

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

**FINANCIAL STATEMENTS**  
For the year ended 31 December 2024  
with  
**INDEPENDENT AUDITOR'S REPORT**

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

**FINANCIAL STATEMENTS**  
For the year ended 31 December 2024

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## KPMG Professional Services Company

Zahrán Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the shareholders of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company)

## Opinion

We have audited the financial statements of SAL Saudi Logistics Services Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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.



# Independent Auditor's Report

To the shareholders of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company)  
(continued)

## Key Audit Matters (continued)

### Expected credit loss for trade receivables

Refer to note 3 for the accounting policy and note 9 of the financial statements

Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the gross trade receivables balance was SR 512.31 million (31 December 2023: SR 439.12 million), against which an allowance for impairment loss of SR 31.96 million (31 December 2023: SR 48.58 million) was maintained.</p> <p>The Company assesses at each reporting date whether the trade receivables (carried at amortised cost) are credit impaired. Consequently, it measures impairment allowances based on the Expected Credit Loss (ECL) model as required in International Financial Reporting Standard 9 ("Financial Instruments") ("IFRS 9").</p> <p>The ECL model involves the use of various assumptions and historical trends.</p> <p>We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model and the impact on the trade receivables balance.</p>	<p>Our audit procedures related to expected credit losses for trade receivables included:</p> <ul style="list-style-type: none"><li>- Obtained an understanding of the management's process for determining the Impairment of trade receivables and the ECL allowance.</li><li>- Evaluated the Company's accounting policy and methodology for ECL allowance with the requirements of IFRS 9.</li><li>- Involved our own valuation specialist to assess the methodology used in the ECL model, developed by the management.</li><li>- Tested the accuracy of trade receivables aging on sample basis, as at 31 December 2024 which is used in the preparation of ECL model; and</li><li>- Assessed the adequacy of the disclosures included in the accompanying financial statements in accordance with relevant accounting standards.</li></ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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



# Independent Auditor's Report

To the shareholders of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company)  
(continued)

## Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

## 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's 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, then 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.

## Independent Auditor's Report

To the shareholders of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company)  
(continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

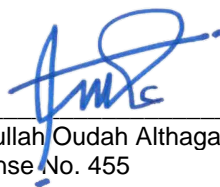
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 of SAL Saudi Logistics Services Company ("the Company").

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

From the matters communicated with those charged with governance, 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.

### KPMG Professional Services Company



Abdullah Oudah Althagafi  
License No. 455



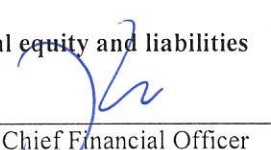
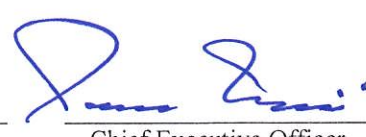

Jeddah, 27 February 2025  
Corresponding to 28 Shaban 1446H

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	720,154	709,461
Right-of-use assets	6	522,503	885,642
Intangible assets	7	11,686	14,256
Long term loan receivable - non-current portion	8	--	11,790
<b>Total non-current assets</b>		<u>1,254,343</u>	<u>1,621,149</u>
<b>Current assets</b>			
Long term loan receivable - current portion	8	11,790	11,790
Trade receivables	9	480,352	390,533
Sublease	6	10,494	--
Prepayments and other receivables	10	113,414	51,075
Short term murabaha deposits	11	--	500,000
Cash and cash equivalents	12	1,362,043	710,426
<b>Total current assets</b>		<u>1,978,093</u>	<u>1,663,824</u>
<b>Total assets</b>		<u>3,232,436</u>	<u>3,284,973</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	800,000	800,000
Statutory reserve	14	114,918	114,918
Retained earnings		501,141	333,306
Actuarial losses		(13,750)	(14,097)
<b>Total equity</b>		<u>1,402,309</u>	<u>1,234,127</u>
<b>Non-current liabilities</b>			
Long term loan – non-current portion	15	559,649	567,116
Employees' benefit obligations	16	100,101	87,176
Lease liabilities – non-current portion	6	683,700	1,011,134
<b>Total non-current liabilities</b>		<u>1,343,450</u>	<u>1,665,426</u>
<b>Current liabilities</b>			
Long-term loan – current portion	15	57,000	36,240
Lease liabilities – current portion	6	34,377	68,961
Trade payables	17	127,395	44,735
Accrued expenses and other liabilities	18	229,862	194,637
Accrued Zakat	28	38,043	40,847
<b>Total current liabilities</b>		<u>486,677</u>	<u>385,420</u>
<b>Total liabilities</b>		<u>1,830,127</u>	<u>2,050,846</u>
<b>Total equity and liabilities</b>		<u>3,232,436</u>	<u>3,284,973</u>
			
Chief Financial Officer	Chief Executive Officer	Authorised Board Representative	

The attached notes from 1 to 36 form an integral part of these financial statements.



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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	31 December 2024	31 December 2023
Revenue	21	1,633,957	1,455,712
Cost of sales	22	(718,742)	(680,143)
<b>Gross profit</b>		<b>915,215</b>	<b>775,569</b>
Other income	23	1,572	4,988
Selling and distribution expenses	24	(48,440)	(33,205)
General and administration expenses	25	(175,558)	(141,746)
Impairment reversal / (charge) on trade receivables	9	16,627	(19,407)
<b>Operating profit</b>		<b>709,416</b>	<b>586,199</b>
Finance income	26	59,495	51,614
Finance costs	27	(74,434)	(87,253)
<b>Net finance costs</b>		<b>(14,939)</b>	<b>(35,639)</b>
<b>Profit before Zakat</b>		<b>694,477</b>	<b>550,560</b>
Zakat	28	(33,042)	(40,844)
<b>Profit for the year</b>		<b>661,435</b>	<b>509,716</b>
<b><u>Other comprehensive income:</u></b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement gain on employees' benefit obligations	16	347	3,284
<b>Total comprehensive income for the year</b>		<b>661,782</b>	<b>513,000</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share from profit for the year attributable to the shareholders (amount in Saudi Riyals)			
	32	8.27	6.37



Chief Financial Officer



Chief Executive Officer



Authorised Board Representative

The attached notes from 1 to 36 form an integral part of these financial statements.



