

**PRECISION AIR SERVICES PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

# PRECISION AIR SERVICES PLC

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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# PRECISION AIR SERVICES PLC

## CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

<b>PRINCIPAL PLACE OF BUSINESS:</b>	DIAMOND PLAZA MIRAMBO STREET, 1 <sup>ST</sup> FLOOR P.O. BOX 70770 DAR ES SALAAM
<b>REGISTERED OFFICE:</b>	NEW SAFARI HOTEL BOMA ROAD P.O BOX 1636 ARUSHA
<b>BANKERS:</b>	CRDB BANK PLC P.O. BOX 3150 ARUSHA  STANBIC BANK P.O. BOX 3062 ARUSHA  KCB BANK TANZANIA P.O. BOX 804 DAR ES SALAAM  NATIONAL BANK OF COMMERCE LIMITED P.O BOX 157 ZANZIBAR  STANDARD CHARTERED BANK P.O. BOX 30003 NAIROBI, KENYA  I&M BANK P.O BOX 30238 NAIROBI, KENYA  CITI BANK TANZANIA LIMITED P.O. BOX 71625 DAR ES SALAAM
<b>COMPANY SECRETARY:</b>	MIGIRE MIGIRE P.O. BOX 70770 DAR ES SALAAM
<b>COMPANY AUDITOR:</b>	PRICEWATERHOUSECOOPERS CERTIFIED PUBLIC ACCOUNTANTS 369 TOURE DRIVE, OYSTER BAY P.O. BOX 45 DAR ES SALAAM TANZANIA

# PRECISION AIR SERVICES PLC

## HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2024

<b><u>FINANCIAL HIGHLIGHTS</u></b>	<b>2024</b>	<b>2023</b>
	<b>TZS '000</b>	<b>Restated Note 39 TZS '000</b>
<b><u>Revenue</u></b>		
Passenger	159,404,281	137,621,108
Freight and mail	1,058,079	904,434
Third-party Maintenance	1,530,364	1,114,503
Training services	<u>199,872</u>	<u>176,618</u>
<b>Total</b>	<b>162,192,596</b>	139,816,663
Cost of sales	<u>(129,554,999)</u>	<u>(120,953,148)</u>
<b>Gross profit</b>	<b>32,637,597</b>	18,863,515
<b>Gross profit margin %</b>	<b>18%</b>	11%
<b>Operating profit/(loss)</b>	<b>(29,248,647)</b>	(22,919,747)
<b>Net finance costs</b>	<u><b>(2,506,853)</b></u>	<u>(54,474,254)</u>
<b>Profit/(loss) before income tax</b>	<b>(31,755,500)</b>	(77,394,001)
Income tax expense	<u>-</u>	<u>-</u>
<b>Profit/(Loss) for the year</b>	<b>(31,755,500)</b>	(77,394,001)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive profit/(loss) for the year</b>	<b><u>(31,755,500)</u></b>	<b><u>(77,394,001)</u></b>
Earnings per share (TZS)	(197.89)	(482.29)
<b><u>OPERATING STATISTICS</u></b>		
Passengers	472,340	481,981
Revenue passenger kilometre (RPK's) ('000)	198,109	209,596
Available seats kilometre (ASK's) ('000)	300,128	320,723
Passenger load factor	66%	65%
Yield per RPK (USc)	27.41	21.83
Employees	413	401
ASK's per employee - '000	725	800
Revenue per employee – US\$	163,179	138,416
Profit/(loss) per employee – US\$	(31,944)	(76,619)
Block hours	14,307	14,417
<b>Fleet size at year-end</b>		
ATR 72 – 500	5	5
ATR 42 - 600	2	2
ATR 42 – 500	<u>1</u>	<u>1</u>
<b>Total number of aircraft</b>	<b><u>8</u></b>	<b><u>8</u></b>
<i>Grounded aircraft (out of the above total fleet size)</i>		
ATR 42 – 600	<u>2</u>	<u>2</u>
<b>Total</b>	<b><u>2</u></b>	<b><u>2</u></b>

# PRECISION AIR SERVICES PLC

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

### 1 INTRODUCTION

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2024 which disclose the state of affairs of Precision Air Services Plc (the "Company").

The financial statements for the year ended 31 December 2024 were approved and authorized for issue by Directors as indicated on the statement of financial position.

### 2 INCORPORATION

The Company is incorporated in Tanzania under the Companies Act No. 12 of 2002 as public companies limited by shares.

### 3 COMPANY'S VISION

To be the airline of choice and catalyst for change.

### 4 COMPANY'S MISSION

To provide superior airline services that are customer-focused, reliable, safe, and competitive.

### 5 PRINCIPAL ACTIVITIES

The principal activities of the Company are regional and domestic air carriage of passengers and cargo.

The Company flew to fourteen (14) destinations (2023: 14) within (domestic destinations) and outside Tanzania (regional destinations). Domestic destinations include Arusha, Kilimanjaro, Mwanza, Bukoba, Mtwara, Dodoma, Tabora, Seronera - Serengeti, Kahama, Mbeya and Zanzibar. Regional destinations include Nairobi, Hahaya and Anjouan (Comoros).

The Company has two (2) subsidiaries, Precision Handling Limited and Precise Systems Limited. Precision Handling Limited used to provide ground handling services in Dar es Salaam, Kilimanjaro, and Mwanza while Precise Systems Limited used to distribute the Galileo Reservation system to airlines and travel agents in Tanzania. All subsidiaries are dormant and financially immaterial. Consequently, consolidated financial statements are not prepared.

### 6 PERFORMANCE FOR THE YEAR

#### Capacity offered to the market

The Available Seats Kilometre (ASK) offered to the market amounted to 300 million (2023: 321 million) which is a decrease of approximately 6% from prior year.

#### Capacity utilized

For the year ended 31 December 2024, total passengers carried across the network amounted 472,340, representing a 2% decrease compared to 481,981 passengers in the previous year. This decline was primarily driven by a moderate reduction in flight frequencies and route offerings, reflecting strategic adjustments in network operations during the reporting period.

The Revenue Passenger Kilometre (RPK) achieved from the market was 198 million (2023: 210 million) which is a decrease of 5% compared to the prior year.

#### Yields

Yield per RPK achieved during the year was 27.41 US Cents (USc) (2023: USc 21.83).

#### Profitability

During the year, the Company recorded a loss of TZS 32 billion (2023: loss of TZS 77 billion). Detailed financial results of the Company for the year are set out on page 17.

## PRECISION AIR SERVICES PLC

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 7 FUTURE DEVELOPMENTS AND PLANS

The Company remains committed to improving profitability and liquidity to enhance competitiveness in the market. Strategic initiatives for the year ahead will focus on revenue growth, cost control, operational efficiency, and long-term sustainability. Key development priorities include:

- i) **Fleet Recovery:** Revamping grounded aircraft (AOG) and complete engine overhauls to maintain a minimum of five operational aircraft, improving service reliability.
- ii) **Operational Efficiency:** Strengthen cost management practices, enhance schedule integrity, and improve on-time performance metrics.
- iii) **Network Optimization:** Rationalize routes, conduct a comprehensive network review, and implement a mini hub strategy to improve connectivity and traffic feed.
- iv) **Customer Experience:** Enhance service delivery and expand digital sales channels to increase accessibility and reduce distribution costs.
- v) **Technology and Innovation:** Invest in smart technologies to streamline operations and improve service standards.
- vi) **Revenue Diversification:** Grow third-party maintenance, repair and overhaul (MRO) services, and Airline Training Organization (ATO) to develop local aviation talent and create new revenue streams.
- vii) **Financial Restructuring:** Continue restructuring of aircraft loan facilities and strengthen the balance sheet.
- viii) **Stakeholder Engagement:** Maintain active engagement with creditors to align payment plans with the Company's cash flow projections.

#### 8 STOCK EXCHANGE INFORMATION

During the year, there was no fluctuation in the Company's share price. At the close of the financial year the Company's share was trading at the Dar es Salaam Stock exchange at TZS 400 per share (31 Dec 2023: TZS 400 per share).

#### 9 DIVIDENDS

The Directors do not recommend payment of dividend (31 December 2023: Nil).

#### 10 SOLVENCY AND GOING CONCERN EVALUATION

The Company's state of affairs is set out on pages 17 of the financial statements.

During the year ended 31 December 2024, the Company reported a loss of TZS 32 billion (2023: loss of TZS 77 billion) and as at that date, the Company's current liabilities exceeded its current assets by TZS 606 billion (2023: TZS 565 billion). The Company was also in a shareholders' deficit position of TZS 550 billion as at that date (2023: TZS 519 billion).

The company continues to face working capital challenges to support its working capital requirements and to honour, in time, repayment of maturing loan obligations. The Company also has delayed remittance of statutory deductions and taxes to the relevant authorities.

## PRECISION AIR SERVICES PLC

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 10 SOLVENCY AND GOING CONCERN EVALUATION (CONTINUED)

These conditions give rise to material uncertainty that may cast doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Directors have reviewed these considerations, and the results of this assessment have been documented and presented in the financial statements as set forth in Note 3 (b) of the financial statements.

Subject to the comments and the conclusions made in Note 3 (b) of these financial statements the Directors believe that the company will remain a going concern for at least twelve months from the date of this report.

#### 11 RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in Note 29 of the financial statements.

#### 12 CAPITAL STRUCTURE AND DEBT FINANCING

The capital structure for the year under review is shown below:

##### Authorised share capital

242,000,000 ordinary shares of TZS 20 each (31 December 2023: 242,000,000 ordinary shares of TZS 20 each).

##### Issued called up and fully paid share capital

160,472,720 ordinary shares of TZS 20 each (31 December 2023: 160,472,720 ordinary shares of TZS 20 each).

##### Share premium

The Company realized from the 2012 Initial Public Offering (IPO), a share premium of TZS 10.491 million. There were no changes in the share premium during the year under review.

##### Loans

The Company is financed by loans amounting to TZS 430 billion as of year-end (2023: TZS 435 billion).

These loans have been classified as current in these financial statements due to a breach of terms and covenants in the loan agreements. For more details, refer to Note 26 of the financial statements.

#### 13 SHAREHOLDING

The shareholding of the Company as at year-end is as stated below:

Name	2024			2023		
	No. of shares	% Shareholding	Amount TZS'000	No. of shares	% Shareholding	Amount TZS'000
The Estate of the late Mr. Michael N. Shirima	68,857,650	42.91	1,377,153	68,857,650	42.91	1,377,153
Kenya Airways Plc	66,157,350	41.23	1,323,147	66,157,350	41.23	1,323,147
Public	25,457,720	15.86	509,154	25,457,720	15.86	509,154
	<b>160,472,720</b>	<b>100</b>	<b>3,209,454</b>	<b>160,472,720</b>	<b>100</b>	<b>3,209,454</b>

## PRECISION AIR SERVICES PLC

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 13 SHAREHOLDING (CONTINUED)

The distribution of shareholders as of 31 December 2024 were as follows:

<u>Name of shareholder</u>	<u>No. of shares</u>	<u>% Shares</u>	<u>Type</u>	<u>Nationality</u>
The Estate of the late Mr. Michael N. Shirima*	68,857,650	42.91%	Individual	Tanzanian
Kenya Airways Ltd	66,157,350	41.23%	Corporate	Kenyan
Precision Air Employee Share Ownership Scheme	1,765,300	1.10%	Corporate	Tanzanian
Damas Dismas Kamani	475,700	0.30%	Individual	Tanzanian
Fahad Saleh Nahdi	421,000	0.26%	Individual	Tanzanian
Shinyanga Emporium (1978) Ltd	400,000	0.25%	Corporate	Tanzanian
Tanzania Standard (NewsPapers) Ltd	300,000	0.19%	Corporate	Tanzanian
Quality Company Ltd	210,500	0.13%	Corporate	Tanzanian
Raj Chintan Kakkad	200,000	0.12%	Minor	Tanzanian
Shilpa Pratish Kakkad	200,000	0.12%	Individual	Tanzanian
Chintan Maganlal Kakkad	200,000	0.12%	Individual	Tanzanian
Dhiraj Chintan Kakkad	200,000	0.12%	Individual	Tanzanian
Pratish Maganlal Kakkad	200,000	0.12%	Individual	Tanzanian
Than Investments Ltd	200,000	0.12%	Corporate	Tanzanian
National Insurance Corporation of Tanzania Ltd	200,000	0.12%	Corporate	Tanzanian
Others individually holding less than 0.12%	20,485,220	12.79%		
	<b>160,472,720</b>	<b>100.00%</b>		

\*Mr Michael Shirima passed away on the 9th of June 2023. The shares are under transmission, following his passing.

#### 14 COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company who served during the year and to the date of this report were:

<u>Name</u>	<u>Nationality</u>	<u>Position</u>	<u>Age</u>	<u>Appointment</u>	<u>Resignation/Deceased</u>
Mr. Allan Kilavuka Inuani	Kenyan	Chairman	52	27 February 2020	N/A
Mr. Avelyne Msaki	Tanzanian	Director	49	29 August 2016	N/A
Ms. Hellen Muthoni Mathuka	Kenyan	Director	50	20 March 2018	N/A
Mr. Evans Ndorosey	Tanzanian	Director	74	19 December 2019	N/A
Mr. Dickson Murianki	Kenyan	Director	55	26 August 2021	N/A
Mr. Vincent N. Shirima	Tanzanian	Director	49	25 January 2024	N/A
Mr. Harry M. Kitilya	Tanzanian	Director	74	25 January 2024	N/A

The company secretary during the year was Mr. Migire Migire.

#### 15 DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

As shown in item 13 above, the late Mr. Michael N. Shirima held 42.91% of the Company's issued ordinary share capital which are under transmission. None of the other Directors holds an interest in the Company.

