

**SAL SAUDI LOGISTICS SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REVIEW REPORT**

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

For the three-month period ended 31 March 2026

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (ﷲ 5,500,000 – Five million five hundred thousand Saudi Riyal)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SAL SAUDI LOGISTICS SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company) (the "Company") and its subsidiary (collectively referred to as "the Group") as at 31 March 2026, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial statements of the Company for the three-month period ended 31 March 2025 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 20 May 2025 (corresponding to 22 Dhul Qidah 1446H).

for Ernst and Young Professional Services

Abdulaziz S. Alarifi
Certified Public Accountant
License No. (572)

Jeddah: 17 Thul-Qi'dah 1447H
(4 May 2026G)



SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2026

	Note	31 March 2026 (Unaudited) S'000	31 December 2025 (Audited) S'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	855,258	807,675
Right-of-use assets	7	832,532	846,215
Intangible assets		12,268	11,820
Other non-current assets		9,750	10,393
TOTAL NON-CURRENT ASSETS		1,709,808	1,676,103
CURRENT ASSETS			
Prepayments and other receivables		121,624	116,125
Sublease		10,494	10,494
Trade receivables		406,880	384,555
Short-term Murabaha deposits		1,050,000	-
Cash and cash equivalents		1,554,819	1,542,127
TOTAL CURRENT ASSETS		3,143,817	2,053,301
TOTAL ASSETS		4,853,625	3,729,404
EQUITY AND LIABILITIES			
EQUITY			
Share capital		800,000	800,000
Reserve		114,918	114,918
Retained earnings		726,040	720,631
Actuarial reserve		(13,355)	(13,355)
TOTAL EQUITY		1,627,603	1,622,194
NON-CURRENT LIABILITIES			
Borrowings	8	1,427,907	480,051
Employees' benefit obligations		110,869	114,255
Lease liabilities	7	964,339	997,052
TOTAL NON-CURRENT LIABILITIES		2,503,115	1,591,358
CURRENT LIABILITIES			
Borrowings – current portion	8	101,337	81,799
Lease liabilities – current portion	7	62,027	25,536
Trade payables		80,805	119,000
Accrued expenses and other liabilities		241,700	247,424
Dividend payable	9	151,200	-
Accrued Zakat	12	85,838	42,093
TOTAL CURRENT LIABILITIES		722,907	515,852
TOTAL LIABILITIES		3,226,022	2,107,210
TOTAL EQUITY AND LIABILITIES		4,853,625	3,729,404



Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors

The attached notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2026

	Note	31 March 2026 (Unaudited) S'000	31 March 2025 (Unaudited) S'000
Revenue	11	445,784	384,057
Cost of revenue		(201,107)	(169,907)
GROSS PROFIT		244,677	214,150
Other (expense)/income		(1,534)	11,042
Selling and marketing expenses		(13,275)	(9,432)
General and administrative expenses		(47,593)	(32,680)
Allowance for expected credit losses		(11,380)	(18,099)
OPERATING PROFIT		170,895	164,981
Finance income		25,534	11,259
Finance cost		(32,948)	(16,349)
Net finance cost		(7,414)	(5,090)
PROFIT BEFORE ZAKAT		163,481	159,891
Zakat expense	12	(6,872)	(6,800)
PROFIT FOR THE PERIOD		156,609	153,091
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		156,609	153,091
Earnings per share:			
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company (in S')	14	1.96	1.91



Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY (UNAUDITED)

For the three-month period ended 31 March 2026

	<i>Share capital</i> س.ر '000	<i>Reserve</i> س.ر '000	<i>Retained earnings</i> س.ر '000	<i>Actuarial reserve</i> س.ر '000	<i>Total</i> س.ر '000
Balance as at 1 January 2025	800,000	114,918	501,141	(13,750)	1,402,309
Profit for the period	-	-	153,091	-	153,091
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	153,091	-	153,091
Dividends (note 9)	-	-	(106,400)	-	(106,400)
Balance as at 31 March 2025 (unaudited)	800,000	114,918	547,832	(13,750)	1,449,000
Balance as at 1 January 2026	800,000	114,918	720,631	(13,355)	1,622,194
Profit for the period	-	-	156,609	-	156,609
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	156,609	-	156,609
Dividends (note 9)	-	-	(151,200)	-	(151,200)
Balance as at 31 March 2026 (unaudited)	800,000	114,918	726,040	(13,355)	1,627,603



Chief Financial Officer



Chief Executive Officer


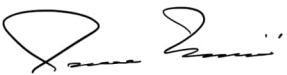



Chairman of the Board of Directors

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the three-month period ended 31 March 2026

