of processes to ensure complete, timely, relevant, accurate and accessible IT reporting
- Ensures that there is alignment between IT and strategic and business processes
- Ensures that the company provides relevant IT organisational structures, resources, capacity and capability to enable IT service delivery to the group
- Monitors IT service delivery performance and conformance to relevant internal and external policies, laws, regulations, standards and practices
- Ensures that IT functions within acceptable levels of risk tolerance
- Ensures maximum utilisation of SAA group IT assets
- Ensures that IT management leverages technology for automation and data analytics and business intelligence reporting
- Ensures that the organisation is resilient and has business continuity practices in place
- Ensures that information security is entrenched

An internal control framework based on best practices and approved at all appropriate levels is in place. An internal control baseline self-assessment was conducted and the effectiveness is independently assessed by the Auditor-General.

Oversight of IT governance and value is performed every quarter. IT management reports to the Board on a quarterly basis. The purpose of the IT governance report is to provide assurance to the SAA Board committee that the IT function is aligned with the performance and sustainability objectives of the organisation. The report provides a view on IT performance, operational and strategic value, risks, audit findings and security.

SAA's IT function executed a multi-stream strategic roadmap throughout the past financial year, prioritising the creation of a resilient digital core and the comprehensive digitalisation of the end-to-end customer experience. This investment provides the technological foundation for the airline's planned growth and improved commercial agility.

CORPORATE GOVERNANCE CONTINUED

The primary focus was mitigating risk by transitioning away from legacy infrastructure. SAA successfully achieved 89% completion in moving core systems from SAA-owned data centres to secure, hyper-scale cloud environments. This included migrating critical enterprise systems such as SAP and the Teradata Enterprise Data Warehouse.

To manage security in this hybrid environment, new-generation Fortigate Firewalls were implemented. SAA also substantially upgraded its end-user device fleet, deploying hundreds of new-generation laptops and iPads to staff for enhanced mobility.

We also launched several public-facing innovations to elevate the customer journey, which include:

- **E-commerce and mobile:** A new mobile app which was successfully deployed, offering a modern interface, real-time notifications and push marketing capabilities. The customer booking experience satisfaction rate improved close to 90% (actual, 89.35%) by year-end
- **Operational efficiency:** Critical legacy systems were modernised or replaced. The new cloud-based cargo system (iCargo) became fully operational in the period under review
- For flight crew, a new pilot mobility app, or electronic flight bag ("EFB"), was deployed, replacing manual processes and supporting crew management

In addition, the IT department prioritised enhancing cyber resilience by activating security operations centre capability for 24/7 monitoring and employing specialised tools to counter bad bot traffic on the commercial booking platforms. SAA also completed several initiatives to meet Star Alliance core values, including implementing IATA Timatic for robust passenger document validation and preparing for boarding by zone functionality.

REGULATORY COMPLIANCE

The Board is ultimately responsible for ensuring compliance with laws and regulations. In regularly reviewing the company's governance structures, the Board exercises and ensures effective and ethical leadership, always acting in the best interests of the company and at the same time concerning itself with the sustainability of its business operations.

New legislation that affects the group is discussed at Board meetings, with the assistance of the compliance function and the company secretary. The CEO is responsible for ensuring compliance with external regulations, including King IV, as well as internal systems of control.

During the year we identified PFMA compliance as an area of non-compliance. Training has been undertaken and the Supply Chain Management Policy, PFMA Framework, Conflict of Interest Policy and Delegation of Authority Framework amended. Monitoring is in place and reported on quarterly. The previous audit reports are currently being reviewed to provide a list of PFMA non-compliances with regard to irregular spend to the National Treasury. The non-compliance has resulted in negative perceptions from the public and the company is reviewing the current controls in place to improve effectiveness.

No fines or non-monetary sanctions were imposed on the group for non-compliance with any laws or regulations during the year under review, nor has the group been party to any legal actions for anti-competitive behaviour or antitrust.

SAA has complied with the provisions of the Companies Act, particularly with reference to the incorporation provisions set out therein and has operated in conformity with its MOI.

SIU CASES

In 2019, SAA and the Special Investigating Unit ("SIU") agreed on a secondment agreement that resulted in the SIU seconding three people to SAA. The purpose of the secondment agreement was for the SIU to:

- Assist SAA with capacity in its forensic investigation department
- Collect evidence for the motivation for a proclamation

The secondment resulted in the Presidential Proclamation R.2 of 2020 published in January 2020.

The majority of cases at SAA are investigated by the SIU. The SIU's current focus areas are:

- Supply chain management processes relating to the appointment of service providers in respect of procured goods and services
- Value for money and the quantification of goods
- Possible fraud in the procurement of goods and services
- Any corrupt relationships between officials and service providers

Alongside the SIU investigations, a range of law enforcement agencies have been empowered to drive forward the implementation of the State Capture Report's recommendations. These include the Directorate for Priority Crimes Investigations ("the Hawks"), the Independent Directorate, the National Prosecuting Authority, and the Asset Forfeiture Unit, each playing a vital role in strengthening accountability and promoting justice.



REMUNERATION REPORT

The Human Resources and Remuneration Committee ("HRRC") makes proposals to the Board regarding the remuneration policy and the remuneration of individual directors. The committee's report appraises the shareholder and other stakeholders of the work done by the committee in the period under review.

In FY25 the committee (previously called REMCO) was chaired by independent non-executive director, Dumisani Sangweni, and further comprised independent non-executive directors, Derek Hanekom and Fundi Sithebe.

Ms Pamela Yako is the chairperson of a new committee called Human Resources and Remuneration Committee (HRRC) and is just signing on behalf of the now defunct REMCO.

The committee assists the Board in discharging its duties related to:

- The main duties of the committee include the formulation, development and implementation of remuneration and human capital strategies, policies, plans and programmes. The committee's role involves advising the Board to enable it to achieve its responsibilities in relation to the group's Human Resources policies, processes and procedures.

The group has conducted a remuneration and benchmark survey with EY to inform negotiations with SAAPA in April 2024.

The Remuneration Committee was re-established in July 2023 post-business rescue. During FY25, the committee:

- Investigated the development of STI and LTI schemes
- Considered the introduction of the position of Chief Operating Officer
- Reviewed the revised REMCO Charter and Annual Work Plan
- Reviewed and monitored performance systems and processes of the company on a quarterly basis
- Reviewed the Human Resources report on various Human Resource matters including implementation of the Employment Equity Plan, skills development, PAYE and employee benefits
- Reviewed the company's codes of conduct and ethical standards

In FY26 the committee intends to:

- Monitor and review employment development
- Provide aviation training update reports which are submitted quarterly
- Provide medical department update reports which are submitted quarterly
- Review and provide strategic input on the transformation status reports
- Consider with reference to the Board, where relevant, any matters relating to professional indemnity and liability insurance for Board members and Senior Management
- Review remuneration ranges for all categories of staff including salary increase mandate for all staff categories
- Review the CEO and Executive Management remuneration
- Provide recommendations on the Board remuneration
- Review remuneration policies including superannuation and incentive schemes

REMUNERATION PHILOSOPHY AND POLICY

The group recognises that it operates in a competitive environment and that one of the drivers of its performance is its people. It therefore remunerates at levels that attract, retain and motivate employees of the highest calibre and rewards them for good performance. The group defines total remuneration as a combination of all types of reward, including financial, non-financial, direct and indirect.

It rewards individual performance, while nevertheless ensuring that there is a distribution of remuneration around the market median. The executive directors have service contracts with the group, which may be terminated with one-month's written notice. The nature and period of any restraint are stretched as far as 12 months for any supplier or business that SAA is in business with, as well as similar businesses to SAA.

SAA aims to pay employees at the 50th percentile of the general market where applicable to our industry as contained in the SAA remuneration philosophy and policy.

The policy was approved by the Board and REMCO.

A separate balanced scorecard is signed by executive members. The scorecard is managed through the Department of Human Resources' performance management function.

Total Guaranteed Package

The levels of TGP are reviewed and revised annually.

Criteria for determining remuneration increases include inflation (CPI), market comparisons, group performance, individual performance and affordability based on group budgets. REMCO approves annual salary increases.

Remuneration consists of the following guaranteed components and is applicable to all employees:

- Basic salary
- Group life assurance

Annual incentive bonuses are paid if key performance targets, which include, but are not limited to financial targets, are met.

All employees are eligible to participate in the group's incentive bonus scheme, which is well established within each of the business units. The bonus is conditional on both company and individual performance. It is paid annually subject to the achievement of performance targets against key performance indicators that have been agreed to by the chief executive and the Remuneration Committee.

REMUNERATION REPORT CONTINUED

SUBSIDIARY REMUNERATION

SAA

The Board approved:

- A salary increase of 7.2% on TCE to recognise employees' commitment and efforts
- A salary increase of 7.2% payable to short-term contractors who have more than one year's service at 1 April 2024 and those who have 12 months or more contractual service from 1 April 2024
- A salary increase of 8.89% for regional and international employees

SAA Technical

The Board approved a salary increase of 7.5% and provision of a medical aid subsidy for employees across the board.

Air Chefs

The Board approved a salary increase mandate of 7.0% at management's discretion.

PENSION FUND

SAA, in collaboration with Alexander Forbes, established a trust fund for employees in regional stations to contribute to a retirement plan.

SAA also established a pension-backed home loan – a credit facility that Momentum introduced, where employees can elect to borrow funds against their pension funds.

The German pension fund governance principles have been approved and adopted for SAA. SAA representatives to the German pension fund's board of trustees have been approved and adopted in the fund.

MEDICAL AID

During FY23, SAA established and implemented medical aid and medical insurance for SAA employees.

Following a comprehensive initiative, over 90% of staff now possess medical aid or insurance coverage. Employee welfare is a strategic priority.

EXECUTIVE DIRECTORS' REMUNERATION

The group adheres to the guidelines for executive remuneration as set out in King IV. Overall remuneration principles include:

- Executives receive a salary, cellphone allowance and a medical subsidy
- Permanent executive members (including the CEO) receive an employer pension contribution; only permanent executive members receive a funeral benefit
- FTC members of the executive are permitted to contribute to the pension on a voluntary basis

The contracts are not tied to meeting targets. The discussion of incentives has only started, which will tie performance management to incentives where the executive or the employee receives an incentive if they meet or exceed their performance targets.

Payments of incentives will be aligned to remuneration guidelines of the shareholder.

Please refer to the implementation report below and note 29 on page 139 of the financial statements for details of the executive directors' remuneration.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fixed fees for their services in the form of a retainer as directors of the Board and as members of Board committees. The fees to non-executive directors are paid on a monthly retainer basis.

For details regarding fees paid during the current period and prior year, refer to note 44 on page 148 of the financial statements.

PAYMENTS ON TERMINATION OF EMPLOYMENT

The employment contracts of members of the executive management do not contain clauses that entitle them to additional remuneration in the event of termination of their contracts. In the event of termination of employment, any payments made to the executive will be in terms of legislation and the reason for termination.

There were no payments for termination of employment during the year.

COMPLIANCE

No major changes were made to the remuneration policy during the period under review. The Remuneration Committee is satisfied that the remuneration policy achieved its stated objectives.



REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' REMUNERATION

The group is of the opinion that the recommended fees are appropriate for services rendered

Non-executive directors	Fee (2023/24) R'000	Fee (2024/25) R'000	Board	Audit, Risk and Governance Committee	Finance and Investment Committee	Social, Ethics and Nominations Committee	Remuneration and Human Resources Committee
Mr Derek Hanekom*	812	853	Chairperson		Member		Member
Ms Fathima Gany	277	296	Member	Chairperson			
Mr Mahlubi Mazwi*	403	464	Member	Member	Chairperson	Member	
Mr Dumisani Sangweni*	332	356	Member			Member	Chairperson
Mr Fundi Sithebe*	331	399	Member			Chairperson	Member
Adv Collen Weapond	326	442	Member	Member	Member		

* Resigned as Board member as term ended on 07 August 2025.

Ms Pamela Yako

Remuneration and Human Resources Committee Chairperson

28 January 2026

SOCIAL, ETHICS AND NOMINATIONS COMMITTEE REPORT

SAA's Social, Ethics and Nominations Committee is pleased to present its report for the year ended 31 March 2025, in terms of section 72 and regulation 43 of the Companies Act of South Africa and the King IV Code on corporate governance.

In addition to its statutory responsibilities, the committee's objective is to help the Board fulfil its responsibility to oversee and report on matters not covered by the Audit Risk and Governance Committee. Ethics, safety, stakeholder relations (including employees and customers), responsible corporate citizenship, diversity and B-BBEE compliance also fall within the committee's remit.

COMPOSITION

The Board of Directors, through its various committees, maintained rigorous oversight of the airline's governance, risk and compliance frameworks. The Social, Ethics and Nominations Committee played a critical role in monitoring ethical conduct, transformation, stakeholder engagement, and sustainability practices. These efforts ensured that SAA's operations aligned with the principles of transparency, accountability and responsible corporate citizenship.

This committee meets at least four times a year prior to scheduled meetings of the board. Attendance at meetings is set out on page 65.

ROLES AND RESPONSIBILITIES

The Social, Ethics and Nominations Committee (NOMCO) continued to play a pivotal role in overseeing SAA's commitment to ethical leadership, stakeholder inclusivity and responsible corporate citizenship during the 2024/25 financial year. The committee operated in accordance with the Companies Act and the principles of the King IV Code, ensuring that the airline's activities aligned with its social, ethical and governance obligations.

FY25 KEY FOCUS AREAS

- Provided oversight on key areas including transformation, employment equity, environmental sustainability and awareness, health and safety, and stakeholder engagement
- Monitored the implementation of policies and practices that promote ethical conduct, transparency and accountability across the organisation
- Reviewed progress on Broad-Based Black Economic Empowerment ("B-BBEE") targets
- Supported initiatives that foster inclusive growth and social impact
- Placed particular emphasis on strengthening the ethical culture within SAA, enhancing internal reporting mechanisms and supporting the integration of ESG principles into the airline's broader strategy

FY26 KEY FOCUS AREAS

- Look at initiatives that will ensure SAA's ongoing commitment to building a resilient, values-driven organisation that contributes meaningfully to South Africa's socio-economic development
- Promote social and economic development
- Implement initiatives that promote SAA's position as a Good Corporate Citizen
- Progress on the company's engagement with its customers
- Assessing key sustainability issues in the group's operations
- Overseeing ethics management
- Ensuring that, where business decisions may impact the company's values and ethics from a reputational perspective, the potential impact has been considered fully
- To monitor the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions and the company's employment relationships, and its contribution toward the educational development of its employees
- Reviewing, monitoring and making recommendations to the Board in respect of the environmental, health and safety policies and activities of the company

STAKEHOLDER ENGAGEMENT AND SHARED VALUE

SAA's stakeholder engagement strategy was strengthened in FY25 to foster trust, collaboration and shared value creation. Key stakeholders, including government officials, employees, customers, strategic partners and local communities, were engaged through structured platforms and transparent communication.

The committee is satisfied in having fulfilled its FY25 mandate, as outlined in the Companies Act, King IV and its terms of reference.

Amb Dennis Dlomo

Chairperson: Social, Ethics and Nominations Committee

28 January 2026



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SOUTH AFRICAN AIRWAYS

STAR ALLIANCE 

2025

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH



Directors' report

The directors present their report which forms part of the annual financial statements of the South African Airways SOC Ltd ("SAA") and its subsidiaries ("the group") for the year ended 31 March 2025.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and are based on appropriate accounting policies adopted in terms of IFRS, as detailed in note 1 of the annual financial statements. There have been no changes made to the accounting policies in the year under review. The accounting policies are supported by reasonable and prudent judgements and estimates as detailed in notes 3 and 4.

The directors confirm that the annual financial statements present fairly the state of affairs and the business of the group and explain the transactions and financial position of the business of the group for the year ended 31 March 2025.

NATURE OF BUSINESS AND COMPANY SHAREHOLDING

SAA is a state-owned company, incorporated in terms of the South African Airways Act, No 5 of 2007 and shareholder oversight is effected via the Minister of Transport supported by the Department of Transport. Until the Government's announcement on 13 March 2024 that negotiations on the equity sale transaction had been terminated, SAA was managed with an interim business plan and governance structures in anticipation of the transfer of the control of the company to a strategic equity partner.

During the year under review the company oversight function moved from the Department of Public Enterprises, initially to the Department of Planning, Monitoring and Evaluation in the Presidency and finally in August 2025 to the Department of Transport.

The airline's principal activities include the providing of scheduled air services for the transportation of passengers, freight and mail to international, regional and domestic destinations, in fulfilment of its mandate as legislated in the South African Airways Act No. 5 of 2007.

OPERATING RESULTS

Financial performance for the year

Rm	2025	2024
Income	9 266	7 029
Operating costs excluding translation (losses)/gains	(9 558)	(6 750)
Translation (losses)/gains	(25)	(415)
EBITDA	(317)	(136)
Finance costs	219	34
Net profit/(loss)	155	(433)

Year-end financial position

Rm	2025	2024
Interest-bearing borrowings	–	1
Cash and cash equivalents	1 967	972
Equity position	6 649	6 329

FY2024/25 was the third full financial year of commercial operations for SAA since existing Business Rescue in April 2021. The airline restarted operations in September 2021 with a fleet of five narrow-body aircraft and one wide-body aircraft.

Upon its restart, the airline lacked the scale of operations to fully capitalize on the market opportunities presented by the resurgence of air travel following the COVID-19 pandemic. The plan for building up the aircraft fleet coincided with the global supply chain challenges faced by major aircraft manufacturers, which delayed the delivery and entry into service of the planned fleet. As a mitigation, while contending with dry-lease rentals that were becoming more expensive due to the supply-demand disequilibrium in the used aircraft lease market, SAA innovatively added additional seat capacity into the market by way of short-term aircraft, maintenance, insurance, and crew (ACMI) leases, particularly during the peak southern hemisphere summer season.

By the end of the year under review, SAA's fleet had increased to eighteen aircraft. This fleet comprises two A343s, two A333s, and fourteen A320s.

Despite the aircraft capacity constraints encountered, the Group's revenue for the year was R9.266 million, 23% higher year-on-year, with passenger revenue reflecting an increase of 30%. The number of flights operated during the year increased by 30%, with the successful addition of an intercontinental route to Perth from May 2024 and a significant increase in domestic flights resulting from the addition of extra capacity to the primary routes. SAA served seventeen city pairs during the financial year.

The delayed increase in aircraft delivery negatively impacted SAA's revenue generation and EBITDA performance. Operating costs were, however, aligned with increased flight activities. Given that both SAA Technical (SAAT) and Air Chefs' revenue is highly dependent on SAA's airline fleet operations, the below-budgeted fleet size had an adverse knock-on effect on the financial performance of both subsidiaries.

Following the cancellation of the strategic equity deal in March 2024, SAA had to identify ways to compensate for the lost funding the equity partner was to bring to the airline. SAA identified non-core assets that could be disposed of. The list included the sale of one of its two pairs of take-off and landing rights slots at London's Heathrow airport (LHR). The disposal of this slot pair was successfully concluded in March 2025. The airline has retained an additional slot at LHR for utilisation in the future as it extends its intercontinental routes network.

The cash position remains positive, and SAA continues to implement initiatives to improve its liquidity position. The restructuring of the balance sheet following the Business Rescue Process resulted in positive equity, and the airline is essentially debt-free. SAA has no interest-bearing borrowings and incurs no finance costs. Interest costs refer to expenses on leased aircraft that are accounted for in terms of IFRS 16.

Directors' report

MATERIAL AND SIGNIFICANT MATTERS

Going concern

The directors assessed the appropriateness of the going-concern assumption used in preparing the consolidated annual financial statements. SAA has a favourable equity position of R6.6 billion as reflected in the statement of assets and liabilities. As SAA continues to stabilise and scale its operations, its business model is geared towards the airline producing positive results at an operational level. The most recent Corporate Plan took into account several industry challenges, as well as transformational projects that SAA will undertake to maintain sustained profitability.

The directors are satisfied that South African Airways can continue to operate as a going concern. The consolidated annual financial statements were therefore prepared on this basis.

Audit outcomes

During the airline business rescue process, the statutory financial audits could not be conducted within the timeframes legislated in the Public Finance Management Act (PFMA). The interim Board, appointed in April 2023, prioritised the completion of all outstanding audits from the past period and succeeded in ensuring that the AFS for the years 2019 to 2024 was concluded. Now that the 2024/25 audit has been completed, SAA is back on the legislated timeline.

SAA has undergone seven back-to-back full external audits over the last three years. Unfortunately, there has been insufficient time between audits to fully address the audit findings of an accumulated backlog of audits. This is evident in the current year's audit outcome, even though it is showing a reduction in the number of disclaimed items, several of which relate to the comparative figures.

Furthermore, we acknowledge that due to circumstances beyond the control of SAA's current management, i.e., the business rescue process occurring at the height of the COVID-19 pandemic, the audit process is revealing corrections to the prior years' numbers. However, we are confident that the balances provide a fair reflection of the company's state of affairs as of the reporting date.

The Group has since institutionalized Audit Health Plans across the three entities to address the audit findings and work systematically towards improved future audit outcomes. The Audit Committee routinely monitors these Audit Health Plans.

A new Audit Committee was onboarded in August 2025, and a Chief Audit Executive was employed during the current calendar year. The expectation is that these developments, combined with Management's commitment to the updated Audit Health Plans, will lead to improved outcomes in future audits.

Dividends

No dividends have been declared in the current financial year.

Directorship

The interim Board was replaced with a permanent Board on 8 August 2025 and the following are active directors as of the date of the approval of the annual financial statements:

Non-executive directors

Ms SF Mudau
Ms FBB Gany
Mr TG Potgieter
Mr MG India
Adv. J Weapond
Amb. DT Dlomo
Ms PB Yako
Ms B Pityi
Dr S Chiloane-Nwabueze
Dr P Dala
Mr LN Mangcu
Ms BP Mbomvu
Ms SB Dlungwane

Executive directors

Prof. MJ Lamola – Group CEO
Ms L Olitzki –Interim CFO

Details of the directors' emoluments are reflected in note 29 of the annual financial statements while movements of directors can be found in note 44 to the annual financial statements.

Auditors

The consolidated annual financial statements are audited by the Auditor-General of South Africa. The statutory auditor for the forthcoming year will be confirmed at the AGM.

Subsequent events

The annual financial statements have not been adjusted for the transactions disclosed in note 46 of the annual financial statements, but these have been disclosed as they are perceived to be material to the user of the financial statements.

Group Company Secretary

The group Company Secretary for the period under review was Ruth Kibuuka. The business and postal addresses are also the addresses of the registered office of the company and are stated below:

Airways Park

32 Jones Road
Kempton Park
1627

Private Bag X13

Kempton Park
1627

Directors' report continued

DIRECTORS' ATTENDANCE AT MEETINGS

SAA Board of Directors 1 April 2024– 1 April 2025	Date of appointment (A)/ retirement (R)/ resigned (RS)	Number of meetings attended
Number of meetings held during the year		14
D Hanekom (C)	11 May 2023 (A)	14/14
F Gany	11 May 2023 (A)	14/14
M Mazwi	11 May 2023 (A)	12/14
D Sangweni	11 May 2023 (A)	13/14
F Sithebe	11 May 2023 (A)	13/14
C Weapond	11 May 2023 (A)	14/14
J Lamola (GCEO)	13 December 2021 (A)	13/14
L Olitzki (ICFO)	31 May 2023 (A)	14/14

REMCO: Remuneration and Human Resources Committee

ARGCO: Audit, Risk and Governance Committee

SENCO: Social, Ethics and Nominations Committee

FINCO: Finance and Investment Committee

SAA ARGCO members	Number of meetings attended
Number of meetings held during the year	
F Gany (C)	7
M Mazwi	7/7
C Weapond	6
	6/7

Group FINCO members	Number of meetings attended
Number of meetings held during the year	
M Mazwi (C)	9/9
D Hanekom	9/9
J Weapond	9/9

Group REMCO members	Number of meetings attended
Number of meetings held during the year	6
D Sangweni (C)	6/6
D Hanekom	6/6
F Sithebe	6/6

Group SENCO members	Number of meetings attended
Number of meetings held during the year	
F Sithebe (C)	4/4
M Mazwi	3/4
D Sangweni	4/4

Air Chefs Board members	Number of meetings attended
Number of meetings held during the year	8
F Sithebe (C)	5/8
M Mazwi	7/8
C Weapond	8/8
F Gany (appointed August 2024)	2/8
J September (retired October 2024)	4/8
M Seshibe (appointed October 2024)	4/8
S Pather (appointed February 2025)	2/8

Air Chefs ARGCO Members (appointed ARGCO 2024)	
Number of meetings held during the year	
C Weapond	3/3
M Mazwi	2/3
F Gany	2/3

SAA Technical Board	Number of meetings attended
Number of meetings held during the year	9
D Sangweni (C)	8/9
F Sithebe	6/9
F Gany	9/9
C Weapond	6/9
W Nyuswa (ACEO)	9/9

SAA Technical ARGCO Members (appointed August 2024)	Number of meetings attended
Number of meetings held during the year	3
F Gany	3/3
F Sithebe	3/3
C Weapond	3/3

Directors' report continued

PERFORMANCE AGAINST THE SHAREHOLDER'S COMPACT

KPI	KPI indicator	Unit of measure	Annual target	Performance	Achieved?	Remarks regarding achievement status
Financial sustainability	Airline EBITDA (excl. FX translation)	R million	241	(443)	No	Refer Directors' report for details
Financial sustainability	Current ratio (excl. deferred revenue from current liabilities)	Ratio	<1	1.41	Yes	Target exceeded
Operational excellence	Technical despatch reliability	%	98.5%	98.76%	Yes	Target exceeded
Operational excellence	Ontime performance (on 15 minutes)	%	87%	84.66%	No	Delays due to late release from hangar, air traffic control and ground handlers
Operational excellence	Lost and mishandled baggage per 1 000 passengers flown	Number	3.79	2.65	Yes	Target exceeded
Aviation safety assurance	Obtain no severe and substantial aviation safety audit findings	Number	0	0	Yes	Target met
Local spend	% of local spend	%	70%	83.85%	Yes	Target exceeded
National Industrial Participation Programme	Ensure all (100%) of contracts with NIPP threshold are advertised with the condition	%	100%	100%	Yes	Target met
BBBEE status	BBBEE certification level	Number	8	6	Yes	Target exceeded
Skills development	Training spend as a % of skills levy	%	1%	99% Training spend R8.31 million vs Skills levy R8.32 million	Yes	Target exceeded
Skills development	Number of new artisan trainees (technicians)	Number	75	75	Yes	Target met
Skills development	Sector-specific training (internships/learnerships)	Number	100	112	Yes	Target exceeded

DIRECTORS' APPROVAL

The consolidated annual financial statements of SAA SOC Ltd for the year ended 31 March 2025, as set out on pages 92 to 153, have been prepared under the supervision of Lindsay Olitzki CA(SA) and were approved by the Board of Directors on 14 November 2025 in terms of the Companies Act and the PFMA.