#### 16 DIRECTORS' REMUNERATION

The Directors are entitled to sitting allowance for every meeting of the Board or its committees as follows:

	<b>2024</b>	<b>2023</b>
	<b>TZS '000'</b>	<b>TZS '000'</b>
Chairman of the board	<b>6,917</b>	3,424
Other Directors	<b>57,304</b>	33,555

Other fees paid during the year to the Directors':

Remuneration paid to the executive director	160,000	165,290
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## PRECISION AIR SERVICES PLC

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 17 ORGANISATION STRUCTURE

The Management of the Company is under the Company Managing Director & CEO and is organised in the following functions:

- Managing Director's Office;
  - Legal; and
  - Internal Audit.
- Finance and Information Systems;
- Commercial and Ground Handling;
- Human Resources and Administration;
- Flight Operations;
- Maintenance and Engineering; and
- Quality, Safety and Security.

#### 18 KEY MANAGEMENT PERSONNEL

The key management personnel who served the Company during the year up to the date of this report were:

Mr. Patrick Mwanri	Company Managing Director & CEO
Mr. Deusdedit Mussa	Head of Finance and Information Systems
Ms. Lilian Massawe	Head of Commercial and Ground Handling
Mr. Bruno Daniel Mndeme	Head of Human Resource and Administration
Capt. Specioza Rweyemamu	Head of Flight Operations
Mr. Pablo Alves	Head of Maintenance and Engineering (End of contract: December 2024)
Mr. Christian Shirima	Ag. Head of Maintenance and Engineering (Appointed: December 2024)
Mr. Khalid Kaude	Head Quality, Safety and Security
Ms. Wendy Benedict	Chief Internal Auditor
Mr. Migire Migire	Chief Legal Counsel and Company Secretary

None of the mentioned key management personnel are members of the Company's Board of Directors.

#### 19 ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of going concern.

The Company's material accounting policies, which are laid out under Note 4 of the financial statements are subject to an annual review to ensure continuing compliance with IFRS Accounting Standards.

#### 20 INVESTMENTS

The Company has invested in two (2) subsidiaries, Precision Handling Limited and Precise Systems Limited.

Precision Handling Limited was incorporated in Tanzania in 2010 and 99.99% of its share capital is held by Precision Air Services Limited. The subsidiary was established to provide ground handling services to Precision Air Services and is yet to obtain a license to serve other third-party airlines.

Precise Systems Limited was incorporated in Tanzania in 2011 and 99% of its share capital is held by Precision Air Services Limited. The subsidiary used to distribute the Galileo Reservation system to Airlines and Travel Agents in Tanzania. The Subsidiary commenced operations on 1 July 2012 and stopped operations in 2015.

All subsidiaries are dormant.

#### 21 ACQUISITIONS AND DISPOSALS

There was no disposal or acquisition of business during the year ended 31 December 2024 (2023: Nil). Acquisitions and disposals of properties and equipment are disclosed on Note 15 of the financial statements.

#### 22 POLITICAL AND CHARITABLE DONATIONS

There was no contribution to community projects and other charitable organizations during the year (2023: Nil). No political donations were made during the year (2023: Nil).

## **PRECISION AIR SERVICES PLC**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **23 EMPLOYEES' WELFARE**

##### **Management and Employees' Relationship**

A healthy relationship continues to exist between management and employees. There were no unresolved complaints received by Management from the employees during the year.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position, free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, or disability.

The Company's employment terms are regularly reviewed to ensure they continue to meet statutory compliance and market conditions. The Company communicates with its employees through regular management and staff meetings and through circulars. The Company has continued to maintain a conducive working environment in terms of providing suitable workplaces, offices, and washrooms.

The Company provides Personal Protective Equipment (PPEs) as per required working environment.

The number of employees in the Company at the end of the year totalled 413 (2023: 401 employees).

##### **Training Facilities**

The Company sponsors its employees for both short-term and long-term courses within and outside the country in various disciplines depending on the corporate needs and financial resources available.

##### **Medical Assistance**

The Company provides medical care to all employees under its medical scheme. Benevolence expenses are also covered in the employee welfare program. The Company has taken an insurance policy for workman's compensation and life insurance for all staff on permanent and contract terms.

##### **Financial Assistance to Staff**

Financial assistance is available to all employees depending on the assessment of and the discretion of management as to the need and circumstances. Financial assistance and salary advances are provided on a case-by-case basis.

##### **Retirement Benefits**

Company employees are members of the National Social Security Fund ("NSSF"), a publicly administered pension plan on a mandatory basis. The Company contributes 10% of the employees' gross salaries to the pension schemes.

#### **24 GENDER PARITY**

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, and disability which do not impair the ability to discharge duties. As at 31 December 2024, the Company had 248 male and 165 female employees (31 December 2023: 248 male and 153 female employees).

#### **25 DISABLED PERSONS**

It remains the Company's policy to accept disabled persons for employment for those vacancies that they can fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the organization and all necessary assistance is given with initial training. Where an employee becomes disabled during his or her employment, the Company will seek suitable alternate employment and necessary training thereof. The Company's policy is not discriminatory against people with regard to race, gender, religion, or disabilities.

## PRECISION AIR SERVICES PLC

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 26 CORPORATE GOVERNANCE

##### Code of Corporate Practice and Conduct

The Board of Directors of Precision Air Services Plc is responsible for the governance of the Company and is accountable to the Shareholders for ensuring that the Company complies with the law and the highest standards of corporate governance and business ethics. The Directors attach great importance to the need to conduct the business and operations of the Company with integrity and in accordance with generally accepted corporate governance practice and endorse the internationally developed principles of good corporate governance.

##### Board of Directors

The full Board meets at least four (4) times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for the conduct of day-to-day business to the Managing Director who is also the Chief Executive Officer (CEO). The Board nonetheless retains responsibility for establishing and maintaining the airline's overall internal control of financial, operational, and compliance issues.

All seven (7) members of the Board are non-executive including the chairman of the Board.

##### Committees of the Board

The Board has one standing committee, namely the Audit Committee of the Board, which meets regularly under the terms of reference set by the Board. The committee meets four times a year or more as necessary. Its members comprise Mr. Avelyne Msaki (Chairman), Mr. Dickson Murianki, and Ms. Hellen Muthoni Mathuka. Its responsibilities include a review of the financial statements, compliance with Accounting Standards, liaison with the external auditors, remuneration of the external auditors, and maintaining oversight on internal control systems. The Chief Internal Auditor, Head of Finance and Information Systems, and Managing Director/Chief Executive Officer attend all meetings of the committee. The external auditors attend the meetings on invitations.

The Board met five (5) times and the audit committee also met five (5) times during the year ended 31 December 2024

Name	102 <sup>nd</sup> BOD	103 <sup>rd</sup> BOD	104 <sup>th</sup> BOD	Extra ordin ary BOD	105 <sup>th</sup> BOD	63 <sup>rd</sup> BAC	64 <sup>th</sup> BAC	65 <sup>th</sup> BAC	66 <sup>th</sup> BAC	Extra ordin ary BAC
1 Mr Vincent Ngaleku Shirima	√	√	√	√	√	*	*	*	*	*
2 Mr Allan Kilavuka Inuani	√	√	√	X	√	*	*	*	*	*
3 Mr. Avelyne John Msaki	√	√	√	√	√	√	√	√	√	√
4 Ms. Hellen Muthoni Mathuka	√	√	√	√	X	√	√	√	√	√
5 Mr. Harry Msamire Kitilya	√	√	√	√	√	*	*	*	*	*
6 Mr. Evans Morrison Ndorosey	√	√	√	√	√	*	*	*	*	*
7 Mr. Dickson Kimathi Murianki	√	√	√	√	√	√	√	√	√	√

**Key:** √ - attended the meeting; X - absent with apology, BOD - board of directors, BAC - board audit committee

##### Internal controls

The Company has defined procedures and financial controls to ensure the reporting of complete and accurate financial information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Company remains structured to ensure appropriate segregation of duties.

In reviewing the effectiveness of the systems of internal control, the Board considers the results of all the work carried out to audit and review the activities of the Company. A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Weekly and monthly meetings are held by management to monitor performance and to agree on measures for improvement.

# PRECISION AIR SERVICES PLC

## REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 26 CORPORATE GOVERNANCE (CONTINUED)

#### Code of ethics

The Company is committed to the highest standards of integrity, behaviour, and ethics in dealing with all its stakeholders. All employees of the Company are expected to avoid activities and financial interests that could clash with their responsibilities to the airline.

#### Directors' emoluments and loans

The emoluments paid to Directors for services rendered during the year ended 31 December 2024 are disclosed in Note 29 (b) of the financial statements. Neither at the end of the financial year nor at any time during the year was there any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of the Company's shares. There were no Directors' loans at any time during the year (2023: None).

### 27 SUSTAINABILITY

The Company remains committed to operating responsibly and sustainably, with Environmental, Social, and Governance (ESG) considerations embedded in its strategic and operational decision-making processes. In accordance with the IFRS Sustainability Disclosure Standards (S1 and S2), the Company has evaluated its exposure to climate-related risks and opportunities, with a focus on enhancing operational efficiency and minimizing environmental impact.

During the year under review, the Company's emissions remained below the minimum regulatory thresholds, largely supported by the effective implementation of fuel-saving procedures by flight crew. On the social front, the Company continued its community outreach efforts, notably through ongoing support to the Ngaleku Children Centre, reflecting our commitment to inclusive and meaningful corporate social responsibility.

The Board provides oversight on ESG-related matters and ensures that the Company's sustainability practices remain aligned with stakeholder expectations and evolving regulatory standards.

### 28 SECRETARY TO THE BOARD

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its committees, and Management. All members of the Board and Management have access to his legal advice and services.

### 29 AUDITOR

The auditor, PricewaterhouseCoopers, have expressed their willingness to continue in office and is eligible for reappointment.

A resolution proposing the reappointment of PricewaterhouseCoopers as auditor of the Company for the year ending 31 December 2025 will be put to the Annual General Meeting.

#### BY THE ORDER OF THE BOARD

Name: Harry Kitilya

Name: Avelyne Msaki

Title: Chairperson

Title: Director

Date: 28 November 2025

Date: 28 November 2025

Signature: 

Signature: 

## PRECISION AIR SERVICES PLC

### STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The Company's Directors are responsible for the preparation of the financial statements that give a true and fair view of Precision Air Services Plc comprising the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in the manner required by the Companies Act, No. 12 of 2002.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company to continue as a going concern and as disclosed in Note 3(b) to the financial statements, are aware of a material uncertainty related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. As disclosed in Note 3(b), the directors have put in place measures and plans to ensure that the Company will continue as a going concern at least 12 months from approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

#### Approval of the financial statements

The financial statements of Precision Air Services Plc, as identified in the first paragraph, were approved by the board of directors' on 28 November 2025.

Name: Harry Kitilya

Name: Avelyne Msaki

Title: Chairperson

Title: Director

Signature:  \_\_\_\_\_

Signature:  \_\_\_\_\_

**PRECISION AIR SERVICES PLC**

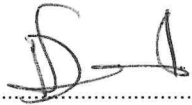
**DECLARATION OF THE HEAD OF FINANCE  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Director of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view position of the entity and performance in accordance with applicable international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under the Statement of Responsibility by those charged with governance on page 11.

I, **Deusdedit Mussa**, being the Head of Finance and Information Systems of Precision Air Services Plc hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2024 have been prepared in compliance with the IFRS Accounting Standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirement as on that date and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Surname: Mussa

First name Deusdedit

Middle names: Aron

**Position:** Head of Finance and Information Systems

Present address: 13042, Dar es Salaam

**NBAA Membership No.:** ACPA(T) 2132

**Date:** 28 November 2025 .....

## *Independent auditor's report*

To the Shareholders of Precision Air Services Plc

### **Report on the audit of the financial statements**

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#### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Precision Air Services Plc (the Company) as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

#### **What we have audited**

The financial statements of Precision Air Services Plc as set out on pages 17 to 58 comprise:

- the statement of financial position as of 31 December 2024;
  - the statement of profit or loss and other comprehensive income for the year then ended;
  - the statement of changes in equity for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, comprising material accounting policy information and other explanatory information.
- 

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

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#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) of the financial statements which shows that during the year ended 31 December 2024, the Company reported a loss of TZS 32 billion (2023: loss of TZS 77 billion) and as at that date, the Company's current liabilities exceeded its current assets by TZS 606 billion (2023: TZS 565 billion) and that the Company was in a shareholders' deficit position of TZS 550 billion (2023: TZS 519 billion). In addition, the Company has defaulted on its debt obligations as stipulated in the debt agreements resulting in debts amounting to TZS 430 billion being due on demand. These events or conditions, along with other matters as set forth in Note 3(b), indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that may be necessary as a result of these uncertainties.

Our audit opinion is not modified in this regard.