	31 March 2026 (Unaudited) S'000	31 March 2025 (Unaudited) S'000
OPERATING ACTIVITIES		
Profit before Zakat	163,481	159,891
<i>Adjustments to reconcile profit before Zakat to net cash flows:</i>		
Depreciation on property and equipment	6 16,313	12,550
Depreciation on right-of-use assets	13,683	8,322
Amortisation of intangible assets	984	763
Finance cost	32,948	16,349
Finance income	(25,534)	(11,259)
(Reversal of) /provision for employees' benefits obligations	(1,051)	3,516
Allowance for expected credit losses	11,380	18,099
	<u>212,204</u>	<u>208,231</u>
<i>Working capital adjustments:</i>		
Trade receivables	(33,705)	(52,517)
Other non-current assets	643	-
Prepayments and other receivables	10,508	4,469
Trade payables	(38,195)	(79,939)
Accrued expenses and other liabilities	37,039	(37,646)
	<u>188,494</u>	<u>42,598</u>
Cash generated from operations		
Employees' benefit obligations paid	(2,335)	(262)
Finance income received	9,527	1,235
Finance cost paid	(13,923)	(4,122)
	<u>181,763</u>	<u>39,449</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Additions to property and equipment	6 (68,519)	(14,379)
Additions to intangible assets	(1,432)	(385)
Investment in short-term Murabaha deposits	(1,050,000)	-
	<u>(1,119,951)</u>	<u>(14,764)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES		
Repayment of borrowings	(25,000)	(17,500)
Proceeds from borrowings	996,280	-
Payments of finance cost on lease liabilities	(16,937)	(210)
Payment of principal portion of lease liabilities	(3,463)	(835)
Dividends paid	-	(106,105)
	<u>950,880</u>	<u>(124,650)</u>
Net cashflow from / (used in) financing activities		
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	12,692	(99,965)
Cash and cash equivalents at the beginning of the period	1,542,127	1,362,043
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,554,819</u>	<u>1,262,078</u>
		
Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

The attached notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2026

1 COMPANY INFORMATION

SAL Saudi Logistics Services Company (the “Company” or “SAL”) is a Saudi Joint Stock Company registered in Kingdom of Saudi Arabia under Commercial Registration number 4030367493 and Unified Identification Number 7016076056 dated 17 Safar 1441H corresponding to 16 October 2019. The Company was converted from a limited liability company to a closed joint stock company pursuant to resolution number 265 dated 11 Sha’ban 1442H (corresponding to 24 March 2021) issued by the Ministry of Commerce.

On 1 November 2023, the Company completed its Initial Public Offering (“IPO”) and its ordinary shares were listed on the Saudi Stock Exchange (“Tadawul”). Accordingly, the Company’s status has changed to a Saudi Joint Stock Company.

On 9 October 2025, the Company established a Subsidiary in the Kingdom of Saudi Arabia named SAL Zones Company (“SAL Zones”), a Simplified Joint Stock Company. The subsidiary has a paid-up capital of ₪500,000 and an authorized capital of ₪1.4 billion. The Company owns 100% of its capital.

On 4 March 2026, SAL signed a Sale and Purchase Agreement with Aviapartner Belgium NV and Aviapartner Holding NV to acquire 100% of Aviapartner Liège SA, a Limited Liability Company located in Belgium. The agreed consideration is 28 million Euros (“EUR”) (approximately ₪123 million) on a cash-free and debt-free basis. The transaction completion is subject to customary closing conditions, including required regulatory approvals. As at the date of issuance of these interim condensed consolidated financial statements, the transaction has not been completed.

The main activities of the Company and its subsidiary (collectively referred to as the “Group”) comprise the provision of cargo ground handling services at airport terminals, freight brokerage services, warehouse management services, administrative services, storage services warehousing and transportation, supporting the Company’s strategic expansion and revenue diversification goals.

The Company’s registered office is located at the following address:

Prince Sultan Street,
Albasatin District,
P.O. Box 23716, Jeddah 8628,
Kingdom of Saudi Arabia.

The accompanying interim condensed consolidated financial statements include accounts of the Company and its Subsidiary:

<u>Name of a Subsidiary</u>	<u>Country of incorporation</u>	<u>Effective ownership percentage</u>	
		2026	2025
SAL Zones Company (“SAL Zones”)	Kingdom of Saudi Arabia	100%	100%

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements for the three-month period ended 31 March 2026 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Company has prepared these interim condensed financial statements on the basis that it will continue to operate as a going concern.

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

2 BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended 31 December 2025. In addition, results of the interim three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis. Further, the interim condensed consolidated financial statements are prepared using the accrual basis of accounting and going concern concept. Certain comparative figures have been reclassified to conform with the current year's presentation to these interim condensed consolidated financial statements.

2.3 Functional currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (ﷲ), which is also the Company's functional currency, and all values are rounded to the nearest thousand (ﷲ'000), except when otherwise indicated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the Company's audited consolidated financial statements for the year ended 31 December 2025. Any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. New IFRS pronouncements, effective 1 January 2026 (refer note 4) did not have any material effect on these interim condensed consolidated financial statements.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amendments apply for the first time in 2026.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

**4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY
(continued)**

**Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
(continued)**

- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Annual Improvements to IFRS accounting Standards – Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments had no impact on the Group’s interim condensed financial statements.

Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the ‘own-use’ requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows

The amendments had no impact on Group’s interim condensed consolidated financial statements.

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<i>Standard/ interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after</i>
IFRS 18 Presentation and disclosure in financial statements	<p>18 IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.</p> <p>The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.</p> <p>In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.</p> <p>The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the annual financial statements when it will be effective.</p>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards.	1 January 2027, with early application permitted
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.</p> <p>The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.</p>	Effective date deferred indefinitely

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

<i>Standard/ interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after</i>
Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21	<p>In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.</p> <p>If an entity’s functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.</p> <p>An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation’s comparative figures. The amendments also introduce certain additional disclosure requirements.</p>	1 January 2027

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

6 PROPERTY AND EQUIPMENT

The movement of property and equipment during the period ended 31 March 2026 is as follows:

	<i>Leasehold improvements</i> S'000	<i>Equipment</i> S'000	<i>Furniture and fixtures</i> S'000	<i>Computers and IT equipment</i> S'000	<i>Capital work- in-progress</i> S'000	<i>Total</i> S'000
Cost:						
As at 1 January 2026	664,967	277,552	5,066	22,837	136,977	1,107,399
Additions during the period	1,214	678	-	694	65,933	68,519
Transferred from capital work in-progress	1,032	364	-	-	(1,396)	-
Transferred out	-	-	-	-	(4,623)	(4,623)
As at 31 March 2026 (unaudited)	667,213	278,594	5,066	23,531	196,891	1,171,295
Accumulated depreciation:						
As at 1 January 2026	(143,436)	(140,164)	(3,633)	(12,491)	-	(299,724)
Charge for the period	(9,698)	(5,720)	(159)	(736)	-	(16,313)
As at 31 March 2026 (unaudited)	(153,134)	(145,884)	(3,792)	(13,227)	-	(316,037)
Net book value:						
As at 31 March 2026 (unaudited)	514,079	132,710	1,274	10,304	196,891	855,258

6.1 Capital work in-progress (CWIP) mainly represents cost incurred to projects in progress in respect of the Cargo Terminals. The project is expected to be completed during the year 2027.

6.2 During the three-month period ended 31 March 2026, finance charges amounting to S'8.94 million (31 December 2025: S'21.22 million) have been capitalized to CWIP.

SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

6 PROPERTY AND EQUIPMENT (continued)

The movement of property and equipment during the year ended 31 December 2025 is as follows:

	<i>Leasehold improvements</i> S'000	<i>Equipment</i> S'000	<i>Furniture and fixtures</i> S'000	<i>Computers and IT equipment</i> S'000	<i>Capital work- in- progress</i> S'000	<i>Total</i> S'000
<i>Cost:</i>						
As at 1 January 2025	519,549	233,917	4,433	18,102	187,352	963,353
Additions during the year	22,090	38,437	633	4,162	78,724	144,046
Transfers from capital work in-progress	123,328	5,198	-	573	(129,099)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2025 (audited)	664,967	277,552	5,066	22,837	136,977	1,107,399
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>						
As at 1 January 2025	(111,442)	(118,815)	(2,991)	(9,951)	-	(243,199)
Charge for the year	(31,994)	(21,349)	(642)	(2,540)	-	(56,525)
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As at 31 December 2025 (audited)	(143,436)	(140,164)	(3,633)	(12,491)	-	(299,724)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>						
As at 31 December 2025 (audited)	521,531	137,388	1,433	10,346	136,977	807,675
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SAL SAUDI LOGISTICS SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (continued)

At 31 March 2026

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES

- (a). The Group's right-of-use assets mainly pertain to land and buildings, and the movement of right-of-use assets during the period / year is as follows:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
Cost:		
Balance as at the beginning of period / year	948,095	576,015
Additions during the period / year	-	410,804
Impact of lease modifications during the period / year	-	(38,724)
At the end of the period / year	<u>948,095</u>	<u>948,095</u>
Accumulated depreciation:		
Balance as at the beginning of the period / year	(101,880)	(53,512)
Depreciation for the period / year	(13,683)	(51,868)
Reversal of depreciation capitalised	-	3,500
At the end of the period / year	<u>(115,563)</u>	<u>(101,880)</u>
Carrying amount at the end of the period / year	<u><u>832,532</u></u>	<u><u>846,215</u></u>

- (b). The movement of lease liabilities during the period/ year is as follows:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
Balance at the beginning of the period / year	1,022,588	718,077
Additions during the period / year	-	410,804
Lease modification during the period / year	-	(45,141)
Interest expense capitalized in CWIP during the period / year	5,498	7,179
Finance cost	18,680	44,042
Lease liability adjusted from long-term loan receivable	-	(14,252)
Payments during the period / year	(20,400)	(98,121)
Balance at the end of the period / year	<u><u>1,026,366</u></u>	<u><u>1,022,588</u></u>

- (c). The current and non-current portion of the lease liabilities is as follows:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
Lease liabilities - current portion	62,027	25,536
Lease liabilities - non-current portion	964,339	997,052
	<u><u>1,026,366</u></u>	<u><u>1,022,588</u></u>

The remaining undiscounted contractual maturities of lease liabilities at 31 March 2026 are disclosed in note 16.