SF Mudau
Chairperson of the Board
14 November 2025

MJ Lamola
Group Chief Executive Officer
14 November 2025

Report of the Audit Committee

The Audit Committee ("the Committee"), previously the Audit, Risk and Governance Committee is pleased to present its report for the financial year ended 31 March 2025.

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has complied with its responsibilities arising from sections 51(1)(a)(ii), 76(4)(d) and 77 of the Public Finance Management Act ("PFMA"), section 27.1 of the Treasury Regulations, section 94(7)(f) of the Companies Act and the requirements in accordance with the King IV Report on Corporate Governance for South Africa. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit, Risk and Governance Committee ("ARGCO") charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

MEMBERSHIP

The table below reflects the membership of the previous ARGCO:

AUDIT, RISK AND GOVERNANCE COMMITTEE MEMBERS

Ms FBB Abdul Gany (Chairperson)	NED	Appointed – 11 May 2023	Retired – 2 September 2025
Adv JC Weapond	NED	Appointed – 11 May 2023	Retired – 2 September 2025
Mr MS Mazwi	NED	Appointed – 11 May 2023	Resigned – 7 August 2025

The table below reflects the membership of the newly constituted Audit Committee:

NEW GROUP AUDIT COMMITTEE MEMBERS

Ms Siphumelele Balungile Dlungwane	NED	Appointed – 2 September 2025	Active
Ms Bongiwe Pamela Mbomvu	NED	Appointed – 2 September 2025	Active
Dr Pritish Dala	NED	Appointed – 2 September 2025	Active
Dr Salome Chiloane-Nwabueze	NED	Appointed – 2 September 2025	Active
Adv Johannes Collen Weapond	NED	Appointed – 2 September 2025	Active
Ms Fathima Bee Bee Abdul Gany	NED	Appointed – 2 September 2025	Active

EFFECTIVENESS OF INTERNAL CONTROL

The Committee monitored the adequacy and effectiveness of the control environment through feedback on the results of the combined assurance activities from management, the internal audit and forensics departments as well as the external auditors. Accordingly, the Committee can report that the system of internal controls, governance and risk management for the period under review is inadequate and ineffective and requires significant improvement. As a result, the Committee has identified the following key areas of concern that should be addressed:

- Quality of the annual financial statements and performance information
- Procurement and contract management
- Irregular and fruitless expenditure
- Expenditure management
- Revenue management
- Asset management
- Record keeping
- Consequence management
- ICT and cyber security
- Strategic planning and performance management
- Audit action plan and the non-implementation of recommendations by various assurance providers (internal audit, external audit, ARGCO and the Board)

The Committee acknowledged the effort by management to remedy identified weaknesses, but is concerned that improvements in the internal control environment are not visible and is deeply concerned with the disclaimer audit outcome, and has engaged management to develop a comprehensive audit health plan to address the root causes to improve the overall audit outcome.

The Committee is satisfied that Internal Audit provided assurance in terms of control, risk management and governance processes as per the approved risk-based audit plan. The appointment of the newly appointed Chief Audit Executive is welcomed to ensure adequate assurance coverage and timely completion of the audit plan going forward.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

SAA has reported quarterly to the National Treasury and the Executive Authority as is required by the PFMA. The Committee as well as assurance providers provided Management with recommendations to improve the quality of quarterly financial and non-financial information reporting (performance information, information communication technology, risk management, human resource management, legal and compliance) during the year under review.

EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee has reviewed:

- The unaudited annual financial statements, with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management. During the review the Committee raised specific concerns on the extent to which previous disclaimer issues were addressed and the lack of progress in addressing previous audit findings and its potential impact on the quality of the unaudited annual financial statements;
- Changes in accounting policies and practices where applicable;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;
- The unaudited annual performance information against the corporate strategy with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- The AGSA audit and management reports, with due consideration of the responses provided by Management; and
- The audited annual financial statements as well as the annual performance information against the corporate strategy to be included in the integrated report for any significant adjustments resulting from the audit and reported to the Accounting Authority.

AUDITOR-GENERAL OF SOUTH AFRICA (“AGSA”) REPORT

The Committee concurs with the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

CONCLUSION

The Committee notes with concern the disclaimer audit opinion and recommended that SAA must ensure that an adequate audit health plan addressing the root causes associated with both internal and external audit findings is developed and monitored to ensure effective implementation, underpinned by a culture of accountability, in order to achieve an improved audit outcome going forward.

On behalf of the Audit Committee

Ms SB Dlungwane

Chairperson: South African Airways SOC Limited Audit Committee

14 November 2025

Statement by the Company Secretary

In terms of Section 88(2)(e) of the Companies Act of South Africa, No.71 of 2008 as amended, I certify that, with the exception of lodging audited annual financial statements, the company has lodged with the Commissioner all such returns and notices as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Due to the delay in the preparation and audit of the annual financial statements, approved audited financial statements were not filed with the annual return, as required by section 33(1)(a) of the Companies Act and 30(2) of the Companies Regulations.

Ruth Kibuuka

Company Secretary

14 November 2025

Name: Ms Ruth Kibuuka

Business address:

Airways Park, Jones Road
OR Tambo International Airport
Kempton Park, 1619

Postal address:

Private Bag X13
OR Tambo International Airport
Kempton Park, 1627

Report of the auditor-general to Parliament on South African Airways SOC Ltd

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION

1. I was engaged to audit the consolidated and separate financial statements of the South African Airways SOC Limited ("SAA") and its subsidiaries ("the group") set out on pages 92 to 153, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for the 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 consolidated and separate financial statements.

BASIS FOR DISCLAIMER OF OPINION

Preparation of consolidated financial statements

3. I was unable to obtain sufficient appropriate audit evidence regarding the consolidation of three SAA subsidiaries: Mango Airlines SOC Ltd ("Mango"), South African Airways Employee Share Trust ("SAA Employee Share Trust") and SAA Travel Centre ("SATC"), due to the non-submission of separate financial statements for auditing. In addition, I was unable to obtain sufficient appropriate audit evidence relating to the elimination of intercompany transactions and reclassification associated with the three subsidiaries, as mentioned. I was unable to confirm the consolidation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the consolidated financial statements.
4. I was unable to obtain sufficient appropriate audit evidence regarding the completeness of the elimination of intercompany transactions and reclassifications in the consolidated financial statements, due to the effects of the material misstatements and/or material limitations of scope as stated in the modification paragraphs below. I was unable to confirm the completeness of the elimination of intercompany transactions and reclassifications by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the consolidated financial statements.
5. International Accounting Standards ("IAS 1"), *Presentation of financial statements* requires management to assess the public entity's ability to continue as a going concern when preparing financial statements. South African Airways Technical SOC Ltd ("SAAT"), a subsidiary of SAA, prepared the financial statement on going concern basis. I was unable to obtain sufficient audit evidence to determine whether it is reasonable to prepare the financial statements on a going concern basis, due to the significance of the material misstatements and limitations in the basis for disclaimer of opinion in the SAAT's audit report, which impacts on reliability of assumptions made by the public entity. I was also unable to confirm the appropriateness of preparing the financial statements on a going concern basis by alternative means. Consequently, I could not determine whether any adjustments were necessary to the consolidated financial statements.

Revenue

6. SAAT did not provide sufficient appropriate audit evidence for the technical services revenue due to the status of record keeping. I was unable to confirm the technical services revenue by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue stated as airline revenue (technical services) stated at R333 million (2024: R428 million) in note 5 to the consolidated financial statements.
7. SAAT did not recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer as required by International Financial Reporting Standards ("IFRS") 15, *Revenue from contracts with customers*. Revenue relating to performance obligations that were satisfied in the previous financial year was incorrectly recognised in the current financial year, while revenue relating to performance obligations that were satisfied during the current financial year was not recognised. In addition, the public entity reversed a revenue accrual in the incorrect period, rather than in the period in which the revenue was originally recognised. As a result, revenue was understated by R97.8 million. Additionally, there was an impact on the profit/(loss) for the year and the accumulated loss.
8. During 2024, SAAT did not recognise, measure, present, and disclose airline revenue in accordance with the requirements of IFRS 15. IFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The public entity was party to a number of service contracts that were not recognised, measured, presented, and disclosed in accordance with IFRS 15. I was unable to determine the value of the misstatement, as it was impracticable to do so. My audit opinion on the financial statements for the period ended 31 March 2024 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of revenue for the current period. Consequently, I was unable to determine whether any adjustments were necessary to the airline revenue (technical services) stated at R428 million in note 5 to the corresponding figures of the consolidated financial statements.

Electronic data costs

9. During 2024, the public entity did not recognise other electronic data costs in accordance with IAS 1, *Presentation of financial statements and the conceptual framework*. Electronic data costs relating to the 2024 financial year were incorrectly recognised in the 2023 financial year when advance payments were made, instead of being recognised in the period in which the expenses were incurred. This resulted in an understatement of electronic data costs by R89 million in the 2024 financial year. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of electronic data costs for the current period. There is a consequential impact on the corresponding figures of accumulated loss and the balances of trade and other receivables to the consolidated and separate financial statements.

Maintenance costs

10. At SAAT, I was unable to obtain sufficient appropriate audit evidence for maintenance costs due to the status of record keeping. I could not confirm the maintenance costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the maintenance costs stated at R896 million (2024: R401 million) in the consolidated financial statements.

Other operating costs

11. The group did not recognise transactions on an accrual basis in accordance with IAS 1, *Presentation of financial statements and the conceptual framework*. The other operating costs transactions relating to the prior year were recognised in the current year when payments were made rather than when expenses were incurred, while other operating costs incurred during the period were not recorded. This resulted in an overstatement of other operating costs by R105 million (2024: R212 million) and R229 million (2024: R203 million) in the consolidated and separately financial statement, respectively. Consequently, there was an impact on the accumulated loss in the consolidated and separate financial statements.
12. During 2024, at SAAT, I was unable to obtain sufficient appropriate audit evidence for other operating costs due to the status of record keeping. I was unable to confirm other operating costs by alternative means. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of other operating costs for the current period. Consequently, I was unable to determine whether any adjustments were necessary to the operating expenses stated at R1 413 million in the corresponding figures of the consolidated financial statements.

Property, aircraft and equipment

13. I was unable to obtain sufficient appropriate audit evidence for property, aircraft, and equipment, as the financial statements did not agree with the underlying accounting records due to a lack of adequate internal control systems and processes to reconcile the underlying accounting records with the carrying amounts as reflected in the consolidated and separate financial statements. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to:
- Property, aircraft and equipment stated as R9 301 million (2024: R7 118 million) and R6 830 million (2024: R4 630 million) as disclosed in note 11 to the consolidated and separate financial statements, respectively.
 - Depreciation stated as -R596 million (2024: -R383 million) and -R529 million (2024: -R314 million) as disclosed in note 8 to the consolidated and separate financial statements, respectively.
 - Impairments stated as R85 million (2024: -R11 million) and R85 million (2024: R30 million) as disclosed in note 10 to the consolidated and separate financial statements, respectively.
14. The financial statements are materially misstated due to the incorrect correction of a prior period error relating to provisions. As at the financial year ending 31 March 2024, the public entity had several aircraft lease agreements that included maintenance conditions requiring the public entity to maintain the leased aircraft. The public entity incorrectly capitalised the related maintenance provisions as part of property, aircraft and equipment, instead of recognising them as maintenance costs and accumulated loss. Property, aircraft and equipment was overstated and accumulated losses were understated. I was unable to determine the value of the misstatement on property, aircraft and equipment as stated at R9 301 million (2024: R7 118 million) and R6 830 million (2024: R4 630 million) in note 11 to the consolidated and separate financial statements, respectively, as it was impracticable to do so.

Intangible assets

15. I was unable to obtain sufficient appropriate audit evidence for intangible assets due to the status of record keeping. I was unable to confirm intangible assets by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to:
- Intangible assets stated as R159 million (2024: R157 million) and R80 million (2024: R74 million) as disclosed in note 33 to the consolidated and separate financial statements, respectively.
 - Amortisation stated as -R5 million (2024: -R5 million) and -R1 million (2024: -R0 million) as disclosed in note 8 to the consolidated and separate financial statements, respectively.
 - Impairments stated as R85 million (2024: -R11 million) and R85 million (2024: R30 million) as disclosed in note 10 to the consolidated and separate financial statements, respectively.

Investment in subsidiaries

16. I was unable to obtain sufficient appropriate audit evidence for impairment of investment in subsidiaries, as the figures and key assumptions used in the cash flow projections were not based on reasonable and supportable assumptions. I was unable to confirm this impairment of investments in subsidiaries by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the investment in subsidiaries stated as R1 719 million (2024: R1 719 million) in note 39 of the separate financial statements.

Taxation and deferred tax asset

17. I was unable to obtain sufficient appropriate audit evidence that taxation and deferred tax asset had been properly accounted for, as the financial statements did not agree with the underlying accounting records due to a lack of adequate internal control systems. I was unable to confirm the taxation and deferred tax balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the taxation and deferred tax asset in notes 30 and 31 to the consolidated and separate financial statements, respectively.

Inventories

18. At SAAT, I was unable to obtain sufficient appropriate audit evidence for inventories due to the status of accounting records and inadequate inventory management procedures. I was unable to confirm the inventories by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the inventories stated at R759 million (2024: R750 million) in note 34 to the consolidated financial statements.

Report of the auditor-general to Parliament on South African Airways SOC Ltd (continued)

Trade and other receivables

19. I was unable to obtain sufficient appropriate audit evidence for trade and other receivables due to the status of record keeping. I was unable to confirm the trade and other receivables balance by alternative means. In addition, the group did not adequately assess the allowance for impairment in accordance with IFRS 9, *Financial instruments*, due to inadequate control systems to monitor trade and other receivables. I was not able to quantify the impact of the misstatement, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the trade and other receivables stated at R2 257 million (2024: R2 307 million) and R2 169 million (2024: R2 171 million) in note 18 to the consolidated and separate financial statements, respectively.

Cash and cash equivalents

20. I was unable to obtain sufficient appropriate audit evidence that cash and cash equivalents had been properly accounted for due to the status of record keeping. I was unable to confirm the cash and cash equivalents by alternative means.

21. In addition, I was unable to confirm whether bank accounts are completely recorded due to an inadequate internal control system and processes to reconcile the underlying accounting records. I was unable to confirm the completeness of the bank accounts by alternative means.

22. Furthermore, I was unable to confirm the disclosure relating to the blocked cash balances as disclosed in note 19 of the consolidated and separate financial statements. The public entity did not provide an adequate supporting schedule to support the amount disclosed. I was unable to confirm the blocked cash balances by alternative means.

23. Consequently, I was unable to determine whether any further adjustments were necessary to the cash and cash equivalents stated at R1 967 million (2024: R972 million) and R1 526 million (2024: R721 million) in note 19 to the consolidated and separate financial statements, respectively.

Investments

24. I was unable to obtain sufficient appropriate audit evidence for investments, as the underlying accounting records relating to investment in share trust were not presented for auditing. I was unable to confirm these investments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the gross investment in share trust and impairment stated as R157 million (2024: R157 million) in note 41 of the separate financial statements.

Retirement benefits asset

25. The public entity did not perform a valuation of its defined benefit obligations and plan assets with sufficient regularity at the reporting date, for the transport fund in accordance with IAS 19, *Employee benefits*. As a result, I was unable to determine the correct carrying amount of retirement benefits asset stated at R30 million in note 25 and note 28 to the consolidated and separate financial statements, as it was impractical to do so. Consequently, I am unable to determine whether any adjustments might be necessary to the carrying amount of the defined benefit obligations, plan assets, and related disclosures in the consolidated and separate financial statements.

Provisions

26. The public entity did not recognise provisions for lease liabilities relating to sundry return cost of aircraft under leases in accordance with IAS 37, *Provisions, contingent liabilities, and contingent assets*. At financial year-end, the public entity had several aircraft lease agreements, which had maintenance and sundry return conditions. The provision for sundry return costs was not based on the present value of the expected future costs of meeting the maintenance return conditions, leading to incorrect recognition of provisions and capitalisation of the right-of-use assets. I was unable to determine the value of the misstatements on provisions as stated at R933 million (2024: R813 million) in note 13 to the consolidated and separate financial statements, as it was impracticable to do so. There was a consequential impact on property, aircraft, and equipment, finance cost and accumulated loss.

Trade and other payables

27. I was unable to obtain sufficient appropriate audit evidence that trade and other payables had been properly accounted for due to the status of record keeping and poor creditor reconciliation processes. I was unable to confirm the trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables stated at R3 671 million (2024: R3 325 million) and R2 038 million (2024: R1 522 million) in note 20 to the consolidated and separate financial statements, respectively.

Irregular expenditure

28. The public entity did not fully and accurately record irregular expenditure in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate systems and processes to detect, record and disclose such expenditure. Payments made in contravention of supply chain management prescripts resulted in irregular expenditure that was not always identified and reported. In addition, the irregular expenditure disclosed could not be supported by appropriate records. I was unable to determine the full extent of the misstatement of irregular expenditure stated at R504.4 million (2024: R473.9 million) and R163.1 million (2024: R225.9 million) in note 38 to the consolidated and separate financial statements, respectively, as it was impracticable to do so.

Material losses due to criminal conduct

29. The public entity did not fully record losses due to criminal conduct in note 38 to the financial statements, as required by section 55(2)(b)(i) of the PFMA. This was due to inadequate internal control systems to detect and record such losses in a timely manner. Investigations and cases relating to financial misconduct were not reported, and there were significant deficiencies in asset and inventory management that could potentially result in financial losses. I was unable to determine the full extent of the understatement of losses due to criminal conduct disclosed in note 38 to the financial statements, as it was impracticable to do so.

Related parties

30. I was unable to obtain sufficient appropriate audit evidence to determine whether the group fully disclosed related-party transactions and balances with these parties due to inadequate internal controls for the identification and accurate recording of all related-party transactions. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary for related-party disclosure in both current and corresponding figures as disclosed in note 44 of the consolidated and separate financial statements.

Restatements

31. I was unable to obtain sufficient appropriate audit evidence for restatements due to the lack of supporting documentation. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade and other payables stated at R3 325 million and R1 522 million, and accumulated loss stated at R59 345 million and R57 841 million to the corresponding figures of the consolidated and separate financial statements, respectively.
32. In addition, IAS 1, *Presentation of financial statements*, requires the presentation of a third statement of financial position as at the beginning of the earliest comparative period when an entity restates information retrospectively. The public entity made material prior period errors and restated balances relating to property, aircraft and equipment, aircraft and other deposits, trade and other receivables, cash and cash equivalents, provisions, maintenance costs, depreciation and amortisation, accumulated loss and profit or loss for the year. However, the public entity did not present the required third statement of financial position as at 1 April 2023. As a result, I was unable to determine the full extent of the misstatements on the opening balances of assets, liabilities, and equity, as it was impracticable to do so.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the PFMA and the companies Act 71 of 2008 ("Companies Act") and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
34. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

35. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because 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.
36. I am independent of the group 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 AUDIT OF THE ANNUAL PERFORMANCE REPORT

37. 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 against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
38. I selected the following objectives presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers
Financial sustainability	78
Operational stability	78

39. I evaluated the reported performance information for the selected objectives 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 public entity's planning and delivery on its mandate and objectives.
40. 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 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;
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable; and
 - there is adequate supporting evidence for the achievements reported.
41. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

Report of the auditor-general to Parliament on South African Airways SOC Ltd (continued)

42. The material findings on the reported performance information for the selected objectives are as follows:

Financial sustainability

Airline EBITDA

43. An achievement of -R443 million was reported against a target of R241 million. However, the audit evidence did not support this achievement. Due to material misstatements and limitations as disclosed under the basis for disclaimer of opinion above, I could not determine the actual achievement, but I estimated it to be materially less than reported.

Current ratio (excl. deferred revenue from current liabilities)

44. An achievement of 1.59 was reported against a target of <1. However, the audit evidence did not support this achievement. Due to material misstatements and/or limitation as disclosed under the basis for disclaimer of opinion above, I could not determine the actual achievement, but I estimated it to be materially less than reported.

45. The target of <1 does not relate directly to the indicator, which measures a company's ability to meet short-term obligations using available assets. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.

Operational stability

Lost and mishandled baggage per 1 000 passengers flown

46. An achievement of 2,65 was reported against a target of 3,79. I could not determine whether the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining whether the target had been achieved.

Other matters

47. I draw attention to the matters below.

Achievement of planned targets

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

49. The tables that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report.

Financial sustainability

Targets achieved: 50%

Key indicator not achieved	Planned target	Reported achievement
Airline EBITDA (excl. FX translation)	R241m	(R443m)

Operational stability

Targets achieved: 75%

Key indicator not achieved	Planned target	Reported achievement
On-time performance (on 15 minutes)	87%	84,66%

Material misstatements

50. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for financial sustainability and operational stability. Management did not correct all of the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

51. 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 is responsible for the public entity's compliance with legislation.

52. 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.

53. 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 public entity, 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.

54. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

55. Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA.
56. 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. Some material misstatements identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

Procurement and contract management

57. I was unable to obtain sufficient appropriate audit evidence that all contracts and quotations were awarded in accordance with the legislative requirements due to poor record keeping and inadequate procedures for maintaining comprehensive procurement and contract registers.

Consequence management

58. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
59. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Asset management

60. A significant asset was disposed of without the necessary approval as required by section 54(2)(d) of the PFMA.

Expenditure management

61. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the disclaimer of opinion, the value disclosed in note 38 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by expired contracts.
62. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 38 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by fines and penalties.

Revenue management

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

Strategic planning and performance management

64. The corporate plan did not include key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives, as required by treasury regulation 29.1.1 (c).

Governance and oversight

65. Approved audited financial statements were not filed with the annual return within the prescribed period, as required by section 33(1)(a) of the Co Act and 30(2) of the Companies Regulation.