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## Independent auditor's report (continued)

To the Shareholders of Precision Air Services Plc

### Report on the audit of the financial statements (continued)

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>As explained in Note 4 (a) of the financial statements, the Company's streams of revenue are subject to different recognition considerations depending on the nature of the underlying contractual arrangements.</p> <p>Passenger flights account for the largest revenue share of the Company's business operations. Passenger tickets sales, net of discounts and taxes pre-sold in advance of the air travel taking place, are initially recorded as current liabilities in the "Sales in advance of carriage" account and recognized as revenue when the ticket is flown or expires.</p> <p>The timing of revenue recognition for expired unused tickets/documents requires judgement due to the timeframe over which revenue documents can be utilized. In determining the revenue to recognize, management considers when the likelihood becomes remote, that customers who have not travelled on their scheduled flight dates, will exercise their right, which is normally on expiry of the ticket.</p> <p>Furthermore, the determination of the amount of revenue to be recognized for each flight requires complex information technology (IT) systems and involves the exchange of information with third party information systems and other airlines for a high volume of transactions.</p> <p>The accounting for revenue is, therefore, susceptible to management override of controls through the processing of inappropriate journals in the accounting records, the override of IT systems to accelerate revenue recognition, or manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents. These factors, together with the value of revenue (TZS 162 billion), make this a key audit matter.</p>	<p>We obtained an understanding of the accounting policies for revenue recognition and reviewed them for consistency with IFRS 15 requirements.</p> <p>We obtained an understanding of, and tested the passenger revenue recognition controls and processes, including reconciliation of flown tickets for which revenue is recognized to passenger flight manifests and reconciliation of tickets sold to amounts recognised in revenue and sales in advance of carriage (unutilised tickets).</p> <p>We tested the design and operating effectiveness of the IT general and application controls relating to revenue recognition.</p> <p>With regard to revenue related services outsourced to third parties, including related IT systems and processes, we tested the design and operating effectiveness of the IT general and application controls, and related processes, using an International Standards on Assurance Engagements (ISAE) 3402 Type 2 assurance report, with supplemental audit procedures as appropriate.</p> <p>We challenged the basis for recognizing revenue from unused tickets and also tested the age profile of the unutilized tickets to confirm compliance with the revenue recognition policy.</p> <p>We assessed the adequacy of disclosures in the financial statements.</p>



## *Independent auditor's report (continued)*

To the Shareholders of Precision Air Services Plc

### **Report on the audit of the financial statements (continued)**

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#### **Other information**

The Directors are responsible for the other information. The other information comprises of Corporate information, Highlights, Report by those charged with Governance, Statement of responsibility by those charged with governance and Declaration of the head of finance (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the rest of the information in the Annual Report, which is expected to be made available to us after that date

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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#### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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## *Independent auditor's report (continued)*

To the Shareholders of Precision Air Services Plc

### **Report on the audit of the financial statements (continued)**

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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#### **Report on other legal and regulatory requirements**

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the report by those charged with governance is not consistent with the financial statements, if the Company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

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Patrick Kiambi – TACPA - PP 2576

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar Es Salaam

Date 04-12-2025 | 16:08 EAT

## PRECISION AIR SERVICES PLC

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS '000	Restated (Note 39) 2023 TZS '000
Revenue	7	162,192,596	139,816,663
Cost of sales	8	(129,554,999)	(120,953,148)
<b>Gross profit</b>		<b>32,637,597</b>	<b>18,863,515</b>
Marketing expenses	9	(2,209,030)	(1,768,059)
Administrative expenses	10	(53,010,821)	(39,230,166)
Expected credit losses charge on trade receivables	21	(105,367)	(177,123)
Write down of assets	15	(6,561,026)	(607,914)
<b>Operating loss</b>		<b>(29,248,647)</b>	<b>(22,919,747)</b>
Finance income	12	84,230	-
Finance costs	13	(23,108,716)	(18,882,996)
Net foreign exchange gain/(loss)	14	20,517,633	(35,591,258)
<b>Loss before income tax</b>		<b>(31,755,500)</b>	<b>(77,394,001)</b>
Income tax expense	24(c)	-	-
<b>Loss for the year</b>		<b>(31,755,500)</b>	<b>(77,394,001)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(31,755,500)</b>	<b>(77,394,001)</b>
<b>Earnings Per Share (TZS)</b>	34	<b>(197.89)</b>	<b>(482.29)</b>

The notes on pages 21 to 58 form part of these financial statements.

Report of the Auditor – pages 13 to 16

# PRECISION AIR SERVICES PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		2024	Restated (Note 39) 2023	Restated (Note 39) 2022
	Notes	TZS '000	TZS '000	TZS '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	15	54,646,890	45,753,337	54,439,610
Intangible assets	16	842,410	256,219	262,049
Right-of-use-assets	17	852,299	2,583,372	-
		<b>56,341,599</b>	<b>48,592,928</b>	<b>54,701,659</b>
<b>Current assets</b>				
Inventory	20	9,134,243	12,359,091	10,307,520
Trade and other receivables	21	7,791,854	7,723,664	18,570,043
Prepayments	22	3,497,898	1,765,917	970,570
Other deposits	19	3,434,864	2,828,664	1,442,577
Cash and cash equivalents	23	4,833,208	8,566,625	8,695,082
		<b>28,692,067</b>	<b>33,243,961</b>	<b>39,985,792</b>
<b>TOTAL ASSETS</b>		<b>85,033,666</b>	<b>81,836,889</b>	<b>94,687,451</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	25(a)	3,209,454	3,209,454	3,209,454
Share premium	25(b)	10,490,987	10,490,987	10,490,987
Accumulated losses		(563,962,536)	(532,207,035)	(454,813,035)
		<b>(550,262,095)</b>	<b>(518,506,594)</b>	<b>(441,112,594)</b>
<b>Non-current liabilities</b>				
Lease Liability	28(b)(ii)	693,664	2,341,268	2,566,947
<b>Current liabilities</b>				
Borrowings	26	429,995,854	435,307,593	398,893,223
Trade and other payables	27	178,394,143	139,248,363	115,607,289
Lease Liability	28(b)(ii)	271,102	966,332	835,897
Sales in advance of carriage	7(b)	22,706,898	19,269,598	14,977,262
Corporate tax payable	24(a)	1,112,019	1,112,019	1,112,019
Other tax payables	24(b)	2,122,081	2,098,310	1,807,408
		<b>634,602,097</b>	<b>598,002,215</b>	<b>533,233,098</b>
<b>TOTAL LIABILITIES</b>		<b>635,295,761</b>	<b>600,343,483</b>	<b>535,800,045</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,033,666</b>	<b>81,836,889</b>	<b>94,687,451</b>

The financial statements on page 17 to 58 were approved by the Board of Directors and authorised for issue on 28 November 2025 and were signed by:

**Name:** Harry Kitillya

**Title:** Chairperson

**Signature:** 

**Name:** Avelyne Msaki

**Title:** Director

**Signature:** 

The notes on pages 21 to 58 form part of these financial statements.  
Report of the Auditor – pages 13 to 16

# PRECISION AIR SERVICES PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Issued capital TZS '000	Share premium TZS '000	Accumulated losses TZS '000	Total equity TZS '000
<b>Year ended 31 December 2022</b>					
<b>At start of year:</b>					
As previously stated		3,209,454	10,490,987	(453,661,474)	(439,961,033)
Prior year adjustments	39	-	-	7,155,408	7,155,408
<b>As restated</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(446,506,066)</b>	<b>(432,805,625)</b>
<b>Loss and other comprehensive loss:</b>					
As previously stated		-	-	6,096,003	6,096,003
Prior year adjustments	39	-	-	(14,402,972)	(14,402,972)
<b>As restated</b>		<b>-</b>	<b>-</b>	<b>(8,306,969)</b>	<b>(8,306,969)</b>
<b>At 31 December 2022</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(454,813,035)</b>	<b>(441,112,594)</b>
<b>Year ended 31 December 2023</b>					
<b>At start of year:</b>					
As previously stated		3,209,454	10,490,987	(447,565,472)	(433,865,031)
Prior year adjustments	39	-	-	(7,247,563)	(7,247,563)
<b>As restated</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(454,813,035)</b>	<b>(441,112,594)</b>
<b>Loss and other comprehensive loss:</b>					
As previously stated		-	-	(57,381,180)	(57,381,180)
Prior year adjustments	39	-	-	(20,012,820)	(20,012,820)
<b>As restated</b>		<b>-</b>	<b>-</b>	<b>(77,394,000)</b>	<b>(77,394,000)</b>
<b>At 31 December 2022</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(532,207,035)</b>	<b>(518,506,594)</b>
<b>Year ended 31 December 2024</b>					
<b>At start of year:</b>					
As previously stated		3,209,454	10,490,987	(504,946,653)	(491,246,212)
Prior year adjustments	39	-	-	(27,260,383)	(27,260,383)
<b>As restated</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(532,207,036)</b>	<b>(518,506,595)</b>
Loss and other comprehensive loss		-	-	(31,755,500)	(31,755,500)
<b>At 31 December 2024</b>		<b>3,209,454</b>	<b>10,490,987</b>	<b>(563,962,536)</b>	<b>(550,262,095)</b>

The notes on pages 21 to 58 form part of these financial statements

Report of the Auditor – page 13 to 16

# PRECISION AIR SERVICES PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	Restated (Note 39) 2023
	Notes	TZS '000	TZS '000
<b>Operating activities</b>			
Loss before income tax		(31,755,500)	(77,394,001)
<i>Adjustments for:</i>			
Disposal and Write-off of Assets	15	6,561,026	607,914
Net unrealised foreign exchange (gain)/loss	14	(20,249,635)	34,006,889
Depreciation of property and equipment	15	17,228,046	18,304,621
Depreciation of right of use assets (RoU)	17	729,563	559,992
Amortisation of intangible assets	16	54,626	21,669
Provision for expected credit loss on trade receivables	21	105,367	177,123
Interest on borrowings	26	23,014,124	18,584,053
Interest expense on lease	28	94,592	244,355
Remeasurement of lease liability		-	218,691
<b>Net cash before working capital changes</b>		<b>(4,217,791)</b>	<b>(4,668,694)</b>
<i>Changes in Working Capital:</i>			
· Inventories		3,224,848	(2,051,571)
· Trade and other receivables *		(398,663)	(451,488)
· Prepayments		(1,731,981)	(795,346)
· Other deposits*		(1,003,550)	(1,298,157)
· Sales in advance of carriage		3,437,300	4,292,337
· Trade and other payables*		40,301,832	23,871,807
<b>Cash generated from operations</b>		<b>39,611,995</b>	<b>18,898,888</b>
Income tax paid	24(b)	-	-
<b>Net cash from operating activities</b>		<b>39,611,995</b>	<b>18,898,888</b>
<b>Investing activities</b>			
Purchase of property and equipment	15	(32,682,625)	(13,274,328)
Acquisition of computer software	16	(640,817)	(15,839)
<b>Net cash used in investing activities</b>		<b>(33,323,442)</b>	<b>(13,290,167)</b>
<b>Financing activities</b>			
Repayment relating to borrowings:			
· Principal and interest	26	(8,143,529)	(4,433,571)
Repayment of lease liabilities	28(ii)	(802,762)	(901,068)
<b>Net cash used in financing activities</b>		<b>(8,946,291)</b>	<b>(5,334,639)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,657,738)</b>	<b>274,082</b>
Cash and cash equivalents at the start of the year		8,566,625	7,815,539
Effects of movements in exchange rates on cash held		(1,075,679)	477,004
<b>Cash and cash equivalents at end of year</b>	23	<b>4,833,208</b>	<b>8,566,625</b>

\*Changes in working capital for these instruments include unrealised exchange differences which have been adjusted under Net unrealised foreign exchange (gain)/loss.

The notes on pages 21 to 58 form part of these financial statements.

Report of the Auditor – page 13 to 16

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### 1 CORPORATE INFORMATION

The Company is incorporated in Tanzania under the Companies Act, No. 12 of 2002, as a public limited company and it is domiciled in Tanzania. The Company's shares are publicly traded on the Dar es Salaam Stock Exchange. The principal activities of the Company are regional and domestic air carriage of passengers and cargo.

The registered office is New Safari Hotel, Boma Road, P. O. Box 1636, Arusha Tanzania. The principal place of business is Diamond Plaza, Mirambo Street, P.O. Box 70770, Dar es Salaam Tanzania.

Precision Handling Limited was incorporated in Tanzania in 2010 and 99.99.% of its share capital is held by Precision Air Services Limited and the minority shareholder is Elias Mwashuuya. The subsidiary provides ground handling services to Precision Air Services Limited and is yet to obtain a license to serve other third-party airlines.

Precise Systems Limited was incorporated in Tanzania in 2011 and 99% of its share capital is held by Precision Air Services Limited, and the minority shareholder is Vincent Ngaleku Shirima. The subsidiary used to distribute the Galileo Reservation system to Airlines and Travel Agents in Tanzania. The Subsidiary commenced operations on 1 July 2012 and stopped operations in 2015.

Where reference is made in the accounting policies to Company it should be interpreted as applying to the financial statements as the context requires. The financial statements are hereinafter referred to as "the financial statements".

### 2 COMPARATIVE INFORMATION

These financial statements have been prepared for 12 months from 1 January 2024 to 31 December 2024 and comparative information is for 12 months from 1 January 2023 to 31 December 2023 and the amounts presented in the financial statements are entirely comparable.

### 3 BASIS OF ACCOUNTING

#### a) Statement of compliance and basis of measurements

The Company's financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, No 12 of 2002.

The financial statements have been prepared on a historical cost basis, except where fair value measurements have been applied and specified as such in the accounting policies.

The financial statements are presented in Tanzanian Shillings (TZS) which is the Company's functional currency and presentation currency. Unless otherwise indicated, the financial statements are rounded to the nearest Tanzanian thousands of shillings ('TZS 000').

#### b) Going concern

During the year ended 31 December 2024, the Company reported a loss of TZS 32 billion (2023: loss of TZS 77 billion).

The Company had its current liabilities exceed its current assets at 31 December 2024 by TZS 606 billion (31 December 2023: TZS 565 billion) and it was also in a shareholders' deficit position at 31 December 2024 of TZS 550 billion (31 December 2023: TZS 519 billion).