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

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	Share capital	Statutory reserve	Retained earnings	Actuarial losses	Total equity
<b>As at 1 January 2023</b>		800,000	63,947	226,561	(17,381)	1,073,127
Profit for the year		--	--	509,716	--	509,716
Other comprehensive income for the year		--	--	--	3,284	3,284
<b>Total comprehensive income for the year</b>		--	--	509,716	3,284	513,000
Dividends	19	--	--	(352,000)	--	(352,000)
Transfer to statutory reserve	14	--	50,971	(50,971)	--	--
<b>As at 31 December 2023</b>		800,000	114,918	333,306	(14,097)	1,234,127
Profit for the year		--	--	661,435	--	661,435
Other comprehensive income for the year		--	--	--	347	347
<b>Total comprehensive income for the year</b>		--	--	661,435	347	661,782
Dividends	19	--	--	(493,600)	--	(493,600)
<b>As at 31 December 2024</b>		800,000	114,918	501,141	(13,750)	1,402,309

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorised Board Representative

The attached notes from 1 to 36 form an integral part of these financial statements.

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

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	31 December 2024	31 December 2023
<b><u>OPERATING ACTIVITIES</u></b>			
Profit before zakat		694,477	550,560
<i>Adjustments for:</i>			
Depreciation on property and equipment	5	60,482	64,941
Depreciation on right-of-use assets	6	41,514	66,732
Gain on lease termination	6	--	(113)
Amortisation of intangible assets	7	3,291	3,031
Finance costs	27	74,434	87,253
Interest Income	26	(59,495)	(51,614)
Depreciation capitalised of right-of-use asset	6	3,500	--
Interest capitalised on lease liability	6	930	--
Provision for employees' benefit obligation	16	17,133	15,920
Amortisation of term loan upfront fee		--	250
Gain on sublease		(4,521)	--
Loss / (gain) on disposal of property and equipment		98	(20)
Loss on write-offs of property and equipment		--	762
Impairment (reversal) / charge on trade receivables	9	(16,627)	19,407
		<u>815,216</u>	<u>757,109</u>
<i>Changes in:</i>			
Trade receivables		(73,192)	(176,682)
Prepayments and other receivables		(62,339)	95,991
Construction work in progress		--	30,758
Trade payables		82,660	(20,187)
Accrued expenses and other liabilities		35,225	(13,760)
Cash generated from operations		<u>797,570</u>	<u>673,229</u>
Employees' benefit obligations paid	16	(3,861)	(3,284)
Interest paid		(21,462)	(18,390)
Interest received	26	59,495	51,614
Zakat paid	28	(35,846)	(7,435)
Net cash generated from operating activities		<u>795,896</u>	<u>695,734</u>
<b><u>INVESTING ACTIVITIES</u></b>			
Additions to property and equipment	5	(71,273)	(69,646)
Additions to intangible assets	7	(721)	(3,199)
Proceeds from disposal of property and equipment		--	79
Redemption of / (investment in) short term murabaha	11	500,000	(500,000)
Long-term loan receivable	8	--	(23,580)
Net cash generated from / (used in) investing activities		<u>428,006</u>	<u>(596,346)</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Repayment of long-term loan		(44,000)	--
Proceeds from long-term loan		55,451	103,106
Repayments of finance cost on lease liabilities	6	(28,389)	(56,383)
Principal repayments of lease liabilities	6	(61,747)	(23,754)
Dividends paid	19	(493,600)	(352,000)
Net cash used in financing activities		<u>(572,285)</u>	<u>(329,031)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>			
		651,617	(229,643)
Cash and cash equivalent at the beginning of the year		710,426	940,069
Cash and cash equivalents at the end of the year	12	<u>1,362,043</u>	<u>710,426</u>

The attached notes from 1 to 36 form an integral part of these financial statements.

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

**STATEMENT OF CASH FLOWS (continued)**  
For the year ended 31 December 2024  
(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

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**SUPPLIMENTAL NON-CASH INFORMATION**

	<u>Notes</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Lease modification during the year		372,149	276,417



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Chief Financial Officer



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Chief Executive Officer



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Authorised Board Representative

The attached notes from 1 to 36 form an integral part of these financial statements.

## SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

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#### 1. REPORTING ENTITY

SAL Saudi Logistic Services Company (the “Company” or “SAL”) is a Saudi Joint Stock Company registered in Kingdom of Saudi Arabia under Commercial Registration number 4030367493 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 has been categorised as a Saudi Joint Stock Company.

The main objectives of the Company are to provide cargo ground handling services at airport terminals, freight brokerage services, warehouse management services, administrative services and storage services.

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

Prince Sultan Street,  
As Salamah District,  
P.O. Box 23525, Jeddah 2661,  
Kingdom of Saudi Arabia.

The accompanying financial statements include the activities of the Company’s head office and its following branches:

<u>Location of the branch</u>	<u>CR number</u>	<u>Location of the branch</u>	<u>CR number</u>
Riyadh	1010607713	Dawadmi	1116627628
Dammam	2050130835	Hail	3350155544
Madinah	4650215858	Jizan	5900129855
Abha	5850132986	Najran	5950124524
Al Ahsa	2031111679	Rabigh	4602115044
Al Baha	5800109670	Rafha	3453106254
AlQaysoma	2512100942	Sharura	5951129034
Al-Quraiat	3452148133	Skaka	3400122047
ArAr	3450178231	Tabuk	3550140013
Al Ula	4651104016	Taif	4032252408
Al Wajh	3552102272	Turaif	3451102634
Beesha	5851877774	Wadi Al Dawasir	1185105013
Buraidah	1131315681	Yanbu	4700119152

## **SAL SAUDI LOGISTICS SERVICES COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

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## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

### **2.2 Basis of measurement**

These financial statements are prepared under the historical cost convention, except for employees’ end of service benefits liabilities, which have been measured at present value of defined benefit obligations using unit credit method of actuarial valuation. Certain comparative figures have been reclassified to conform with the current year’s presentation to these financial statements.

### **2.3 Functional and presentation currency**

These financial statements are presented in Saudi Arabian Riyals (SR), which is the functional and presentational currency of the Company, and all values are rounded to the nearest thousand (SR ‘000), except when otherwise indicated.

### **2.4 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect application of accounting policies, reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures including disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### **i) Judgements**

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

##### Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has the option, under some of its leases to lease the assets for additional terms.

## SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

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## 2. **BASIS OF PREPARATION (continued)**

### 2.4 **Significant Accounting Judgments, Estimates and Assumptions (continued)**

#### **i) Judgements (continued)**

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

#### **ii) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the financial statements, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the subsequent financial periods, are described below. The Company based its assumptions and estimates on parameters available at the date of preparing the financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **Provision for expected credit losses (ECL) of trade receivables**

The Company uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's trade receivables is disclosed in note 9.

#### **Useful lives of property and equipment**

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management believes that residual may not result in significant change to depreciation charge and carrying amount of the assets. Management also believes that the straight-line depreciation reflects the pattern of consumption of economic benefits. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives and residual values differ from previous estimates.

## SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

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## 2. **BASIS OF PREPARATION (continued)**

### 2.4 Significant Accounting Judgments, Estimates and Assumptions (continued)

#### ii) Estimates and assumptions (continued)

##### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is based on a discounted cash flows (DCF) model. The cash flows are derived from the estimated budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to discount rate used for the discounted cash flows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### Measurement of employees' benefit obligations

The present value of defined benefit obligations regarding employee's end of service benefit plan is determined using actuarial valuations. An actuarial valuation requires making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate; withdrawal before normal retirement age, future salary increases and mortality rates and employee turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each annual reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality corporate / government bonds extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for country. Those mortality tables are subject to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rate for the country as well as seniority, promotion, demand, and supply in the employment market. Further details about the employee end of service benefits are provided in note 16.

##### Determination of discount rate for present value calculations

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from recent market transactions and a market yields overview.



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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

#### **3.1. 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 current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- not having the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

#### **3.2. Revenue**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company's revenue consists of airline handling, cargo handling (terminal handling and ground handling) and logistics services (contract logistics, market access, freight forwarding, freight management, fulfilment services and transportation services). The Company applies following five-step model as given in IFRS to determine when to recognize revenue and at what amount:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: the transaction price is the amount of consideration to which the Company expects to be entitled to in exchange for transferring promised goods or services to a customer. The transaction price is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes, duties, amounts collected on behalf of others and is recorded net of trade discounts and volume rebates.

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **3.2. Revenue (continued)**

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Company satisfies a performance obligation.

##### *Rendering of services airline handling*

The Company revenue from airline handling services includes revenue from cargo handled to and from the aircraft and other related services. Airline handling services are generally carried out in a short span of time and are recognized at point in time, when the services are rendered to the customer as per the terms of the related contract. Transaction price for airline handling services and related payment terms are based on the contracts with the customers. All services of the Company are delivered within kingdom of Saudi Arabia. The Company acts as the principal when directly providing handling services using its own resources and employees.

##### *Rendering of services terminal handling*

The Company's terminal handling services consist of a series of distinct services, primarily warehousing and storage of the cargo, which are substantially the same and follow a consistent pattern of transfer to the customer. The Company acts as the principal in delivering these services, and the revenue is recognised when the control is transferred to the customers.

##### *Rendering of logistics services*

The Company provides freight forwarding, logistics and warehouse management services to customers. Revenue is recognised when the contractual terms of the agreement are fulfilled. This occurs when the end user has accepted the services in accordance with the contract, when the acceptance provisions have lapsed, or when the Company has objective evidence that all acceptance criteria have been satisfied. Transaction price for logistics services and related payment terms are based on the contracts with the customers. The determination of whether the Company acts as an agent or principal is based on the terms specified in the contract.

#### **3.3. Finance income and finance cost**

Finance income is recognised on an accrual basis using the effective yield basis.

Finance cost mainly includes interest accrued on lease liabilities, long term loan, bank charges and exchange rate losses.

#### **3.4. Cost of sales, selling and distribution, and general and administrative expenses**

##### *Cost of sales*

Service costs and direct operating expenses are classified as cost of sales. This includes all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to employee costs, rent expense, depreciation expense, aircraft handling and other operating costs.

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#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

##### **3.4. Cost of sales, selling and distribution, and general and administrative expenses (continued)**

###### *Selling and distribution expenses*

These include any costs incurred to carry out or facilitate selling activities of the Company. These costs typically include salaries of the sales staff, marketing, distribution and related expenses.

###### *General and administrative expenses*

These pertain to operation expenses which are not directly related to the services. These also include allocations of general overheads which are not specifically attributed to cost of sales or selling and distribution expenses.

##### **3.5. Zakat**

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Zakat is provided in accordance with the Regulations of the ZATCA on accruals basis. The provision is charged to the statement of profit or loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

##### **3.6. Dividends**

The Company recognises a liability to pay a dividend when distribution is authorised and no longer at the discretion of the Company. As per the by-laws of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends, if any, are recorded when approved by the Board of Directors.

##### **3.7. Contingencies**

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

##### **3.8. Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes borrowing costs for long-term construction projects if the recognition criteria are met. When a comprehensive inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred. Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

Leasehold improvements are depreciated over the shorter of estimated useful life or the term of the lease. Depreciation is calculated to write off the cost of property and equipment using straight-line method over the estimated useful lives which are as follows:

Lease hold improvements	3-21 years
Equipment	3-19 years
Furniture and fixtures	3-7 years
Computer	3-10 years

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **3.8. Property and equipment (continued)**

An item of property and equipment (“the asset”) and any significant part initially recognised, 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and depreciation methods for property and equipment are reviewed on annual basis at the end of each fiscal year and adjustments are made whenever necessary.

#### *Capital working in progress*

Capital work in progress (CWIP) is measured at cost less impairment losses, if any, and not depreciated until such time the assets are available for use and transferred to the respective category under property, and equipment. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required substantially to complete and prepare those assets for its intended use, if the recognition criteria are met.

#### **3.9. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalised, and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. 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. Further, capital work in progress is not amortised.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets. Gains or losses arising from disposal 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 the statement of profit or loss and other comprehensive income when the asset is derecognised.

The software is amortised on straight line basis. The estimated useful life of software is five to ten years.

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### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.10. Financial instruments

##### *Non-Derivative Financial Assets*

The Company classifies its financial assets based on their subsequent measurement into two categories: assets measured at fair value (either through Other Comprehensive Income (OCI) or through profit or loss) and assets measured at amortised cost. The classification is determined by the Company's business model for managing the financial assets and the contractual terms governing the cash flows of the assets.

For financial assets measured at fair value, gains and losses are recognised either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, the accounting treatment depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Investments designated as FVOCI, where management intends to sell such investments within 12 months from the financial year-end, are classified as current assets.