OTHER INFORMATION

66. 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 of South Africa. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
67. My opinion on the consolidated and separate 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.
68. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
69. As a result of the disclaimer of opinion expressed on the consolidated and separate 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 misstatement of this other information, I am required to report that fact.
70. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

71. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
72. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

Report of the auditor-general to Parliament on South African Airways SOC Ltd (continued)

73. I have identified significant internal control deficiencies concerning the oversight and control environment of subsidiary financial reporting processes by management and accounting authority. Specifically, inadequate controls were noted in the preparation and review of financial information within subsidiaries. Consequently, two subsidiaries received disclaimed audit outcomes, while three subsidiaries failed to submit financial statements. These deficiencies have introduced uncertainties regarding the accuracy and reliability of consolidated financial figures. Additionally, it was observed that the roles of group executive management do not encompass the necessary oversight of subsidiaries.
74. Management did not implement effective action plans timeously to ensure that all material prior-year audit misstatements and compliance findings are remediated appropriately. The accounting authority did not exercise adequate oversight over those responsible for the design and implementation of effective action plans. We identified material misstatements in the financial statements submitted for auditing. The financial reporting controls were not adhered to, to ensure the reporting of IFRS-compliant financial information that is based on accurate and complete financial records.
75. The accounting authority and management did not establish or communicate up-to-date policies and procedures to support the effective understanding and implementation of internal control objectives, processes, and responsibilities. The existing policies are outdated and not subject to regular review and approval. Furthermore, the absence of documented standard operating procedures resulted in weak control practices and poor financial reporting.
76. 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, and in most cases, information was submitted to auditors after agreed-upon timeliness.
77. Regular reconciliations were not always adequately prepared for financial items during the year. This resulted in the entity being required to rely on manual reconciliations at year-end. Due to the volume of manual reconciliations required, assurance processes were not implemented in time to ensure that information was accurate and complete.
78. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements, as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.
79. The internal audit unit was not adequately capacitated, as the chief audit executive ("CAE") was not appointed. No internal audit work was done for the year under review. Hence, the internal audit was not effective as an assurance provider.
80. The accounting authority and management did not ensure that adequate processes and procedures to effectively identify, investigate and monitor irregular, fruitless and wasteful expenditure, leading to uncertainties regarding how to address the non-compliance exhibited by the different operational divisions within the organisation.
81. The accounting authority did not implement effective human resource management to ensure that sufficiently skilled resources were in place and that roles and responsibilities were defined and allocated accordingly.

OTHER REPORTS

82. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
83. Ongoing investigations were conducted by the Special Investigating Unit ("SIU") in terms of presidential proclamation R.2 of 2020. In terms of the proclamation, the SIU was directed to investigate:
- The procurement of or contracting for the Airbus aircraft; maintenance, repair, and operations services from SAAT; legal services in terms of RFQ-GSM073/19 and RFQ-GSM117/14 (Panel); and service providers to support and expedite the implementation of SAA's turnaround plan in terms of RFQ-GSM015/18 and RFQ – GSM094/18.
 - Maladministration in the affairs of SAA relating to travel rebate benefits, payments made to SAA vendors and the implementation of a 30% broad-based black economic empowerment ("B-BBEE") supplier set-aside initiative in respect of the supply and delivery of jet fuel.
 - Any irregular, improper or unlawful conduct by officials or employees of the SAA or any other person or entity.
84. These investigations are still ongoing, while some identified possible criminal activities have already been referred to the Hawks for criminal investigations.

Auditor General

Pretoria

21 November 2025



Annexure to the Auditor's Report

The annexure includes the following:

- The selected legislative requirements for compliance testing.

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 ("PFMA")	PFMA sec 50(3)(b) PFMA sec 50(3)(a) PFMA 51(1)(a)(ii) PFMA 55(1)(c)(i) PFMA 55(1)(b) PFMA 55(1)(a) PFMA 51(1)(b)(i) PFMA 51(1)(a)(iii) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 54(2)(c) PFMA 54(2)(d) PFMA 57(b) PFMA 66(3)(a) PFMA 52(b) PFMA 51(1)(e)(iii) PFMA 56(1) PFMA 56(2)
Treasury regulations issued in terms of section 76 of PFMA	TR 16A9.1(b)(ii) TR 16A9.1(e) TR 16A9.1(f) TR 29.1.1 TR 29.1.1(a) TR 29.1.1(c) TR 29.2.1 TR 29.2.2 TR 31.1.2(c) TR 31.2.5 TR 31.2.7(a) TR 29.3.1 – Applicable to Schedule 2, 3B and 3D public entities TR 33.1.1 TR 33.1.3

Annexure to the auditor's report (continued)

Legislation	Sections or regulations
National Treasury Instruction Notes	<p>National Treasury Instruction Note 3 of 2021/22 par 4.1 and 4.2 National Treasury Instruction Note 3 of 2021/22 par. 4.3 and 4.4. National Treasury Instruction Note 3 of 2021/22 par. 4.3 and 4.4 (d) National Treasury Instruction Note 4 of 2015/16 par. 3.4 Treasury Instruction Note 11 of 2020/21 par. 3.1 /Treasury Instruction Note 11 of 2020/21 par. 3.4 (b) and 3.9 NT Instruction No 5 of 2020/21 par 5.3 Second amendment NT Instruction No 5 of 2020/21 par 1 and Erratum NT Instruction note No 5 of 2020/21 par 2 NT Instruction No 5 of 2020/21 par 4.8 NT Instruction No 5 of 2020/21 par 4.8 NT Instruction No 5 of 2020/21 par 4.9</p>
Prevention and combating of corrupt activities Act 12 of 2004	PRECCA 34(1)
Companies Act 71 of 2008	<p>Companies Act 30(3)(b)(i) Companies Act 33(1)(a) Companies Regulation 30(2) Companies Act 46(1)(a) Companies Act 46(1)(b) Companies Act 46(1)(c) Companies Act 112(2)(a) Companies Act 45(2) Companies Act 45(3)(a)(ii) Companies Act 45(3)(b)(i) Companies Act 45(3)(b)(ii) Companies Act 45(4) Companies Act 45(2) Companies Act 45(3)(a)(ii) Companies Act 45(3)(b)(i) Companies Act 45(3)(b)(ii) Companies Act 45(4) Companies Act 45(2) Companies Act 45(3)(a)(ii) Companies Act 45(3)(b)(i) Companies Act 45(3)(b)(ii) Companies Act 45(4) Companies Act 45(2) Companies Act 45(3)(a)(ii) Companies Act 45(3)(b)(i) Companies Act 45(3)(b)(ii) Companies Act 45(4) Companies Act 129(7) Companies Act Regulation 43(2)(a) Companies Act 72(4)(a) Companies Act 75(6) Companies Act 86(1) Companies Act 86(4) Companies Act 88(2)(d)</p>

Preferential Procurement Policy Framework Act No5 of 2000 and regulations and instructions issued in terms of the Act	PPPFA 2(1)(a): 1) PPPFA (1) 2) PPPFA 2(1) (a) 1). PPPFA 2(1)(f) 2). 2017 Preferential Procurement reg. 6(8), 7(8), 10(1) & (2) & 11(1) 3). 2022 Preferential Procurement regulation 3.1, 4.1, 4.2, 4.3, 4.4, 5.1, 5.2, 5.3 2017 Preferential Procurement reg 5(1) & 5(3) 2017 Preferential Procurement reg. 2017 5(6) 2017 Preferential Procurement reg. 5(7) 2017 Preferential Procurement reg. 4(1) & 4(2) 2017 Preferential Procurement reg. 9(1) 1). 2011 Preferential Procurement reg. 9(1) 2). 2017 Preferential Procurement reg. 8(2) 2017 Preferential Procurement reg 8(5) CIDB 18(1) & 22(3)
Income Tax Act 58 of 1962	Section 23 Section 11
Value-Added Tax Act 89 of 1991	Section 7 of the VAT Act Section 10 13 of the VAT Act Section 43 of the VAT Act
Tax Administration Act 28 of 2011	Section 29 (1) (a)

Group and Company statement of profit or loss and other comprehensive income

for the year ended 31 March 2025

R MILLION	Notes	GROUP		COMPANY	
		2025	2024	2025	2024
Total income					
Airline revenue	5	8 723	6 349	8 390	5 921
Other income	6	543	680	448	583
		9 266	7 029	8 838	6 504
Operating costs					
Aircraft lease costs	7	509	435	509	435
Catering, accommodation and refreshments		321	164	624	385
Commissions and network charges		691	451	691	451
Electronic data costs		421	289	410	280
Fuel and other energy costs		2 613	1 933	2 543	1 870
Employee benefit expenses	24	1 704	1 301	1 016	749
Maintenance costs	45	896	401	1 485	766
Navigation, landing and parking fees		489	362	489	362
Fair value and translation movements	36	25	415	29	400
Other operating costs	45	1 914	1 413	1 514	1 056
		9 583	7 164	9 310	6 754
Operating loss before interest, tax, depreciation and amortisation	7	(317)	(135)	(472)	(250)
Depreciation and amortisation	8, 45	(601)	(388)	(530)	(314)
Impairments	10, 45	85	(11)	85	30
Net gain on disposal of property, aircraft, equipment and intangible assets	9	1 169	21	1 149	21
Operating profit/(loss)		336	(513)	232	(513)
Finance costs	16	(219)	(34)	(217)	(34)
Interest and dividend income	17	56	105	30	88
(Loss)/profit before taxation		173	(442)	45	(459)
Taxation	30	(18)	–	(15)	–
Profit/(loss) for the year	45	155	(442)	30	(459)
Other comprehensive income:					
Remeasurements of defined benefit plans*		7	12	7	12
Other comprehensive income for the year net of taxation	37	7	12	7	12
Total comprehensive profit/(loss)		162	(430)	37	(447)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		162	(430)	37	(447)
		162	(430)	37	(447)

* This item may not subsequently be reclassified to profit or loss.

Group and Company statement of financial position

as at 31 March 2025

R MILLION	Notes	GROUP		COMPANY	
		2025	2024	2025	2024
Assets					
Non-current assets					
Property, aircraft and equipment	11, 45	9 301	7 118	6 830	4 630
Intangible assets	33	159	157	80	74
Investments in subsidiaries	39	–	–	1 719	1 719
Deferred tax asset	31	43	43	–	–
Aircraft and other deposits	12, 45	1 334	1 351	1 107	1 125
Retirement benefit asset	25	30	30	30	30
		10 867	8 699	9 766	7 578
Current assets					
Inventories	34	759	750	45	52
Amounts receivable from subsidiaries	40	–	–	195	29
Trade and other receivables	18, 45	2 257	2 307	2 169	2 171
Aircraft and other deposits	12	215	8	215	–
Cash and cash equivalents	19, 45	1 967	972	1 526	721
Investments	41	–	–	–	–
		5 198	4 037	4 150	2 973
Non-current assets classified as held-for-sale and assets of disposal groups	11	–	71	–	–
Total assets		16 065	12 807	13 916	10 551
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	42	61 028	61 028	61 262	61 262
Shareholder contribution	43	–	–	–	–
Reserves		4 836	4 829	2 927	2 920
Accumulated loss	45	(59 215)	(59 345)	(57 811)	(57 841)
		6 649	6 512	6 378	6 341
Non-current liabilities					
Long-term loans		–	1	–	–
Retirement benefit obligation	25	68	74	68	74
Provisions	13, 45	363	560	363	560
Deferred revenue on ticket sales	14	65	110	65	110
Lease liabilities	26	2 357	167	2 357	167
		2 853	912	2 853	911
Current liabilities					
Current tax payable	32	4	4	–	–
Trade and other payables	20, 45	3 671	3 325	2 038	1 522
Provisions	13, 45	570	253	570	253
Deferred revenue on ticket sales	14, 45	1 929	1 462	1 751	1 248
Lease liabilities	26	326	276	326	276
Other liabilities	27	63	63	–	–
		6 563	5 383	4 685	3 299
Total liabilities		9 416	6 295	7 538	4 210
Total equity and liabilities		16 065	12 807	13 916	10 551

Group and Company statement of changes in equity

for the year ended 31 March 2025

R MILLION	Share capital	Shareholder contribution	Other reserves*	Revaluation reserve	Total share capital and reserves	Accumulated loss	Total equity
GROUP							
Balance at 1 April 2023 – Restated**	60 028	–	2	4 815	64 845	(58 912)	5 933
Total comprehensive income for the year	–	–	12	–	12	(442)	(430)
Prior year adjustments	–	–	–	–	–	9	9
Contribution made by shareholder during the year	–	1 000	–	–	1 000	–	1 000
Shares issued during the year in respect of contributed capital	1 000	(1 000)	–	–	–	–	–
Balance at 1 April 2024 – Restated**	61 028	–	14	4 815	65 857	(59 345)	6 512
Total comprehensive income for the year	–	–	7	–	7	155	162
Prior year adjustments	–	–	–	–	–	(25)	(25)
Balance at 31 March 2025	61 028	–	21	4 815	65 864	(59 215)	6 649

* Other reserves relate to amounts recognised in other comprehensive income, except for any changes in the revaluation surplus/deficit, which is recognised in the revaluation reserve.

** The opening accumulated loss balance at 1 April 2023 of R59 104 million was restated to R58 912 million. Similarly, the opening accumulated loss balance at 1 April 2024 of R59 449 million was restated to R59 345 million. This was due to the retrospective prior period recognition of the provision for lease liabilities and restoration asset, as well as other prior year adjustments. Please to Note 45 for more details.

R MILLION	Share capital	Shareholder contribution	Other reserves*	Revaluation reserve	Total share capital and reserves	Accumulated loss	Total equity
COMPANY							
Balance at 1 April 2023 - Restated**	60 262	–	2	2 906	63 170	(57 391)	5 779
Total comprehensive income for the year	–	–	12	–	12	(459)	(447)
Prior year adjustments	–	–	–	–	–	9	9
Contribution made by shareholder during the year	–	1 000	–	–	1 000	–	1 000
Shares issued during the year in respect of contributed capital	1 000	(1 000)	–	–	–	–	–
Balance at 1 April 2024 – Restated**	61 262	–	14	2 906	64 182	(57 841)	6 341
Total comprehensive income for the year	–	–	7	–	7	30	37
Balance at 31 March 2025	61 262	–	21	2 906	64 189	(57 811)	6 378

* Other reserves relate to amounts recognised in other comprehensive income, except for any changes in the revaluation surplus/deficit, which is recognised in the revaluation reserve.

** The opening accumulated loss balance at 1 April 2023 of R57 583 million was restated to R57 391 million. Similarly, the opening accumulated loss balance at 1 April 2024 of R57 945 million was restated to R57 841 million. This was due to the retrospective prior period recognition of the provision for lease liabilities and restoration asset, as well as other prior year adjustments. Please to Note 45 for more details.

Group and Company statement of cash flows

for the year ended 31 March 2025

		GROUP		COMPANY	
R MILLION	Notes	2025	2024	2025	2024
Cash flows from operating activities					
Cash generated from/(used) in operations	15	138	(576)	7	(532)
Interest and dividend income		56	105	30	88
Finance costs		(219)	(34)	(217)	(34)
Tax paid	32	(19)	–	(16)	–
Net cash outflow from operating activities		(44)	(505)	(196)	(478)
Cash flows from investing activities					
Additions to property, aircraft and equipment – owned assets	11	(87)	(179)	(61)	(158)
Proceeds on disposal of property, aircraft, equipment and intangible assets	11, 33	1 200	21	1 133	21
Additions to intangible assets	33	(7)	(41)	(7)	(41)
Net cash inflow/(outflow) from investing activities		1 106	(199)	1 065	(178)
Cash flows from financing activities					
Proceeds from contribution made by shareholder during the year		–	1 000	–	1 000
External borrowings raised		–	1	–	–
External borrowings repaid		(1)	–	–	–
Repayment of lease liabilities	26	(332)	(140)	(332)	(140)
Net cash (outflow)/inflow from financing activities		(333)	861	(332)	860
Net increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		972	1 298	721	1 000
Foreign exchange effect on cash and cash equivalents		266	(483)	268	(483)
Cash and cash equivalents at the end of the year	19	1 967	972	1 526	721

Notes to the Group and Company Annual Financial Statements

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The group and company annual financial statements of South African Airways SOC Limited (the group and the company), have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act No 71 of 2008 and the Public Finance Management Act No 1 of 1999 (as amended) (PFMA). National Treasury has exempted major public entities under Schedule 2 of the PFMA from preparing financial statements according to SA GAAP (Generally Accepted Accounting Practice) in terms of Treasury Regulation 28.1.6 and section 79 of the PFMA until further notice. The group and company annual financial statements are presented in South African rand, which is the group's reporting currency, rounded to the nearest million. The group and company annual financial statements have been prepared on an historical cost basis, except for measurement at fair value of certain financial instruments and the revaluation of land and buildings as described further in the accounting policy notes below.

The financial statements are prepared on the basis of the accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of its Shareholder and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. Full disclosure relating to the directors' going concern assessment can be found in Note 47.

These accounting policies are consistent with the previous period.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Goodwill

Goodwill represents the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the acquisition date. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit or loss on disposal.

Foreign currency transactions

For the purpose of the group and company annual financial statements, the results and financial position of each entity are expressed in South African rand, which is the presentation currency for the group and company annual financial statements.

In preparing the annual financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the ruling rates of exchange, which are taken as being the International Air Transport Association (IATA) five day average rate applicable to the transaction month. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

Revenue

Airline revenue consists of passenger revenue, freight and mail revenue, revenue from technical services, Voyager income, commission received on interline and code-share transactions, the release of prescribed tickets, fuel levies and taxes relating to expired unutilised air tickets and the release of unredeemed expired Voyager miles.

Revenue is recognised to depict the transfer of promised services to customers, in an amount that reflects the consideration to which the group expects to be entitled in exchange for those services.

Recognition of revenue

The group recognises revenue when (or as) the group satisfies a performance obligation by transferring a promised service to a customer.

Passenger air ticket and cargo air waybill sales, net of discounts, are initially recognised as current liabilities in the Air Traffic Liability account and only recognised as revenue when (or as) the performance obligation to transfer promised services to the customer in the form of air transportation services has been satisfied.

The transportation of airline passengers is a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs. Accordingly, revenue from the transportation of airline passengers is recognised over time.

The transportation of freight and mail is a performance obligation that is satisfied at a point in time as it does not meet the criteria for a performance obligation satisfied over time. Accordingly, revenue from the transportation of freight and mail is recognised at the point in time when the performance obligation is satisfied. The performance obligation is satisfied when the customer has accepted the freight or mail and the group has a present right to payment for the service provided.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION (CONTINUED)

Revenue from the release of fares, levies and taxes relating to unutilised tickets

Air tickets not utilised on flight date represent breakage. The expected breakage revenue is recognised at the same time as the revenue from the particular flight is recognised. The estimate is based on historical statistics and data that takes into account the terms and conditions for various ticket types.

Revenue from commission received

SAA provides a ticketing service to other airlines. Commission is earned on interline transactions but is only recognised as revenue when the passenger utilises the ticket.

Measurement of revenue

When (or as) a performance obligation is satisfied, the group recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with IFRS 15 paragraphs 56 to 58) that is allocated to that performance obligation.

The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

The group allocates a discount proportionately to all performance obligations in the contract except when there is observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Principal versus agent considerations

The group has identified the specified goods or services to be provided to the customer as air transportation services.

The group has assessed that it controls the air transportation service, and is therefore the principal, in all instances where it is the operating carrier for the flight. The group is an agent in instances where it is the issuer of the ticket and the customer is made aware of the other party that will be operating the particular flight. The only exception where the group is the principal even though it is not the operating carrier for the flight is when the group is the issuer of the ticket and the customer is not made aware of the other party that will be operating the flight.

Incremental costs of obtaining a contract

At the time when a ticket is sold the group incurs costs in relation to sales agent commissions. IFRS 15 paragraph 91 requires an entity to recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Sales agent commissions are recoverable when a ticket is refunded. As such, past history of tickets refunded after the end of the financial year could be used to estimate the amount of commission costs that can be recognised as an asset.

IFRS 15 paragraph 94 provides a practical expedient that allows an entity to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Tickets issued by the group have a validity period of one year from the date of issue, subject to the first travel occurring within the said period. The group has elected to use this practical expedient. Accordingly, sales agent commissions are expensed when incurred.

Frequent flyer programme

SAA operates a frequent flyer programme, SAA Voyager, which provides awards to programme members based on a mileage credit for flights on SAA and other airlines that participate in the programme. Members can also accrue and redeem miles with non-airline programme partners. Cargo users accumulate equivalent awards based on freight transported.

Consideration for the provision of Voyager awards consists of annual participation fees, service fees, the sale of miles to Voyager airline and non-airline partners, as well as a portion of the ticket price of SAA flights sold to Voyager members. The participation fees and service fees are recognised as revenue immediately when they become due and payable. The deferred revenue method has been adopted for revenue recognition relating to the sale of miles to airline and non-airline partners.

Income arising from the sale of miles to airline and non-airline partners is accounted for as deferred revenue in the statement of financial position and recognised as revenue when SAA fulfils its obligations on redemption of the accrued miles for free or discounted goods or services on airline and non-airline partners and on redemption and utilisation for free services on SAA.

SAA accounts for award credits issued on SAA flights as a separately identifiable component of the sales transaction in which they are earned. The consideration in respect of the initial sale is allocated to award credits based on their stand-alone selling price and is accounted for as a liability (deferred revenue) in the group and company statement of financial position. The stand-alone selling price is determined with reference to the value of the awards for which miles have been redeemed during the last 12 months. Revenue on estimated mileage expiry is recognised in proportion to the pattern of rights as exercised by programme members.

Technical maintenance

Revenue from maintenance services rendered external to the group on a power by the hour basis is recognised as revenue when services are rendered based on maintenance events. Revenue is deferred until the maintenance event takes place. Other maintenance services rendered on a time and material basis are recognised as revenue when services are rendered by reference to the stage of completion of the transaction.

Other income

Other income relates to income received from aircraft handling fees, income from leased assets, income from cancellation penalties and administration fees on refunded tickets, income from change service fees on exchanged tickets, and income from other recoveries. Income is recognised in profit or loss in the period in which the transaction to which it relates arises.

Interest income

Interest earned on arrear accounts and bank/other investment balances is accrued on a time proportionate basis.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

MAINTENANCE COSTS

Owned aircraft

Major airframe and engine overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the expected life between major overhauls. All other replacement spares and other expenditure relating to maintenance of owned fleet assets is charged to profit or loss on consumption or as incurred.

Major overhauls are considered to be those programmes that extend the useful life of the asset or increase its value. Major maintenance events typically consist of more complex inspections and servicing of the aircraft.

Leased aircraft

Provision is made for aircraft maintenance expenditure which the group incurs in connection with major airframe and engine overhauls on leased aircraft, where the terms of the lease imposes obligations on the lessee to have these overhauls carried out. Provision for expenditure to meet the contractual return conditions is also included. The actual expenditure on the overhauls is charged against the provision when incurred. Any residual balance is transferred to profit or loss. All other replacement spares and other expenditure relating to maintenance of leased fleet assets is charged to profit or loss on consumption or as incurred.

Power by the hour

Expenditure for engine overhaul costs covered by power by the hour (fixed rate charged per hour) maintenance agreements is charged to profit or loss over the life of the contract.

Sundry return costs

With regards to leased aircraft, where the group has an obligation to return the aircraft with adherence to certain maintenance conditions, provision is made during the lease term. The provision is based on the present value of the expected future costs of meeting the maintenance return conditions. The present value of non-maintenance return conditions is provided for at the inception of the lease and an equal asset is capitalised and depreciated over the lease term.

Maintenance reserve: group and Company as lessee

Maintenance reserves are payments made to lessors in terms of the aircraft lease contract. The lessors are contractually obligated to reimburse the group and company for the qualifying maintenance expenditure incurred on aircraft if the group and company has a maintenance reserves credit. Maintenance reserves are recognised as an asset. The recoverability of the asset is assessed annually against the entity's ability to claim against future maintenance events. Where it is deemed that the entity will be unable to claim for a future maintenance event, the maintenance reserve payments are expensed accordingly.

Reimbursement amounts are only recognised as assets in respect of maintenance costs to be reimbursed if the work has been performed and it is probable that the amounts claimed are recoverable in terms of the aircraft lease contract and based on the available balance in the maintenance reserve account.

The reimbursement amounts claimed from lessors in respect of qualifying maintenance are transferred to receivables until actually received.

Maintenance reserve: Company as lessor

Where the company leases aircraft to a subsidiary company, appropriate maintenance payments are included in the lease agreements. The maintenance amounts received by the company are recognised as revenue as and when they become due from the lessee.

The provision for maintenance claim liability, limited to the maintenance reserves credits, is raised by the company on receipt of a valid claim for reimbursement in respect of qualifying maintenance costs by the lessee.

TAXATION

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the group and company statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the group and company financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises on the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

TAXATION (CONTINUED)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax is also recognised in other comprehensive income. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PROPERTY, AIRCRAFT AND EQUIPMENT

Owned assets

Land and buildings

Land and buildings are shown at fair value based on valuations performed by external independent valuers, less subsequent accumulated depreciation and accumulated impairment losses for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation and accumulated impairment losses at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Aircraft

Aircraft are stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes buyer furnished equipment (BFE) costs and is net of manufacturer's discount/credits, with subsequent additions to or renewal of exchangeable units also stated at cost. Cost includes any fair value gains or losses resulting from hedging instruments used to hedge the acquisition of the underlying asset, which qualify for hedge accounting. Where there are deferred payment terms, the cost is the cash price equivalent.

Other property, machinery and equipment

All other property, machinery and equipment, including unit loading devices, are stated at cost less accumulated depreciation and any recognised impairment losses. Equipment includes major spare parts and standby equipment to the extent that SAA is expected to use them in more than one accounting period.

Depreciation

Depreciation is not provided on assets in the course of construction or on land. All other property and equipment are depreciated by recording a charge to profit or loss, computed on a straight-line basis so as to write off the cost of the assets less the anticipated residual value over their estimated useful lives.