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7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

- (d). In applying IFRS-16 'Leases', the Group elected to use the recognition exemptions for lease contracts that, at the inception date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

8 BORROWINGS

The Group's borrowings, which are measured at amortized cost, are as follows:

	31 March 2026 (Unaudited) S'000	31 December 2025 (Audited) S'000
Sukuk financing	1,000,000	-
Long-term bank loans	546,390	571,390
Upfront fees paid	(17,146)	(9,540)
	1,529,244	561,850
Borrowings - current portion	(101,337)	(81,799)
	1,427,907	480,051

- 8.1 The Group has an agreement with a commercial bank to obtain a loan facility of S'500 million in order to finance the cargo terminal projects under construction. As at 31 March 2026, the Group had drawn S'500 million (31 December 2025: S'500 million) out of sanctioned amount. During the year 2023, the Group has reduced the facility amount to S'500 million from S'600 million. This loan carries markup at commercial rates (SIBOR plus an agreed margin) and is repayable in semi-annual instalments starting from 30 March 2024 up to 30 March 2030. The loan agreement includes certain covenants, which include, but are not limited to, dividend payments and maintenance of certain financial ratios.
- 8.2 During the year ended 31 December 2024, the Group entered into Profit Rate Swap (PRS) facility agreement with a local commercial bank for a notional amount of S'20 million. As at 31 March 2026, the PRS facility remained unutilized.
- 8.3 During 2023, the Group entered into an agreement with Saudi Industrial Development Fund (SIDF) to obtain a loan financing of S'234.2 million to finance cargo terminal projects. As at 31 March 2026, the Group had obtained S'112.1 (31 December 2025: S'112.1 million) out of granted amount of S'234.2 million (31 December 2025: S'234.2 million). This loan carries markup at an agreed cost and is repayable in semi-annual instalments starting from 18 October 2024 up to 18 February 2030. The Group further obtained a loan financing of S'195.8 million to finance cargo terminal project in the year 2024.

During the year 2024, the Group further obtained a financing facility of S'195.8 million to finance cargo terminal projects. As at 31 March 2026, the Group had obtained S'60.3 million (31 December 2025: S'60.3 million) out of facility amount of S'195.8 million. This loan carries markup at an agreed cost and is repayable in semi-annual instalments starting from 18 October 2024 up to 18 February 2030. The loan agreement includes certain covenants which include but are not limited to the current ratio and maintenance of certain financial ratios. The Group has complied with the quarterly covenants at the reporting date.

- 8.4 During the period, on 28 January 2026, the Company issued a private placement of SR denominated Sukuk programme amounting to S'1,000 million. The Sukuk carries a profit rate based on six-month SIBOR plus an agreed margin and will mature in January 2031. The proceeds of the Sukuk will be utilized for general corporate purposes.

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9 DIVIDENDS

During the period ended 31 March 2026, on 22 Shaban 1447H, (corresponding to: 10 February 2026G), the Company's Board of Directors approved distribution of cash dividend amounting to ₪151.2 million (₪1.89 per share) (31 March 2025: 106.4 million (₪1.33 per share)). At 31 March 2026, this approved dividend is classified as dividend payable.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Group's shareholders and Key management personnel of the Group entities controlled, jointly controlled or significantly influenced such parties. Pricing policies and terms of these transactions are approved by the Group's management. All outstanding balances with these related parties are priced on mutually agreed terms.

The Group's parent entity is Saudi Arabian Airlines Corporation ("Saudia"). The Group's ultimate parent entity is the Government of Saudi Arabia. The Group operates in an economic regime whereby there are various entities that are directly or indirectly controlled by the Government of Kingdom of Saudi Arabia through its government authorities, agencies, affiliations and other organisations, collectively referred to as government related entities ('GRE'). The Group applies the exemption in IAS 24 Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

- (a). List of related parties other than government related entities

<i>Name of related parties</i>	<i>Nature of relationships</i>
Government and related entities	Shareholder of Parent Company and its affiliates
Saudi Arabian Airlines Corporation	Parent Company
Saudi Airlines Cargo Company	Entity under common control
Saudia Aerospace Engineering Industries Company	Entity under common control
Saudi Ground Services Company	Entity under common control
Saudi Airlines Air Transport Company	Entity under common control
Saudi Private Aviation	Entity under common control
Catrion Catering Holding Company	Entity under common control
Flyadeal Company	Entity under common control
Saudia Royal Fleet	Entity under common control
Prince Sultan Aviation Academy	Entity under common control