Despite reporting operating profits for the current year, the Directors acknowledge that the Company continues to face a net current liability position, a shareholders' deficit, maturing debt obligations (including significant arrears), default on debt obligations (including loan covenants) resulting in the classification of such debt as current liabilities, incomplete debt restructuring discussions with lenders (including waiver of significant portions of the outstanding principal, penalties and interest), securing of required additional funding from lenders having not been achieved, conditions required to complete the debt restructuring and secure additional funding not having been met and the lenders' continuing reservation of their rights to take any and all actions available to them under the loan contracts (including taking steps to recall amounts owing and/or enforce security granted in their favour). These events and conditions, combined with ongoing cash flow constraints, present a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and hence on its ability to realise assets and discharge liabilities in the normal course of business.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 3 BASIS OF ACCOUNTING (CONTINUED)

##### b) Going concern (Continued)

Notwithstanding these uncertainties, the Directors remain confident that the Company will continue to operate as a going concern for at least the next twelve months from the date of approval of the financial statements. In forming this view, the Directors have carefully considered the following mitigating factors and recovery initiatives:

##### i) Loan Repayment and Restructuring Efforts

The Company continues to honour payment as per the revised plan agreed with its financiers for the overdue aircraft loans. In parallel, a loan restructuring proposal is currently under discussion, with encouraging prospects of a partial loan waiver contingent upon the settlement of a negotiated lump sum payment. The most recent engagement with the lenders occurred in March 2025, and a subsequent correspondence in August 2025 has confirmed the specific lump sum amount (settlement price) required as a condition for waiver consideration, subject to (a) negotiation of settlement terms for the settlement price, and (b) approval of the settlement price and settlement terms by the credit committees of the respective lenders. The Board and Management are actively exploring feasible options to mobilise the necessary funds to pay the settlement price. In June 2025, the Company received an indicative financing offer valid for 6 months and with a tenor of 84 months inclusive of a 6 month grace period, for the refinancing of the settlement price. Management believes that the successful execution of this plan will materially improve the Company's financial position and ease its debt burden, thereby reinforcing the going concern assumption.

##### ii) Fleet Recovery and Operational Capacity

The Company is fast-tracking the maintenance and return to service of its grounded aircraft. Aircraft PWH is expected to resume operations by November 2025, following the successful acquisition of a new engine at a favourable price in June 2025. Additionally, aircraft PWA is scheduled to return to service by December 2025, as the Company progresses with instalment payments to the Maintenance, Repair and Overhaul (MRO) for four overhauled engines. These overhauls were completed in December 2024 and are ready for delivery upon completion of the agreed payments. The return of these aircraft is expected to improve operational capacity and contribute to increased revenue generation. In November 2025, the Company received an indicative financing offer with a tenor of 12 months for the purchase of 2 flight engines, approval and disbursement being subject to the Company providing specified information to the potential lender.

##### iii) Revised Business Plan and Network Optimisation

The Company continues to implement a revised business plan, which includes a detailed review of its route network and aircraft rotations. The plan aims to enhance customer satisfaction, increase seat availability, and improve competitiveness within the local market. Ongoing actions include increasing flight frequency and optimising aircraft utilisation. These operational strategies are expected to support revenue growth and long-term sustainability.

##### iv) Expansion of the Airline Training Organisation (ATO)

The Company is expanding its Airline Training Organisation (ATO), which has successfully graduated nine (12) Cabin Crew courses to date. The planned ground school training, including Crew Resource Management (CRM) and Dangerous Goods Regulations (DGR) courses took off during the year. Airline Sales and Ticketing classes are scheduled to follow upon completion of the initial programmes. The ATO charges TZS 3 million per student for a three-month course, providing a supplementary revenue stream and supporting skills development in the aviation sector.

##### v) Growth of Third-Party Maintenance Services

The Company's Approved Maintenance Organisation (AMO) is being empowered to expand its third-party maintenance services. In 2024, this business line generated over TZS 800Million. (TZS 1.5Billion in 2023). New contracts have been secured with regional operators, and revenue from third-party maintenance is projected to grow by at least 10% year-on-year, contributing positively to the Company's bottom line.

##### vi) Strengthening Strategic Supplier Relationships

The Company continues to enhance working relationships with key suppliers to ensure consistent access to critical operational inputs, including fuel and technical spares. These partnerships often involve structured instalment payment arrangements, which improve cash flow management while maintaining uninterrupted operational support.

##### vii) Strategic Partnerships and Network Expansion

The Company is actively pursuing additional strategic partnerships and alliances within the general aviation sector as well as with regional and international carriers through Interline Electronic Ticketing (IET) and Special Prorate Agreements (SPAs). These efforts are expected to increase the current interline partner portfolio from 28 to 40 by the year 2028, enhancing connectivity and passenger feed across broader markets. In parallel, the Company is placing increased focus on offline markets by maximising the reach and efficiency of Personal Sales Agents (PSAs) and General Sales Agents (GSAs).



## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 3 BASIS OF ACCOUNTING (CONTINUED)

##### b) Going concern (Continued)

###### viii) Post elections impact

Following the national elections on 29 October 2025, temporary civil unrest led to curfew measures, an internet shutdown and a short-term lockdown, resulting in suspension of flights on 30 and 31 October 2025 and limited rescue operations on 1 and 2 November 2025. Although restrictions were lifted on 3 November 2025, passenger volumes fell significantly during the affected period, declining by 74%, 72% and 63% against the budget for the weeks ended 2, 9 and 16 November 2025, with similar reductions in revenue.

Operations have since stabilised, and management continues to monitor demand, cash flows and liquidity closely. Management remains confident that the situation will continue to normalise and that operational performance will progressively recover as market conditions improve.

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION

##### (a) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

##### Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in the contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
<b>Passenger</b>	Tickets are pre-sold up in advance of the air transport-taking place. The Company receives payment at or shortly after time of sale. Between time of sale and time of air transport the amounts collected from the customers are presented as sales in advance of carriage liabilities. The value of the resulting sales in advance of carriage liabilities represents the aggregate transaction price of performance obligations not yet satisfied.	Precision air recognises revenue when air transport is delivered to its customer(s) on a flight date promised in the ticket or airway bill (contract).
<b>Interline commissions</b>	A ticket with connecting flights operated by multiple carriers represents a separate performance obligation(s) for each carrier. Interline commission does not have separate performance obligations but are associated with the performance obligation of the air transport.	Interline commission is recognized over time and reflect progress based on segments provided by each operating carrier.
<b>Freight and mail</b>	Performance obligation attached to cargo and mail service is delivering consignment received from the independent contractor to a specified destination.	Freight revenue will be recognised once air transport is completed for the consignment.
<b>No show fees and other charges</b>	Ancillary revenue comprises sales of ticket related products and services, like no show fees and other charges. Most of the products and services do not have separate performance obligations but are associated with the performance obligation of the air transport and are hence recognized as revenue at the time of the transport. No show fees represent a modification of the original travel contract where the passenger failed to travel on the scheduled flight time.	Revenue related to ancillary services that are not considered distinct from the contract for a flight should be recognized at the time of the flight. Certain ancillary services which may be distinct services, and which are not specifically associated with a ticket for transportation, may be recognized on a systematic basis that reflects the fulfilment of the related performance obligation.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (a) Revenue from contracts with customers (Continued)

##### Performance obligations and revenue recognition policies (Continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
<b>Cancellation income</b>	Each fare type that an airline issues will have its own conditions attached, which may include it being restricted, non-upgradeable or non-refundable. This means that if passengers need to make a change to their booking, cancel flights or buy replacement tickets then a change fee (or service fee) may apply. Change fees are not refundable and have no separate value to the customer once paid.	Recognized when performance obligation fulfilled on cancellation.
<b>Passenger tickets writeback (Unused tickets)</b>	Air ticket breakage/writeback constitute of income from sale of tickets, which are eventually not used for travel and cannot be exchanged or refunded.	Breakage/Writeback is recognised only when the likelihood becomes remote that customers not taking the flight on the scheduled flight date will exercise their right which is normally on expiry of the ticket. Currently, the Company's policy is to write back the unused tickets after two years from the date of travel.
<b>Customer loyalty program</b>	The Company has a program to reward its passengers which is designed to award the frequent flying passengers with free or discounted services. The level of bonus points earned by passengers under the reward program determine the reward their entitled to. Members earns and accumulate points on every flight they make basing on the route travelled. The point accrual base rule is that 2% of face value is collected as Award and as Tier points into member(s) account. Higher Class tickets will bring much more, up to 5-6 times more points to member(s) account. Member points gained are identified as separate performance obligation and are recognized as a Frequent flyer accrual in these statement of financial position. Points are valid throughout the year they were earned, plus one year.	The member point(s) liability is derecognized from the statement of financial position and recognized as revenue when the points are redeemed or expire. Currently, yearly redemption of member's points is considered low and based on materiality consideration the Company does not perform analysis for estimating redemption rate of loyalty points at each reporting rate.

##### (b) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company 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.

##### i. Financial Assets

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. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### (b) Financial instruments (Continued)

##### i. Financial Assets (Continued)

###### (i) Classification of financial assets

The Company classifies financial instruments into three categories as described below.

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost include trade receivables, other deposits (security deposits) and cash and bank balances.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other deposits are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

###### (ii) De-recognition

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

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

###### (iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (b) Financial Instruments (Continued)

##### ii. Financial Liabilities

##### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Company's financial liabilities include trade and other payables, loans and borrowings, including loans and mandatory convertible note.

##### (ii) Subsequent recognition and measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

##### *Financial liabilities at amortised cost (loans and borrowings)*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Floating rate financial liabilities are initially recognised at an amount equal to the principal. Re-estimating the future interest payments does not significantly affect the carrying amount of the liability.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Accounts payables and accruals are recognized for amounts to be paid in the future for goods or services received, whether or not billed by the supplier.

##### (iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (b) Financial Instruments (Continued)

##### iii. Impairment

##### (i) Financial assets

The Company recognises an allowance for expected credit losses (ECLs) for its trade receivables, aircraft deposits and bank balances. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, and other deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical loss rates, which are derived from settlement of invoices over an average period of 5 years and adjusted with macroeconomic factor overlay calculations to incorporate current and forward-looking information.

Other assets include bank balances and other deposits which the Company uses banks which are not independently rated (except CRDB B2-credit rated by Moody), as all other banks in Tanzania are not rated. However, the Company banks with reputable multinational and local banks, whose risk of non-performance by the counterparties is not significant. There is no independent credit rating for banks in Tanzania. However, the Company banks with reputable multinational and local banks. In the view of the directors, risk of non-performance by the counterparties is not significant.

The Company considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Indicators that there is no reasonable expectation of recovery include, the debtor being in severe financial difficulty and has failed to engage in repayment plan with the Company.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (c) Foreign currency translation

###### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which each of the Company entities operate ('the functional currency'). The financial statements are presented in Tanzanian Shillings ("TZS") which is the functional currency of each of the Company's entities and Company's presentation currency.

###### (ii) Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzanian Shillings at the rates ruling at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'Finance costs'.

##### (d) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in its normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### (e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a First in First Out (FIFO) basis and includes transport and handling charges. Provision is made for obsolete, slow moving and defective stocks. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An allowance is made for obsolete, slow moving and defective inventories.

#### (f) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment. Work in progress is stated at cost less accumulated impairment and is transferred to the respective category of property and equipment when it is available for use. Work in progress is not depreciated. The cost of work in progress includes the borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Aircraft are componentised into airframe, engines and landing gears. Major maintenance of aircraft components, including replacement of spare and parts and labour costs, are capitalized and depreciated over the average expected life between major maintenance events. Routine maintenance costs including annual airframe checks are written off to profit or loss in the accounting period in which they are incurred.

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. The annual depreciation rates in use are:

	<u>%</u>
Aircraft and related equipment	6.75 – 20.00
Motor vehicles	20.00 – 25.00
Computers	25.00 – 33.33
Furniture, equipment, and structures	12.50 – 25.00
Structures	4.00 – 25.00

The assets' residual values, useful lives and methods are reviewed and adjusted prospectively if appropriate at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

#### (g) Intangible assets – Computer software

Intangible assets are measured on initial recognition at cost. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 20%.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### (h) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less and subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and cash equivalent as defined above, net of outstanding bank overdrafts.

#### (j) Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

The Company has a statutory requirement to contribute to publicly administered pension schemes (defined contribution schemes). The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due.

The estimated monetary liability for employees' accrued entitlements at the reporting date is recognized as accrued expenses.

#### (k) Finance income and expenses

Finance income comprises of interest income on Company's bank accounts. Interest income is recognized as it accrues in profit or loss. Finance costs comprise of interest expense on borrowings. Interest accrued but not yet paid is accounted for under current liabilities.

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



# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### (l) Dividends

Dividend distribution to the shareholders is charged to equity and recognized as a liability in the Company's financial statements in the period in which they are declared, and after being approved by the shareholders at the Annual General Meeting.

#### (m) Provisions

A provision is recognized if, as a result of past events, the Company's has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### (n) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

#### (o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management that makes strategic decisions.

#### (p) Taxation

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

##### Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date. The current rate of corporation tax is 30% (December 2023: 30%).

##### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

#### (p) Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised outside profit or loss is also recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Receivables and payables are stated with the amount of Value added Tax (VAT) included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

#### Tax exposure

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### (q) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible non-cumulative redeemable preferences shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

#### (r) Relevant new standards, amendments and interpretations

##### (i) Standards that became effective during the year

The following amended standards and interpretations became effective during the year and had no material impact on the disclosure of the Company's financial statement:

	Standard/Interpretation	Effective date
Amendments to IAS 1 Presentation of Financial Statements	Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7	Financial Instruments: Disclosures Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 16 'Leases' - sale and leaseback	Disclosure on the accounting for a sale and leaseback after the date of the transaction	1 January 2024

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (r) Relevant new standards, amendments and interpretations (continued)

##### (ii) Standards that are not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2024 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory. The following amended standards and interpretations are not expected to have a significant impact on the Company's finance statements except for IFRS 18.

Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9, "Financial Instruments" and IFRS 7	Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: <ul style="list-style-type: none"> <li>• IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>• IFRS 9 Financial Instruments;</li> <li>• IFRS 10 Consolidated Financial Statements; and</li> <li>• IAS 7 Statement of Cash Flows.</li> </ul>	1 January 2026
IFRS 19, 'Subsidiaries without Public Accountability'	Reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.	1 January 2027
IFRS 18 — Presentation and Disclosure in Financial Statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	1 January 2027

##### IFRS 18 — Presentation and Disclosure in Financial Statements

On 9 April 2024 the IASB issued IFRS 18 Presentation and disclosure in financial statements and is effective for periods beginning on or after 1 January 2027.

IFRS 18 aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. Certain "non-GAAP" measures, also referred to as management performance measures (MPMs), will form part of the audited financial statements. IFRS 18 introduces a newly defined "operating profit" requirement for all income and expenses to be classified into three new distinct categories based on the Company's main business activities: operating, investing, and financing categories. Investing and financing results are excluded from operating profit.

IFRS 18 requires the Company to analyse its expenses directly on the face of the statement of profit or loss and other comprehensive income, either by nature, function or on a mixed basis. IFRS 18 also requires certain MPMs to be presented. It defines MPMs as a subtotal of income and expenses that: - is used in public communications outside the financial statements; and - communicates management's view of financial performance. For each MPM presented, the Company will need to explain in a note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under IFRS Accounting Standards.

The new standard also includes enhanced guidance on how companies Company information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

The Company is still assessing the potential impact on the amounts and disclosures in the Company's financial statements.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

##### (s) Leases

At inception of a contract, the Company assess whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

##### **Leases in which the Company is a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right of use asset and lease liability at the lease commencement date. The right of use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of the property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest implicit in the lease or, if that rate cannot be readily determined, the Company's uses its incremental borrowing rate, which is the rate the company will have to pay over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

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

- fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period of the Company are reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable, under a residual guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

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

The Company presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

##### *Short-term leases and leases of low-value assets*

The Company has elected not to recognize right of use assets and lease liabilities for leases of low value assets and short-term leases, including computers and printers. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 5 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practice.

The notes below provide detailed information on each of the above risks and the Company's objectives, policies, and processes for measuring and managing risk.

##### a. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations associated with financial instruments. The Company manages its liquidity risk to ensure it is able to meet estimated expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents.

The Company's liquidity is managed by forecasting the cash and currency requirements. The table below presents an analysis of the Company's financial liabilities, grouped according to their remaining contractual maturities at the reporting date. It also includes the financial assets held to manage these liquidity requirements. The analysis is based on expected settlement on a net basis.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Un-discounted Contractual cash flows TZS' 000	On Demand TZS'000	Within 1 year TZS' 000	1 to 5 years TZS' 000
<b>As at 31 December 2024</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	452,729,155	429,995,855	22,733,300	-
Trade and other payables*	30,679,717	-	30,679,717	-
Lease liability	1,041,947	-	271,102	770,845
	<b>484,450,819</b>	<b>429,995,855</b>	<b>53,684,119</b>	<b>770,845</b>
<b>Non-derivative financial assets</b>				
Trade and other receivables	7,635,686	-	7,635,686	-
Cash and cash equivalents	4,833,208	-	4,833,208	-
	<b>12,468,894</b>	<b>-</b>	<b>12,468,894</b>	<b>-</b>
<b>Liquidity Gap</b>	<b>471,981,925</b>	<b>429,995,854</b>	<b>41,215,225</b>	<b>770,845</b>
<b>As at 31 December 2023</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	458,307,593	435,307,593	23,000,000	-
Trade and other payables*	18,274,904	-	18,274,904	-
Lease liability	3,600,598	-	966,332	2,634,266
	<b>480,183,095</b>	<b>435,307,593</b>	<b>42,241,236</b>	<b>2,634,266</b>
<b>Non-derivative financial assets</b>				
Trade and other receivables	7,594,146	-	7,594,146	-
Cash and cash equivalents	8,566,625	-	8,566,625	-
	<b>16,160,771</b>	<b>-</b>	<b>16,160,771</b>	<b>-</b>
<b>Liquidity Gap</b>	<b>464,022,324</b>	<b>435,307,593</b>	<b>26,080,465</b>	<b>2,634,266</b>

\*Does not include statutory liabilities, advances from customers, and accruals for loyalty points.

\*\* Excludes staff imprests and advances as they are not financial assets.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a. Liquidity risk (Continued)

The Company has defaulted on its debt obligations as stipulated in the debt agreements resulting in debts amounting to TZS 430 billion (2023: TZS 435 billion) being due on demand (See Note 26). Because of this default, the inability of the Company to generate cash that would be sufficient to settle arrears and instalment payments as per the debt agreements (refer to “Key sources of uncertainties in the plans to mitigate the going concern risk” on Note 3 (b)) and the on-going discussions with the lenders on possible rescheduling of the borrowings, there is no reliable basis for developing a reliable liquidity risk profile for borrowings.

As at the date of approval of these financial statements, the loan defaults were not cured.

#### b. Market risk

##### I. Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company can experience adverse or beneficial effects arising from foreign exchange rate movements. The Company seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, either at spot rates, for US dollars or Tanzanian Shillings.

The Company is significantly exposed to sensitivities in US dollar exchange rates primarily arising from financial liabilities denominates in USD. The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in the US dollar exchange rates and other currencies as this is the major currency that the Company transactions are held, with all other variables held constant, on profit before tax and equity.

	<b>Increase/ decrease in the value</b>	<b>Effect on profit or loss TZS'000</b>	<b>Effect On equity, net of tax TZS'000</b>
Net effect resulting from borrowings, receivables, cash and cash equivalents, and payables on the statement of financial position as at 31 December 2024	5%	22,186,675	15,530,672
Net effect resulting from borrowings, receivables, cash and cash equivalents, and payables on the statement of financial position as at 31 December 2023	5%	21,861,259	15,302,881

##### II. Interest rate risk

The Company has adopted a non- speculative approach to the management of interest rate risk. For the past twelve months, there have been no changes in interest rates obtained by the Company from its Bankers for its borrowings. Furthermore, the Company did not receive any new facility in last 12 months and the interest rate is not expected to change for the existing loans.

The following table demonstrates the sensitivity to possible changes in interest for Finnfund loan portion, with all other variables held constant, on the Company's profit before tax and equity:

Other loans and overdraft facilities have fixed interest rate and thus no interest sensitivity is required.

	<b>Increase/ decrease in interest rate</b>	<b>Effect on profit or loss TZS' 000</b>	<b>Effect on equity TZS' 000</b>
Net effect based on statement of financial position as at 31 December 2024	1%	255,401	178,781
Net effect based on statement of financial position as at 31 December 2023	1%	267,269	187,088

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b. Market risk (Continued)

##### III. Fuel price risk (business not financial risk)

The Company's fuel risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices.

To meet this objective, the Company negotiates jet fuel prices with suppliers at the beginning of every month and the price will remain fixed throughout the specified month which completely offsets the fuel price risk. However, to cover for a continuous fuel price increase the Company adjusts the fuel surcharge rate upwards to cover for the increases. The fuel surcharges included on tickets change from time to time and differ from route to route depending on the market conditions.

As fuel price is a business and not financial risk, no further quantitative disclosures are provided.

#### c. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or a counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, cash and bank balances and aircraft deposits.

The carrying amount of the financial assets represents the maximum credit exposure.

The Company largely conducts its sale through International Air Transport Association (IATA) approved sales agents. All IATA agents have to meet a minimum financial criterion applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an on-going basis by IATA through the association's Agency Programme. The credit risk associated with such sales agents is relatively low owing to the programme's broad diversification. The Company accounts receivable are generated largely from the sale of passenger airline tickets. Majority of these sales are in accounts receivable which are generally short term in duration. The credit risk associated with these receivables is minimal and the expected credit loss that the Company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the historical loss rates, which are derived from settlement of invoices over an average period of 5 years and adjusted with macroeconomic factor overlay calculations to incorporate current and forward-looking information. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2024 TZS'000	2023 TZS'000
<b>Cash and cash equivalents</b>	<b>4,833,208</b>	8,566,625
<b>Trade and other receivables*</b>	<b>7,635,686</b>	7,594,146
	<b><u>12,468,894</u></b>	<u>16,160,771</u>

\*Staff imprests and advances are excluded from trade and other receivables. Staff advances are non-interest-bearing and are typically settled within a maximum of 90 days. Imprests represent amounts issued to staff to cover small-value operational expenses, such as travel costs, which cannot be precisely determined in advance, and are required to be retired within 7 days of the staff member's return from travel. Given their short-term nature, immaterial aggregate balances, and a historical record of no defaults, the Company considers the risk of impairment for these items to be negligible.

In order to minimize credit risk, the Company has tasked its Risk Management Committee to develop and maintain the Company's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Risk Management Committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### c. Credit risk (Continued)

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising credit losses
Performing (Stage 1)	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful (Stage 2)	Amount is >30 days past due, or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default (Stage 3)	Amount is >90 days past due, or there is evidence indicating the asset is credit impaired	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial distress and has failed to engage in a repayment plan with the Company.	Amount is written off

The company considers factors such as changes in the payment cycle i.e, there is reduced frequency in payment remittances from what had been agreed with the consumer. For example, if a debtor defaults in the IATA clearing house, this is flagged as an indication of a significant increase in credit risk.

The table below details the credit quality of the company's financial assets as well as the company's maximum exposure to credit risk by credit risk rating grades.

	External credit rating	Internal Credit rating	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
			TZS'000	TZS'000	TZS'000
31 December 2024					
Cash and cash equivalents	N/A	Performing	4,833,208	-	4,833,208
Trade and other receivables*	N/A	Significantly performing	10,052,330	(2,416,644)	7,635,686
			<u>14,885,538</u>	<u>(2,416,644)</u>	<u>12,468,894</u>

	External credit rating	Internal Credit rating	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
			TZS'000	TZS'000	TZS'000
31 December 2023					
Cash and cash equivalents	N/A	Performing	8,566,625	-	8,566,625
Trade and other receivables*	N/A	Significantly performing	10,136,067	(2,541,921)	7,594,146
			<u>18,702,692</u>	<u>(2,541,921)</u>	<u>16,160,771</u>

\*Trade receivables are internally rated as doubtful, notwithstanding that the balance includes performing, doubtful, and defaulted exposures



## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### c. Credit risk (Continued)

Credit risk profile based on provision matrix (Amount in TZS thousands).

	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 180 Days	> 180 Days	Total
<b>31 December 2024</b>							
Expected credit loss rate	0.00%	0.00%	0.00%	100%	100%	100%	
Gross carrying amount - Trade Airlines	3,871,632	-	-	-	-	127,726	3,999,358
Gross carrying amount - Trade Agents	2,215,646	993,980	342,055	67,396	42,740	1,524,521	5,186,338
Gross carrying amount - Others	122,260	32,123	57,989	-	107,262	547,000	866,634
	<b>6,209,538</b>	<b>1,026,103</b>	<b>400,044</b>	<b>67,396</b>	<b>150,002</b>	<b>2,199,247</b>	<b>10,052,330</b>
Expected credit loss	-	-	-	<b>67,396</b>	<b>150,002</b>	<b>2,199,246</b>	<b>2,416,644</b>

	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 180 Days	> 180 Days	Total
<b>31 December 2023</b>							
Expected credit loss rate	0.00%	0.00%	0.00%	100%	100%	100%	
Gross carrying amount - Trade Airlines	3,844,206	-	-	-	-	173,735	4,017,941
Gross carrying amount - Trade Agents	1,429,482	890,271	468,732	258,964	96,104	1,452,889	4,596,442
Gross carrying amount - Others	159,995	790,269	11,190	148,890	43,419	367,921	1,521,684
	<b>5,433,683</b>	<b>1,680,540</b>	<b>479,922</b>	<b>407,854</b>	<b>139,523</b>	<b>1,994,545</b>	<b>10,136,067</b>
Expected credit loss	-	-	-	407,854	139,523	1,994,544	2,541,921

##### Incorporation of forward-looking information

The Company incorporates forward-looking information into both the assessment of significant increase in credit risk and the measurement of expected credit losses (ECL). This involves the use of three macroeconomic scenarios—base case, upside, and downside—developed using internal forecasts and external data from credible sources such as the central bank. The analysis considers the impact of macroeconomic drivers such as inflation, exchange rates, and GDP growth on credit risk exposures.

However, for receivable portfolios where the Company considers a financial asset to be in default once contractual payments are more than 90 days past due, a 100% impairment is recognized. Given this conservative provisioning approach, the influence of forward-looking macroeconomic information becomes less pronounced, as the full lifetime loss is already absorbed once the asset reaches the default threshold. Forward-looking macroeconomic information has not been incorporated into the ECL assessment for balances less than 90 days past due. This is due to the short-term nature of these exposures and the low likelihood that macroeconomic changes would materially affect credit risk within such a limited period.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 6 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to estimates are recognised prospectively.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### *i. Impairment of aircraft*

A decline in the value of aircraft could have a significant effect on the amount recognised in the financial statements. Management assesses the impairment of aircraft whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important, which could make an impairment review necessary include the following:

- a) Significant decline in the market value beyond that which would be expected from the passage of time and normal use;
- b) Significant changes in technology and regulatory environment; and
- c) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

In the determination of the recoverable amounts, management uses an independent external platform for aircraft valuation namely Flight Ascend.