When parts of an item of property, aircraft and equipment have different useful lives, those components are identified and the useful lives and residual values are estimated for each component. Where the useful lives for the identified components are similar, those are aggregated and depreciated as one component by applying the useful life relevant to that significant component.

The residual value, depreciation method and the useful life of each asset or component thereof is reviewed at least at each financial year end and any difference is treated as a change in accounting estimate in accordance with IAS 8.

The following annual rates are applicable:

Asset class	Useful lives
Aircraft and simulators	5 to 20 years
Buildings and structures	10 to 50 years
Furniture	10 years
Office equipment	5 to 10 years
Computer equipment	3 to 5 years
Light motor vehicles	5 years
General purpose vehicles	10 years
Containers	5 years
Machinery	15 to 20 years
Cabin loaders	10 to 20 years
Leased assets	Shorter period of lease or useful life.
Restoration assets	Shorter period of lease or useful life.

Residual values

Residual values of all asset classes represent the most reliable estimate of the amount that will be recovered when the asset is fully depreciated. Residual values are reviewed annually and any difference is treated as a change in accounting estimate in accordance with IAS 8.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, AIRCRAFT AND EQUIPMENT (CONTINUED)

Capital work in progress

Capital work in progress are assets (tangible and intangible) being constructed over periods of time in excess of the present reporting period. These assets often require extensive development, installation work or integration of various assets, in contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital work in progress is not depreciated as the airline is not currently deriving any economic benefits from these items.

Exchangeable units

Exchangeable units are high value components that are classified as equipment and are depreciated accordingly. The cost of repairing such units is charged to profit or loss as and when incurred.

Disposal of assets

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss when the risks and rewards related to the assets are transferred to the buyer.

LEASEHOLD IMPROVEMENTS

Land and buildings

Improvements to leased premises are recognised as an asset and depreciated over the period of the lease term, or the useful life of the improvements, whichever is shorter.

Aircraft

In cases where the aircraft held under lease are fitted with BFE at the cost of the company, the BFE acquired is recognised as an asset (leasehold improvements) and depreciated over its useful life or over the period of the lease term, whichever is shorter.

ACCOUNTING FOR LEASES

Group as lessee

Leases

The Group assesses at contract inception whether a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee accounting

The Group recognises right-of-use assets relating to the right to use the underlying assets and lease liabilities for the lease payments except for short-term leases and leases of low-value assets, where the recognition exemption is applied.

Right-of-use assets

The Group recognises a right-of-use asset at lease commencement (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date.

Lease liabilities

The Group recognises a lease liability at the commencement of a lease at the present value of the lease payments that have to be made over the lease term. The lease payments include fixed payments. There were no variable lease payments that impacted the determination of the lease payments. The Group uses the incremental borrowing rate at lease commencement to calculate the present value of lease payments if the interest rate implicit in the lease is not readily determinable.

The incremental borrowing rate requires a degree of judgement regarding the determination of an appropriate discount rate for the lease term and is based on borrowings of a similar term which takes into account current market conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change of the in-substance fixed lease payments.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases with a term of less than 12 months. The Group also applies the lease of low-value assets recognition exception to leases with a value of less than R75 000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

NON-CURRENT ASSETS HELD-FOR-SALE

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less cost of disposal.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Landing rights

Capitalised landing rights based within the EU are not amortised, as regulations within the EU consider them to have an indefinite economic life.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets assessed to have indefinite useful lives and goodwill are not amortised but are tested for impairment at each reporting period.

The intangible assets with finite useful lives are amortised from the date they are available for use applying the following rates:

Intangible asset class	Useful lives
Application software	3 to 5 years
Internet booking site	5 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Any subsequent expenditure on capitalised intangible assets is capitalised only when it meets the recognition criteria of an intangible asset. All other expenditure is expensed as incurred.

IMPAIRMENTS

Intangible assets

Intangible assets are tested for impairment whenever there are circumstances that indicate that the carrying value may not be recoverable. Intangible assets that have not yet been brought into use or have an indefinite useful life, including goodwill and landing rights, will be reviewed for impairment at least on an annual basis.

Tangible assets

The carrying amounts of the Group's tangible assets, which mainly consist of property, aircraft and equipment, are reviewed at each statement of financial position date to determine whether there is any indication that those assets have been impaired. If there is any indication that an asset may be impaired, its recoverable amount is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Calculation of recoverable amount

The recoverable amount is the higher of the asset's fair value less cost of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENTS (CONTINUED)

Reversal of impairments

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately. An impairment loss in respect of goodwill is not reversed in subsequent periods.

FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, such as trade receivables, loans originated by the Group, fixed deposits and defeasance deposits.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate method, except for trade and other receivables when the recognition of interest would be immaterial.

Amounts receivable from subsidiaries

The SAAT loan is initially recognised at fair value and transaction costs are recognised immediately in profit or loss. After initial recognition, the loan is remeasured at fair value through profit or loss at each reporting date. All gains or losses arising from changes in fair value are recognised in profit or loss in the period in which they arise. Interest income on this loan is recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as at fair value through profit or loss, loans and receivables or held-to-maturity investments.

This category includes listed and unlisted investments, except for investments in subsidiaries.

After initial recognition, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised directly in other comprehensive income.

With disposal of financial assets, the accumulated gains and losses recognised in other comprehensive income resulting from measurement at fair value are recognised in profit or loss. If a reliable estimate of the fair value of an unquoted equity instrument cannot be made, this instrument is measured at cost less any impairment losses.

Dividends received from these investments are recognised in profit or loss when the right of payment has been established. Fair value is determined as stated in Note 23.1.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading. These mainly include derivative financial assets and commodity derivatives. A financial asset is classified as held-for-trading if it has been acquired principally for the purposes of selling in the near future, is a derivative that is not designated and effective as a hedging instrument and it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.

After initial recognition, these financial assets are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest on the financial asset. Fair value is determined as stated in Note 23.1.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments

The Group uses derivative financial instruments, such as foreign currency contracts, currency options, commodity derivative swaps, options and collars, to manage its risks associated with foreign currency fluctuations and underlying commodity fluctuations. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are classified as held-for-trading financial assets or financial liabilities.

The Group's derivatives normally have a maturity period of 12 months or less and are therefore presented as current assets or current liabilities.

Derivative financial instruments (continued)

Embedded derivatives in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Investments

Investments in subsidiaries are recognised on a trade date basis and are initially recognised at cost. After initial recognition, the company's investments in subsidiaries will continue to be held at cost and are reviewed annually for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, short-term deposits, bank overdrafts and highly liquid investments and are initially measured at fair value and subsequently measured at amortised cost.

Hedge accounting

The Group does not hedge account as its hedging activities do not meet the criteria for hedge accounting as set out in IAS 39.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate method basis for debt instruments other than those financial assets classified as at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For categories of financial assets, such as trade receivables, impairment is assessed on an individual basis. Any assets that are assessed not to be impaired on an individual basis are subsequently assessed for impairment on a portfolio basis. The assets are grouped in a portfolio, taking into consideration similar credit risk characteristics. The objective evidence of impairment for a portfolio of receivables normally includes the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of between 60 to 90 days, depending on the defined credit risk assessment for each type of debtor. Any dispute of amount receivable from the debtor is also considered as part of impairment indicators. For more details refer to Note 18.

For loans and deposits carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced using an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights of the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished. When available-for-sale assets and assets held-for-trading are sold, they are derecognised and a corresponding receivable is recognised at the date the Group commits the assets. Loans and receivables are derecognised on the day the risks and rewards of ownership are transferred.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (CONTINUED)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The Group's equity instruments comprise company shares issued. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

If the entity reacquires its own equity instruments, these instruments are classified as treasury shares and any consideration paid is recognised as a direct reduction from equity. The gains or losses on purchase, sale, issue or cancellation of treasury shares are recognised directly in other comprehensive income.

Financial liabilities

Financial liabilities primarily include trade and other payables, bank overdrafts, interest bearing borrowings from financial institutions denominated in local currency and other liabilities such as lease obligations.

Other financial liabilities are subsequently measured at amortised cost.

Financial liabilities at fair value through profit or loss are classified as held-for-trading. A financial liability is classified as held-for-trading if it is a derivative not designated and effective as a hedging instrument. Financial liabilities held-for-trading are subsequently stated at fair value, with any gains and losses recognised in profit or loss. Fair value is determined in a manner described in Note 23.1.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The inventory held by the Group relates mainly to maintenance inventories, other consumables and work in progress.

Redundant and slow moving inventories are identified on a regular basis and written down to their realisable values. Consumables are written down with regard to their age, condition and utility.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision will be reassessed at each statement of financial position date taking into account the latest estimates of expenditure required and the probability of the outflows. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability except those that have been taken into account in the estimate of future cash flows. Where discounting is used, the increase in a provision due to the passage of time is recognised as an interest expense.

A provision is used only for the expenditures for which the provision was originally recognised.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Reimbursements

Where the Group expects a provision to be reimbursed by a third party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS (CONTINUED)

Restructuring provision

A restructuring provision is recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The obligation to restructure arises when management has made a decision to restructure and a detailed formal plan for restructuring is put in place, an announcement to stakeholders is made and valid expectation to those affected has been raised that it will be carried out or has started to be implemented before the statement of financial position date.

Provision for lease liabilities

For aircraft held under lease agreements, SAA is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfil such conditions of the lease, maintenance in the form of major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts are accrued and charged to profit or loss over the lease term for this contractual obligation.

Contingent liabilities

Contingent liabilities are disclosed in the notes to the annual financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of SAA or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

EMPLOYEE BENEFITS

Pension benefits

The Group operates two defined benefit funds as well as various defined contribution funds. The assets of each scheme are held separately from those of the Group and are administered by the schemes' trustees. The funds are actuarially valued by professional independent consulting actuaries.

The Group's contributions to the defined contribution fund are charged to profit or loss during the year in which they relate.

The benefit costs and obligations under the defined benefit fund are determined separately for each fund using the projected unit credit method. The benefit costs are recognised in profit or loss. Remeasurements of defined benefit plans are recognised in the period in which they occur outside of profit or loss in other comprehensive income.

Past service costs are recognised immediately in profit or loss.

When the benefits of a plan are improved, the portion of the increased benefit relating to past services by the employees is recognised as an expense immediately in profit or loss. The amount recognised in the statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of plan assets.

Post-retirement medical benefits

Post-retirement medical benefits are provided by the Group to qualifying employees and pensioners. The benefit medical costs are determined through annual actuarial valuations by independent consulting actuaries using the projected unit credit method.

Short and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions, is recognised during the period in which the employee renders the related service.

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. This obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrated its commitment either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits because of an offer made to encourage voluntary redundancy.

FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit or loss and other comprehensive income 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 profit or loss and other comprehensive income.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

FRUITLESS, WASTEFUL AND IRREGULAR EXPENDITURE (CONTINUED)

Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including the State Tender Board Act, 1968 (Act No.86 of 1968), or any regulations made in terms of the Act.

National Treasury Instruction no.4 of 2022/23, PFMA Compliance and Reporting Framework, requires the following:

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

RELATED PARTIES

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or jointly control the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

Related parties also include key management personnel who are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

COMPARATIVE FIGURES

Where necessary, comparative amounts have been adjusted in order to improve comparability. Financial statement line items that changed in the prior year are maintenance costs, other operating costs, depreciation and amortisation, impairments, property, aircraft and equipment, aircraft and other deposits, trade and other receivables, cash and cash equivalents, accumulated loss, provisions, deferred revenue on ticket sales and trade and other payables. Please refer to Note 45 for more information.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations which have been published and are only mandatory for the Group's accounting periods beginning on or after 1 April 2025. The standards and interpretations included below only include those that the directors believe may have an impact on the Group, the quantum of which cannot be reliably estimated.

Standard/interpretation	Impact	Effective date: years beginning on or after
IFRS 7 Financial Instruments: Disclosures.	Amendments to the classification and measurement of financial instruments. The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investments in equity instruments designated at Fair Value through other comprehensive income and financial instruments contingent features.	1 January 2026
IFRS 9 Financial Instruments.	Amendments to the classification and measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7: Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent by: Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, and clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.	1 January 2026

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

3. SIGNIFICANT JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

USEFUL LIVES, DEPRECIATION METHOD AND RESIDUAL VALUES OF PROPERTY, AIRCRAFT AND EQUIPMENT

The Group assesses the useful lives, depreciation method and residual values of property, aircraft and equipment at each reporting date. The useful lives of all assets, all residual values and the depreciation method remained unchanged as they were deemed to be appropriate.

MAINTENANCE RESERVES EXPENSED

Maintenance reserves prepayments unutilised at the expiry of the lease term are not refundable. The Group estimates the unutilised balance that is likely to remain at the end of the lease term based on planned events and assumed consumed life of leased aircraft and their components between year end and the lease expiry date and uses this estimate as the basis for expensing maintenance reserve payments. The recognition of the maintenance reserves assets and values thereof are subject to critical judgements followed by management. The difference between the net maintenance reserve and the claimable major maintenance is the consumed life. The critical judgements that management had to make are with regards to how much of the maintenance reserves outstanding will not be utilised by the end of the lease term and how much will be claimed from lessors. To do this Management needed to estimate when the next event will happen in order to determine if the next event is likely to happen after the end of the lease term. Management generally looks at the scheduled events and the time elapsed since the last event to estimate when the next event will happen.

PROVISION FOR LEASE LIABILITIES

For aircraft held under lease agreements, the Group is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfil such conditions of the lease, maintenance in the form of major airframe overhaul, engine maintenance checks and restitution of major life-limited parts is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation.

The contractual obligation to maintain and replenish aircraft held under lease exists independently of any future actions within the control of the Group. These elements of accounting policies involve the use of estimates in determining the quantum of both the initial maintenance asset and/or the amount of provisions to be recorded and the respective periods over which such amounts are charged to profit or loss. The major sources of estimation uncertainty, regarding the calculation of the provision include the price at which the life limited parts will be replaced based on current prices, the quantity of the limited life parts that will need to be replaced, the cost of the next event regarding the major maintenance and the expected timing of the next event. The occurrence of major events is either time or activity based, therefore the time that has passed or activity that has been consumed since the last event also required management's judgement. At the inception of the lease, management need to estimate the cost of returning the aircraft to the condition required by lessors including the costs of painting the aircraft and replacing certain components which affect both the restoration asset and the related provision. In making such estimates the Group has primarily relied on its own and industry experience, industry regulations and recommendations from manufacturers. However these estimates can be subject to revision depending on a number of factors such as the timing of the planned maintenance, the ultimate utilisation of the aircraft, changes to government and international regulations and increases or decreases in estimated costs. The Group evaluates its estimates and assumptions in each reporting period and when warranted adjusts its assumptions which generally impact maintenance and depreciation expense in the statement of profit or loss and other comprehensive income on a prospective basis.

ALLOWANCE FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

In 2017, Zimbabwe experienced a severe shortage of US Dollars, leading to a currency liquidity crisis where the country was unable to meet the demand of US dollars for settlement and cash repatriation by various international companies that provided services and goods across various industries i.e. health sector, energy sector, banking, aviation sector, etc. SAA was severely impacted, both the cash from direct sales and the cash settlements through IATA were trapped in Zimbabwe as the Government imposed harsh repatriation restrictions.

In 2020, the Reserve Bank of Zimbabwe issued an instruction to IATA for a transfer of legacy owed funds to Airlines to be registered under the Central Bank and further instructed Commercial Banks in Zimbabwe to deposit all funds denominated in foreign currency to the Central Bank, which included SAA's funds from the direct sales. By the end of December 2020 SAA was owed a significant amount (USD 74 million) via the IATA sales channels. Despite engagements between both SAA senior management and an IATA senior delegation with the Reserve Bank of Zimbabwe, repatriation of funds has been limited. For this reason, SAA took a decision to impair the full amount relating to IATA sales trapped in Zimbabwe. This resulted in an impairment of R1,1 billion in the 2019 financial year.

As and when any funds are repatriated the impairment is reversed.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

FREQUENT FLYER PROGRAMME

SAA accounts for award credits as a separately identifiable component of the sales transaction in which they are granted.

The consideration in respect of the initial sale is allocated to award credits based on their stand-alone selling price and is accounted for as a liability (deferred revenue) in the Group and company statement of financial position.

Estimation techniques are used to determine the stand-alone selling price of award credits. Since the redemption value is available the Redemption Value Approach is utilised in estimating the stand-alone selling price of award credits. A weighted average value per mile is derived based on past experience of the mix of rewards selected by Voyager members. A 12-month historical trend forms the basis of the calculations. The number of award credits not expected to be redeemed by members is also factored into the estimation of the stand-alone selling price.

Professional judgement is exercised by management due to the diversity of inputs that go into determining the stand-alone selling price of the award credits and due to the possibility that the trend may change over time. A one percent variance in the weighted average deferral value for all the buckets of outstanding miles equates to a movement of R4,3 million (2024: R4,4 million) in the outstanding mileage liability in the statement of financial position.

The carrying amount of long-term frequent flyer deferred revenue at year end was R65 million (2024: R110 million) and the carrying amount of short-term frequent flyer deferred revenue was R415 million (2024: R330 million). Please refer to Note 14 for more details regarding the frequent flyer deferred revenue.

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE INVENTORIES

An allowance to write-down inventories to the lower of cost or net realisable value. Management have made estimates of the selling price and direct costs to sell on certain inventory items. The write-down is included in Note 10 when applicable.

AIRPORT TAXES

Included in the cost of the airfare charged by SAA to a passenger, is a separate charge specified on the airline ticket as a Passenger Service Charge (PSC). The PSC included on the airline ticket is the amount as published in the Government Gazette from time to time, Publication of Airport Charges, in terms of the Airports Company Act, which is a VAT inclusive amount. The PSC is collected on behalf of and payable to the Airports Company South Africa SOC Limited (ACSA) in terms of the Airports Company Act. Industry-wide it is the practice and understanding that the airlines act in the capacity as agent for ACSA as ACSA has no means to collect the PSC directly from the passenger.

The PSC is reflected on the airline ticket under the tax code "ZA". When an airline ticket is sold by SAA, the PSC is reflected (in line with airline practice) as a creditor in the statement of financial position of SAA as an amount owing to ACSA. When ACSA invoices SAA in respect of the PSC for airline tickets flown and SAA pays the amount invoiced by ACSA, SAA reduces the amount owing to ACSA on its statement of financial position accordingly. The PSC's charged or received are accordingly not reflected as revenue by SAA in its statement of profit or loss and other comprehensive income. When SAA pays the PSC to ACSA in respect of airline tickets flown, SAA also does not reflect such amounts as expenses in its statement of profit or loss and other comprehensive income. SAA accordingly receives invoices from ACSA exclusive of VAT. SAA carries out a review of the PSC in respect of unflown tickets for periods older than 36 months. SAA then reduces the ACSA creditor account in its statement of financial position by the unflown PSC amounts older than 36 months and reflects the amount as income in its statement of profit or loss and other comprehensive income. The understanding within the industry is that as the airlines incur costs such as merchant's fees in the collection of the PSC on behalf of ACSA and do not on-charge these costs, the "breakage" in respect of the PSC remains with the airline.

In 2005 in the BA court case, the judgements handed down by the SCA supports a view that the PSC is charged by the airline to its passengers for its own benefit and account, i.e. as principal, and that it is then paid over by the airline to ACSA as the principal obligator. On 6 September 2005, subsequent to the SCA judgement in the BA case, SARS issued its draft Interpretation Note (IN) and briefing note that sets out its interpretation and application of the VAT legislation with regard to statutory charges levied on aircraft passengers. In the draft IN SARS expresses a view which differs from the conclusion reached by the SCA in the BA case and states that ACSA renders a service to the passengers in respect of which the PSC is charged and the airline simply collects the PSC from passengers on behalf of ACSA. The draft IN stated further that the airline carrier is accordingly not required to account for output tax on PSC collected from the passengers and is also not entitled to claim any input tax deductions in respect of the invoices received from ACSA. The VAT treatment as outlined by SARS in the draft IN is the position which has been adopted by ACSA, SAA and other airlines to date.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

		GROUP		COMPANY	
R MILLION	Notes	2025	2024	2025	2024
AIRLINE REVENUE					
The analysis of airline revenue for the year is as follows:					
Passenger revenue		5 279	3 035	5 279	3 035
Freight and mail		372	253	372	253
Technical services		333	428	–	–
Voyager income	14	100	84	100	84
Commission received		2	16	2	16
Release from prescribed tickets		161	761	161	761
Fuel levies		2 396	1 633	2 396	1 633
Other airline revenue adjustments*		80	139	80	139
		8 723	6 349	8 390	5 921

* Other airline revenue adjustments comprise inter-airline processing offsets and revenue accounting system adjustments.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
OTHER INCOME				
Other income is made up of the following items:				
Handling fees	58	62	(2)	1
Income from leased assets	277	232	240	204
Other recoveries*	208	386	210	378
	543	680	448	583

* Other recoveries comprise income associated with ticket cancellations and other miscellaneous income.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
OPERATING LOSS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION				
Operating loss before interest, tax, depreciation and amortisation is stated after taking into account among others, the following:				
OPERATING LEASE PAYMENTS*				
Aircraft	509	435	509	435
Buildings	68	81	61	73
Equipment and vehicles**	4	4	2	1
Total operating lease payments	581	520	572	509

* These leases do not qualify for lease accounting in terms of IFRS 16 – Leases.

** These leases are part of other operating costs on the face of the statement of profit or loss and other comprehensive income.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
AUDITORS' REMUNERATION				
Audit fees – current year	60	57	46	44
Total auditors' remuneration	60	57	46	44

Directors' emoluments and executive management emoluments are disclosed in Note 44.

		GROUP		COMPANY	
R MILLION	Notes	2025	2024	2025	2024
DEPRECIATION AND AMORTISATION					
Aircraft and simulators		(57)	(60)	(56)	(59)
Buildings and structures		(86)	(85)	(39)	(39)
Machinery, equipment and furniture		(24)	(27)	(7)	(9)
Vehicles and cabin loaders		(3)	(6)	(1)	(2)
Right of use assets – aircraft		(426)	(205)	(426)	(205)
Total depreciation	11	(596)	(383)	(529)	(314)
Amortisation of intangible assets	33	(5)	(5)	(1)	–
Total depreciation and amortisation		(601)	(388)	(530)	(314)

The prior year balances were restated, please refer to Note 45 for more details.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
NET GAIN ON DISPOSAL OF PROPERTY, AIRCRAFT, EQUIPMENT AND INTANGIBLE ASSETS				
Net gain on disposal of property, aircraft, equipment and intangible assets comprises the following:				
Profit on disposal of property, aircraft, equipment and intangible assets	1 153	21	1 133	21
Gain on modification of leases	16	–	16	–
	1 169	21	1 149	21

		GROUP		COMPANY	
R MILLION	Notes	2025	2024	2025	2024
IMPAIRMENTS					
Impairment of loans and receivables held at amortised cost					
Reversal of impairment/(impairment) of accounts receivable	18	85	(11)	85	30
		85	(11)	85	30

The prior year balances were restated, please refer to Note 45 for more details.

R MILLION	2025			2024		
	Cost/ valuation	Accumulated depreciation/ impairment	Carrying value	Cost/ valuation	Accumulated depreciation/ impairment	Carrying value
11. PROPERTY, AIRCRAFT AND EQUIPMENT						
GROUP						
Land	640	–	640	640	–	640
Buildings and structures	4 857	(119)	4 738	4 904	(85)	4 819
Machinery, equipment and furniture	969	(819)	150	950	(800)	150
Vehicles and cabin loaders	120	(103)	17	109	(101)	8
Aircraft and simulators	4 313	(3 950)	363	3 439	(3 076)	363
Containers	30	(30)	–	30	(30)	–
Capital work in progress	158	–	158	145	–	145
Right of use assets – aircraft	3 822	(587)	3 235	1 234	(241)	993
Total	14 909	(5 608)	9 301	11 451	(4 333)	7 118

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	2025			2024		
	Cost/ valuation	Accumulated depreciation/ impairment	Carrying value	Cost/ valuation	Accumulated depreciation/ impairment	Carrying value
COMPANY						
Land	260	–	260	260	–	260
Buildings and structures	2 895	(26)	2 869	2 944	(39)	2 905
Machinery, equipment and furniture	418	(372)	46	406	(369)	37
Vehicles and cabin loaders	42	(34)	8	35	(34)	1
Aircraft and simulators	4 272	(3 939)	333	3 398	(3 043)	355
Containers	30	(30)	–	30	(30)	–
Capital work in progress	79	–	79	79	–	79
Right of use assets – aircraft	3 822	(587)	3 235	1 234	(241)	993
Total	11 818	(4 988)	6 830	8 386	(3 756)	4 630

The prior year balances were restated. Please refer to Note 45 for more details.