- (b). Significant related party transactions with major shareholders, their subsidiaries, entities with significant influence, government entities and other related parties for the period are described as under:

Nature of transactions	<i>For the three-month period ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2026</i>	<i>2025</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>₪'000</i>	<i>₪'000</i>
Revenue	97,952	137,684
Cost charge	(22,739)	(13,979)
(Reversal)/ recovery of shared service	(1,590)	245
Finance cost	(6,665)	(11,944)

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>For the three-month period ended</i>	
		<i>31 March 2026 (Unaudited) S'000</i>	<i>31 March 2025 (Unaudited) S'000</i>
Government-related entities	Revenue	12,088	57,687
	Cost charge	(4,372)	(6,018)
	Finance cost	(6,665)	(11,944)
Saudi Airlines Cargo Company	Revenue	45,453	49,102
	Cost charge	(9,118)	(3,792)
	(Reversal)/ recovery of shared service	(1,590)	245
Saudia Aerospace Engineering Industries Company	Revenue	20,327	21,228
Saudi Ground Services Company	Revenue	26	-
	Cost charge	(8,741)	(3,534)
Saudi Airlines Air Transport Company	Revenue	5,270	4,368
	Cost charge	(64)	(378)
Saudi Private Aviation	Revenue	683	3,846
	Cost charge	-	(60)
Saudia Royal Fleet	Revenue	10,239	780
Flyadeal Company	Revenue	3,866	673
Catrion Catering Holding Company	Cost charge	(28)	(98)
Prince Sultan Aviation Academy	Cost charge	(416)	(99)

- (c). Significant related party balances with major shareholder, their subsidiaries, entities with significant influence, government entities and other related parties at the period end are described as under:

<i>Nature of the balances</i>	<i>Balances as at</i>	
	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
<i>Amounts due from related parties:</i>		
Trade receivables	318,121	275,942
Sublease	10,494	10,494
Prepayments and other receivables	6,518	37,577
<i>Amounts due to related parties:</i>		
Trade payables	18,510	34,721
Accrued expenses and other liabilities	10,432	10,952
Lease liabilities	570,827	577,503
Borrowings	132,401	131,850

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Name of related parties</i>	<i>Nature of the balances</i>	<i>Balances as at</i>	
		<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
<i>Amounts due from related parties:</i>			
Government-related entities	Trade receivables	128,535	109,930
	Sublease	10,494	10,494
Saudia Aerospace Engineering Industries Company	Trade receivables	155,107	139,552
Saudi Airlines Cargo Company	Trade receivables	13,349	18,915
	Prepayments and other receivables	-	2,778
Flyadeal Company	Trade receivables	3,908	4,264
Saudi Private Aviation	Trade receivables	671	2,062
Saudia Royal Fleet	Trade receivables	12,162	662
Saudi Ground Services Company	Trade receivables	573	542
Saudi Arabian Airlines Corporation	Trade receivables	-	15
	Prepayments and other receivables	6,518	34,799
Saudi Airlines Air Transport Company	Trade receivables	3,816	-

At 31 March 2026, provision for trade receivables from related parties are carried with the expected credit loss allowance of S'26.76 million (31 December 2025: S'17.85 million).

<i>Name of related parties</i>	<i>Nature of the balances</i>	<i>Balances as at</i>	
		<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
<i>Amounts due to related parties:</i>			
Government-related entities	Trade payables	15,347	29,281
	Accrued expenses and other liabilities	7,889	3,461
	Lease liabilities	570,827	577,503
	Borrowings	132,401	131,850
Saudi Ground Services Company	Trade payables	213	4,057
	Accrued expenses and other liabilities	2,305	4,465
Saudi Airlines Cargo Company	Trade payables	2,699	406
	Accrued expenses and other liabilities	43	2,983
Saudi Arabian Airlines Corporation	Trade payables	103	763

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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Name of related parties</i>	<i>Nature of the balances</i>	<i>Balances as at</i>	
		<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
<i>Amounts due to related parties (continued):</i>			
Prince Sultan Aviation Academy	Trade payables Accrued expenses and other liabilities	- 195	145 -
Saudi Private Aviation	Trade payables Accrued expenses and other liabilities	43 -	43 43
Catrion Catering Holding Company	Trade payables	17	26
Saudi Airlines Air Transport Company	Trade payables	88	-

(d). Key management compensation

- i. Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation incurred for the Board of Directors, Audit and Executive committees and Key Management Personnel:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 March 2025 (Unaudited) S'000</i>
Short-term employee benefits	15,422	11,843
Post retirement benefits	480	380
	<u>15,902</u>	<u>12,223</u>

- ii. Board of Directors, Audit committee and Executive committee compensation charged during the period ended 31 March 2026 amounted to S'1.8 million (31 March 2025: S'1.8 million).