Financial assets are initially recognised on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to receive cash flows from the asset expire or when the Company transfers the rights to receive the contractual cash flows in a transaction that transfers substantially all the risks and rewards of ownership. Any interest in the transferred financial asset that is retained or created by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position, only when the Company has a legal right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company's portfolio of non-derivative financial assets includes the following categories:

##### *Financial Assets at Amortised Cost*

Financial assets held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortised cost. Any gain or loss on a debt investment measured at amortised cost, is recognised in the statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised in finance income using the effective interest rate method.

##### *Financial Assets at FVOCI*

The Company generally elects to recognise changes in the fair value of investments in equity in OCI. These changes are accumulated within the 'other reserve' under equity. The Company may transfer this accumulated amount from other reserve to retained earnings when the relevant shares are derecognised. Dividends from such investments are recognised in the statement of profit or loss as other income when the Company's right to receive payments is established. Accumulated gains and losses on these financial assets are never recycled to the statement of profit or loss.

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## **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **3.10 Financial instruments (continued)**

Financial assets are initially recognised on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows in a transaction that transfers substantially all the risks and rewards of ownership. Any retained or created interest in the transferred financial asset is recognised as a separate asset or liability.

#### *Non-Derivative Financial Liabilities*

Financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the Company's contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position, only when the Company has a legal right to offset the amounts and intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company initially recognises non-derivative financial liabilities at fair value, adjusted for any directly attributable transaction costs. Following initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The Company's non-derivative financial liabilities primarily include bank borrowings as well as trade and other payables.

### **3.11. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### **3.12. Leases**

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

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### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.12. Leases (continued)

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment. Refer to the accounting policies under section Impairment of non-financial assets.

##### *Lease Liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in- substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



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#### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

##### **3.13. Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in bank and short-term bank deposits with original maturity of three months or less, if any, which are available to the Company without any restrictions and which are subject to an insignificant risk of changes in value.

##### **3.14. Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss and other comprehensive income.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### **3.15. Employees' benefit obligations**

This represents employees' benefit obligations under defined unfunded benefit plan. The employees' benefit obligations, as required by Kingdom of Saudi Arabia Labour Law, are required to be provided based on the employees' length of service.

The Company's net obligations in respect of employee benefits are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs.

The discount rate used is the market yield on high quality corporate bonds at the reporting date that has maturity dates and the risk profile approximating the terms of the Company's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Company's present value of the obligation, with independent actuarial valuations carried out every year.

The defined employees' benefit obligations comprise the present value of defined benefit obligation as adjusted for any current and past service cost not yet recognised. Currently there are no past service costs. The full amount of actuarial gains and losses are recognised in statement of profit or loss and other comprehensive income in the year in which they arise. The interest expenses are recognized in the Statement of Profit or Loss.

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### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 3.16. Earnings per share - EPS

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year, a reasonable approximation of the weighted average is adequate in many circumstances.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

#### 3.17. Segment information

A segment is a distinguishable component of the Company that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Company to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, services, class of customers where appropriate are aggregated and reported as reportable segments.

The Company has the following two strategic divisions, which are reportable segments and are defined and assessed by the Executive Committee when reviewing the Company's performance. These divisions offer different products and services and are managed separately because of their different fundamentals.

The following summary describes the operations of each reportable segment:

<b>Reportable segments</b>	<b>Operations</b>
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

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#### 4. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

##### a) Standards, interpretations, and amendments issued but not yet effective

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

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025
IFRS 7 and IFRS 9	Classification and measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19 IFRS 10 and IAS 28	Subsidiaries without Public Accounting Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	1 January 2027 Available for optional adoption /

##### b) Standards, interpretations and amendments that became effective during the year

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2024, but they did not have a material effect on the Company's financial statements:

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2024
IFRS 16	Lease Liability in a Sale and Leaseback – (amendments to IFRS 16)	1 January 2024
IAS 7 and IFRS 7	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	1 January 2024
IAS 1	Non-current Liabilities with Covenants (amendments to IAS 1)	1 January 2024

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**5. PROPERTY AND EQUIPMENT**

The movement of property and equipment during the year is as follows:

	<u>Leasehold improvements</u>	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Capital work- in-progress</u>	<u>Total</u>
<b>Cost:</b>						
As at 1 January 2024	518,252	225,692	3,875	11,301	133,087	892,207
Additions during the year	1,297	4,974	558	1,774	62,670	71,273
Transfers from CWIP	--	3,251	--	5,154	(8,405)	--
Disposals during the year	--	--	--	(127)	--	(127)
<b>As at 31 December 2024</b>	<b>519,549</b>	<b>233,917</b>	<b>4,433</b>	<b>18,102</b>	<b>187,352</b>	<b>963,353</b>
<b>Accumulated depreciation:</b>						
As at 1 January 2024	(81,539)	(92,027)	(2,328)	(6,852)	--	(182,746)
Charge for the year	(29,903)	(26,788)	(663)	(3,128)	--	(60,482)
Disposals during the year	--	--	--	29	--	29
<b>As at 31 December 2024</b>	<b>(111,442)</b>	<b>(118,815)</b>	<b>(2,991)</b>	<b>(9,951)</b>	<b>--</b>	<b>(243,199)</b>
<b>Carrying amounts</b>						
<b>As at 31 December 2024</b>	<b>408,107</b>	<b>115,102</b>	<b>1,442</b>	<b>8,151</b>	<b>187,352</b>	<b>720,154</b>

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**5. PROPERTY AND EQUIPMENT (continued)**

	<u>Leasehold improvements</u>	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Capital work- in- progress</u>	<u>Total</u>
Cost:						
As at 1 January 2023	508,847	221,335	4,050	11,665	82,426	828,323
Additions during the year	12,687	4,736	78	809	51,336	69,646
Transfers from CWIP	624	--	--	19	(643)	--
Transfers from intangible assets	--	--	--	211	--	211
Write-offs during the year	(2,342)	(243)	(239)	(1,403)	(32)	(4,259)
Disposals during the year	(1,564)	(136)	(14)	--	--	(1,714)
As at 31 December 2023	<u>518,252</u>	<u>225,692</u>	<u>3,875</u>	<u>11,301</u>	<u>133,087</u>	<u>892,207</u>
Accumulated depreciation:						
As at 1 January 2023	(52,252)	(62,782)	(1,842)	(6,081)	--	(122,957)
Charge for the year	(32,519)	(29,509)	(739)	(2,174)	--	(64,941)
Write-offs during the year	1,670	185	239	1,403	--	3,497
Disposals during the year	1,562	79	14	--	--	1,655
As at 31 December 2023	<u>(81,539)</u>	<u>(92,027)</u>	<u>(2,328)</u>	<u>(6,852)</u>	<u>--</u>	<u>(182,746)</u>
Carrying amounts						
As at 31 December 2023	<u><u>436,713</u></u>	<u><u>133,665</u></u>	<u><u>1,547</u></u>	<u><u>4,449</u></u>	<u><u>133,087</u></u>	<u><u>709,461</u></u>

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#### 5. **PROPERTY AND EQUIPMENT (continued)**

5.1 Capital work in progress of 31 December 2024 includes various projects under progress, which are expected to be completed during the years from 2025 to 2027.