Management uses '*half-life soft market value*' scenario which assumes the world's principal traffic generating regions are in the middle of a recession or a period of economic stagnation, which historically have a negative impact on aircraft values. This is when airlines experience low growth or even traffic reductions, make losses, cut their fleets and staff or reduce fleet growth plans. The market becomes imbalanced, with supply outstripping demand, resulting in more parked aircraft and lower utilisation rates, which in turn, increase aircraft availability. Half-life prices indicate the recoverable amount assuming that the airframe, engines, landing gear and all major components are half-way between major overhauls and that any life-limited component (for example a cycle limited engine disk) has used up half of its life.

The specific assumptions considered during the year are;

- a) Commercial airliners are valued in typical airline configurations (e.g. passenger or freighter aircraft, Combi, Quick Change);
- b) Purpose-built business jets and specific corporate/VIP versions of airliners (e.g. Airbus A318 ACJ, Boeing BBJ1) are valued assuming they are typically equipped in terms of their interior and specification;
- c) It should also be noted that any damage history on a business jet will usually impact its value – Flight Ascend Online Values cannot take this into account; and
- d) The aircraft is free of any onerous restrictions in respect of its ownership and title documentation. The values are therefore not intended to reflect any sale encumbered with a lease or in a distress/forced sale scenario.

The principal variables used are, the age of the aircraft, and the economic and market conditions. Age of the aircraft is indicated by year of build and utilization data such as cumulative hours of flight and cumulative number of cycles.

Included in property and equipment are two (2) aircraft (ATR 42-600 5H-PWH and ATR 42-600 5H-PWI) with a carrying value before impairment of TZS 9.8 billion (2023: 15.3 billion) that are currently unutilized as a result of defective engines. Impairment assessment on these aircraft has been conducted with reference to their soft market half-life prices as at 31 December 2024. Together with these two aircraft, other aircraft were also subjected to impairment assessment and no additional impairment was recognised during the year (2023: Nil).

The recoverable amounts are categorised as Level 3 in the fair value hierarchy as defined in Note 36.

##### *ii. Unused ticket revenue*

Unused ticket revenue i.e., passenger ticket writeback revenue is recognised as revenue using estimates regarding the timing of recognition based on terms and conditions of the ticket and historical claiming trends. Tickets that remain unused for a period exceeding 24 months are recognised in the statement of profit or loss. The determination of the period over which the passengers will not claim back for their tickets or refunds is considered to be a critical estimate by management. The income statement impact of the unused tickets writeback is disclosed under Note 7 of the financial statements.

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 6 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### iii. Useful lives of property and equipment, and intangible assets

Critical estimates are made by the Directors in determining the useful lives and residual values of property and equipment, and intangible assets based on the intended use of the asset and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. The useful lives of assets are disclosed in Note 4 (f).

#### iv. Income taxes

Significant judgement is required in determining the overall income tax provision. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company recognise liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and any deferred tax provisions in the period in which the determination is made.

The Directors have exercised significant judgement in concluding that sufficient taxable profits will not be available in the foreseeable future to utilise the net deferred tax asset (Note 24) that has not been recognised.

#### v. Going concern

Significant judgements are made by management in the determination of whether there are material uncertainties that may cast significant doubt on entity's ability to continue as a going concern as disclosed in Note 3(b) of these financial statements.

### 7 REVENUE

#### A. Revenue streams

	2024 TZS '000	Restated (Note 39) 2023 TZS '000
Recognised at a point in time:		
Passengers	159,404,281	137,621,108
Freight and mail	1,058,079	904,434
	<b>160,462,360</b>	<b>138,525,542</b>
Recognised over time:		
Third-party maintenance	1,530,364	1,114,503
Training services	199,872	176,618
	<b>1,730,236</b>	<b>1,291,121</b>
<b>Total Revenue</b>	<b>162,192,596</b>	<b>139,816,663</b>
Revenue by location:		
Domestic	91,657,567	96,470,255
Regional	70,535,029	43,346,408
<b>Total Revenue</b>	<b>162,192,596</b>	<b>139,816,663</b>

# PRECISION AIR SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 7 REVENUE (CONTINUED)

#### B. Contract balances

	2024	2023
	TZS '000	TZS '000
<b>Contract Assets:</b>		
Trade and other receivables	7,791,854	7,723,664
<b>Contract liabilities*</b>		
Sales in advance of carriage	22,706,898	19,269,598
Trade and other payables	18,016	1,937
	<u>22,724,914</u>	<u>19,271,535</u>
<b>Movement of sales in advance of carriage:</b>		
At start of year:	19,269,598	14,977,262
Revenue recognized during the year	(15,931,532)	(12,162,186)
Sales in advance of carriage received	19,368,832	16,454,522
<b>At end of the year</b>	<u>22,706,898</u>	<u>19,269,598</u>

The Company has no contract assets. Trade receivables have been disclosed in Note 21.

\*The contract liabilities primarily relate to the advance consideration received from customers for air transportation or freight carriage for which revenue has not been recognised yet i.e., Unused tickets and to the unredeemed customer loyalty points. The amount of unredeemed customer loyalty points is included in 'Trade and other payables' line item and will be recognised as revenue when the points are redeemed by customers as per IFRS 15, which is expected to occur over the next two years. Similar to customer loyalty, sale in advance of carriage is also expected to be recognised over the next two years.

### 8 COST OF SALES

	2024	2023
	TZS '000	TZS '000
Fuel and oil	27,378,938	27,182,557
Short term leases of aircraft engines	14,695,909	11,902,314
Aircraft landing, handling, and navigation	11,975,005	10,357,673
Aircraft maintenance	14,999,543	12,451,689
Depreciation of aircraft and aircraft components	15,931,229	17,379,961
Passenger services	3,634,032	6,376,658
Commission on sales	3,303,220	2,408,890
Aircraft, passengers, and cargo insurance	3,526,432	2,904,581
Crew route expenses	1,145,700	159,365
Centralised reservation systems	14,458,611	12,034,161
Aircraft cleaning and certification	322,144	347,713
Salaries and other employment costs	18,184,236	17,447,586
	<u>129,554,999</u>	<u>120,953,148</u>

**PRECISION AIR SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>9</b>	<b>MARKETING EXPENSES</b>	<b>2024</b>	<b>2023</b>
		<b>TZS '000</b>	<b>TZS '000</b>
	Advertising and publicity	<u>2,209,030</u>	<u>1,768,059</u>
		<u>2,209,030</u>	<u>1,768,059</u>
<b>10</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>2024</b>	<b>Restated (Note 39) 2023</b>
		<b>TZS '000</b>	<b>TZS '000</b>
	Salaries and other employment costs	<b>9,664,537</b>	8,872,582
	Audit fees	<b>98,400</b>	125,379
	Bank charges	<b>236,989</b>	111,740
	Motor vehicle expenses	<b>1,465,181</b>	1,332,061
	Legal and professional fees	<b>388,964</b>	267,358
	Maintenance and supplies	<b>1,339,690</b>	1,462,625
	General specified expenses	<b>1,646,490</b>	1,649,472
	Accrued Interest on contractual liabilities	<b>35,853,835</b>	23,855,753
	Board meeting expenses	<b>242,804</b>	46,875
	Amortization of intangible assets	<b>54,624</b>	21,669
	Depreciation of properties and equipment	<u>2,019,307</u>	<u>1,484,652</u>
		<u>53,010,821</u>	<u>39,230,166</u>
<b>11</b>	<b>EMPLOYMENT RELATED EXPENSES</b>		
	Salaries and wages	<b>20,986,156</b>	20,251,372
	Social Security Contributions	<b>1,954,338</b>	1,838,254
	Payroll levies (SDL and WCF)	<b>833,946</b>	839,767
	Skills Training and development	<b>1,189,372</b>	1,270,544
	Travelling DTV & Staff Hotac	<b>1,232,335</b>	1,156,898
	Staff Medical Scheme	<b>854,754</b>	607,116
	Other employment costs	<u>797,872</u>	<u>356,217</u>
		<u>27,848,773</u>	<u>26,320,168</u>
<b>12</b>	<b>FINANCE INCOME</b>	<b>2024</b>	<b>2023</b>
		<b>TZS '000</b>	<b>TZS '000</b>
	Interest income on short term bank deposits	<u>84,230</u>	-
		<u>84,230</u>	-
<b>13</b>	<b>FINANCE COSTS</b>		
	Interest on debts and borrowings	<b>23,014,124</b>	18,584,053
	Interest on overdraft	-	54,588
	Finance costs on lease liability	<u>94,592</u>	<u>244,355</u>
		<u>23,108,716</u>	<u>18,882,996</u>
<b>14</b>	<b>NET FOREIGN EXCHANGE (GAIN)/LOSS</b>		
	Realised foreign exchange (gain)/loss	<b>(267,998)</b>	1,584,369
	Unrealised foreign exchange (gain)/loss	<u>(20,249,635)</u>	<u>34,006,889</u>
		<u>(20,517,633)</u>	<u>35,591,258</u>

**PRECISION AIR SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**15 PROPERTY AND EQUIPMENT**

	<u>Aircraft</u> TZS '000	<u>Motor Vehicles</u> TZS '000	<u>Computers</u> TZS '000	<u>Furniture, equipment &amp; structures</u> TZS '000	<u>Work in progress</u> TZS '000	<u>Total</u> TZS '000
<b><u>Cost:</u></b>						
At 1 January 2024	314,516,775	1,937,387	3,702,033	15,043,393	44,933	335,244,521
Additions	31,886,974	9,014	302,244	465,709	18,684	32,682,625
Transfer from working on progress	-	-	44,933	-	(44,933)	-
Disposal and Write-off of assets	<u>(16,342,410)</u>	-	-	-	-	<u>(16,342,410)</u>
<b>At 31 December 2024</b>	<b><u>330,061,339</u></b>	<b><u>1,946,401</u></b>	<b><u>4,049,210</u></b>	<b><u>15,509,102</u></b>	<b><u>18,684</u></b>	<b><u>351,584,736</u></b>
<b><u>Depreciation and impairment:</u></b>						
At 1 January 2024	278,591,699	1,839,043	2,461,393	6,599,049	-	289,491,184
Depreciation charge for the year	15,931,229	27,064	579,348	690,405	-	17,228,046
Disposal and Write-off	<u>(9,781,384)</u>	-	-	-	-	<u>(9,781,384)</u>
<b>At 31 December 2024</b>	<b><u>284,741,544</u></b>	<b><u>1,866,107</u></b>	<b><u>3,040,741</u></b>	<b><u>7,289,454</u></b>	<b><u>-</u></b>	<b><u>296,937,846</u></b>
<b><u>Carrying amount</u></b>						
<b>At 31 December 2024</b>	<b><u>45,319,795</u></b>	<b><u>80,294</u></b>	<b><u>1,008,469</u></b>	<b><u>8,219,648</u></b>	<b><u>18,684</u></b>	<b><u>54,646,890</u></b>
<b>At 31 December 2023</b>	<b><u>35,925,076</u></b>	<b><u>98,344</u></b>	<b><u>1,240,640</u></b>	<b><u>8,444,344</u></b>	<b><u>44,933</u></b>	<b><u>45,753,337</u></b>

Refer to Note 26 for assets pledged as security. All aircraft and aircraft components are pledged as security to Citibank International Plc, Finnfund Industrial Co-operation and Export Development Canada (EDC) for loans as explained in Note 26.

At the end of the year, the Company had assets worth TZS 31 billion (31 December 2023: TZS 31 billion) plant and equipment that were fully depreciated but still in use with notional depreciation of TZS 3.3 billion (2023: TZS 3.1 billion).

**PRECISION AIR SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**15 PROPERTY AND EQUIPMENT (CONTINUED)**

	Aircraft TZS '000	Motor Vehicles TZS '000	Computers TZS '000	Furniture, equipment & structures TZS '000	Work in progress TZS '000	Total TZS '000
<u>Cost:</u>						
At 1 January 2023	305,449,163	1,891,192	2,675,684	14,734,370	307,450	325,057,859
Additions	12,155,278	46,195	356,258	309,023	407,574	13,274,328
Disposal/Lease remeasurement	(3,087,666)	-	-	-	-	(3,087,666)
Transfer from work in progress	-	-	670,091	-	(670,091)	-
At 31 December 2023	<u>314,516,775</u>	<u>1,937,387</u>	<u>3,702,033</u>	<u>15,043,393</u>	<u>44,933</u>	<u>335,244,521</u>
<u>Depreciation and impairment:</u>						
At 1 January 2023	263,691,490	1,760,278	2,237,855	5,976,692	-	273,666,315
Depreciation charge for the year	17,379,961	78,765	223,538	622,357	-	18,304,621
Disposal	(2,479,752)	-	-	-	-	(2,479,752)
At 31 December 2023	<u>278,591,699</u>	<u>1,839,043</u>	<u>2,461,393</u>	<u>6,599,049</u>	<u>-</u>	<u>289,491,184</u>
<u>Carrying amount</u>						
At 31 December 2023	<u>35,925,076</u>	<u>98,344</u>	<u>1,240,640</u>	<u>8,444,344</u>	<u>44,933</u>	<u>45,753,337</u>
At 31 December 2022	<u>41,757,673</u>	<u>130,914</u>	<u>437,829</u>	<u>8,757,678</u>	<u>307,450</u>	<u>51,391,544</u>