11 REVENUE

11.1 Revenue streams

Revenue for the period comprise of the following streams:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 March 2025 (Unaudited) S'000</i>
Terminal handling revenue	282,275	200,049
Airline handling revenue	101,898	121,609
Logistics revenue	61,611	62,157
Others	-	242
	<u>445,784</u>	<u>384,057</u>

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11 REVENUE (continued)

11.2 Disaggregation of revenue from contracts with customers

i) Primary geographical markets

The revenue from contracts with customers is derived from the primary geographical market that is the Kingdom of Saudi Arabia.

ii) Major service lines

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 March 2025 (Unaudited) S'000</i>
Ground handling	384,173	321,900
Logistics	61,611	62,157
	<u>445,784</u>	<u>384,057</u>

12 ZAKAT

The movement in Zakat provision during the period / year is as follows:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
Balance at beginning of the period / year	42,093	38,043
Charge during the period / year	6,872	38,800
Reclassification from accrued expenses and other liabilities	36,873	-
Payments during the period / year	-	(34,750)
	<u>85,838</u>	<u>42,093</u>

Status of assessments of the Company

Subsequent to the period end, the Company has filed its annual Zakat declaration for the year ended 31 December 2025 and obtained Zakat certificate valid till 30 April 2027.

Zakat, Tax and Custom Authority (ZATCA) has reviewed the declarations filed and issued assessment dated 17 September 2024 for the year 2020 and 2021 determining additional Zakat liability of S'8.44 million and S'19.82 million respectively. The Company submitted its objection to ZATCA against this assessment for these years 2020 and 2021, and settled the non-objected amounts of S'0.28 million, and S'4.08 million respectively, the objections were later rejected by ZATCA, and the Company raised its objections to General Secretariate of Zakat, Tax and Customs Committees ("GSTC") still under review by the Appellate Committee. During the period, the Tax Violation and Dispute Appeal Committee ("TVDAC") issued a final ruling in favor of ZATCA. Accordingly, the additional Zakat liabilities for the years 2020 and 2021 became due and not yet paid as of reporting date. The Company has made an adequate provision for these assessed additional Zakat liability as of reporting date. Additionally, the declaration for the year 2022 is currently under review by ZATCA.

ZATCA issued its assessment for the year ended 31 December 2023 claiming additional Zakat of S'0.79 million and the Company settled the amount due and finalize the Zakat status with ZATCA for the said year.

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12 ZAKAT (continued)

Status of assessments of the Subsidiary

As this is the first financial period of the Subsidiary, the Zakat return will be filed for an extended period from 9 October 2025 to 31 December 2026.

13 COMMITMENTS AND CONTINGENCIES

At 31 March 2026, the Group has outstanding commitments for capital expenditures amounting to ₪867.3million (31 December 2025: ₪909.4 million). The commitments primarily pertain to construction of cargo terminals.

At 31 March 2026, the Group's bankers have issued letters of guarantee amounting to ₪52.93 million (31 December 2025: ₪50.55 million).

As at 31 March 2026 and 31 December 2025, the Group has no outstanding contingencies.

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue outstanding during the year.

	<i>31 March 2026 (Unaudited)</i>	<i>31 March 2025 (Unaudited)</i>
Profit for the period attributable to shareholders of the Group (₪'000')	<u>156,609</u>	<u>153,091</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	<u>80,000</u>	<u>80,000</u>
Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Group (₪)	<u>1.96</u>	<u>1.91</u>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

15 OPERATING SEGMENTS

The reportable segments have been identified as follows and derive their revenues and incur costs from the following operations:

Ground handling: Cargo handling services to air cargo carriers operating at the Kingdom's airports and consignees for warehouse handling and storage thereof.

Logistics: End to end logistic solutions services, customs clearance, inventory management and provision of warehouse management solutions.

SAL Zones: Streamlined logistics operations through high-quality warehousing and flexible bonded and non-bonded areas, all supported by an efficient business center that enhances daily warehouse and logistics activities - creating a cohesive and convenient one-stop logistics hub.

The executive committee assesses the performance of the operating segments based on profit before Zakat.

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15 OPERATING SEGMENTS (continued)

(A) Information about reportable segments

i) Reconciliation of revenue and profits:

	<i>For the three-month period ended 31 March 2026</i>				
	<i>Ground handling (Unaudited)</i>	<i>Logistics (Unaudited)</i>	<i>SAL Zones (Unaudited)</i>	<i>Eliminations (Unaudited)</i>	<i>Total (Unaudited)</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>
External revenue	384,173	61,611	-	-	445,784
Internal revenue	4,531	-	1,228	(5,759)	-
Revenue	388,704	61,611	1,228	(5,759)	445,784
Internal cost	(1,228)	(4,506)	(25)	5,759	-
Operating and administration costs	(175,614)	(65,255)	(1,506)	-	(242,375)
Depreciation and amortisation	(22,774)	(5,257)	(2,949)	-	(30,980)
Other expense	(1,534)	-	-	-	(1,534)
Operating profit/ (loss)	187,554	(13,407)	(3,252)	-	170,895
Finance income	25,534	-	-	-	25,534
Finance cost	(32,268)	(680)	-	-	(32,948)
Profit / (loss) before Zakat	180,820	(14,087)	(3,252)	-	163,481

ii) Reconciliation of assets and liabilities:

	<i>For the three-month period ended 31 March 2026</i>				
	<i>Ground handling (Unaudited)</i>	<i>Logistics (Unaudited)</i>	<i>SAL Zones (Unaudited)</i>	<i>Eliminations (Unaudited)</i>	<i>Total (Unaudited)</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Total assets	3,909,220	615,482	383,020	(54,097)	4,853,625
Total liabilities	2,606,201	290,898	389,815	(60,892)	3,226,022

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15 OPERATING SEGMENTS (continued)

(A) Information about reportable segments (continued)

iii) Reconciliation of revenue and profits:

	<i>For the three-month period ended 31 March 2025</i>				<i>Total (Unaudited) S'000</i>
	<i>Ground handling (Unaudited) S'000</i>	<i>Logistics (Unaudited) S'000</i>	<i>SAL Zones (Unaudited) S'000</i>	<i>Eliminations (Unaudited) S'000</i>	
External revenue	321,900	62,157	-	-	384,057
Internal revenue	3,194	-	-	(3,194)	-
Revenue	325,094	62,157	-	(3,194)	384,057
Internal cost	-	(3,194)	-	3,194	-
Operating and administration costs	(133,099)	(75,384)	-	-	(208,483)
Depreciation and amortisation	(20,311)	(1,324)	-	-	(21,635)
Other income	11,042	-	-	-	11,042
Operating profit/ (loss)	182,726	(17,745)	-	-	164,981
Finance income	11,259	-	-	-	11,259
Finance cost	(16,146)	(203)	-	-	(16,349)
Profit/ (loss) before Zakat	177,839	(17,948)	-	-	159,891

iv) Reconciliation of assets and liabilities:

	<i>For the year ended 31 December 2025</i>				<i>Total (Audited) S'000</i>
	<i>Ground handling (Audited) S'000</i>	<i>Logistics (Audited) S'000</i>	<i>SAL Zones (Audited) S'000</i>	<i>Eliminations (Audited) S'000</i>	
Total assets	3,144,153	252,976	363,417	(31,142)	3,729,404
Total liabilities	1,504,966	269,969	366,960	(34,685)	2,107,210

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At 31 March 2026

15 OPERATING SEGMENTS (continued)

B. Reconciliations of information on reportable segments to IFRS measures

All assets, liabilities and total profits relate to reportable segment and there are no intersegment assets, liabilities and profits.

C. Geographical information

The revenue from contracts with customers is derived from the primary geographical market that is the Kingdom of Saudi Arabia.

D. Major customer

Revenue from one customer represented approximately 10% (31 March 2025: 13%) of the Group's total revenue for the period ended 31 March 2026.

16 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee. Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

The Group's principal financial assets include trade receivables, sublease, other receivables and cash and cash equivalents that derive directly from its operations. The Group's principal financial liabilities comprise trade and other payables, borrowings, and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

Financial asset and financial liability are offset and net amount reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realize the financial asset and financial liability simultaneously.

The Group is exposed to market risk, credit risk and liquidity risk. The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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16 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: (i) interest rate risk, (ii) currency risk and (iii) other price risk, such as equity price risk and commodity risk.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group's interest rate risks arise mainly from borrowings which is at floating rate of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates. The interest rate profile of the Company's interest-bearing financial instruments amounting to ₪405 million (31 December 2025: ₪430 million). Interest bearing financial assets comprises of short-term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before Zakat for the period by ₪3.5 million (31 March 2025: ₪1.1 million).

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, United States Dollars and Euros. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged with United States Dollars. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these interim condensed consolidated financial statements.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to other price risk such as equity risk and commodity risk as the Group is neither involved in investment in trading securities nor the commodities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored.

The Group's maximum exposure to credit risk at the reporting date is as follows:

	<i>31 March 2026 (Unaudited) ₪'000</i>	<i>31 December 2025 (Unaudited) ₪'000</i>
Trade receivables	406,880	384,555
Sublease	10,494	10,494
Other receivables	31,792	20,690
Short-term Murabaha deposits	1,050,000	-
Cash and cash equivalents	1,554,819	1,542,127
	3,053,985	1,957,866

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At 31 March 2026

16 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Credit risk (continued)

Trade receivables

The exposure to credit risk of trade receivables by type of counterparty on the reporting date was as follows:

	<i>31 March 2026 (Unaudited) S‘000</i>	<i>31 December 2025 (Audited) S‘000</i>
Airline customers	26,361	34,734
Commercial customers	71,155	60,947
Logistics customers	319,868	286,863
Others	32,267	33,401
Sub-total	<u>449,651</u>	<u>415,945</u>
Less: allowance for expected credit losses	<u>(42,771)</u>	<u>(31,390)</u>
	<u>406,880</u>	<u>384,555</u>

Customer credit risk is managed by management subject to the Group’s established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group does not obtain collaterals over receivables, and all of receivables are, therefore, unsecured. However, unimpaired receivables are expected to be recoverable based on past experience.