R MILLION	Land	Buildings and structures	Machinery, equipment and furniture	Vehicles and cabin loaders	Aircraft and simulators	Containers	Capital work in progress	Right of use assets – aircraft	Total
GROUP									
Reconciliation									
Opening balance	640	4 903	172	12	270	–	127	321	6 445
Additions – right of use assets	–	–	–	–	–	–	–	196	196
Additions – restoration asset	–	–	–	–	–	–	–	681	681
Additions – owned assets	–	1	5	2	153	–	18	–	179
Depreciation	–	(85)	(27)	(6)	(60)	–	–	(205)	(383)
Balance at 31 March 2024	640	4 819	150	8	363	–	145	993	7 118
Opening balance	640	4 819	150	8	363	–	145	993	7 118
Additions – right of use assets	–	–	–	–	–	–	–	1 980	1 980
Additions – restoration asset	–	–	–	–	–	–	–	51	51
Lease modifications	–	–	–	–	–	–	–	637	637
Additions – owned assets	–	5	23	12	34	–	13	–	87
Disposals	–	–	1	–	23	–	–	–	24
Depreciation	–	(86)	(24)	(3)	(57)	–	–	(426)	(596)
Balance at 31 March 2025	640	4 738	150	17	363	–	158	3 235	9 301

R MILLION	Land	Buildings and structures	Machinery, equipment and furniture	Vehicles and cabin loaders	Aircraft and simulators	Containers	Capital work in progress	Right of use assets – aircraft	Total
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11. PROPERTY, AIRCRAFT AND EQUIPMENT (continued)

COMPANY

Reconciliation

Opening balance	260	2 944	42	3	260	–	79	321	3 909
Additions – right of use assets	–	–	–	–	–	–	–	196	196
Additions – restoration asset	–	–	–	–	–	–	–	681	681
Additions – owned assets	–	–	4	–	154	–	–	–	158
Depreciation	–	(39)	(9)	(2)	(59)	–	–	(205)	(314)

Balance at 31 March 2024	260	2 905	37	1	355	–	79	993	4 630
Opening balance	260	2 905	37	1	355	–	79	993	4 630
Additions – right of use assets	–	–	–	–	–	–	–	1 980	1 980
Additions – restoration asset	–	–	–	–	–	–	–	51	51
Lease modifications	–	–	–	–	–	–	–	637	637
Additions – owned assets	–	3	16	8	34	–	–	–	61
Depreciation	–	(39)	(7)	(1)	(56)	–	–	(426)	(529)
Balance at 31 March 2025	260	2 869	46	8	333	–	79	3 235	6 830

A register of land and buildings is available for inspection at the registered office of the Group.

The category of aircraft includes the refurbishment costs of both the owned and leased aircraft. This refurbishment is amortised over the shorter of the useful life of the refurbished equipment or the lease term of the leased aircraft.

The fair value of land and buildings was determined by an independent external valuation expert during previous financial years, using the income capitalisation method of valuation. The utilisation of the property in terms of its industrial use was considered to be its highest and best use. A capitalisation rate of 10,5 percent was used in the valuation with comparative rentals in the area being applied in the model. As the valuation includes significant unobservable inputs, it is classified as level 3 in the fair value hierarchy.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE				
Carrying value of property, aircraft and equipment classified as held-for-sale	–	71	–	–
	–	71	–	–

During previous financial years, Mango Airlines SOC Limited decided to dispose of its non-current assets. Furniture, fittings and IT equipment will be sold however their fair value less costs to sell is negligible, hence they have been written-off in full. A potential buyer was identified to buy the aircraft engine at its carrying amount as reflected above. This aircraft engine has now been sold.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
12. AIRCRAFT AND OTHER DEPOSITS				
Non-current portion of maintenance reserve receivable	337	239	337	239
Non-current portion of security deposits	997	1 112	770	886
Total non-current aircraft and other deposits	1 334	1 351	1 107	1 125

The prior year balances were restated, please refer to Note 45 for more details.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Current portion of maintenance reserve receivable	164	8	164	–
Current portion of security deposits	51	–	51	–
Total current aircraft and other deposits	215	8	215	–

The non-current portion of security deposits, relates to the portion of security deposits paid on aircraft leases, whose lease term will expire more than 12 months after year end. Leases that expire within 12 months of the year end are shown as current security deposits. Also included in non-current security deposits are security deposits paid in respect of Passenger Protection Guarantees, this balance is also expected to be long-term in nature. Non-current maintenance reserves receivable represent amounts that will be received in a period exceeding 12 months, amounts receivable within 12 months after year end are shown as current assets.

Included in aircraft and other deposits are amounts in respect of maintenance payments made to lessors. Below is an analysis of the movements in this balance over the past two financial years. Refer to the accounting policies section for details of the treatment of these claims.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Maintenance reserve opening balance	247	37	239	29
Maintenance reserves expensed	(56)	(46)	(56)	(46)
Maintenance reserves paid	318	256	318	256
Maintenance reserves written-off	(8)	–	–	–
Less: current portion	(164)	(8)	(164)	–
Non-current portion of maintenance reserve receivable	337	239	337	239

Included in aircraft and other deposits are amounts in respect of security deposits paid to aircraft lessors, as well as amounts paid to other parties in respect of Passenger Protection Guarantees. Below is an analysis of the movements in this balance over the past two financial years.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Security deposits opening balance	1 112	1 449	886	1 223
Security deposits received by SAA	(331)	–	(331)	–
Security deposits paid	389	94	388	94
Realignment of cash reserve balance	(81)	(510)	(81)	(510)
Currency revaluation	(41)	79	(41)	79
Less: current portion	(51)	–	(51)	–
Non-current portion of security deposits	997	1 112	770	886

R MILLION	Provision for lease liabilities ⁽¹⁾	Other provisions ⁽²⁾	Total
13. PROVISIONS			
GROUP			
Reconciliation			
Opening balance	–	104	104
Additions	681	88	769
Reversed during the year	–	(60)	(60)
Balance at 31 March 2024	681	132	813
Current portion	121	132	253
Non-current portion	560	–	560
	681	132	813
Opening balance	681	132	813
Additions	140	477	617
Reversed during the year	–	(475)	(475)
Currency revaluation	(22)	–	(22)
Balance at 31 March 2025	799	134	933
Current portion	436	134	570
Non-current portion	363	–	363
	799	134	933

(1) For aircraft held under lease agreements, the Group is contractually committed either to return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfil such conditions of the lease, maintenance in the form of major airframe overhaul, engine maintenance checks and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation. The prior year balances were restated, please refer to Note 45 for more details.

(2) Other provisions include, but are not limited to, amounts set aside to settle claims against the Group/company arising in the course of its operations. Further information regarding individual claim amounts has not been provided as this may prejudice the Group/company in its ongoing litigation.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	Provision for lease liabilities ⁽¹⁾	Other provisions ⁽²⁾	Total
13. PROVISIONS			
COMPANY			
Reconciliation			
Opening balance	–	104	104
Additions	681	88	769
Reversed during the year	–	(60)	(60)
Balance at 31 March 2024	681	132	813
Current portion	121	132	253
Non-current portion	560	–	560
	681	132	813
Opening balance	681	132	813
Additions	140	477	617
Reversed during the year	–	(475)	(475)
Currency revaluation	(22)	–	(22)
Balance at 31 March 2025	799	134	933
Current portion	436	134	570
Non-current portion	363	–	363
	799	134	933

(1) For aircraft held under lease agreements, the Group is contractually committed either to return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfil such conditions of the lease, maintenance in the form of major airframe overhaul, engine maintenance checks and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation. The prior year balances were restated, please refer to Note 45 for more details.

(2) Other provisions include, but are not limited to, amounts set aside to settle claims against the Group/company arising in the course of its operations. Further information regarding individual claim amounts has not been provided as this may prejudice the Group/company in its ongoing litigation.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
14. DEFERRED REVENUE ON TICKET SALES				
Frequent flyer deferred revenue – long-term	65	110	65	110
Net air traffic liability SAA – short-term	1 514	1 132	1 336	918
Frequent flyer deferred revenue – short-term	415	330	415	330
	1 929	1 462	1 751	1 248

The prior year balances were restated, please refer to Note 45 for more details.

AIR TRAFFIC LIABILITY

This balance represents the unrealised income resulting from tickets and air waybills sold in relation to future flights to be operated by SAA. The balance includes the value of coupons sold by SAA (inclusive of fare and fuel levies), which will be flown in future periods. The liability is of a short-term nature and is reflected as a current liability.

FREQUENT FLYER DEFERRED REVENUE

Deferred revenue relates to the frequent flyer programme and represents the stand-alone selling price of the outstanding credits. Revenue is recognised when SAA fulfils its obligations by supplying free or discounted goods or services on the redemption of award credits. Refer to Notes 1 and 4 for more information.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
15. CASH GENERATED FROM/(USED IN) OPERATIONS				
Profit/(loss) before taxation	173	(442)	45	(459)
Adjustments for:				
Depreciation and amortisation on property, aircraft and equipment	596	383	529	314
Net gain on disposal of property, aircraft, equipment and intangible assets	(1 153)	(21)	(1 133)	(21)
Amortisation of intangible assets	5	5	1	–
Interest and dividend income	(56)	(105)	(30)	(88)
Finance costs	219	34	217	34
Release from air traffic liability	(102)	(353)	(102)	(353)
Movement in employee benefit obligations	(6)	25	(6)	25
(Reversal of impairment)/impairment of accounts receivable	(85)	11	(85)	(30)
Non-cash movement on retirement benefit plans	7	12	7	12
Release from passenger tax levies	(59)	(408)	(59)	(408)
Unrealised foreign exchange (gain)/loss on cash and cash equivalents	(266)	483	(268)	483
Unrealised foreign exchange (gain)/loss on lease liabilities	(29)	22	(29)	22
Movement in retirement benefit asset	–	(24)	–	(24)
Tax paid in foreign jurisdictions	1	–	1	–
Non-cash movement arising from prior year adjustments to accumulated loss	(25)	9	–	9
Non-cash gain on modification of leases	(16)	–	(16)	–
Changes in working capital:				
Aircraft and other deposits	(190)	127	(197)	127
Inventories	(9)	(141)	7	(10)
Trade and other receivables	135	(661)	(79)	(541)
Frequent flyer deferred revenue	40	38	40	38
Trade and other payables	405	238	575	179
Air traffic liability	484	164	520	131
Provisions	69	28	69	28
	138	(576)	7	(532)
	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
16. FINANCE COSTS				
The interest paid related to financial liabilities held at amortised cost is detailed below:				
Interest paid on overdraft	(1)	–	–	–
Other interest paid	(1)	–	–	–
Lease liabilities	(217)	(34)	(217)	(34)
	(219)	(34)	(217)	(34)
	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
17. INTEREST AND DIVIDEND INCOME				
Interest and dividend income received was derived from:				
Cash and bank balances	56	105	23	88
Loans and receivables	–	–	7	–
	56	105	30	88

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
18. TRADE AND OTHER RECEIVABLES				
Gross accounts receivable	2 152	1 967	2 058	1 846
Allowance for impairment	(1 094)	(1 155)	(1 053)	(1 106)
	1 058	812	1 005	740
Prepayments and other receivables	910	1 161	881	1 108
Foreign exchange differences on trade and other receivables	289	334	283	323
	2 257	2 307	2 169	2 171

The prior year balances were restated, please refer to Note 45 for more details.

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
Reconciliation of impairment of trade and other receivables				
Opening balance	(1 155)	(1 066)	(1 106)	(1 061)
Impairments	85	(11)	85	30
Amounts utilised for write-offs	(58)	(15)	(66)	(12)
Foreign exchange difference recognised against provision	34	(63)	34	(63)
Closing balance	(1 094)	(1 155)	(1 053)	(1 106)

The trade receivables portfolio impairment loss relates to:

- debtors in dispute which are provided for when they become known; and
- defaulting Billing and Settlement Plan (BSP) and General Sales Agents (GSA) that have exceeded 90 days past their due date.

COLLATERAL HELD

BSP debtors are credit-vetted by IATA, which holds a guarantee appropriate to the level of risk identified. Should an agent be in default with IATA, the guarantee is encashed and apportioned between the creditor airlines. SAA holds additional guarantees of R13 million (2024: R1 million) in respect of local GSA debtors and R154 million (2024: R158 million) in respect of Cargo debtors and Cargo GSAs. There were no significant changes in the quality of the collateral during the current financial year.

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
19. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Foreign bank accounts	1 230	251	1 198	228
Domestic bank accounts	737	721	328	493
Total cash and cash equivalents	1 967	972	1 526	721

Cash and cash equivalents consist of cash on hand, balances with banks and short-term deposits which can be accessed within 3 months at most. Cash and cash equivalents included in the statement of cash flows are as detailed above.

Cash and cash equivalents included blocked cash to the value of R416 million (2024: R479 million). According to IATA funds are deemed to be blocked when repatriations have not been possible for a period of two months, due to for instance, Exchange Control Regulations, shortages of foreign currency, tax laws or the obligatory submission of documentary evidence of monthly activities required by some foreign countries. These blocked cash amounts have been reclassified to trade and other receivables, as management has deemed that this cash would not be accessible within 3 months. The prior year cash balance has also been restated accordingly, please refer to Note 45 for more details.

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
20. TRADE AND OTHER PAYABLES				
Trade payables	2 283	2 272	312	267
Payroll accruals	70	90	48	62
Deferred revenue collected on behalf of franchise and interline partners*	239	155	239	155
Ticket tax accruals	604	435	515	345
Other payables**	475	373	924	693
	3 671	3 325	2 038	1 522

The prior year balances were restated, please refer to Note 45 for more details.

* This balance represents fares, levies and taxes collected on tickets and air waybills sold in relation to future flights to be operated by other airlines. The liability is of a short-term nature and is reflected as a current liability.

** Other payables comprise accruals processed in the normal course of business.

R MILLION	Notes	Financial liabilities at amortised cost	Fair value through profit or loss held-for-trading*	Total
21. FINANCIAL LIABILITIES BY CATEGORY				
Set out below is an analysis of all of the Group's financial liabilities that are carried at either fair value or amortised cost in the annual financial statements depending on their classification:				
GROUP – 2025				
Shareholder loan to share trust	27	63	–	63
Trade and other payables	20	2 744	–	2 744
Non-current lease liabilities	26	2 357	–	2 357
Current lease liabilities	26	326	–	326
		5 490	–	5 490
GROUP – 2024				
Long- and short-term liabilities		1	–	1
Shareholder loan to share trust	27	63	–	63
Trade and other payables	20	2 633	–	2 633
Non-current lease liabilities	26	167	–	167
Current lease liabilities	26	276	–	276
		3 140	–	3 140

* Financial instruments held at fair value are level two instruments. A separate analysis has not been provided for the company, as the numbers do not differ significantly from the Group numbers.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	Notes	Loans and receivables	Fair value through profit or loss held-for-trading*	Available-for-sale	Total
22. FINANCIAL ASSETS BY CATEGORY					
Set out below is an analysis of all of the Group's financial assets that are carried at either fair value or amortised cost in the annual financial statements depending on their classification:					
GROUP – 2025					
Trade and other receivables	18	2 118	–	–	2 118
Cash and cash equivalents	19	1 967	–	–	1 967
Non-current aircraft and other deposits	12	1 334	–	–	1 334
Current aircraft and other deposits	12	215	–	–	215
		5 634	–	–	5 634
GROUP – 2024					
Trade and other receivables	18	2 141	–	–	2 141
Cash and cash equivalents	19	972	–	–	972
Non-current aircraft and other deposits	12	1 351	–	–	1 351
Current aircraft and other deposits	12	8	–	–	8
		4 472	–	–	4 472

* Financial instruments held at fair value are level two instruments. A separate analysis has not been provided for the company, as the numbers do not differ significantly from the Group numbers.

23. RISK MANAGEMENT

23.1 Financial instruments categories

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has estimated fair values where appropriate, by using the following methods and assumptions:

Derivative assets and liabilities

The derivative assets and liabilities are entered into to manage Group exposure to foreign currency, interest rates and jet fuel price risks. The Group derivatives may include fixed contracts, vanilla European and Asian options, swaps, call spreads and collars, which are entered into mainly to manage foreign currency exchange risk and jet fuel price risk. The fair values of the derivative instruments are determined based on observable inputs into valuation models.

Foreign currency forward contracts are mainly entered into to manage foreign currency exchange risk and are measured using the quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

All other financial assets and liabilities are measured at amortised cost.

Fixed swaps are valued using a simple discounted cash flow calculation. Asian options are valued using a combination of the Black Scholes and Black 76 formulas, where the inputs into the pricing model are the expected arithmetic average and the variance of the expected arithmetic average of the underlying.

23.2 Governance structure

The SAA Board is charged with the responsibility of managing the airline's financial risks. The Board reviews all the financial risks of the organisation, as well as key financial decisions.

SAA managements' responsibility is to ensure that financial risks associated with financial instruments are identified, measured, managed and clearly disclosed in the annual financial statements as required by the accounting standards.

RISK MANAGEMENT SYSTEMS

SAA has implemented core treasury risk management processes to support the identification and monitoring of financial risks, including foreign exchange, interest rate and liquidity risks. The Group does not currently utilise a commodity pricing model or system for managing jet fuel price exposures. Risk management capabilities are reviewed periodically in line with operational requirements and market developments.

The capital risk and financial risk management is described below.

23. RISK MANAGEMENT (continued)

23.3 Capital risk management

The Group manages its capital with the objective of maintaining operational stability and supporting future growth, while ensuring the sustainability of the business.

The capital structure of the Group currently comprises equity, including share capital and contributions from the Shareholder. There are no interest-bearing borrowings at year end and the Group has no remaining restructuring funds. Capital is preserved and utilised to support operational requirements and strategic initiatives in line with the Group's long-term objectives.

The Group maintains short-term investment instruments to manage liquidity and ensure adequate funding for ongoing operations.

23.4 Financial risk management

The fundamental objective of financial risk management at SAA is to protect and, where possible, improve on future budgeted and forecast cash flows, and the financial performance and financial position of the Group, by:

- Protecting the Group from adverse market movements that manifest as financial downside for the business and endanger stakeholders (Shareholder, employees and the community) and threaten the sustainability and competitive position and reputational risk of the SAA group in the market;
- Reducing the volatility and resultant uncertainty of operating revenues and cash flows that result from financial market volatility;
- Providing some price stability through improving the transparency of price mechanisms.

The main financial market risks faced by the Group are liquidity risk, credit risk and market risk which consist of interest rate risk, currency risk and commodity price risk.

The Board has a financial risk management policy with clearly defined objectives. This policy presents a framework and control environment that sets the limits within which management can leverage their experience and knowledge of the business together with financial risk management skills and a degree of innovation, to manage and mitigate financial risk on a day-to-day basis.

LIQUIDITY RISK

Liquidity risk is the risk that the Group does not meet its financial obligations on a cost effective and a timeous basis, and could result in reputational damage should a default occur.

The cash management and liquidity risk management processes are aimed at ensuring that the Group is managing its cash resources optimally, has sufficient funds to meet its day-to-day financial obligations, has established prudent limits on the percentage of debt that can mature in any financial year, is investing any cash surpluses in an appropriate and authorised way and has sufficient facilities in place to provide its relevant forecast liquidity requirement.

LIQUIDITY RISK (CONTINUED)

The principles for cash and liquidity management at SAA are as follows:

- Transactional banking relationships must be reviewed every five years. SAA Treasury is responsible for the recommendation of bankers through the normal tendering process within SAA and the Board will give final approval;
- All requests for the opening and closing of bank accounts and the management of bank account signatories are to be reviewed and approved by the Chief Financial Officer and the Treasurer;
- Prudent cash management practices must be implemented, including the use of a centralised pooled cash management bank account structure and systems, and the maintenance of minimum cash balances at operational level.

All companies within the Group are included in the cash management structure and form part of the cash and liquidity management practices of the Group.

COMMITTED FUNDING FACILITIES

SAA is dependent on funding in the form of leases and loans in local currency, mainly for the purchase of aircraft and aircraft components and for funding SAA's operations. The volatility of the financial markets, SAA's financial standing and the difficulties experienced by the airline industry in general affect the availability of funding to airlines. Funding can sometimes be constrained to a limited number of counterparties at any given time. The underlying risk manifests in three forms:

- SAA loses committed funding from a particular counterparty due to that counterparty defaulting on an existing funding arrangement;
- SAA is unable to secure new funding at a particular time;
- SAA loses assets deposited as security deposits, defeasance deposits, or cash collateral on funding structures.

Cash and liquidity management takes into account the medium- to long-term funding plans of SAA as developed by the Finance Department.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

23. RISK MANAGEMENT (continued)

23.4 Financial risk management (continued)

The following are the contractual maturities of financial liabilities based on undiscounted cash flows.

R MILLION	Carrying principal amount*	Contractual amount*	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
GROUP – 31 MARCH 2025**								
Non-derivative financial liabilities								
US\$ denominated lease liabilities (in ZAR)	2 683	3 935	54	108	172	266	2 124	1 211
Total US\$ denominated lease liabilities (in ZAR)	2 683	3 935	54	108	172	266	2 124	1 211
Accounts payable	3 671	3 671	–	3 671	–	–	–	–
Shareholder loan to share trust	63	63	–	–	–	63	–	–
Total	3 734	3 734	–	3 671	–	63	–	–

* The carrying principal amount excludes interest while the contractual amount includes interest. This is applicable to non-derivative financial liabilities.

** A separate liquidity analysis has not been provided for the company, as the numbers do not differ significantly from the Group numbers.

R MILLION	Carrying principal amount*	Contractual amount*	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years
GROUP – 31 MARCH 2024**							
Non-derivative financial liabilities							
US\$ denominated lease liabilities (in ZAR)	443	474	25	50	75	150	174
Total US\$ denominated lease liabilities (in ZAR)	443	474	25	50	75	150	174
ZAR denominated secured loans	1	1	–	–	–	–	1
Accounts payable	3 325	3 325	–	3 325	–	–	–
Shareholder loan to share trust	63	63	–	–	–	63	–
Total	3 389	3 389	–	3 325	–	63	1

* The carrying principal amount excludes interest while the contractual amount includes interest. This is applicable to non-derivative financial liabilities.

** A separate liquidity analysis has not been provided for the company, as the numbers do not differ significantly from the Group numbers.

OTHER RISKS

INTEREST RATE RISK

Interest rate risk is the risk of increased financing cost due to adverse movements in market interest rates. Interest rate risk impacts SAA in the following forms:

- Increased cash costs in an increasing interest rate environment due to the Group's floating aircraft funding structures;
- The opportunity cost of funding at a higher rate in a declining interest rate environment due to the Group's fixed funding structures.

The objectives of managing interest rate risk are to:

- Design appropriate funding structures (fixed versus floating, and local versus foreign currency) through the Treasury and Finance departments;
- Reduce the cost of capital;
- Minimise the effect of interest rate volatility on the Group's financing expenditure;
- Manage the ratio of floating rate exposures to fixed rate exposures;
- Obtain optimal investment returns on surplus cash, while ensuring that credit risk is managed;
- Ensure that appropriate levels of liquidity are maintained, while remaining within the guidelines set by this policy;
- Ensure efficiency by restructuring interest rate exposure as and when necessary.

The Group is exposed to changes in interest rates on cash deposits. To manage the interest rate exposure, the Treasury and Cash

23. RISK MANAGEMENT (continued)

23.4 Financial risk management (continued)

Management Department keeps a reasonable amount of foreign cash deposits to offset to some degree the finance charges. The current SAA group policy limits the maximum interest rate exposure to fixed debt at 75 percent and floating debt at 50 percent. Market conditions are considered when determining the desired balance of fixed and floating rate debt. The sensitivities of the Group's floating interest rate debt and cash deposits are calculated using the annualised volatility over the last five years.

23.5 Credit risk management

Credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial market instrument where the Group is a party to the transaction or failure to service debt according to contractual terms. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness and the respective concentration risk.

The objectives of managing counterparty risk are to avoid contracting with any party that is not of an acceptable credit standing, formulate evaluation criteria of potential counterparties and implement monitoring measures and control processes for counterparty risk.

The Group is exposed to a number of types of counterparty risk as part of its normal business operations as described below:

INVESTMENT RISK

Cash balances and investments held in a range of local and offshore bank accounts, in a range of currencies, which form part of SAA's cash management and revenue collection infrastructure.

MARGINAL RISK

The Group makes use of derivative instruments in the foreign exchange, interest rate and commodity markets to mitigate the risk of adverse changes in cash flow and earnings that result from fluctuations in the financial markets. Counterparty risk arises on these derivative instruments when the hedging positions with counterparties have a positive net present value to SAA and are providing SAA with protection against adverse market movements in future. In this scenario SAA would lose the protection if the counterparty defaults on its obligation and SAA will have to replace this protection with similar hedging transactions at a higher cost. It is also important to note that, in the event that a counterparty goes into liquidation and its marginal risk position (net present value) is positive (an asset to the counterparty) with SAA, the company may be called on by the creditors of the counterparty to crystallise and settle the positions in question earlier than anticipated.