PRECISION AIR SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024

16 INTANGIBLE ASSETS

	<u>Computer software</u> TZS '000	<u>Work in progress</u> TZS '000	<u>Total</u> TZS '000
<b><u>Cost</u></b>			
At 1 January 2024	2,433,077	-	2,433,077
Additions	40,574	600,243	640,817
<b>At 31 December 2024</b>	<b>2,473,651</b>	<b>600,243</b>	<b>3,073,894</b>
<b><u>Accumulated amortisation</u></b>			
At 1 January 2024	2,176,858	-	2,176,858
Charge for the year	54,626	-	54,626
<b>At 31 December 2024</b>	<b>2,231,484</b>	<b>-</b>	<b>2,231,484</b>
<b>Carrying amount</b>	<b>242,167</b>	<b>600,243</b>	<b>842,410</b>
<b><u>Cost</u></b>			
At 1 January 2023	2,189,856	227,382	2,417,238
Additions	15,839	-	15,839
Transfer from work in progress	227,382	(227,382)	-
<b>At 31 December 2023</b>	<b>2,433,077</b>	<b>-</b>	<b>2,433,077</b>
<b><u>Accumulated amortisation</u></b>			
At 1 January 2023	2,155,189	-	2,155,189
Charge for the year	21,669	-	21,669
<b>At 31 December 2023</b>	<b>2,176,858</b>	<b>-</b>	<b>2,176,858</b>
<b>Carrying amount</b>	<b>256,219</b>	<b>-</b>	<b>256,219</b>

17 RIGHT OF USE ASSETS (ROU)

	2024 TZS '000	2023 TZS '000
<b><u>Cost</u></b>		
Balance at the start of the year	5,901,523	5,806,223
Additions	-	-
Lease remeasurement	(764,103)	95,300
<b>Balance at the end of the year</b>	<b>5,137,420</b>	<b>5,901,523</b>
<b><u>Accumulated amortisation</u></b>		
Balance at the start of the year	3,318,151	2,758,159
Charge for the year	729,563	559,992
Lease remeasurement	237,407	-
<b>Balance at the end of the year</b>	<b>4,285,121</b>	<b>3,318,151</b>
<b>Carrying amount</b>	<b>852,299</b>	<b>2,583,372</b>



## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 18 INVESTMENT IN SUBSIDIARIES

The carrying amounts of the Company's investments in its subsidiaries, Precision Handling Limited and Precise Systems Limited as at 31 December 2024 are summarised below;

	31 December 2024			31 December 2023		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Precision Handling Limited	1,000,000	(1,000,000)	-	1,000,000	(1,000,000)	-
Precise Systems Limited	10,000	(10,000)	-	10,000	(10,000)	-
	<u>1,010,000</u>	<u>(1,010,000)</u>	<u>-</u>	<u>1,010,000</u>	<u>(1,010,000)</u>	<u>-</u>

The financial information of the subsidiaries for the year ended to 31 December 2024 is as summarised below;

	<u>Total assets</u>	<u>Total liabilities and equity</u>	<u>Revenue</u>	<u>Expenses</u>
	TZS '000	TZS '000	TZS '000	TZS '000
<b><u>Year ended 31 December 2024</u></b>				
Precision Handling Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Precise Systems Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Year ended 31 December 2023</u></b>				
Precision Handling Limited	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Precise Systems Limited	<u>432</u>	<u>(432)</u>	<u>-</u>	<u>-</u>

Consolidated financial statements are not prepared because the subsidiaries are immaterial, including taking into account contingencies.

#### 19 OTHER DEPOSITS

	2024	2023
	TZS '000	TZS '000
IATA security deposit	3,018,894	1,376,060
Rent security deposits	2,088	2,088
DPO Security deposit	413,882	353,350
Aircraft security deposit	-	1,097,166
	<u>3,434,864</u>	<u>2,828,664</u>
Current portion	3,434,864	2,828,664
Non-current portion	-	-
	<u>3,434,864</u>	<u>2,828,664</u>

Other assets relate to cash deposited by the Company to third parties. These deposits do not attract any interest. The DPO security deposits are deposits held by the card companies against the chargebacks from card holders.

Aircraft security deposits are the deposits kept by Aircraft wet lease lessors for the lease of an aircraft. While the above are held at amortised cost, their fair value approximate their carrying values due to their relatively short-term nature.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 19 OTHER DEPOSITS (CONTINUED)

The movement in deposit is as follows:

	2024 TZS '000	2023 TZS '000
At start of the year	2,828,664	1,442,577
Additional deposit	8,094,761	3,417,055
Release of deposits	(7,137,210)	(2,118,898)
Foreign exchange gain/(losses)	<u>(351,351)</u>	<u>87,930</u>
<b>At the end of the year</b>	<b><u>3,434,864</u></b>	<b><u>2,828,664</u></b>

#### 20 INVENTORY

	2024 TZS '000	2023 TZS '000
Aircraft spare parts	9,558,903	12,752,275
Fuel and stationeries	198,214	229,690
Stock provisions	<u>(622,874)</u>	<u>(622,874)</u>
	<b><u>9,134,243</u></b>	<b><u>12,359,091</u></b>

The movement in stock provision for the period is as detailed below;

Balance as at 1 January	(622,874)	(1,321,755)
(Charge)/release during the year	<u>-</u>	<u>698,881</u>
	<b><u>(622,874)</u></b>	<b><u>(622,874)</u></b>

During the year ended 31 December 2024, inventories of TZS 14.9 billion (December 2023: TZS 12.4 billion) were recognised as expenses and are included in the cost of sales line item.

#### 21 TRADE AND OTHER RECEIVABLES

	2024 TZS '000	2023 TZS '000
Trade receivables - third party	10,052,330	10,136,067
Allowance for credit losses	<u>(2,416,644)</u>	<u>(2,541,921)</u>
<b>Net receivables – third-party</b>	<b>7,635,686</b>	<b>7,594,146</b>
Staff advances and imprest	156,168	129,518
Allowances for credit losses - other debtors	<u>-</u>	<u>-</u>
<b>Net other receivables</b>	<b><u>156,168</u></b>	<b><u>129,518</u></b>
<b>Net trade and other receivables</b>	<b><u>7,791,854</u></b>	<b><u>7,723,664</u></b>
<b>Movement in allowance for credit losses:</b>		
At start of year:	2,541,921	2,533,587
Increase of impairment during the year	105,367	177,123
Write off impaired exposure	<u>(230,644)</u>	<u>(168,789)</u>
<b>At end of the year</b>	<b><u>2,416,644</u></b>	<b><u>2,541,921</u></b>

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 21 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables comprise of the following gross amounts denominated in foreign currencies;

	<b>2024</b>	2023
	<b>TZS '000</b>	TZS '000
United States Dollars	<b>2,118,306</b>	2,530,929
Euro	<b>360,525</b>	474,871
Sterling Pound	<b>272,208</b>	247,653
Canadian Dollars	<b>387,535</b>	77,792
South African Rand	<b>446,053</b>	321,322
Kenya Shillings	<b>160,196</b>	173,940
	<b><u>3,744,823</u></b>	<u>3,826,507</u>

#### 22 PREPAYMENTS

	<b>2024</b>	2023
	<b>TZS '000</b>	TZS '000
Advances to suppliers	<b>3,438,085</b>	1,726,512
Insurance	<b>6,390</b>	107
Spare parts	<b>1,588</b>	1,668
Other	<b>51,835</b>	37,630
	<b><u>3,497,898</u></b>	<u>1,765,917</u>

Prepayments are non-interest bearing and are non-refundable. They are utilised when the goods are received, or services are rendered.

#### 23 CASH AND CASH EQUIVALENTS

	<b>2024</b>	2023
	<b>TZS '000</b>	TZS '000
Bank balances	<b>3,661,690</b>	4,122,979
Short term deposits	<b>1,171,518</b>	4,443,646
Cash and cash equivalents	<b>4,833,208</b>	8,566,625
Bank overdrafts for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	<b><u>4,833,208</u></b>	<u>8,566,625</u>

Cash and cash equivalents comprise of the following amounts denominated in foreign currency:

United States Dollars	<b>3,064,251</b>	5,963,103
Euro	<b>1,059,939</b>	1,321,806
Kenya Shillings	<b>119,721</b>	727,999
	<b><u>4,243,911</u></b>	<u>8,012,908</u>

**PRECISION AIR SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>24 INCOME TAX</b>	<b>2024</b>	<b>2023</b>
<b>(a) Corporate tax payable</b>	<b>TZS '000</b>	<b>TZS '000</b>
At beginning of the year	1,112,019	1,112,019
Payments during the year	-	-
Tax charge for the year	-	-
At end of the year	<u>1,112,019</u>	<u>1,112,019</u>
<b>(b) Other tax payable*</b>		
At beginning of the year	2,098,310	1,807,408
Payments during the year	(761,580)	(382,511)
AMT charge for the year	785,351	673,413
At beginning of the year	<u>2,122,081</u>	<u>2,098,310</u>
<b>(c) Tax Charge</b>		
Current year/period tax charge	-	-
Deferred tax charge	-	-

\* This relates to tax payable with respect to alternative minimum taxes.

Section 4(1) (a) of the income tax Act of 2004 as amended requires corporations with perpetual unrelieved tax losses to pay tax at the rate of 0.5% of the turnover for that year of income. The Company have unrelieved tax losses and hence, liable to the alternate minimum tax charge which has been presented under administrative expenses.

**(d) Reconciliation of the tax based on accounting loss to actual tax**

	<b>2024</b>	<b>Restated (Note 39) 2023</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Loss before income tax	(31,755,500)	(77,394,001)
<i>Tax at applicable rate of 30%</i>	(9,526,650)	(23,218,200)
Tax effect on non-deductible expenses	11,009,379	7,511,521
Tax effect of non-deductible interest expense	3,802,437	2,492,621
Tax effects on assets reconciliation	-	(1,145,681)
Prior year deferred tax under provision	2,492,621	3,081,823
Deferred tax movement not recognized	(7,777,786)	11,277,916
	<u>-</u>	<u>-</u>

**(e) Deferred tax**

	<b>Restated At 1 Jan 24</b>	<b>Under/(over) provision from prior year</b>	<b>Charge/(credit) to P&amp;L</b>	<b>At 31 Dec 24</b>
Accelerated capital deductions	3,190,776	-	(2,346,457)	844,319
Provisions	(16,052,194)	-	6,247,624	(9,804,570)
Fair value adjustment	(607,034)	-	(6,418)	(613,452)
Deferred interest expense	(2,492,621)	2,492,621	-	-
Tax losses	(83,203,983)	-	1,390,416	(81,813,567)
<b>Net deferred tax asset</b>	<b>(99,165,056)</b>	<b>2,492,621</b>	<b>5,285,165</b>	<b>(91,387,270)</b>
Deferred tax not recognized	99,165,056	(2,492,621)	(5,285,165)	91,387,270
<b>Deferred tax recognized</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PRECISION AIR SERVICES PLC**

**NOTES TO THE FINANCIAL STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**24 INCOME TAX (CONTINUED)**

**(e) Deferred tax (continued)**

	At 1 Jan 23	Under/(over) provision from prior year	Charge/(credit) to P&L	Restated (Note 39) At 31 Dec 23
Accelerated capital deductions	5,960,646	-	(2,769,870)	3,190,776
Provisions	(7,002,112)	-	(9,050,082)	(16,052,194)
Fair value adjustment	(453,957)	-	(153,077)	(607,034)
Deferred interest expense	(1,546,305)	-	(946,316)	(2,492,621)
Tax losses	(84,845,412)	3,081,823	(1,440,394)	(83,203,983)
<b>Net deferred tax asset</b>	<b>(87,887,140)</b>	<b>3,081,823</b>	<b>(14,359,739)</b>	<b>(99,165,056)</b>
Deferred tax not recognized	87,887,140	(3,081,823)	14,359,739	99,165,056
<b>Deferred tax recognized</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The deferred tax asset has not been recognised because the Directors do not expect the Company to generate sufficient taxable profits in the near future against which the asset can be utilised.

**25 EQUITY**

	2024 TZS '000	2023 TZS '000
<b>(a) Share capital</b>		
<b>Authorised:</b>		
242,000,000 Ordinary Shares of TZS 20/= each	<u>4,840,000</u>	<u>4,840,000</u>
<b>Issued and fully paid up:</b>		
160,472,720 Ordinary Shares of TZS 20/= each	<u>3,209,454</u>	<u>3,209,454</u>
<b>(b) Share premium*</b>	<u>10,490,987</u>	<u>10,490,987</u>

\*The Company realized from the 2012 Initial Public Offering (IPO), a share premium of TZS 10.491 million. There were no changes in the share premium during the year.

The shareholding of the Company as at year-end is as stated below;

Name	2024			2023		
	No. of shares	% Shareholding	Amount TZS'000	No. of shares	% Shareholding	Amount TZS'000
The Estate of the late Mr. Michael N. Shirima	68,857,650	42.91	1,377,153	68,857,650	42.91	1,377,153
Kenya Airways Limited	66,157,350	41.23	1,323,147	66,157,350	41.23	1,323,147
Public	25,457,720	15.86	509,154	25,457,720	15.86	509,154
	<u>160,472,720</u>	<u>100.00</u>	<u>3,209,454</u>	<u>160,472,720</u>	<u>100.00</u>	<u>3,209,454</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 26 BORROWINGS

The Company's borrowings are summarised below.

Lender	Average Interest rate	Maturity	Purpose	Security
Citibank International Plc and Finnfund Industrial Co-operation (USD) (i) (*)	4.28%	2008–2022	Financing the acquisition of 5 ATR 72-500 and 2 ATR42-500.	The loans secured by the aircraft that have been delivered**
Export Development Canada (EDC) (USD) (ii) (*)	4.64%	2013–2022	Financing the acquisition of 2 ATR 72-600.	The loan is secured by the aircraft that have been delivered**

(\*) The Company is in breach of the terms of the loan agreements due to significant delays in repayments of principal and interest. The breaches have not yet been remediated as such these loans have been classified as current.