The Group renders its services to a large number of customers. The five largest customers (including related parties) account 69% of outstanding trade receivables as at 31 March 2026 (2025: 71%). As at 31 March 2026 trade receivables from related parties and Government entities comprise of 73% of total outstanding trade receivables (31 December 2025: 66%).

Trade receivables are carried at net of provision for expected credit losses. The expected credit loss allowance at 31 March 2026 is S 42.77 million (31 December 2025: S 31.39 million).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables from private entities are written-off if once determined that the amount is uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position. The Group does not hold collateral as security.

Loss rates are calculated using flow rate method based on the probability of a receivable progressing through successive stages of delinquency. Flow rates are calculated separately for exposures in different class of customers based on the common credit risk characteristics.

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16 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Credit risk (continued)

Trade receivable (continued)

The following table provides information about the exposure to credit risk for trade receivables at the reporting date:

	<i>31 March</i> <i>2026</i> <i>(Unaudited)</i> S'000	<i>31 December</i> <i>2025</i> <i>(Audited)</i> S'000
Current (Not due)	194,685	199,817
91-180 Days	54,424	36,751
181-270 Days	29,537	26,984
271-360 Days	24,991	26,264
361-450 Days	20,937	33,295
Over 451 days	125,077	92,834
	<u>449,651</u>	<u>415,945</u>

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables

Other receivables credit risk is managed by management. The Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

Short-term Murabaha deposits and cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group place funds with banks and recognised financial institutions that have high credit ratings ranging from A- to BBB+ assigned by the international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise and through management of the Group's operations and credit facility agreements to meet any future liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements:

<i>31 March 2026 (Unaudited)</i>	<i>Carrying</i> <i>Amount</i> S'000	<i>Contractual cash flows</i>			<i>Total</i> S'000
		<i>Less than</i> <i>one year</i> S'000	<i>One year to</i> <i>five years</i> S'000	<i>More than</i> <i>five years</i> S'000	
Trade payables	80,805	80,805	-	-	80,805
Accrued expenses and other liabilities	241,700	241,700	-	-	241,700
Lease liabilities	1,026,366	72,164	366,734	1,536,140	1,975,038
Borrowings	1,529,244	195,854	1,757,701	-	1,953,555
	<u>2,878,115</u>	<u>590,523</u>	<u>2,124,435</u>	<u>1,536,140</u>	<u>4,251,098</u>

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16 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Liquidity risk (continued)

<i>31 December 2025 (Audited)</i>	<i>Carrying Amount S'000</i>	<i>Contractual cash flows</i>			<i>Total S'000</i>
		<i>Less than one year S'000</i>	<i>One year to five years S'000</i>	<i>More than five years S'000</i>	
Trade payables	119,000	119,000	-	-	119,000
Accrued expenses and other liabilities	247,424	247,424	-	-	247,424
Lease liabilities	1,022,588	72,164	325,164	1,606,610	2,003,938
Borrowings	561,850	111,254	554,951	-	666,205
	<u>1,950,862</u>	<u>549,842</u>	<u>880,115</u>	<u>1,606,610</u>	<u>3,036,567</u>

The cash flows presented in the maturity analysis are not expected to occur significantly earlier and at significantly different amount.

Capital risk management

The primary objective of the Group's capital management is to maximize the shareholders' value. The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares and other measures commensuration to the circumstances. The Group monitors its capital structure using a gearing ratio, which is calculated as total liabilities divided by total equity. Total liabilities comprise both current and non-current liabilities, as presented in the interim condensed consolidated statement of financial position.

The Group's debt to adjusted capital ratio is as follows:

	<i>31 March 2026 (Unaudited) S'000</i>	<i>31 December 2025 (Audited) S'000</i>
Total liabilities	3,226,022	2,107,210
Less: cash and cash equivalents	(1,554,819)	(1,542,127)
Net debt	<u>1,671,203</u>	<u>565,083</u>
Total equity	<u>1,627,603</u>	<u>1,622,194</u>
Net debt to equity ratio - %	<u>102.68%</u>	<u>34.83%</u>

17 GEOPOLITICAL DEVELOPMENTS

During the current period, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasize the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these geopolitical events on future periods.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

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18 SUBSEQUENT EVENTS

On 30 April 2026, the Board of Directors of the Company approved the distribution of dividend amounting to 117.6 million (1.47 per share) for the three-month period ended 31 March 2026.

There have been no other significant events since the period ended 31 March 2026, that would require disclosures or adjustments in these interim condensed consolidated financial statements.

19 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been authorised by the Board of Directors on 30 April 2026G, corresponding to 13 Dhul Qidah 1447H.