Counterparties are grouped in two major groups from a credit risk perspective:

RATED COUNTERPARTIES

Local and international banking and financial institutions, which are rated by major ratings agencies, and whose financial information is readily available.

UNRATED COUNTERPARTIES

SAA needs to deal with and hold bank accounts in various locations with local banking institutions that may not be rated and for which there is very little or no financial information available. This is typically the case where there is no representation of any of the rated counterparties in such location and SAA has to use an unrated counterparty to fulfil normal operational banking requirements, or where it is agreed by the Board as a prerequisite for specific operating bases. The Group has therefore a very restricted mandate when dealing with any unrated counterparties.

The Group has operating accounts in some African countries which are not rated. The exposure to these banks is kept at a minimum.

LOANS AND RECEIVABLES CREDIT RISK

The Group is exposed to credit risk relating to the nature of the distribution network for airline operations. The Group airline distribution network includes BSPs (these are IATA accredited travel agents) and general sales agents (GSAs) who are used in countries where there are no IATA accredited travel agents. Credit card debtors arise from the customers paying their fares using credit cards and the Group has to recover the money through the credit card financial institutions' clearing houses globally.

Other debtors mainly consist of loans receivable and fuel trading debtors. These are classified as other because they do not form part of the Group's normal operating activities. The Group manages its credit risk from trade receivables on the basis of an internally developed credit management policy. This policy sets out the credit limits and requirements for any credit enhancements. The Group holds a guarantee from a GSA as a prerequisite before it can accredit it to be part of its distribution network. The Group also requires some counterparties to provide guarantees in the form of cash and letters of credit as security for exposure. This is prevalent mainly on GSAs. The amount of guarantees is agreed upon based on the risk profile of the counterparty. The guarantees relating to BSP debtors are held directly by IATA for the benefit of all airlines exposed to a particular BSP.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

23. RISK MANAGEMENT (continued)

23.5 Credit risk management (continued)

MAXIMUM EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
FINANCIAL INSTRUMENTS				
Cash and cash equivalents	1 967	972	1 526	721
Amounts receivable from subsidiaries**	–	–	195	29
Trade and other receivables	2 118	2 141	2 108	2 114
Non-current aircraft and other deposits	1 334	1 351	1 107	1 125
Current aircraft and other deposits	215	8	215	–

** These amounts are not past due or impaired.

GROUP		IMPACT ON OTHER COMPONENTS OF EQUITY IN RAND*			
	Foreign currency amount '000	Carrying amount R'000	+8%* -8% US\$ R'000	+9%* -9% EUR R'000	+7%* -7% GBP R'000
FINANCIAL INSTRUMENTS					
Accounts receivable					
31 MARCH 2025					
US\$ denominated	133 532	2 446 660	195 733	–	–
EUR denominated	6 581	130 425	–	11 738	–
GBP denominated	2 925	69 235	–	–	4 846
		2 646 320	195 733	11 738	4 846

		IMPACT ON OTHER COMPONENTS OF EQUITY IN RAND*			
	Foreign currency amount '000	Carrying amount R'000	+12%* -12% US\$ R'000	+11%* -11% EUR R'000	+10%* -10% GBP R'000
FINANCIAL INSTRUMENTS					
Accounts receivable					
31 MARCH 2024					
US\$ denominated	123 496	2 338 884	280 666	–	–
EUR denominated	5 999	122 581	–	13 484	–
GBP denominated	2 486	59 433	–	–	5 943
		2 520 898	280 666	13 484	5 943

* The percentages used are based on the average movement over the past four years.

The Group does not generally charge interest on any overdue accounts, therefore the accounts receivable are mainly sensitive to movements in major foreign currencies as detailed above.

23. RISK MANAGEMENT (continued)

23.6 Market risk management

Market risk comprises currency risk, interest rate risk and price risk.

Set out below is the impact of market risk on the Group's Annual Financial Statements:

CURRENCY RISK

Foreign exchange risk is the risk of loss as a result of adverse movements in currency exchange rates. The biggest contributors to currency risk for the Group are foreign revenues earned at operating unit level, aircraft financing transactions and the covariance risks inherent in the Group's revenue and cost streams. The Group's approach to foreign currency risk management is to protect itself against exchange rate volatility and adverse movements in the exchange rate of the rand in relation to other currencies that the Group is exposed to. The Board made a decision to manage its foreign exchange risk exposures on a net exposure basis, i.e. taking into account the different currencies it receives in its revenue stream, the different currencies in which its cost base is denominated and the underlying natural hedges that exist in its business operations. Foreign exchange risk is managed through the use of cash collection and conversion strategies and approved derivative financial instruments which are marked to market on a daily basis. The Group's policy on foreign exchange risk management is to hedge up to 75 percent of its exposure on an 18-month rolling basis.

The Group's currency risk is represented by the increased financial cost and/or cash requirements due to the net exposure between foreign revenue generated, foreign expenditure commitments and domestic revenues and expenditure commitments. The main objective of the currency risk management policy is to mitigate the potential for financial loss arising through unfavourable movements in exchange rates relative to the budget.

Foreign exchange risk will be managed on a net basis, including operating and capital exposures after taking the following into consideration:

- Source currencies for revenue and costs (US\$, GBP and EUR);
- Both direct and indirect foreign exposure. Indirect foreign exposure is where SAA pays in ZAR, but the exposure is determined by using a US\$ price, for example jet fuel uplifted in South Africa;
- Volatility of the rand versus US\$, GBP and EUR and the correlation between these currencies;
- Foreign currency exposures are determined from the 18-month rolling ZAR and foreign cash budget. Foreign currency risk will be monitored and managed under the following principles:
 - The net foreign currency position will be monitored on a monthly basis by obtaining the net foreign currency position in all currencies from the 18-month rolling cash budget, including forecast foreign cash balances;
 - The accuracy of forecast revenues and costs are of critical importance when determining net foreign currency exposure. Management should take care to establish the levels of confidence in achieving forecast revenues and costs on an ongoing basis when designing hedging strategies;
 - The foreign versus domestic currency funding decision (loans/leases) should always consider current foreign currency risk management position and practices, since these decisions are a significant source of foreign currency exposure for the Group.

The decision to manage capital foreign currency exposures (such as leases and loans) should be combined with the business strategy, route planning and funding decisions (as appropriate), to ensure that funding and foreign currency risk management strategies are complementary to the business strategy and present the most relevant overall solution to the Group.

FOREIGN EXCHANGE RISK

The Group collects revenues in multiple currencies other than ZAR, EUR, GBP and US\$. The foreign risk of exotic currencies cannot be practically managed at the local currency level, therefore the foreign exchange risk management is done at a net currency exposure level.

The Group did not have any derivatives that qualified for hedge accounting in the current or prior year.

The year end exchange rates applied in the translation of the Group's foreign monetary assets and liabilities are as follows:

	2025	2024
Exchange rates used expressed in the number of rands per unit of foreign currency:		
United States dollar (US\$)	18.32	18.94
Euro (EUR)	19.82	20.43
Pounds sterling (GBP)	23.67	23.91

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

23. RISK MANAGEMENT (continued)

23.6 Market risk management (continued)

FOREIGN CURRENCY EXPOSURE AT STATEMENT OF FINANCIAL POSITION DATE

The following debtors and creditors amounts included in the statement of financial position have not been covered by forward exchange contracts:

GROUP	FOREIGN AMOUNT		RAND AMOUNT	
FIGURES IN MILLIONS	2025	2024	2025	2024
Accounts receivable				
US dollar	134	123	2 447	2 339
Euro	7	6	130	123
UK pound	3	2	69	59
Hong Kong dollar	1	–	1	1
Danish krone	2	2	5	5
Swiss franc	3	3	59	53
Australian dollar	3	2	34	23
Brazilian real	(6)	79	(18)	297
Thai baht	4	3	2	2
Malawian kwacha	(42)	4 425	–	48
Other	–	–	244	171
			2 973	3 121
Accounts payable				
US dollar	18	20	334	383
Euro	2	1	39	29
UK pound	–	–	3	7
Australian dollar	3	1	30	9
Benin CFA Franc BCEAO	342	15	10	–
Other	–	–	190	127
			(606)	(555)
Accounts receivable as above			2 973	3 121
Net exposure			2 367	2 566

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects to hedge foreign exchange exposure with foreign exchange contracts and currency options.

PRICE RISK ASSOCIATED WITH COMMODITIES

Jet fuel consumption is SAA's biggest cost contributor, representing approximately 27 percent of the Group's cost base. Jet fuel prices have a high level of uncertainty caused by supply shocks, demand patterns, currency fluctuations, market sentiment and political events. Jet fuel price risk is the risk of increased cash cost of jet fuel due to an increase in the prices of the various jet fuel product prices that the Group pays for physical jet fuel purchased around the globe.

SAA currently consumes approximately 15,8 million litres (2024: 10,1 million litres) of jet fuel per month. This means that any change in price will have a significant impact on the Group's performance.

The objectives of managing jet fuel price risk are to:

- Reduce the volatility of jet fuel costs and the effect of this volatility on cash flows and earnings, i.e. price stability;
- Limit the impact of derivative instruments on the Group's financial position and performance;
- Occupy a competitive position in the airline industry in terms of jet fuel price risk management, negating the competitive advantage that competitors derive from their jet fuel risk management strategies;
- Utilise any backwardation in the energy forward curves to reduce future jet fuel costs;
- Provide a protection buffer during times of elevated jet fuel prices;
- Continually and dynamically transact a minimum amount of hedging in the financial markets;
- Ensure that hedging prices are averaged into the market and that large hedges are not transacted at single points in time, which may represent the peak of the market.

The Group manages its jet fuel price risk exposures using derivative financial instruments. All derivative contracts are marked to market and are cash settled. The Group's risk policy permits the organisation to manage its jet fuel price risk exposures using the underlying products such as International Crude Exchange (ICE), Brent Crude Oil, ICE Gas Oil 0,5 percent, Gas Oil, Western Texas Intermediate (WTI), FOB ARAB Gulf 0,5 percent and Jet Kerosene (North West Europe) NWE. It is SAA's policy to hedge a maximum of 60 percent of its jet fuel price risk exposures on an 18-month rolling basis with no minimum hedge percentage. The Group did not enter into any derivative financial instruments relating to jet fuel in the current financial year.

23. RISK MANAGEMENT (continued)

23.6 Market risk management (continued)

SENSITIVITY ANALYSIS

The Group sensitivity analysis would include the sensitivity of annual financial statements to currency risk based on US\$, which carries a greater impact on the Group, the interest rate risk sensitivity to LIBOR and JIBAR, the other price risk sensitivity mainly driven by the price per barrel of oil based commodity derivatives.

The following sensitivity analysis was determined based on the 12-month horizon with reasonable possible change at year end. Management has determined the reasonable possible change using market input and historical data. The 12 months was considered appropriate as the Group only publishes its results annually and has reasonable expectations for uncertainties in the 12-month horizon. For internal reporting to the Audit and Risk Committee, a one-month horizon is utilised.

	CURRENCY ⁽¹⁾				INTEREST RATE ⁽¹⁾	
	Foreign currency amount '000	Carrying amount R'000	Profit/(loss) impact -8% US\$ R'000	Profit/(loss) impact +8% US\$ R'000	Profit/(loss) impact -150 BPS US\$ -150 BPS ZAR R'000	Profit/(loss) impact +150 BPS US\$ +150 BPS ZAR R'000
GROUP AND COMPANY						
Non-derivative financial instruments						
31 MARCH 2025						
Accounts payable (US\$ denominated)	18 228	333 985	26 719	(26 719)	–	–
Lease liabilities (US\$ denominated)	146 473	2 683 785	214 703	(214 703)	40 257	(40 257)
Total financial liabilities		3 017 770	241 422	(241 422)	40 257	(40 257)
Foreign cash and cash equivalents (Favourable cash – US\$ equivalent)	67 116	1 229 573	(98 366)	98 366	(18 444)	18 444
ZAR based cash and cash equivalents (Favourable cash)	–	736 883	–	–	(11 053)	11 053
Total financial assets		1 966 456	(98 366)	98 366	(29 497)	29 497
	CURRENCY ⁽¹⁾				INTEREST RATE ⁽¹⁾	
	Foreign currency amount '000	Carrying amount R'000	Profit/(loss) impact -12% US\$ R'000	Profit/(loss) impact +12% US\$ R'000	Profit/(loss) impact -125 BPS US\$ -150 BPS ZAR R'000	Profit/(loss) impact +125 BPS US\$ +150 BPS ZAR R'000
GROUP AND COMPANY						
Non-derivative financial instruments						
31 MARCH 2024						
Accounts payable (US\$ denominated)	20 237	383 275	45 993	(45 993)	–	–
Lease liabilities (US\$ denominated)	23 416	443 482	53 218	(53 218)	5 544	(5 544)
Total financial liabilities		826 757	99 211	(99 211)	5 544	(5 544)
Foreign cash and cash equivalents (Favourable cash – US\$ equivalent)	13 277	251 472	(30 177)	30 177	(3 143)	3 143
ZAR-based cash and cash equivalents (Favourable cash)	–	720 809	–	–	(10 812)	10 812
Total financial assets		972 281	(30 177)	30 177	(13 955)	13 955

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

			IMPACT ON OTHER COMPONENTS OF EQUITY IN RAND ⁽¹⁾	
	Foreign currency amount '000	Carrying amount R'000	+9% -9% EUR R'000	+7% -7% GBP R'000
23. RISK MANAGEMENT (continued)				
23.6 Market risk management (continued)				
SENSITIVITY ANALYSIS (CONTINUED)				
GROUP AND COMPANY				
Non-derivative financial instruments				
31 MARCH 2025				
Denominated in EUR and GBP⁽²⁾				
Accounts payable – EUR	1 966	38 964	3 507	–
Accounts payable – GBP	122	2 883	–	202
		41 847	3 507	202
			IMPACT ON OTHER COMPONENTS OF EQUITY IN RAND ⁽¹⁾	
	Foreign currency amount '000	Carrying amount R'000	+11% -11% EUR R'000	+10% -10% GBP R'000
GROUP AND COMPANY				
Non-derivative financial instruments				
31 MARCH 2024				
Denominated in EUR and GBP⁽²⁾				
Accounts payable – EUR	1 437	29 361	3 230	–
Accounts payable – GBP	273	6 526	–	653
		35 887	3 230	653

(1) The percentages are based on the average movement over the past four years.

(2) The Group does not incur any interest on accounts payable.

LEASE COMMITMENTS

The Group lease commitments are mainly denominated in US\$. Some of these commitments are fixed while some have a floating LIBOR rate linked component. SAA is therefore through its lease commitments exposed to both interest rate risk and foreign currency risk. Interest rates on these leases are linked to one, three and six months LIBOR rates. These are not specifically hedged but are considered part of the net exposure for hedging purposes on foreign exchange.

FOREIGN DEFINED BENEFIT OBLIGATIONS

The Group is also exposed to foreign currency risk relating to its foreign defined benefit obligations. The German Pension Fund obligation is denominated in Euro. Any movement is currency based on this fund and reasonable possible changes in the Euro would further impact the Group exposure to foreign currency risk and SAA hedges this exposure on a net portfolio hedge basis.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
24. EMPLOYEE BENEFIT EXPENSES				
24.1 Short-term employee benefit expenses				
Personnel and labour costs	1 524	1 222	889	714
Contribution to medical funds	67	22	57	17
	1 591	1 244	946	731
24.2 Post-employment benefit expenses*				
Contribution to pension funds	109	94	66	55
Current-service cost	–	8	–	8
Interest cost	15	137	15	137
Return on plan assets	(11)	(182)	(11)	(182)
	113	57	70	18
Total employee benefit expenses	1 704	1 301	1 016	749

* These costs relate to other post-employment and other long-term employee benefit plans for the Group. The post-employment benefit costs have been disclosed in Note 28.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
25. RETIREMENT BENEFITS				
Post-retirement medical benefits	(9)	(10)	(9)	(10)
Retirement benefit obligation	(59)	(64)	(59)	(64)
Retirement benefit asset	30	30	30	30
	(38)	(44)	(38)	(44)

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Non-current assets	30	30	30	30
Non-current liabilities	(68)	(74)	(68)	(74)
	(38)	(44)	(38)	(44)

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
26. LEASE LIABILITIES				
Reconciliation				
Opening balance	443	365	443	365
Lease modifications	621	–	621	–
Finance costs	217	34	217	34
Additions	1 980	196	1 980	196
Repayment of lease liabilities (including finance costs)	(549)	(174)	(549)	(174)
Currency revaluation	(29)	22	(29)	22
Closing balance	2 683	443	2 683	443
Non-current	2 357	167	2 357	167
Current	326	276	326	276
	2 683	443	2 683	443

The above liability relates to aircraft lease liabilities that arise at the inception of an aircraft lease and that qualify for recognition in terms of IFRS 16 – Leases. Refer to Note 1 for more details regarding the accounting policies relating to lease liabilities. The lease modification relates to the extension of the lease term of three aircraft.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
27. OTHER LIABILITIES				
Shareholder loan to South African Airways Employee Share Trust	63	63	–	–
	63	63	–	–

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Current liabilities	63	63	–	–
	63	63	–	–

The Shareholder loan to the South African Airways Employee Share Trust was created when the class E shares were transferred into the South African Airways Employee Share Trust from the Shareholder. The loan is interest free and is repayable on the winding up of the South African Airways Employee Share Trust. It is likely that the South African Airways Employee Share Trust will be wound up during the 2025/2026 financial year and therefore has been classified as short-term in the current financial year.

28. EMPLOYEE BENEFIT INFORMATION

28.1 SAA group pension benefits

The Group offers pension benefits through two defined benefit pension funds and various defined contribution funds.

The Transport Pension Fund was previously known as the Transnet Pension Fund, the name was amended in November 2005.

The Transnet Pension Fund Amendment Act restructured the Transport Pension Fund into a multi-employer pension fund.

From the date this Act came into operation, all existing members, pensioners, dependent pensioners, liabilities, assets, rights and obligations of the Transport Pension Fund are attributable to a subfund, with Transnet as the principal employer.

The amended Rules of the Fund establish a subfund in the name of South African Airways SOC Limited (SAA group) from 1 April 2006. A further subfund in the name of South African Rail Commuter Corporation Limited was established with effect from 1 May 2006. The third subfund currently in existence is the Transnet subfund.

The SAA group also offers post-retirement medical benefits to its employees through various funds of its own.

EXPOSURE TO RISKS

The risks faced by the Group as a result of the post-employment benefit obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation is higher than expected and uncontrolled;
- **Longevity:** The risk that pensioners live longer than expected and thus their pension benefit is payable for longer than expected;
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain;
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for the Group;
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the Group; and
- **Administration:** Administration of this liability poses a burden to the Group.

28.1.1 Transnet Retirement Fund (TRF)

The fund was structured as a defined contribution fund from 1 November 2000. All employees of SAA are eligible members of the fund. Actuarial valuations are done, at intervals not exceeding three years, to determine their financial position. The last actuarial valuation was performed at 31 March 2024. The actuaries were satisfied with the status of the members' credit account then.

28.1.2 SAA subfund of the Transport Pension Fund

The fund is a closed defined benefit pension fund. Members are current employees of the SAA group who elected to remain as members of the fund at 1 November 2000 and pensioner members who retired subsequent to that date.

There were three active members and 298 pensioners at 31 March 2024. An actuarial valuation was done as at 31 March 2024 based on the projected unit credit method.

The benefits for the members of the fund are determined based on the formula below:

- A member with at least 10 years' pensionable service is entitled to the following benefits on attaining the minimum retirement age: An annual pensionable salary equal to average pensionable salary multiplied by pensionable service multiplied by accrual factor plus a gratuity equal to a third of annual pension multiplied by gratuity factor. A member with less than 10 years of pensionable service is entitled to a gratuity equal to twice the member's own contributions without interest on attaining the age limit.
- The asset splits between the three subfunds were calculated, based on the proportional allocation of benefit liabilities to be transferred to each subfund, and presented to the Board of the fund. The physical split has been agreed by the principal employers and the subfunds' Boards.
- Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

PERCENT	2025	2024
28. EMPLOYEE BENEFIT INFORMATION (continued)		
28.1 SAA group pension benefits (continued)		
28.1.2 SAA subfund of the Transport Pension Fund (continued)		
Principal actuarial assumptions used:		
Discount rate		
Inflation		11.20
Salary increases		
– Inflation		5.90
Pension increases		
– First three years		6.90
– After three years		4.43
		4.43
R MILLION	2025	2024
Benefit asset		
Present value of obligation	(1 268)	(1 268)
Fair value of plan assets	1 755	1 755
Surplus	487	487
Asset not recognised	(457)	(457)
Net asset per the statement of financial position	30	30
Reconciliation of movement in present value of obligation		
Opening benefit liability at the beginning of the year	(1 268)	(1 311)
Service cost	–	(8)
Administration costs	–	7
Interest cost	–	(121)
Remeasurement due to change in economic assumptions	–	52
Remeasurement due to change in demographic assumptions	–	–
Remeasurement due to experience	–	(56)
Benefits paid	–	169
Past-service cost	–	–
Member contributions	–	–
Closing fair value of obligation	(1 268)	(1 268)

R MILLION	2025	2024
28. EMPLOYEE BENEFIT INFORMATION (continued)		
28.1 SAA group pension benefits (continued)		
28.1.2 SAA subfund of the Transport Pension Fund (continued)		
Reconciliation of fair value of plan assets		
Opening fair value of plan assets	1 755	1 786
Return on plan assets – interest income	–	168
Administration costs	–	(7)
Remeasurement	–	(23)
Employer's contributions	–	–
Benefits paid	–	(169)
Member contributions	–	–
Closing fair value of plan assets	1 755	1 755
Reconciliation of the change in the asset not recognised		
Opening asset not recognised	(457)	(469)
Interest cost	–	(46)
Change in the effect of the asset ceiling	–	58
Closing asset not recognised	(457)	(457)
PERCENT	2025	2024
The major categories of plan assets as a percentage of total plan assets are:		
Equity		11
Property		3
Bonds		72
Cash		3
International		11
Total		100
R MILLION	2025	2024
Current-service cost	–	8
Interest on obligation	–	121
Return on plan assets – interest income	–	(168)
	–	(39)

Notes to the Group and Company Annual Financial Statements (continued)

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28. EMPLOYEE BENEFIT INFORMATION (continued)

28.1 SAA group pension benefits (continued)

28.1.2 SAA subfund of the Transport Pension Fund (continued)

The plan has a surplus that is not recognised on the basis that future economic benefits are not available to the Group in the form of a reduction in future contributions or a cash refund.

The 2024 net remeasurement gain on this defined benefit plan of R31 million per Note 37 is arrived at by reducing the net remeasurement loss of R27 million above by R58 million, which is the net change in the surplus asset that may not be recognised per the actuarial valuation.

As at the last valuation date (31 March 2024), the present value of the defined benefit obligation was comprised of approximately R9 million relating to active employees and R1 259 million relating to members in retirement.

The plan assets are primarily invested in equities and bonds (with a majority in bonds). This exposes the Fund to a slight concentration of market risk. If the plan assets are not adequate or suitable to fund the liabilities of the fund (and the nature thereof) the Group will be required to fund the balance, hence exposing the Group to risks on the investment return.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	IMPACT ON DEFINED BENEFIT OBLIGATION – 2024		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 5.7%	Increase by 6.4%
Inflation rate	1%	Increase by 5.0%	Decrease by 4.6%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28.2 Medical benefits

28.2.1 SAA group employees' post-retirement medical benefits

The Group has an arrangement with its employees whereby SAA subsidises its members for post-retirement medical benefits. The post-retirement medical benefits obligation relates to SAA group continuation and in-service members who are members of Transnet, and who retired after 31 March 1990 or are still employees of SAA; employees who participate in the Discovery Health Medical Scheme; employees who participate in the Bonitas Medical Scheme and those who do not belong to a medical scheme.

There were 484 continuation members (2024: 549) and 0 in-service members (2024: 0) at 31 March 2025. The expected retirement age is 63 years and there is no allowance for early retirement. The average age of the continuation members was 75,6 years (2024: 75,1 years) at 31 March 2025. The Group expects to make a contribution of R1,2 million (2025: R1,4 million) to the defined benefit plan during the next financial year.

	2025	2024
ELIGIBLE CONTINUATION MEMBERS:		
Number of members		
Male	351	409
Female	133	140
	484	549
Average age		
Average age (years)	75.6	75.1

28. EMPLOYEE BENEFIT INFORMATION (continued)

28.2 Medical benefits (continued)

28.2.1 SAA group employees' post-retirement medical benefits (continued)

SAA subsidises continuation and in-service members with a fixed amount of R213 (2024: R213) per month in retirement. The amount is fixed irrespective of the number of dependants on the medical scheme. Dependants of members who die while in-service continue to receive this amount. To enable the SAA group to fully provide for such post-retirement medical aid liabilities, since April 2000 actuarial valuations are obtained, as required by IAS 19 – Employee benefits. There are no assets held to fund the obligation.