(\*\*) For the purpose of holding collateral for the financiers, the aircraft are registered in the name of special purpose entities whose equity is held by the security trustees on behalf of the respective financiers. The legal title is to be transferred to Precision Air Services Plc once the loans are fully repaid. The special entities are as listed below:

Special purpose entity	Assets held as collateral financed by:
Swala Leasing and Finance Limited	Citibank International Plc
	Finnfund Industrial for Corporation Ltd
Antelope Leasing Finance Ltd	Export Development Canada

The following table includes the outstanding loan balances for the Company as at the year-end:

		2024 TZS '000	2023 TZS '000
<b>Secured bank term loans include:</b>			
Citibank International Plc and Finnfund Industrial Co-operation	(i)	311,382,770	319,057,949
Export Development	(ii)	118,613,084	116,249,644
		<u>429,995,854</u>	<u>435,307,593</u>
Non-current		-	-
Current		<u>429,995,854</u>	<u>435,307,593</u>
<b>Total</b>		<u>429,995,854</u>	<u>435,307,593</u>

The movement in loan balances as at the year-end is summarised below:

	2024 TZS '000	2023 TZS '000
Opening balance	435,307,593	398,013,680
Repayment -principal and interest	(8,143,529)	(4,433,571)
Insurance compensation*	-	(11,394,323)
Interest expense	23,014,124	18,584,053
Unrealised exchange (gain)/loss	(20,182,333)	34,537,754
<b>Closing balance</b>	<u>429,995,855</u>	<u>435,307,593</u>

\*The insurance proceeds were made directly to the lenders and thus has not been presented as a cash outflow for the purposes of the statement of cash flows.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

27 TRADE AND OTHER PAYABLES	2024 TZS '000	Restated (Note 39) 2023 TZS '000
Trade payables	27,988,481	15,802,674
Due to related parties (Note 29)	173,364	789,699
Advances from customers	1,713,803	1,015,563
Statutory liabilities	145,982,607	119,955,959
Other accruals	2,535,888	1,684,468
	<u>178,394,143</u>	<u>139,248,363</u>

Trade and other payables comprise of the following amounts denominated in foreign currency:

		2024 TZS '000	2023 TZS '000
United States Dollars	USD	18,920,201	10,411,621
Euro	EUR	2,976	-
Great Britain Pound	GBP	97,104	175,164
South African Rand	ZAR	39,384	43,066
Kenya Shillings	KES	70,092	95,800
		<u>19,129,757</u>	<u>10,725,651</u>

The carrying values of trade and other payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

## 28 LEASES

### A. Leases as lessor

During the year, there were no agreements where the Company was a lessor (2023: None).

### B. Leases as lessee

The Company has several leased spaces. These include office spaces and a hangar. The Company has the following lease arrangements:

- Lease of offices with various vendors. These leases generally have terms of 2 to 5 years with potential extensions. The lease payments are made monthly.
- Lease of hangar with the Government. The remaining lease period is 6 years. The lease payments are made in advance on a semi-annual basis.

Information about leases for which the Company is a lessee is presented below.

#### (i) Right of use assets

Right-of-use assets relate to leased office premises and lease of hangar with the Government that are presented within property and equipment (See Note 17).

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 28 LEASES (CONTINUED)

##### B. Leases as lessee (continued)

##### (ii) Lease liability, interest expense, and lease payments

The movement in lease liability is as follows.

	2024 TZS '000	2023 TZS '000
At the beginning of the year	3,307,600	3,402,844
Lease addition	-	-
Interest charge for the year	94,592	244,355
Payment of lease	(802,762)	(901,068)
Lease remeasurement	(1,295,732)	313,991
Unrealised exchange (gain)/loss	(338,932)	247,478
<b>At end of the year</b>	<b>964,766</b>	<b>3,307,600</b>
<b>Split as:</b>		
Current	<u>271,102</u>	<u>966,332</u>
Non-current	<u>693,664</u>	<u>2,341,268</u>

##### (iii) Amounts recognised in profit and loss

Interest charge for the year	94,592	244,355
Depreciation on right of use asset	729,563	559,992
Short-term leases*	14,695,909	11,902,314

##### (iv) Amounts recognised in the statement of cashflow

Total cash outflow for leases	(802,762)	(901,068)
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\*This includes short-term lease of aircraft engines for one (1) to three (3) months in periods when the Company's engines are under maintenance.

##### (v) Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

#### 29 RELATED PARTY DISCLOSURES

<b>a) Key management remuneration</b>	<b>2024</b>	<b>2023</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Salaries and other short-term benefits	3,105,090	2,951,807
Pension	310,509	278,652
	<u>3,415,599</u>	<u>3,230,459</u>
<b>b) Directors' remuneration</b>		
As executives	160,000	165,290
As non-executives	64,221	36,979
	<u>224,221</u>	<u>202,269</u>



## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 29 RELATED PARTY DISCLOSURES (CONTINUED)

<b>c) Purchase transactions</b>	<b>2024</b>	<b>2023</b>
	<b>TZS '000</b>	<b>TZS '000</b>
Kenya Airways Limited	<b>7,480,216</b>	6,308,368
Ngaleku Children's Home Contribution	-	-
	<b><u>7,480,216</u></b>	<b><u>6,308,368</u></b>
<b>d) Sales transactions</b>		
Kenya Airways Limited	<b><u>32,028,678</u></b>	<u>29,729,548</u>
	<b><u>32,028,678</u></b>	<u>29,729,548</u>
<b>e) Amount due to related parties</b>		
Ngaleku Children's Home Contribution (*)	<b>1,312</b>	12,853
Kenya Airways Limited (**)	<b><u>172,052</u></b>	<u>776,846</u>
	<b><u>173,364</u></b>	<u>789,699</u>

(\*) Ngaleku Children's Home Contribution is a related part because the late Mr. Michael Shirima was a trustee.

(\*\*) Kenya Airways Limited owns 41.23 % of the ordinary shares of Precision Air Services Limited. As is common throughout the airline industry, Precision Air Services Limited and Kenya Airways Limited from time to time carry each other's passengers travelling on the other airline's tickets. The settlement between the two carriers is actioned through IATA Clearing House (ICH) of which both airlines are members. The transactions carried out with Kenya Airways Limited relate to inter-line services and advances.

Outstanding balances at the period-end are unsecured, due on demand, interest-free and settlement occurs in cash.

There has been no guarantee provided or received for any related party receivable or payables.

#### 30 CAPITAL COMMITMENTS

The Company has no capital commitments as at year-end. (31 December 2023: Nil)

#### 31 SEGMENT INFORMATION

The Company is organized into one single business unit for management purposes. The Company's Senior Management Team, which is the equivalent of the Chief Operating Decision-Maker monitors the operating results of the business as a single unit for the purposes of making decisions about resources allocation and performance assessment.

The principal service of the Company which contributes to 98% of the Company's revenue as shown in note 7 is carriage of passengers domestically and regionally. The revenue and costs attributed to this service is measured in a manner that is consistent with that of Statement of Profit or Loss and other Comprehensive Income. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. There was no revenue from a single customer that was 10% or more of the total reported revenue.

All the Company's assets are domiciled in Tanzania and are deployed flexibly across the Company passengers' route network.

#### 32 CONTINGENCIES

As at 31 December 2024, the Company was a respondent in a labour dispute relating to the termination of employment. The total amount claimed in the matter is approximately TZS 36.7 million. In the opinion of the Directors and the Company's Legal Counsel, no material liability is expected to arise from this matter, and therefore no provision has been recognised in these financial statements.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 33 EMPLOYEES

The number of employees for the Company at the end of the year was 413 (31 December 2023: 401).  
The breakdown by function is as follows:

	2024	2023
Flight Operations	112	109
Technical	108	97
Management and administration	140	139
Ground Services	<u>53</u>	<u>56</u>
<b>Total Employees</b>	<b><u>413</u></b>	<b><u>401</u></b>

Employee numbers represent actual headcount and are presented in whole numbers (i.e., not in thousands).

#### 34 EARNINGS PER SHARE (EPS) – BASIC AND DILUTED

Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares. The basic and diluted earnings per share are the same as there are no dilutive instruments.

	2024	2023
Profit/(loss) for the year (TZS'000)	<b>(31,755,500)</b>	(77,394,001)
Number of shares ('000')	<b>160,473</b>	160,473
Earnings Per Share (TZS) – basic and diluted	<b>(197.89)</b>	(482.29)

#### 35 CAPITAL MANAGEMENT

The Company defines capital as the total equity and net debt of the Company. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. While the overall responsibility of capital management rests with the board of Directors, the day-to-day capital management is delegated to the management committee.

The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company aims to maintain capital discipline concerning investing activities and may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the year.

The Company includes within net debt: borrowings, lease liabilities, less cash, and cash equivalents. All components of equity are included in the denominator of the calculation.

The Company does not have a target debt ratio.

	2024	Restated (note39) 2023
	TZS'000	TZS'000
Total debts (borrowings and lease liability)	430,960,620	438,615,193
Cash and bank balances	<u>(4,833,208)</u>	<u>(8,566,525)</u>
<b>Net debt</b>	<b>426,127,412</b>	<b>430,048,668</b>
Equity	<u>(550,262,095)</u>	<u>(518,506,594)</u>
<b>Total capital</b>	<b>-</b>	<b>-</b>
<b>Gearing ratio</b>	<b>&gt;100%</b>	<b>&gt;100%</b>

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 35 CAPITAL MANAGEMENT (CONTINUED)

##### *Externally imposed capital requirements*

Other than the securities pledged for borrowings (Note 26), requirements imposed by lenders include:

- Debt coverage ratio of 1.1 (which the Company has not complied with); and
- Obtaining consent from the Bank before changing the Company's capital structure or sale of shares.

#### 36 FINANCIAL INSTRUMENTS BY CATEGORIES

The accounting policies for financial instruments have been applied to the following line items, classified by category in accordance with IFRS 9;

	2024	2023
	TZS '000	TZS '000
<b>Financial Assets at amortized costs</b>		
Trade and other receivables*	7,635,686	7,594,146
Other current financial assets	3,434,864	2,828,664
Cash and short-term deposits	<u>4,833,208</u>	<u>8,566,625</u>
	<u><b>15,903,758</b></u>	<u><b>18,989,435</b></u>
<b>Financial Liabilities at amortized costs</b>		
Lease Liabilities	964,766	3,307,600
Interest-bearing loans and borrowings	429,995,854	435,307,593
Trade and other payables**	<u>30,679,717</u>	<u>18,274,904</u>
	<u><b>461,640,337</b></u>	<u><b>456,890,097</b></u>

\*Staff imprests and advances are excluded from trade and other receivables.

\*\*Statutory liabilities, advanced from customers, sales in advance of carriage, and accruals for loyalty points are excluded from the list of trade payables as the analysis is based on only financial instruments.

#### 37 FAIR VALUE DISCLOSURES

##### *Fair value hierarchy*

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges and exchanges traded derivatives like futures.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The sources of input parameters are LIBOR yield curve, Bloomberg, and Reuters.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company did not have at the reporting date any financial assets and liabilities measured at fair value.

Receivables, cash and short-term deposits and payables are held at amortised cost. Their carrying amounts of cash and short-term deposits and payables approximate their fair values due to their short-term maturities.

For the borrowings repayable on demand (classified as current liabilities owing to breach of the terms of the borrowing agreements), the carrying value approximate the fair value.

## PRECISION AIR SERVICES PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 38 SUBSEQUENT EVENTS

At the date of signing the financial statements, the Directors are not aware of any material events or circumstances that have arisen between the accounting date and the date of signing of these financial statements, not otherwise dealt with in these financial statements, which significantly affect the financial position of the Company and results of its operations.

Following year-end, the Company has continued to honour the revised payment plan agreed with its financiers in relation to overdue aircraft loans. Concurrently, discussions are ongoing regarding a loan restructuring proposal, which includes the possibility of a partial loan waiver. This waiver is conditional upon the Company settling a negotiated lump sum payment. The most recent engagement with the financiers took place in March 2025, and through subsequent correspondence, the required lump sum amount has been communicated. The Board and Management are actively assessing viable options to secure the necessary funding to meet this condition.

#### 39 PRIOR YEAR ADJUSTMENTS

	Reference	As previously reported TZS '000	Prior year adjustment TZS '000	As restated TZS '000
<b>(A) Statement of profit and loss</b>				
<b>Year ended 31 December 2022</b>				
Revenue	(i)	117,667,008	3,844,106	121,511,114
Administrative expenses	(ii)	(2,255,148)	(18,247,078)	(20,502,226)
<b>Net adjustment</b>			<b>(14,402,972)</b>	
<b>Year ended 31 December 2023</b>				
Revenue	(i)	135,973,730	3,842,933	139,816,663
Administrative expenses	(ii)	(15,374,413)	(23,855,753)	(39,230,166)
<b>Net adjustment</b>			<b>(20,012,820)</b>	
<b>(B) Statement of financial position</b>				
<b>Year ended 31 December 2022</b>				
Trade and other payables	(i) and (ii)	108,359,726	7,247,563	115,607,289
Accumulated losses	(i) and (ii)	(447,565,472)	(7,247,563)	(454,813,035)
<b>Year ended 31 December 2023</b>				
Trade and other payables	(i) and (ii)	111,987,981	27,260,382	139,248,363
Accumulated losses	(i) and (ii)	(504,946,653)	(27,260,382)	(532,207,035)
<b>(C) Statement of cash flows</b>				
<b>Year ended 31 December 2023</b>				
Loss before income tax	(i) and (ii)	(57,381,181)	(20,012,820)	(77,394,001)
Changes in working capital - Trade and other payables	(i) and (ii)	3,858,987	20,012,820	23,871,807

(i) Relates to service fee revenue erroneously recorded as a liability.

(ii) Relates to interest on contractual liabilities