5.2 During the year finance costs amounting to SR 20.40 million (2023: SR 19.59 million) have been capitalised in the CWIP.

5.3 The depreciation expense for the year is allocated as follows:

	<b>31 December 2024</b>	31 December 2023
Cost of sales (note 22)	<b>56,582</b>	62,390
Selling and distribution expenses (note 24)	<b>34</b>	34
General and administration expenses (note 25)	<b>3,866</b>	2,517
	<b><u>60,482</u></b>	<u>64,941</u>

#### 6. **RIGHT-OF-USE ASSETS & LEASE LIABILITIES**

In applying IFRS-16, the Company 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).

6.1. The Company's right of use assets mainly pertains to land and building and the movement of right-of-use assets during the year is as follows:

<b><u>Right-of-use of assets</u></b>	<b>31 December 2024</b>	31 December 2023
<b>Cost:</b>		
Balance as at the beginning of year	<b>1,063,122</b>	1,402,309
Additions during the year	<b>59,996</b>	20,453
Lease modification during the year	<b>(539,936)</b>	(353,194)
Transferred to sublease	<b>(7,167)</b>	--
Lease termination during the year	<b>--</b>	(6,446)
Balance at the end of the year	<b><u>576,015</u></b>	<u>1,063,122</u>
<b>Accumulated depreciation:</b>		
Balance as at the beginning of the year	<b>(177,480)</b>	(189,754)
Depreciation for the year (note 6.2)	<b>(41,514)</b>	(66,732)
Capitalised depreciation during the year	<b>(3,500)</b>	--
Lease modification during the year	<b>167,787</b>	76,777
Transferred to sublease	<b>1,195</b>	--
Lease termination during the year	<b>--</b>	2,229
Balance at the end of the year	<b><u>(53,512)</u></b>	<u>(177,480)</u>
Carrying amount at the end of the year	<b><u>522,503</u></b>	<u>885,642</u>

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#### 6. RIGHT-OF-USE ASSETS & LEASE LIABILITIES (continued)

6.2. The depreciation expense for the year is allocated as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Cost of sales (note 22)	<b>38,425</b>	62,898
General and administrative expense (note 25)	<b>3,089</b>	3,834
	<b><u>41,514</u></b>	<u>66,732</u>

6.3. The movement of lease liabilities during the year is as follows:

<u>Lease Liabilities</u>	<b>31 December 2024</b>	31 December <u>2023</u>
Balance at the beginning of the year	<b>1,080,095</b>	1,351,663
Additions during the year	<b>59,996</b>	20,453
Lease termination during the year	--	(4,330)
Lease modification during the year	<b>(372,149)</b>	(276,417)
Interest expense capitalized in CWIP during the year	<b>930</b>	--
Unwinding of lease liability (note 27)	<b>51,131</b>	68,863
Lease liability adjusted from long term loan receivable (note 8)	<b>(11,790)</b>	--
Repayments during the year	<b>(90,136)</b>	(80,137)
Balance at the end of the year	<b><u>718,077</u></b>	<u>1,080,095</u>

6.4. The lease modification during the year relates to a reduction in lease rentals and finalizing a 20-year term for the Riyadh Terminal Lease which resulted in decrease in the carrying value of lease liabilities and right of use asset by SR 372 million. The Company has committed to upgrading the Riyadh terminal to the value up to SR 400 million and not below SR 350 million.

6.5. The current and non-current portion of the lease liabilities is as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Lease liabilities - current portion	<b>34,377</b>	68,961
Lease liabilities - non-current portion	<b>683,700</b>	1,011,134
	<b><u>718,077</u></b>	<u>1,080,095</u>

The Company elected not to recognize right-of-use assets for short term and low value leases, and hence the lease payments associated with these contracts were recognised as expenses during the year in the statement of profit or loss and other comprehensive income amounted to SR 34.73 million (2023: SR 35.14 million) (note 22 and note 25).

6.6. On 1 May 2024, the Company subleased warehouse building in Riyadh. The Company has classified the sublease as finance lease as the Company transferred substantially all the risk and reward incidental to the leased asset. The sublease payment was due at the completion of required improvement of the warehouse as per the sublease contract. The improvement was completed on 1 May 2024 and on that date, the warehouse was subleased to the ultimate lessee.



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#### 7. INTANGIBLE ASSETS

The movement of intangible assets during the year is as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
<b>Cost:</b>		
Balance at the beginning of the year	24,724	23,364
Additions during the year	721	3,199
Write-offs during the year	--	(1,628)
Transfer to property and equipment	--	(211)
Balance at the end of the year	<u>25,445</u>	<u>24,724</u>
<b>Accumulated amortization:</b>		
Balance at the beginning of the year	(10,468)	(9,065)
Amortization charge for the year	(3,291)	(3,031)
Write-offs during the year	--	1,628
Balance at the end of the year	<u>(13,759)</u>	<u>(10,468)</u>
Carrying amount at the end of the year	<u>11,686</u>	<u>14,256</u>

7.1 The amortization for the year is allocated as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Cost of sales (note 22)	3,227	2,967
Selling and distribution expense (note 24)	64	64
	<u>3,291</u>	<u>3,031</u>

#### 8. LONG TERM LOAN RECEIVABLE

The Company's long term loan receivable, which is measured at amortised cost, is as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Long term loan receivable - non-current portion	--	11,790
Long term loan receivable - current portion	11,790	11,790
	<u>11,790</u>	<u>23,580</u>

Long term loan receivable related to the sale of permanent utilities on leasehold land relating to Jeddah new terminal facility on behalf of Jeddah Airports Company (lessor). As per the agreement, the amount is recoverable from the lease liability payment over a period of 3 years. The amount is not subject to any credit risk.