RISKS INVOLVED IN MAINTAINING THE POST-EMPLOYMENT HEALTHCARE OBLIGATION

The risks faced by SAA as a result of the post-employment healthcare obligation can be summarised as follows:

- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected;
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain;
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for SAA;
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for SAA;
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy;
- **Administration:** Administration of this liability poses a burden to SAA; and
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.

ALLOCATION OF LIABILITY TO SAA GROUP

The net benefit costs are allocated to subsidiaries of Transnet based on the demographic distribution of the Transnet Medical Scheme members across units.

Any deficit or liability for post-retirement medical benefits, incurred prior to 31 March 1999, is by agreement between Transnet Limited and SAA, for the account of Transnet Limited. Any liability directly attributable to the airline after 1 April 1999 will be for SAA's account.

The economic assumptions have been set in relation to the duration of the liability as at 31 March 2024 of 6,3 years. The duration of the liability as at 31 March 2025 is 6,5 years.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

The projected unit credit method has been used for the purposes of determining an actuarial valuation of post-retirement medical benefits as at 31 March 2025.

The table below summarises the components of net benefit expense recognised in both the statement of profit or loss and other comprehensive income and the statement of financial position for the SAA group as at 31 March 2025 for SAA group employees.

The principal actuarial assumptions used were as follows:

PERCENT	2025	2024
Discount rate	10.25	11.25
R MILLION	2025	2024
Net benefit liability		
Present value of unfunded benefit obligations	9	10
Changes in the present value of defined benefit obligations are as follows:		
Opening liability	10	11
Service cost	–	–
Interest cost	1	1
Remeasurement	(1)	–
Benefits paid	(1)	(2)
Benefit liability at year end	9	10

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	2025	2024
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28. EMPLOYEE BENEFIT INFORMATION (continued)

28.2 Medical benefits (continued)

ALLOCATION OF LIABILITY TO SAA GROUP (CONTINUED)

Amounts recognised in the statement of profit or loss and other comprehensive income

Current-service cost	–	–
Interest on obligation	1	1
	1	1

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	IMPACT ON DEFINED BENEFIT OBLIGATION		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 4.9%	Increase by 5.5%
Expected retirement age	one year	Remains unchanged	Remains unchanged
Mortality	one year	Decrease by 2.1%	Increase by 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the medical liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28.3 SA German pension fund benefits

SAA operates a retirement plan for its permanent employees based in Germany. The scheme is a defined benefit fund.

The scheme consists of three groups which are entitled to different benefits as follows:

Group 1: Those in the employment of SAA before 1976. All employees who were members in this group have retired and the scheme has therefore been closed with effect from March 2004;

Group 2: Those in the employment of SAA from April 1976 to December 1988; and

Group 3: All new employees who joined SAA after 1 January 1989.

The benefits payable to groups 2 and 3 are determined with reference to the rules of the scheme and are based on the percentage of the average salary for the last 12 months multiplied by the number of years of pensionable service plus a cash lump sum. The retirement age for all employees is 63 years.

ACTUARIAL VALUATIONS

Actuarial valuations in terms of the rules of the scheme are done at intervals not exceeding three years to determine its financial position. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out in March 2025 using the projected unit credit method.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

PERCENT	2025	2024
Principal actuarial assumptions used:		
Discount rate	4.01	3.66
Inflation rate	2.20	2.20
Pension increases per three years	6.60	6.60
R MILLION	2025	2024
Benefit liability		
Present value of obligation	(376)	(404)
Fair value of plan assets	317	340
Net liability per the statement of financial position	(59)	(64)

R MILLION	2025	2024
28. EMPLOYEE BENEFIT INFORMATION (continued)		
28.3 SA German pension fund benefits (continued)		
ACTUARIAL VALUATIONS (CONTINUED)		
Reconciliation of movement in present value of obligation		
Opening benefit liability at the beginning of the year	404	365
Service cost	–	–
Interest cost	14	15
Exchange differences on foreign plans	(13)	22
Benefits paid	(23)	(31)
Remeasurement due to change in economic assumptions	(15)	20
Remeasurement due to change in demographic assumptions	–	–
Remeasurement due to change in experience	9	–
Benefits paid – employer	–	7
Closing present value of obligation	376	404
Reconciliation of fair value of plan assets		
Opening fair value of plan assets	340	327
Exchange differences on foreign plans	(11)	20
Return on plan assets – interest income	11	14
Remeasurement – return on plan assets excluding interest income	–	7
Benefits paid	(23)	(31)
Employer's contribution	(23)	3
Closing fair value of plan assets	317	340
PERCENT		
The major categories of plan assets as a percentage of total plan assets are:		
Equity	27	26
Cash	–	–
Other	73	74
Total	100	100
R MILLION		
Current-service cost	–	–
Interest on obligation	14	15
Return on plan assets	(11)	(14)
	3	1

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately Rnil (2024: Rnil) relating to active employees, R73 million (2024: R98 million) relating to deferred members and R303 million (2024: R306 million) relating to members in retirement.

Notes to the Group and Company Annual Financial Statements (continued)

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28. EMPLOYEE BENEFIT INFORMATION (continued)

28.3 SA German pension fund benefits (continued)

ACTUARIAL VALUATIONS (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	IMPACT ON DEFINED BENEFIT OBLIGATION		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.3%	Increase by 5.9%
Salary increase rate	0.5%	Remains unchanged	Remains unchanged
Pension increase rate	0.5%	Increase by 1.6%	Decrease by 1.5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The net liability per the statement of financial position is denominated in Euro and is translated to South African Rand using the closing Rand/Euro exchange rate at year end. As per Note 23.6, the average movement in the Rand/Euro exchange rate over the past four years was 9 percent (2024: 11 percent), therefore a 9 percent (2024: 11 percent) change in the Rand/Euro exchange rate will lead to a change of R5,3 million (2024: R7,0 million) in the net liability recognised at year end.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28.4 Flight deck crew (FDC) disability benefit

SAA has an agreement with FDC members who are on permanent employment to top up the disability benefits payable by the Transnet Retirement Fund and the SAA Retirement Fund. In terms of the rules of the Transnet Retirement Fund all employees are entitled to 75 percent of the members' pensionable salary payable when a member becomes disabled before the normal retirement age of 63. The agreement with FDC members is for SAA to pay a further 25 percent in addition to what the member would receive from the pension fund in the case of disability. The members or SAA make no additional contribution towards these benefits, and these benefits are therefore unfunded.

In the past, SAA has recognised the full obligation in the financial statements as there were no plan assets or insurance cover in place of these promised benefits. In 2007, SAA took an insurance policy to cover the 25 percent additional benefit to pilots, which resulted in SAA no longer having a legal or constructive obligation to fund the disability benefit.

NUMBER OF SHARES	2025	2024
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28.5 Share-based payments

28.5.1 FDC Share Scheme

The FDC Share Scheme was created for flight deck crew members and Transnet Limited allocated 40 150 000 class E ordinary R1,00 shares of SAA to the scheme. These shares are held as follows:

South African Airways Employee Share Trust	3 431 418	3 431 418
	3 431 418	3 431 418

NUMBER OF SHARES	2025	2024
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28.5.2 Share incentive scheme

The scheme granted two types of shares, i.e. joining and promotional shares to management. The promotional shares had a 12-month vesting period and the joining shares had a 24-month vesting period. Vesting was calculated from 1 April 1999 or when the employee joined the company. The employees could exercise these options at 25 percent per annum after vesting took place. These shares are held as follows:

South African Airways Employee Share Trust	23 005 660	23 005 660
	23 005 660	23 005 660

NUMBER OF SHARES	2025	2024
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28. EMPLOYEE BENEFIT INFORMATION (continued)

28.5 Share-based payments (continued)

28.5.3 Employee share ownership programme (ESOP)

This scheme was implemented in March 2001, granting employees in service of SAA on or before 1 April 1999 options to purchase shares at R1,00 per share. These shares vested over a three-year period and were fully vested as at 31 March 2004. These shares are held as follows:

South African Airways Employee Share Trust	91 141 728	91 141 728
	91 141 728	91 141 728

28.6 Employee wellness programme

The Group offers employees and their immediate families access to an holistic health and wellness programme, providing life skills, awareness, counselling and education programmes to promote healthy lifestyles and coping skills. The programme is aimed at providing support covering a whole range of health and medical conditions, including HIV and Aids.

28.7 Travel benefits

The Group offers certain air travel benefits to both current employees and retirees. A percentage of the face value of the air ticket is normally paid in respect of the benefit (with such percentage exceeding the marginal cost of supplying the service) and the ticket is only issued on a "standby" basis, with fare paying passengers always having preference. Employees and retirees may only fly if there is available space on the flight.

R THOUSAND	2025	2024
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29. DIRECTORS' EMOLUMENTS FOR SAA SUBSIDIARIES

EXECUTIVE DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS

Mango Airlines SOC Limited

Mr W Ndlovu⁽¹⁾

Salary	–	503
Leave pay paid out	–	107
	–	610

SAA Technical SOC Limited

Mr WN Nyuswa

Salary	2 931	1 856
Allowance	175	249
Leave pay paid out	22	4
	3 128	2 109

Ms S Mthembu

Salary	1 115	851
Allowance	156	119
Leave pay paid out	50	–
	1 321	970

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R THOUSAND	2025	2024
29. DIRECTORS' EMOLUMENTS FOR SAA SUBSIDIARIES (continued)		
EXECUTIVE DIRECTORS' AND KEY MANAGEMENT EMOLUMENTS (CONTINUED)		
Air Chefs SOC Limited		
Ms JC September⁽²⁾		
Salary	1 435	1 800
Leave pay paid out	787	–
	2 222	1 800
Ms RT Singh⁽³⁾		
Salary	–	600
Leave pay paid out	–	46
	–	646
Mr M Seshibe⁽⁴⁾		
Salary	1 700	–
Allowance	40	–
	1 740	–
Ms S Pather⁽⁵⁾		
Salary	260	–
Allowance	13	–
	273	–

(1) Contract ended 30 September 2023.

(2) Appointed as Acting CEO from 1 April 2023 and resigned 31 October 2024.

(3) Appointed as Acting CFO from 1 August 2023 and resigned 25 January 2024.

(4) Appointed as CEO on 1 October 2024.

(5) Appointed as CFO on 1 February 2025.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
30. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current year	(18)	–	(15)	–
Deferred				
Deferred tax – current year	–	–	–	–
	(18)	–	(15)	–
Reconciliation of the tax expense				
Reconciliation between accounting (profit)/loss and tax expense:				
Accounting (profit)/loss	(173)	442	(45)	459
Tax at the applicable tax rate of 27% (2024: 27%)	(47)	119	(12)	124
Tax effect of adjustments on taxable income				
Tax effect of non-deductible expenses	(5)	(1)	(5)	(1)
Current year temporary differences for which no deferred income tax asset was recognised	(41)	39	(47)	41
Tax profits/(losses) for which no deferred income tax asset was recognised	29	(157)	3	(164)
CGT rate differential	46	–	46	–
	(18)	–	(15)	–
Estimated tax losses available to be utilised against future taxable income	47 782	47 887	44 030	44 039

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
31. DEFERRED TAX ASSET				
Temporary differences in respect of property, aircraft and equipment	(1 925)	(1 207)	(1 558)	(830)
Doubtful debts	177	186	171	177
Air traffic liability and other deferred income	270	188	262	178
Provisions	347	325	160	137
Prepayments	(32)	(30)	(32)	(30)
Lease liability	725	120	725	120
Computed tax loss	12 901	12 929	11 888	11 891
	12 463	12 511	11 616	11 643
Deferred tax asset not recognised	(12 420)	(12 468)	(11 616)	(11 643)
Deferred tax asset recognised	43	43	–	–

RECOGNITION OF DEFERRED TAX ASSET

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable income is probable. The Group did not recognise deferred tax assets of R12,4 billion (2024: R12,5 billion) in respect of losses amounting to R47,8 billion (2024: R47,9 billion) that can be carried forward against future taxable income. It is anticipated that there will be sufficient taxable income in future periods to support the recognition of the deferred tax assets reflected above.

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
32. TAX PAID				
Current tax recognised for the year	(18)	–	(15)	–
Tax paid in foreign jurisdictions	(1)	–	(1)	–
Tax paid per statement of cash flows	(19)	–	(16)	–

	2025			2024		
R MILLION	Cost/ valuation	Accumulated amortisation/ impairment	Carrying value	Cost/ valuation	Accumulated amortisation/ impairment	Carrying value
33. INTANGIBLE ASSETS						
GROUP						
Software development	506	(426)	80	506	(421)	85
Goodwill*	35	(35)	–	35	(35)	–
Capital work in progress	79	–	79	72	–	72
Total	620	(461)	159	613	(456)	157
COMPANY						
Software development	383	(382)	1	383	(381)	2
Capital work in progress	79	–	79	72	–	72
Total	462	(382)	80	455	(381)	74

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

R MILLION	Software development	Goodwill*	Capital work in progress	Total
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33. INTANGIBLE ASSETS (continued)

GROUP

Reconciliation

Opening balance	88	–	33	121
Additions	2	–	39	41
Amortisation	(5)	–	–	(5)
Balance at 31 March 2024	85	–	72	157
Opening balance	85	–	72	157
Additions	–	–	7	7
Amortisation	(5)	–	–	(5)
Balance at 31 March 2025	80	–	79	159

R MILLION	Software development	Capital work in progress	Total
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COMPANY

Reconciliation

Opening balance	–	33	33
Additions	2	39	41
Balance at 31 March 2024	2	72	74
Opening balance	2	72	74
Additions	–	7	7
Amortisation	(1)	–	(1)
Balance at 31 March 2025	1	79	80

* The goodwill arose from the acquisition of Air Chefs SOC Limited and has been impaired in full.

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
Maintenance inventories	1 232	1 232	–	–
Work in progress	22	20	–	–
Consumables	163	156	45	52
	1 417	1 408	45	52
Impairment of Inventories	(658)	(658)	–	–
	759	750	45	52
Reconciliation of impairment of inventories				
Opening balance	(658)	(658)	–	–
Closing balance	(658)	(658)	–	–

35. CONTINGENT LIABILITIES AND UNQUANTIFIABLE EXPOSURE

CONTINGENT LIABILITIES, ASSETS AND GUARANTEES

The entity has the following types of contingent liabilities:

Civil litigations

Civil litigations include summons issued against SAA by third parties. The estimated amount is R2,1 million (2024: R9,9 million).

Labour relations

Labour relations include summons that were issued against SAA by former employees and these matters are heard at the CCMA. The estimated amount is R17,8 million (2024: R24,6 million).

Passenger claims

Passenger claims relates to claims submitted by passengers to SAA for lost, stolen and damaged luggage. The estimated amount is R13,2 million (2024: R1,8 million).

PASSENGER PROTECTION GUARANTEE – MANGO AIRLINES SOC LIMITED

South African Airways SOC Limited issued a guarantee on behalf of Mango Airlines SOC Limited to the Civil Aviation Authority for an amount of R80 million as a Passenger Protection Guarantee.

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
Foreign exchange loss/(gain) on translation of:				
Foreign cash balances	(266)	483	(268)	483
Foreign currency denominated net receivables	(21)	52	(19)	53
Net monetary assets and liabilities	312	(120)	316	(136)
Total fair value and translation movements	25	415	29	400

R MILLION	Gross	Tax	Net
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36. FAIR VALUE AND TRANSLATION MOVEMENTS

COMPONENTS OF OTHER COMPREHENSIVE INCOME

GROUP – 2025

Movements in other reserves

Remeasurement of SAA German Pension Fund	6	–	6
Remeasurement of post-retirement medical benefits	1	–	1
	7	–	7

GROUP – 2024

Movements in other reserves

Remeasurement of SAA German Pension Fund	(19)	–	(19)
Remeasurement of SAA subfund of Transport Pension Fund	31	–	31
	12	–	12

COMPANY – 2025

Movements in other reserves

Remeasurement of SAA German Pension Fund	6	–	6
Remeasurement of post-retirement medical benefits	1	–	1
	7	–	7

COMPANY – 2024

Movements in other reserves

Remeasurement of SAA German Pension Fund	(19)	–	(19)
Remeasurement of SAA subfund of Transport Pension Fund	31	–	31
	12	–	12

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

38. INFORMATION REQUIRED BY THE PUBLIC FINANCE MANAGEMENT ACT

SAA is a state-owned company and listed as a Schedule 2 Major Public Entity in terms of the PFMA (Act No 1 of 1999). The SAA Board, as the accounting authority, has the responsibility of ensuring that SAA has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The design and implementation of effective controls have been delegated to the SAA executive management.

The tables below indicate the PFMA non-compliance for 2024/2025 compared to the 2023/2024 financial year:

R MILLION	GROUP		COMPANY	
	2025	2024	2025	2024
Irregular and fruitless and wasteful expenditure				
Irregular expenditure	504,4	473,9	163,1	225,9
Fruitless and wasteful expenditure	0,6	1,5	0,5	0,8
Total irregular, fruitless and wasteful expenditure awaiting writing off/recoveries/condonement	505,0	475,4	163,6	226,7

Section 55(2)(b)(i) of the PFMA requires that the particulars of any irregular expenditure, fruitless and wasteful expenditure, as well as material losses due to criminal conduct are disclosed in the annual financial statements. Irregular expenditure is defined as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. The scope is broad and includes all transgressions of any laws, regulations, SAA group policies and procedures and the approved Delegation of Authority. Irregular expenditure is reported in these financial statements regardless of whether the non-compliance was deliberate or accidental, happened unknowingly or in good faith, or if value was received or not.

Any contravention of applicable laws, regulations or policies that occurred is reported as irregular expenditure in the financial period that the expenditure is incurred in terms of the accrual basis of accounting. The irregular expenditure is therefore reported over the contract period of each irregular contract. The fact that irregular expenditure was reported does not imply that the expenditure was not authorised, was fruitless and wasteful expenditure or that the Group did not attain value from the transaction(s). For the financial year under review, the SAA group received value out of the reported irregular expenditure. The irregular expenditure was mostly as a result of legacy month-to-month contracts and expired contracts. A process has been put in place to regularise them. The following is an analysis of the reported irregular expenditure for the 2024/2025 financial year.

- Non-availability of contracts and expired contracts at Air Chefs – approximately R205 million for Q1 to Q4. A process has been put in place to regularise these contracts, that is, by going out on Request for Quotations (RFQs) and Request for Proposals (RFPs)/tenders to reduce the number of urgent requirements and contract extensions. Contract register for Air Chefs is being revisited together with the development of a new Standard Operating Procedure (SOP).
- Non-availability of contracts and expired contracts at SAA Technical – approximately R136 million for Q1 to Q4. RFQs and RFPs have been issued to regularise the spend.
- Expired contracts at SAA as a company – approximately R163 million for Q1 to Q4. A contract register was redeveloped for all areas and procurement processes are being followed to regularise the contracts or the services rendered.

The fruitless and wasteful expenditure was as a result of the following:

- Air Chefs reported an amount of R29 463 for Q1 to Q4 which was due to traffic fines incurred by an employee and penalties as a result of late payments. The company has put a plan in place to continue to negotiate with creditors or suppliers in terms of payment arrangements where there could be delays. The staff have been reprimanded for obtaining traffic fines.
- SAA Technical reported R21 970 for Q1 to Q4. This was due to late payments but the company managed to negotiate with creditors for delays.
- SAA as a company reported an amount of R527 135 for Q1 to Q4. This was due to baggage pilferage and VISA fines. The company has engaged the appointed service provider to recover the lost money. An amount of R84 816 was recovered from the ground handler as per the agreement, as well as responsible employees. The recoveries seem less but it is due to the fact that it is deducted monthly from the employees as per an arrangement signed by the employees.

The SAA group SCM Policy and Delegation of Authority have been revised and approved by the SAA Board of Directors to bring efficiency and agility into the business. The aforementioned documents have been aligned with the National Treasury issued Instruction Notes to ensure compliance.

The company has appointed a service provider in the 2024/2025 financial year to verify the irregular expenditure population for completeness in terms of the opening balances. This exercise could not be undertaken internally due to a lack of internal resources and required expertise. The exercise will assist the SAA group to submit a complete register for condonement and for writing-off of fruitless and wasteful expenditure. As required by the PFMA, this process will investigate and identify officials responsible for causing or permitting irregular, fruitless and wasteful expenditure, determining any losses suffered as a result of the irregular, fruitless and wasteful expenditure and identifying the officials who are liable by law. Consequence management remains a critical focus for the Group and several warnings will be issued (like in the past) and suspensions/dismissals will be made where necessary. Due to the volume of irregular contracts and payments made, management prioritises the investigations of contracts where fraud risk indicators were identified.

38. INFORMATION REQUIRED BY THE PUBLIC FINANCE MANAGEMENT ACT (continued)

In terms of Section 86 of the PFMA, SAA must advise the Auditor-General of South Africa (AGSA), the Minister (Shareholder representative) and the National Treasury of any criminal charges it has laid against any person in terms of the PFMA. In the 2024/2025 financial year, SAA and its subsidiaries reported no incidence of criminal conduct in relation to the Public Finance Management Act. However, there are matters that are being investigated by the SIU in terms of the Presidential Proclamation and criminal cases have been registered with the DPCI and HAWKS by the SIU. Some of the matters are as a result of the State Capture Commission. Some of the matters are being dealt with by ID and some have already been referred to the NPA. All these identified matters are historic matters dating back from 2013 to 2018. The matters under investigation are not yet declared as irregular, fruitless and wasteful expenditure or losses from criminal conduct.

R MILLION	COMPANY	
	2025	2024
Shares at cost	7 263	7 263
Impairment of investments in subsidiaries	(5 544)	(5 544)
	1 719	1 719

39. INVESTMENTS IN SUBSIDIARIES

Subsidiary	Place of incorporation	Nature of business
Mango Airlines SOC Limited	South Africa	Airline business
SAA Technical SOC Limited	South Africa	Maintenance of aircraft
Air Chefs SOC Limited	South Africa	Airline catering
South African Airways City Center SOC Limited	South Africa	Travel agency

Name of company	Shares	PERCENTAGE HOLDING		R MILLION SHARES AT COST	
		2025	2024	2025	2024
Mango Airlines SOC Limited	1 120	100	100	1 070	1 070
SAA Technical SOC Limited	3 649	100	100	5 608	5 608
Air Chefs SOC Limited	1 000	100	100	583	583
South African Airways City Center SOC Limited	1 000	100	100	2	2
				7 263	7 263
Impairment of investments in subsidiaries				(5 544)	(5 544)
				1 719	1 719

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The net aggregate profits in subsidiaries for the year amounted to R105 million (2024: R17 million).

R MILLION	COMPANY	
	2025	2024

40. AMOUNTS RECEIVABLE FROM SUBSIDIARIES

SUBSIDIARIES

Mango Airlines SOC Limited	327	327
SAA Technical SOC Limited	195	29
South African Airways City Center SOC Limited	20	20
	542	376
Impairment of loans to subsidiaries	(347)	(347)
	195	29
Current assets	195	29
	195	29

Historically, the amounts receivable from the subsidiaries were interest free, however during the current financial year, South African Airways SOC Limited has started to charge South African Airways Technical SOC Limited interest at a market-related rate on their outstanding balance. The loans originated based on the financing requirements of the subsidiaries. There are no fixed terms of repayment. The loan to South African Airways City Center SOC Limited (SATC) was fully impaired in prior years. Due to Mango's financial position at 31 March 2025, the amount receivable from Mango has also been impaired in full.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
41. INVESTMENTS				
Investment in share trust				
South African Airways Employee Share Trust	–	–	157	157
Impairment of the loan to South African Airways Employee Share Trust	–	–	(157)	(157)
	–	–	–	–

The investment in the South African Airways Employee Share Trust was fully impaired in prior years.

	GROUP		COMPANY	
NUMBER OF SHARES MILLION	2025	2024	2025	2024
42. SHARE CAPITAL				
Authorised				
40 000 000 000 ordinary no par value shares	40 000	40 000	40 000	40 000
	40 000	40 000	40 000	40 000
Issued				
Ordinary no par value shares	13 402	13 402	13 402	13 402
	13 402	13 402	13 402	13 402

All shares are held by the South African Government, represented by the Department of Transport, except for 117 578 806 shares held by the South African Airways Employee Share Trust.

	GROUP		COMPANY	
NUMBER OF SHARES MILLION	2025	2024	2025	2024
Reconciliation of number of shares issued:				
Opening balance	13 402	13 397	13 402	13 397
Recapitalisation issue – ordinary no par value shares issued during the year	–	5	–	5
	13 402	13 402	13 402	13 402

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
Reconciliation of Rand value of shares issued:				
Balance at the beginning of the year	61 028	60 028	61 262	60 262
Shares issued during the year in respect of contributed capital	–	1 000	–	1 000
Balance at the end of the year	61 028	61 028	61 262	61 262

	GROUP		COMPANY	
R MILLION	2025	2024	2025	2024
43. SHAREHOLDER CONTRIBUTION				
Balance at the beginning of the year	–	–	–	–
Contribution made by shareholder during the year	–	1 000	–	1 000
Shares issued during the year in respect of contributed capital	–	(1 000)	–	(1 000)
Balance at the end of the year	–	–	–	–

44. RELATED PARTIES

The SAA group has applied the exemption under paragraph 25 of IAS 24 to government related entities. South African Airways SOC Limited (SAA) is owned by the Department of Transport, a South African Government National Department. SAA is a Schedule 2 Public Entity in terms of the Public Finance Management Act No 1 of 1999 (as amended) (PFMA). Its related parties therefore constitute the Department of Transport, its subsidiaries, some major public entities falling under Schedule 2 of the PFMA and key management personnel.