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#### 9. TRADE RECEIVABLES

Trade receivables comprise of the following:

	<b>31 December 2024</b>	31 December <u>2023</u>
Trade receivables	<b>512,309</b>	439,117
Less: Impairment loss on trade receivables	<b>(31,957)</b>	(48,584)
	<b>480,352</b>	<u>390,533</u>

The movement in the impairment of trade receivables is as follows:

	<b>31 December 2024</b>	31 December <u>2023</u>
Balance at the beginning of the year	<b>48,584</b>	29,177
Impairment (reversal) / charge for the year	<b>(16,627)</b>	19,407
Balance at the end of the year	<b>31,957</b>	<u>48,584</u>

Trade receivables include SR 392.03 million (2023: SR 259.54 million) that are due from related parties (note 20).

The Company's credit risk management policies are disclosed in note 30.

#### 10. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	<b>31 December 2024</b>	31 December <u>2023</u>
Advances to vendors	<b>4,004</b>	1,457
Prepayments	<b>9,356</b>	7,460
Value added tax (VAT) refundable	<b>71,514</b>	36,179
Others	<b>28,540</b>	5,979
	<b>113,414</b>	<u>51,075</u>

Prepayments and other receivables include SR nil (2023: SR 35.11 million) that is due from related parties (note 20).

Others include contract assets amounting to SR 22.35 million (2023: SR nil).

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#### 11. SHORT TERM MURABAHA DEPOSITS

Short term murabaha deposits comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Short term murabaha deposits	--	500,000

11.1 Short term murabaha deposits represent deposits with local banks that have an original maturity of more than three months from the investment date.

11.2 These deposits earned commission at an average rate of 5.96% per annum as at 31 December 2024 (2023: 6.29% per annum).

#### 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Cash at banks	1,362,043	210,426
Short term murabaha deposits with original maturity of less than three months (note 12.1)	--	500,000
	<b>1,362,043</b>	710,426

12.1 These deposits earn commission at an average rate of nil per annum as at 31 December 2024 (2023: 6.15% per annum).

12.2 At 31 December, all bank balances and short term murabaha deposits are maintained with local banks, which are rated at investment grade levels. Moreover, the carrying value of bank balances and short term murabaha deposits represents its maximum exposure to credit risk without taking into account any collateral and other credit enhancement and none of the balances is impaired at the reporting dates.

#### 13. SHARE CAPITAL

At 31 December 2024, the authorized, issued and paid up share capital of the Company is SR 800 million divided into 80 million shares of SR 10 each (2023: 80 million shares of SR 10 each) and owned as follows:

	<u>31 December 2024</u>			<u>31 December 2023</u>		
	No. of shares in "000"	Percentage holding	Amount	No. of shares in "000"	Percentage holding	Amount
Saudi Arabian Airlines Corporation	39,200	49%	392,000	39,200	49%	392,000
Tarabot Air Cargo Services Company Limited	--	--	--	16,800	21%	168,000
Vision International Investment Company	7,526	9%	75,264	--	--	--
General public	33,274	42%	332,736	24,000	30%	240,000
Total	<b>80,000</b>	<b>100%</b>	<b>800,000</b>	<b>80,000</b>	<b>100%</b>	<b>800,000</b>

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#### 14. STATUTORY RESERVE

The statutory reserve included in the financial statements as of 31 December 2024 and 31 December 2023, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended 31 December 2024, the requirement to set aside a statutory reserve has been removed.

#### 15. LONG TERM LOAN

The Company's long-term loan, which is measured at amortised cost, is as follows:

	<b>31 December 2024</b>	31 December 2023
Long term loan	<b>628,390</b>	612,105
Upfront fees paid	<b>(11,741)</b>	(8,749)
	<b>616,649</b>	603,356
Long term loan - current portion	<b>(57,000)</b>	(36,240)
Long term loan - non-current portion	<b>559,649</b>	567,116

15.1 The Company has an agreement with a commercial bank to obtain a loan facility of SR 500 million in order to finance the cargo terminal projects under construction. As at 31 December 2024, the Company had drawn SR 500 million (2023: SR 500 million) out of sanctioned amount. During the year, the Company has reduced the facility amount to SR 500 million from SR 600 million as at 31 December 2023. 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. The Company expects to comply with the quarterly covenants within 12 months after the reporting date.

15.2 During 2023, the Company entered into an agreement with Saudi Industrial Development Fund (SIDF) to obtain a loan financing of SR 234.2 million to finance cargo terminal projects. As at 31 December 2024, the Company had been advanced SR 112.1 million (2023: SR 112.1 million) out of granted amount of SR 234.2 million (2023: SR 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 Company further obtained a loan financing of SR 195.8 million to finance cargo terminal project in the year 2024. As at 31 December 2024, the Company had been advanced SR 60.3 million (2023: SR nil) out of facility amount of SR 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 also includes certain covenants which include but are not limited to current ratio and maintenance of certain financial ratios. The Company expects to comply with the quarterly covenants within 12 months after the reporting date.

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#### 16. EMPLOYEES' BENEFIT OBLIGATIONS

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Kingdom of Saudi Arabia Labour Law. The entitlement to these benefits is based upon the employees' last drawn salary and length of service, subject to completion of minimum service period. The following table shows a reconciliation from opening balance to the closing balance of employees' end of service benefits:

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	87,176	77,976
Transfer to related party	--	(152)
Amounts recognized in statement of profit and loss		
- Current service cost	13,113	12,505
- Interest cost	4,020	3,415
	<u>17,133</u>	15,920
Amounts recognized in other comprehensive income:		
- Financial assumptions and experience	(347)	(3,284)
Benefits paid	(3,861)	(3,284)
Balance at the end of the year	<u>100,101</u>	<u>87,176</u>

- 16.1 As at 31 December 2024 the valuation of EOSB liabilities was carried out by an independent firm of actuaries. The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows:

	<b>31 December 2024</b>	31 December 2023
Discount rate	5.6%	4.5%
Expected rate of salary increase	5.9%	5.2%
Mortality rate	Age based rates, avg is - 0.17% p.a.	Age based rates, avg is 0.17% p.a.
Employee turnover/ withdrawal rate	6.56%	7.14%

- 16.2 The quantitative sensitivity analysis for principal assumptions is as follows:

	<u>Changes in assumptions</u>	<u>31 December 2024</u>	
		<u>Increase in</u>	<u>Decrease in</u>
Discount rate	1%	8,795	(10,269)
Future salary growth	1%	(10,647)	9,276
Withdrawal	10%	776	(820)

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#### 16. EMPLOYEES' BENEFIT OBLIGATIONS (continued)

	<u>Changes in assumptions</u>	<u>31 December 2023</u>	
		<u>Increase in</u>	<u>Decrease in</u>
Discount rate	1%	(7,367)	8,591
Future salary growth	1%	8,911	(7,778)
Withdrawal	10%	(827)	897

16.3 The weighted average duration of the defined benefit obligation relating to Employees is 9.54 years (2023: 9.19 years).