Public entities that are classified as Schedule 2 major public entities are omitted from detailed disclosure as per paragraphs 25 and 26 of IAS 24. The exemption also applies to the Department of Transport.

The revenue from the sale of tickets to related parties has been quantified based on the information available from frequent flyer corporate contracts entered into with the Group. The frequent flyer participants qualify for the same benefits as all other third parties who participate in this frequent flyer programme for corporates. Other ticket sales with related parties were made on terms equivalent to those that prevail in arms' length transactions. The revenue from the sale of tickets that are not reported in terms of these contracts has not been disclosed as it is, and will continue to be, impossible to quantify these sales due to the nature of the distribution network. In addition, there is no requirement or obligation for any related party to purchase its tickets from SAA with the result that SAA's relationship with these parties has no impact on related party sales and would not negatively impact results should the relationship be terminated.

The Group and its subsidiaries, in the ordinary course of business, enter into various other sales, purchase and service agreements with other parties within the SAA group. The transactions entered into by entities within the Group are eliminated on consolidation.

	GROUP		COMPANY	
R THOUSAND	2025	2024	2025	2024
RELATED PARTY BALANCES				
Amounts receivable from related parties*				
Subsidiaries	–	–	195 000	28 781
Public entities	–	–	–	–
	–	–	195 000	28 781
Amounts payable to related parties**				
Subsidiaries	–	–	253 965	35 471
Public entities	900	–	557	–
	900	–	254 522	35 471

* Amounts receivable represent short- and long-term amounts receivable. Includes an amount of R327 million (2024: R327 million) receivable from Mango Airlines SOC Limited, this amount has been fully impaired as at 31 March 2025. Please refer to Note 40 for more details.

** Amounts payable represent short- and long-term amounts payable.

	GROUP		COMPANY	
R THOUSAND	2025	2024	2025	2024
RELATED PARTY TRANSACTIONS				
Sales of goods/services				
Subsidiaries	–	–	38 478	33 390
Public entities	59 777	4 000	59 777	4 000
	59 777	4 000	98 255	37 390
Purchases of goods/services				
Subsidiaries	–	–	1 181 162	713 841
Public entities	48 790	12 000	44 596	6 000
	48 790	12 000	1 225 758	719 841
Other transactions				
Key management personnel*	29 916	23 708	21 232	17 573
	29 916	23 708	21 232	17 573

* Long- and short-term employee benefits paid to executive members. Executive members' emoluments of subsidiaries that form part of the SAA group Executive Committee are disclosed in Note 29. The short-term employee benefits reflected below refer to members of the SAA company who are also members of the SAA group Executive Committee.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

44. RELATED PARTIES (continued)

Non-executive compensation is set out below:

	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	South African Airways SOC Limited		SAA Technical SOC Limited		Air Chefs SOC Limited		South African Airways City Center SOC Limited		Group Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr NO Fagdugba ⁽¹⁾⁽³⁾	–	14	–	23	–	–	–	–	–	37
Ms MMB Zwane ⁽¹⁾⁽³⁾	–	19	–	–	–	17	–	–	–	36
Mr DA Hanekom ⁽²⁾	853	812	–	–	–	–	–	–	853	812
Mr MS Mazwi ⁽²⁾⁽⁴⁾	464	403	–	–	96	85	–	–	560	488
Adv JC Weapond ⁽²⁾⁽⁴⁾	443	326	91	–	96	85	–	–	630	411
Ms F Sithebe ⁽²⁾⁽⁴⁾	399	331	128	96	445	347	–	–	972	774
Mr DH Sangweni ⁽²⁾⁽⁴⁾	356	332	601	535	–	–	–	–	957	867
Ms FBB Abdul Gany ⁽²⁾⁽⁴⁾⁽⁸⁾	296	277	171	99	83	–	–	–	550	376
Mr Z Mhlonto ⁽⁵⁾	–	–	–	–	–	–	–	–	–	–
Ms KC Mbeki ⁽⁷⁾	–	–	–	–	–	–	–	–	–	–
Mr TTM Kgokolo ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Mr T Tsimane ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Ms L Olitzki ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
	2 811	2 514	991	753	720	534	–	–	4 522	3 801

(1) Retired from Board of SAA on 14 April 2023.

(2) Appointed to Board of SAA on 15 April 2023.

(3) Resigned from subsidiary boards on 14 April 2023.

(4) Appointed to subsidiary boards on 11 May 2023.

(5) Resigned from subsidiary board on 31 May 2023.

(6) Resigned from subsidiary board on 30 April 2023.

(7) Appointed to subsidiary board on 11 August 2023.

(8) This director's emoluments have been adjusted for 15% Value Added Tax (VAT).

In terms of the Group's travel benefits policy as referred to in Note 28.7, key management personnel are entitled to utilise surplus capacity on flights at a normal cost to the beneficiaries and at no loss of revenue to the Group.

R THOUSAND	Salaries	Allowances	Other benefits ⁽¹⁾	Total TCE
SHORT-TERM EMPLOYEE BENEFITS 2025				
Executive directors⁽²⁾				
Prof MJ Lamola	4 620	80	–	4 700
Ms L Olitzki	2 573	80	89	2 742
	7 193	160	89	7 442
Executive Committee				
Mr M Nkhalane	2 326	425	–	2 751
Mr T Tsimane	2 646	48	–	2 694
Ms M Letlape	3 059	80	–	3 139
Mr JD McQuirk	2 470	48	245	2 763
Ms K Mbeki	2 096	136	211	2 443
	12 597	737	456	13 790

(1) Other benefits relate to leave pay paid out in the case of Executive Committee members still at SAA as at 31 March 2025.

(2) Executive directors of the Board are also members of the Executive Committee.

44. RELATED PARTIES (continued).

R THOUSAND	Salaries	Allowances	Other benefits ⁽¹⁾	Total TCE
SHORT-TERM EMPLOYEE BENEFITS 2024				
Executive directors⁽²⁾				
Prof MJ Lamola	3 780	50	–	3 830
Mr Z Mhlontlo ⁽³⁾	475	5	232	712
Ms L Olitzki ⁽⁴⁾	2 000	21	–	2 021
	6 255	76	232	6 563
Executive Committee				
Mr M Nkalane	1 900	208	–	2 108
Mr T Tsimane	2 160	18	–	2 178
Ms M Letlape	2 592	50	–	2 642
Mr JD McQuirk	2 222	18	–	2 240
Ms K Mbeki	1 664	178	–	1 842
	10 538	472	–	11 010

(1) Other benefits relate to amounts paid on termination of contract in the case of Executive Committee members that left SAA during the 2023/2024 financial year.

(2) Executive directors of the Board are also members of the Executive Committee.

(3) Resigned 31 May 2023.

(4) Appointed Interim CFO 1 June 2023

45. RESTATEMENTS

The Group and company annual financial statements have been prepared in accordance with International Financial Reporting Standards. The basis is consistent with the prior year except for restatements reflected below.

PROPERTY, AIRCRAFT AND EQUIPMENT (RESTORATION ASSET) AND PROVISION FOR LEASE LIABILITIES

For aircraft held under lease agreements, the Group is contractually committed either to return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines and life-limited parts upon return. In order to fulfil such conditions of the lease, maintenance in the form of major airframe overhaul, engine maintenance checks and restitution of major life-limited parts, is required to be performed during the period of the lease and upon return of the aircraft to the lessor. The estimated airframe and engine maintenance costs and the costs associated with the restitution of major life-limited parts, are accrued and charged to profit or loss over the lease term for this contractual obligation. Management decided to recognise this provision retrospectively in the current financial year, along with the related restoration asset. Prior financial years were restated accordingly. This also impacted maintenance costs, depreciation and amortisation and aircraft and other deposits. Please refer below for the impact.

BLOCKED CASH (CASH AND CASH EQUIVALENTS AND TRADE AND OTHER RECEIVABLES)

According to IATA funds are deemed to be blocked when repatriations have not been possible for a period of two months, due to for instance, Exchange Control Regulations, shortages of foreign currency, tax laws or the obligatory submission of documentary evidence of monthly activities required by some foreign countries. Management has deemed that blocked cash in the accounting records that meet this definition, would not be accessible within a three-month period in order to meet the definition of cash and cash equivalents. These blocked cash amounts were reclassified to trade and other receivables in the current year and the prior year cash balance has also been restated accordingly. Please refer below for the impact.

WRITE-OFFS OF PAYABLES AND RECEIVABLES

Payables balances were extinguished as the liability does not exist anymore. Receivables balances were written off as the debt has prescribed and there was clearing and reconciliation of bank accounts which resulted in movements in the accounts. These adjustments were processed against prior years and the prior year balances have been restated accordingly.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

45. RESTATEMENTS (continued)

The aggregate effect of the restatements on the Group and company annual financial statements for the year ended 31 March 2024 is as follows:

Statement of financial position

		GROUP	COMPANY
R MILLION	Notes	2024	2024
Property, aircraft and equipment	11		
Previously stated		6 470	3 982
Recognising prior period restoration asset – cost		681	681
Recognising prior period restoration asset – accumulated depreciation		(33)	(33)
Restated balance		7 118	4 630
Non-current aircraft and other deposits	12		
Previously stated		1 397	1 171
Recognising prior period provision for lease liabilities – consumed life		(46)	(46)
Restated balance		1 351	1 125
Trade and other receivables	18		
Previously stated		1 819	1 683
Reclassification of prior period blocked cash		479	479
Clearing of old items in the prior period		9	9
Restated balance		2 307	2 171
Cash and cash equivalents	19		
Previously stated		1 456	1 205
Reclassification of prior period blocked cash		(479)	(479)
Clearing of old items in the prior period		(5)	(5)
Restated balance		972	721
Accumulated loss			
Previously stated		(59 449)	(57 945)
Recognising prior period restoration asset – depreciation		(33)	(33)
Recognising prior period provision for lease liabilities – consumed life		(46)	(46)
Writing off old payables and accruals		179	179
Clearing of old items in the prior period		4	4
Restated balance		(59 345)	(57 841)
Non-current provisions	13		
Previously stated		–	–
Recognising prior period provision for lease liabilities		560	560
Restated balance		560	560
Trade and other payables	20		
Previously stated		3 509	1 706
Writing off old payables and accruals		(184)	(184)
Restated balance		3 325	1 522
Current provisions	13		
Previously stated		132	132
Recognising prior period provision for lease liabilities		121	121
Restated balance		253	253
Deferred revenue on ticket sales – current	14		
Previously stated		1 457	1 243
Writing off old payables and accruals		5	5
Restated balance		1 462	1 248

45. RESTATEMENTS (continued)

Statement of profit or loss and other comprehensive income

		GROUP	COMPANY
R MILLION	Notes	2024	2024
Maintenance costs			
Previously stated		355	720
Recognising prior period provision for lease liabilities – consumed life		46	46
Restated amount		401	766
Other operating costs			
Previously stated		1 414	1 057
Writing off old payables and accruals		(1)	(1)
Restated amount		1 413	1 056
Depreciation and amortisation	8		
Previously stated		(355)	(281)
Recognising prior period restoration asset – depreciation		(33)	(33)
Restated amount		(388)	(314)
Impairments	10		
Previously stated		(1)	40
Clearing of old items in the prior period		(10)	(10)
Restated amount		(11)	30
Loss for the year			
Previously stated		(354)	(371)
Net result of the above adjustments		(88)	(88)
Restated loss		(442)	(459)

46. EVENTS SUBSEQUENT TO THE REPORTING DATE

The annual financial statements have not been adjusted for the events below, which are considered material to the users of the financial statements.

DELIVERY AND LEASE ARRANGEMENTS

In August 2025, SAA signed a letter of intent to lease an additional seven Airbus A330-200 aircraft, with delivery expected in the 2025/2026 financial year. Ministerial approval was also obtained to extend certain existing lease arrangements for periods of between six and 12 years. In this instance, the estimate of the financial effects of this transaction could not be made as at the date of approval of these financial statements. However, lease liabilities and right-of-use assets will increase as a result of these transactions.

SAA entered into an ACMI (aircraft, crew, maintenance and insurance) contract to lease an A330-300 aircraft for six months commencing mid-September 2025. This capacity will be used to replace existing wide body capacity as SAA's current aircraft undergo maintenance.

SAA also entered into an ACMI contract for two narrowbody aircraft from Sun Express to bolster capacity during the peak season.

MANGO BUSINESS RESCUE STATUS

Mango entered business rescue in July 2021. On 15 November 2024, the Air Services Licensing Council notified Mango of its decision to cancel its air services licences. On 17 June 2025, the High Court issued a ruling declaring the business plan for Mango invalid and unenforceable under South African law. The business rescue practitioner has proposed an amended business rescue plan that envisages either a structured wind down or a liquidation of the company. A date for the creditors' meeting to approve the amended plan has been set for 18 November 2025. As at the date of approval of these financial statements, the estimate of the financial effects of this transaction could not be made.

CYBER ATTACK

On 3 May 2025, subsequent to the reporting date of 31 March 2025, the public entity was the target of a cyber-attack. The public entity was able to successfully recover key systems within the timelines set out in its disaster recovery plan. The public entity is investigating the impact on the data/ICT environment through forensic investigations. The audit for the reporting period ending 31 March 2025 had not got underway yet at time of the attack, however, the financial data used in the preparation of the financial statements appears to be unaffected, there was no impact on the recognition or measurement of balances reported for the 2024/2025 financial year. As at the date of approval of the financial statements for the year ended 31 March 2025, the forensic investigation was still in progress.

Notes to the Group and Company Annual Financial Statements (continued)

for the year ended 31 March 2025

46. EVENTS SUBSEQUENT TO THE REPORTING DATE (continued)

GOVERNANCE MATTERS

Non-Executive Director movements

On 7 August 2025, the Minister of Transport retired the Non-Executive Interim Board Members of South African Airways (SAA), being Mr DA Hanekom (Chairperson), Mr MS Mazwi, Adv JC Weapond, Ms F Sithebe, Mr DH Sangweni and Ms FBB Abdul Gany. On 8 August 2025, a new Board was appointed by the Minister. The Non-Executive Board Members that were appointed are as follows:

- Ms SF Mudau (Chairperson)
- Ms F Gany (Deputy Chairperson)
- Adv JC Weapond (Board Member)
- Mr T Potgieter (Board Member)
- Mr M India (Board Member)
- Mr D Dlomo (Board Member)
- Ms PB Yako (Board Member)
- Ms B Pityi (Board Member)
- Dr S Chiloane-Nwabueze (Board Member)
- Dr P Dala (Board Member)
- Mr L Mangcu (Board Member)
- Ms B Mbomvu (Board Member)
- Ms S Dlungwane (Board Member)

47. GOING CONCERN

The annual financial statements have been prepared on a going-concern basis, which presumes that the group will have sufficient financial resources to fund its operations and settle liabilities for at least 12 months from the audit report date.

The Board has reviewed recent performance, financial forecasts including cash flows, and mitigation strategies to address identified risks. It is satisfied that the group has the ability to access financial resources to implement the strategy and maintain liquidity.

MATERIAL UNCERTAINTIES

While the Board is confident in SAA's strategic progress based on the increased fleet scale, optimised liquidity and implemented targeted mitigation measures, certain uncertainties remain regarding the going-concern assumption.

First, the delivery and full integration of the eight remaining leased aircraft that will bring the fleet to a total of 26 aircraft by 31 March 2026. The fleet will then comprise 15 narrow-body aircraft and 11 wide-body aircraft.

Second, although recent non-core asset monetisations and repatriation of foreign-held funds have bolstered liquidity, the timing and amount of these inflows remain subject to third-party processes and market conditions.

Thirdly, the historical operating profits and operating cash flows remain below sustainable levels, which raises concerns about the entity's ability to generate sufficient resources to fund its operations.

Finally, achieving sustainable positive operating cash flow depends on converting the increased fleet into higher load factors and yields. Underperformance against plan will necessitate additional funding requirements or accelerated cost controls to support operations.

CURRENT OPERATIONS AND FUTURE OUTLOOK

Fleet

SAA has executed a phased fleet rebuild since relaunching commercial operations four years ago with six leased aircraft operating five routes. By the 2024/25 financial year, approval had been granted to increase the fleet to 21 aircraft and at year end 14 of these aircraft were in service, with a further four aircraft entering service during the second quarter of FY2025/26, bringing the operational fleet to 18. The remaining three aircraft will enter service during the latter half of FY2025/26.

In May 2025, SAA signed a letter of intent for five more wide-body aircraft, which will bring the fleet to 26 by March 2026. It is anticipated these aircraft will be delivered to SAA during the final quarter of FY2025/26 with entry into service in the first half of FY2026/27. These aircraft will accelerate the intercontinental expansion plans set out in the five-year Corporate Plan approved by the Board in February 2025, improving route economics, network flexibility and the scale needed to achieve consistent operational profitability and positive cash flow.

The ongoing global shortage of aircraft has caused delays in aircraft deliveries due to significant disruptions that manufacturers experienced post the COVID-19 pandemic. Production volumes are below pre-pandemic levels and are forecasted to remain at this level for several years to come, limiting access to new aircraft and increasing lease rates. To address capacity gaps during peak months, SAA successfully entered into ACMI short-term leases with various operators, primarily Sun Express, ensuring uninterrupted service and maintaining route performance.

47. GOING CONCERN (continued)

COMMERCIAL OPERATIONS

Since September 2021, SAA has methodically rebuilt its network from a six-aircraft, five-route operation to a diversified portfolio of 17 routes serving 16 destinations with 18 aircraft in operation as of October 2025. During 2024/25, the airline strategically launched three new routes; Perth, Lubumbashi and Dar-es-Salaam; broadening its footprint into high-growth markets and laying the foundation for future traffic flows. A new route to Gaborone is scheduled to commence operations in November 2025.

While SAA delivered a modest profit for the FY2024/25, annual operational performance was negatively impacted by the delayed entry into service of the additional aircraft. Not only did SAA lose out on the additional route contribution anticipated from these aircraft, but there were significant maintenance and lease costs associated with the aircraft while they were on the ground prior to entering into service.

To bridge those gaps and capture high-yield traffic, SAA supplemented its core fleet with short-term ACMI leases – primarily through Sun Express – during the second half of the year. This arrangement ensured route continuity and helped protect yield on our busiest sectors, mitigating the impact of the delay in new aircraft delivery.

Looking ahead, the 2025/26 budget is based on an operational fleet of 21 aircraft, complimented by additional ACMI cover in peak months. It incorporates the phased entry of the remaining aircraft and targets incremental frequencies on our most profitable domestic and regional corridors, alongside densifying intercontinental services as capacity allows.

Each new route and frequency increase is subject to rigorous financial evaluation to ensure a positive contribution to cash flow. Combined with the planned fleet expansion and the network optimisation levers set out in the five-year Corporate Plan, this disciplined growth strategy is expected to generate sustained profitability, reinforce cash-flow resilience and underpin SAA's continued status as a going concern.

SUBSIDIARIES

Both wholly owned subsidiaries – SAA Technical (SAAT) and Air Chefs – have completed significant operational and balance-sheet restructurings in recent years, returning to profitability in 2024/25 and contributing positively to group cash flow and margins. Mango, by contrast, remains under business rescue with no active commercial operations. The business rescue practitioners have indicated that there is no longer a buyer for its shares, and it is likely that the business will be either the subject of a structured wind down or it will liquidate.

On a consolidated basis, the group's balance sheet supports the going-concern position. At 31 March 2025 total assets of R16.1 billion exceed liabilities of R9.4 billion, yielding net equity of R6.7 billion. At the parent-company level, SAA has assets of R13.9 billion against liabilities of R7.5 billion, with equity of R6.4 billion. This financial strength enables the company to invest in its fleet, fund working capital and support strategic growth initiatives.

CASH AND FUNDING

Management recently assessed the balance-sheet to identify and monetise non-core assets/assets not required for strategic growth plan, unlocking significant liquidity to fund the group's two-year growth plan. SAA is actively working on acquiring a R300 million facility towards the last quarter of the financial year. This facility will provide a working capital buffer to the organisation. Management has stress-tested the 12-month cash-flow forecasts against the approved budget and confirmed that current liquidity meets operating requirements in addition to enabling planned investments.

Additionally, SAA is proactively repatriating funds held in key foreign jurisdictions. Future initiatives include management exploring diversified funding options and partnerships to enhance financial flexibility, ensuring SAA remains well-positioned to support fleet investment, network expansion and working-capital efficiency.

In FY2024/25, the disposal of non-core assets and those not essential to the strategic growth plan enhanced the entity's cash position. As a result, the need for external funding to support the expansion strategy and ongoing operations was deferred.

OTHER CONSIDERATIONS

Beyond core operations, SAA holds a portfolio of unencumbered property assets that provide strategic optionality. Through a recently developed property strategy, management has identified excess office space for leasing to third-party tenants, generating recurring rental income and enhancing asset efficiency. These properties also serve as collateral, leverage to raise funding should market conditions warrant.

To ensure strong execution of growth initiatives, the Board has strengthened the leadership team by appointing a permanent Chief Executive and Chief Commercial Officer, both of whom previously acted in those roles. Similarly, the Chief Executive roles at SAA Technical (SAAT) and Air Chefs have been filled with experienced executives. This stable, seasoned management structure underpins disciplined decision-making and robust oversight across the group.

The Board considered the risks relating to the group's going-concern status and is satisfied that the risks will be satisfactorily addressed with the mitigation strategies in place. The Board continues to manage these strategies as a priority as it is important that they materialise as envisaged. The Board therefore concluded that it is satisfied that the group has access to adequate resources and facilities to be able to continue its operations for the foreseeable future as a going concern with material uncertainties.



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DEFINITIONS

ACMI	Aircraft, crew, maintenance, insurance
AMOS	Aircraft maintenance operational support
APP	Amadeus Payment Platform
ARGCO	Audit Risk and Governance Committee
ATO	Aviation training organisation
AVOP	Airside Vehicle Operator Permit
B-BBEE	Broad-based black economic empowerment
CAPEX	Capital expenditure
CBT	Computer-based training
Companies Act	Companies Act 71 of 2008
DIFR	Disabling injury frequency rate
DRC	Democratic Republic of Congo
DoT	Department of Transport
EASA	European Union Aviation Safety Agency
EBITDA	Earnings before interest, taxes, depreciation and amortisation
FAA	Federal Aviation Administration
FINCO	Finance and Investment Committee
GDP	Gross domestic product
GOCC	Global Operations Control Centre
ICAO	International Civil Aviation Organization
IEnvA	IATA Environmental Assessment
IFRS	IFRS Accounting Standards
IIRC	International Integrated Reporting Council
ISWA	International Solid Waste Association
<IR> Framework	The International Integrated Reporting Framework issued in December 2013
IQSMS	Integrated Quality and Safety Management System
King IV™	King IV Report on Corporate Governance for South Africa, 2016
MFF	Multi-fleet flying
MIS	Management Information System
MRO	Maintenance, repair and overhaul
NPS	Net promoter score
NT	National Air Traffic Controllers Association or National Air Traffic Services
NUMSA	National Union of Metalworkers of South Africa
OD	Origin and Destination
OHS	Occupational Health and Safety
OTAs	Online travel agents
PFMA	Public Finance Management Act 1 of 1999
PLF	Passenger load factor
Ref-X	Amadeus Reference Experience
REMCO	Remuneration and Human Resources Committee
RPKs	Revenue passenger kilometres
SAA	South African Airways
SAAT	South African Airways Technical
SACAA	South African Civil Aviation Authority
SANAS	South African National Accreditation System
SAP	Systems, Applications, and Products
SASSI	South African Sustainable Seafood Initiative
SCM	Supply chain management
SEGCO	Social, Ethics and Governance Committee
SEP	Strategic equity partnership
SHEQ	Safety, health, environment and quality
SIDSSA	Sustainable Infrastructure Development Symposium of South Africa
SLA	Service-level agreement
STC	Supplemental Type Certificate
TETA	Transport Education Training Authority
USD	US dollar
WTM	World Travel Market
ZAR	South African rand

GENERAL INFORMATION

Registration number	1997/022444/30
Country of incorporation and domicile	Republic of South Africa
Headquarters	Kempton Park, South Africa
Business address and registered office	Airways Park, Jones Road OR Tambo International Airport Kempton Park, 1619
Postal address	Private Bag X13 OR Tambo International Airport Kempton Park, 1627
Company secretary	Ruth Kibuuka
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Auditors	Auditor General South Africa
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