#### 17. TRADE PAYABLES

Trade payables comprise of the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade payables	<u>127,395</u>	<u>44,735</u>

Trade payables include SR 48.71 million (2023: SR 6.50 million) payable to related parties (refer note 20).

#### 18. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprise of the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Accrued handling charges	7,857	3,056
Accrued IT expenses	10,892	10,041
Accrued logistics services	6,428	2,829
Accrued marketing expenses	5,019	5,225
Accrued rent	6,655	4,754
Accrued professional charges	15,623	10,290
Advance from customers	7,973	1,224
Employee related accruals	53,906	48,161
Goods / services received not invoiced	76,319	46,364
Other accruals	39,190	62,693
	<u>229,862</u>	<u>194,637</u>

Accrued expenses and other liabilities includes SR 6.80 million (2023: SR 7.04 million) due to related parties (refer note 20).

#### 19. DIVIDENDS

During the year ended 31 December 2024 the Company's Board of Directors approved distribution of interim cash dividends amounting to SR 493.6 million (SR 6.17 per share) (2023: SR 352 million (SR 4.40 per share)).

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#### 20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties includes the Company's shareholders having control and significant influence and government entities including entities controlled, jointly controlled or significantly influenced by government entities including Key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management. All outstanding balances with these related parties are priced on mutually agreed terms.

The Company's parent entity is Saudi Arabian Airline Corporation ("Saudia"). The Company's ultimate parent entity is the Government of Saudi Arabia. The Company 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 Company applies the exemption in IAS 24 Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

Significant related party transactions with major shareholder, their subsidiaries, entities with significant influence, government entities and other related parties for the period and balance arising therefrom are described as under:

<u>Nature of transaction</u>	<u>For the year ended</u>	
	<u>31 December</u> <u>2024</u>	<u>31 December</u> <u>2023</u>
Cost charge	(76,490)	(69,881)
Revenue	478,085	423,324
Shared service recovery (note 23)	1,194	3,208
Recovery of IPO related expenses	--	50,138
Finance cost	(51,149)	(67,945)
	<u>Closing balance</u>	
	<u>31 December</u> <u>2024</u>	<u>31 December</u> <u>2023</u>
Trade receivables	<u>392,030</u>	<u>259,540</u>
Prepayments and other receivables	<u>--</u>	<u>35,111</u>
Trade payables	<u>48,712</u>	<u>6,502</u>
Accrued expenses and other liabilities	<u>6,796</u>	<u>7,044</u>
Lease liability	<u>656,539</u>	<u>1,073,461</u>
Term loan	<u>151,649</u>	<u>112,105</u>
Sublease	<u>10,494</u>	<u>--</u>

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#### 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

##### Key management personnel compensation

Compensation to Company'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 paid to Board of Directors, audit and executive committees and Key Management Personnel:

	<b>31 December 2024</b>	31 December 2023
Short term employee benefits	<b>29,216</b>	22,563
Post retirement benefits	<b>1,318</b>	4,121
	<b>30,534</b>	26,684

Board of Directors, audit and executive committees' compensation charged during the year amounted to SR 5.6 million (2023: SR 3.5 million).

The revenue of the Company derived from the related parties comprised of approximately 29% (2023: 29%) of total revenue of the Company.

<u>Name of entity</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<b>For the year ended 31 December 2024</b>	For the year ended 31 December 2023
Government	Government	Cost charge	<b>(35,078)</b>	(26,272)
Saudi Ground Services Company	Entity under common control	Cost charge	<b>(23,352)</b>	(16,301)
Saudi Airlines Cargo Company	Entity under common control	Cost charge	<b>(17,207)</b>	(24,466)
Saudi Airlines Air Transport Company	Entity under common control	Cost charge	<b>(576)</b>	(1,673)
Saudi Private Aviation	Entity under common control	Cost charge	<b>(139)</b>	(160)
Saudi Arabian Airlines Corporation	Parent	Cost charge	<b>(104)</b>	(910)
Catrion Catering Holding Company	Entity under common control	Cost charge	<b>(34)</b>	(99)
			<b>(76,490)</b>	(69,881)



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**20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

<u>Name of entity</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>For the year ended 31 December 2024</u>	<u>For the year ended 31 December 2023</u>
Saudi Airlines Cargo Company	Entity under common control	Revenue	<b>216,884</b>	236,825
Government	Government	Revenue	<b>155,316</b>	124,058
Saudia Aerospace Engineering Industries Company	Entity under common control	Revenue	<b>64,936</b>	45,227
Saudi Airlines Air Transport Company	Entity under common control	Revenue	<b>30,063</b>	4,477
Flyadeal Company	Entity under common control	Revenue	<b>5,642</b>	5,123
Saudi Private Aviation	Entity under common control	Revenue	<b>2,775</b>	6,198
Saudia Royal Fleet	Entity under common control	Revenue	<b>2,469</b>	1,416
			<b>478,085</b>	423,324

<u>Name of entity</u>	<u>Nature of transaction</u>	<u>For the year ended 31 December 2024</u>	<u>For the year ended 31 December 2023</u>
Government	Shared service recovery (note 23)	<b>1,194</b>	3,208

<u>Name of entity</u>	<u>Nature of transaction</u>	<u>For the year ended 31 December 2024</u>	<u>For the year ended 31 December 2023</u>
Government	Finance cost	<b>(51,149)</b>	(67,945)

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**20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

Amounts due from related parties under trade receivables comprises of the following:

<u>Name of entity</u>	<u>Relationship</u>	<u>Closing balance 31 December 2024</u>	<u>Closing balance 31 December 2023</u>
Government	Government	279,256	146,595
Saudia Aerospace Engineering Industries Company	Entity under common control	95,500	67,491
Saudi Airlines Cargo Company	Entity under common control	23,881	45,883
Saudia Royal Fleet	Entity under common control	2,222	1,247
Saudi Airlines Air Transport Company	Entity under common control	10,039	4,275
Saudi Private Aviation	Entity under common control	1,266	533
Flyadeal Company	Entity under common control	829	306
Impairment loss against trade receivables		(20,963)	(6,790)
		<u>392,030</u>	<u>259,540</u>

Amounts due from related parties under prepayments and other receivables comprises of the following:

<u>Name of entity</u>	<u>Relationship</u>	<u>Closing balance 31 December 2024</u>	<u>Closing balance 31 December 2023</u>
Saudi Arabian Airlines Corporation	Parent	--	35,111

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**20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

Amounts due to related parties under trade payables comprises of the following:

<u>Name of entity</u>	<u>Relationship</u>	<u>Closing balance 31 December 2024</u>	<u>Closing balance 31 December 2023</u>
Government	Government	41,981	2,613
Saudi Ground Services Company	Entity under common control	5,134	--
Saudi Arabian Airlines Corporation	Parent	763	1,614
Prince Sultan Aviation Academy	Entity under common control	384	--
Saudi Private Aviation	Entity under common control	323	130
Saudi Airlines Cargo Company	Entity under common control	127	2,145
		<u>48,712</u>	<u>6,502</u>

Amounts due to related parties under accrued expenses and other liabilities comprises of the following:

<u>Name of entity</u>	<u>Relationship</u>	<u>Closing balance 31 December 2024</u>	<u>Closing balance 31 December 2023</u>
Saudi Ground Services Company	Entity under common control	3,515	2,872
Government	Government	1,339	1,377
Prince Sultan Aviation Academy	Entity under common control	652	154
Saudi Airlines Cargo Company	Entity under common control	602	2,641
Saudi Airlines Air Transport Company	Entity under common control	435	--
Saudi Private Aviation	Entity under common control	154	--
Saudi Arabian Airlines Corporation	Parent	80	--
Catrion Catering Holding Company	Entity under common control	19	--
		<u>6,796</u>	<u>7,044</u>

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#### 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due to a related party under lease liabilities comprises of the following:

<u>Name of entity</u>	<b>Closing balance 31 December 2024</b>	Closing balance 31 December 2023
Government	656,539	1,073,461

Amounts due to a related party under term loan comprises of the following:

<u>Name of entity</u>	<b>Closing balance 31 December 2024</b>	Closing balance 31 December 2023
Government	151,659	112,105

Amounts due to a related party under sublease comprises of the following:

<u>Name of entity</u>	<b>Closing balance 31 December 2024</b>	Closing balance 31 December 2023
Government	10,494	--

#### 21. REVENUE

##### 21.1 Revenue streams

Revenue for the year comprise of the following streams:

	<b>31 December 2024</b>	31 December 2023
Terminal handling revenue	821,411	678,025
Airline handling revenue	539,860	539,978
Logistics revenue	271,283	235,651
Others	1,403	2,058
	<b>1,633,957</b>	<b>1,455,712</b>

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#### 21. REVENUE (continued)

##### 21.2 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

	<b>31 December 2024</b>	31 December 2023
Handling	1,362,674	1,220,061
Logistics	<u>271,283</u>	<u>235,651</u>
	<u><b>1,633,957</b></u>	<u><b>1,455,712</b></u>

#### 22. COST OF SALES

Cost of sales comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Operating costs logistics	201,388	182,909
Employee costs	168,169	152,236
Contractual labour cost	101,307	92,168
Depreciation on property and equipment (note 5)	56,582	62,390
Aircraft handling and related charges	46,571	21,183
Depreciation on right-of-use assets (note 6)	38,425	62,898
Rental expenses	32,980	34,253
IT Services	24,360	19,746
Amortization of intangible assets (note 7)	3,227	2,967
Others	<u>45,733</u>	<u>49,393</u>
	<u><b>718,742</b></u>	<u><b>680,143</b></u>

#### 23. OTHER INCOME

Other income comprise of the following:

	<b>31 December 2024</b>	31 December 2023
Management and service fees charged to related party (note 20)	1,194	3,208
Others	<u>378</u>	<u>1,780</u>
	<u><b>1,572</b></u>	<u><b>4,988</b></u>

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#### 24. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses comprise of the following:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Marketing expenses	25,464	14,271
Employee costs	18,756	16,410
Amortization of intangible assets (note 7)	64	64
Depreciation on property and equipment (note 5)	34	34
Others	4,122	2,426
	<u>48,440</u>	<u>33,205</u>

#### 25. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses comprise of the following:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Employee costs	109,077	110,406
Professional and technical consultancies	20,224	2,687
IT services	9,115	1,966
Depreciation on property and equipment (note 5)	3,866	2,517
Depreciation on right-of-use assets (note 6)	3,089	3,834
Bank charges	2,613	2,231
Rental expenses	1,747	887
Others	25,827	17,218
	<u>175,558</u>	<u>141,746</u>

#### 26. FINANCE INCOME

Finance income comprise of the following:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Finance income on murabaha deposits	<u>59,495</u>	<u>51,614</u>

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#### 27. FINANCE COSTS

Finance costs comprise of the following:

	<b>31 December 2024</b>	31 December <u>2023</u>
Finance charges on lease liabilities (note 6)	<b>51,131</b>	68,863
Exchange loss	<b>1,685</b>	1,867
Interest on long term loan	<b>21,618</b>	16,523
	<b><u>74,434</u></b>	<u>87,253</u>

#### 28. ZAKAT

The provision is based on the following:

	<b>31 December 2024</b>
Profit before zakat	<b><u>694,477</u></b>
Total additions	<b>2,746,913</b>
Total deductions	<b><u>(1,275,074)</u></b>
<b>Total zakat base</b>	<b>1,471,839</b>
Zakat base	<b><u>1,471,839</u></b>
<b>Zakat balance</b>	<b><u>38,043</u></b>
Reversal of the provision	<b><u>(5,001)</u></b>
<b>Zakat expense for the year</b>	<b><u>33,042</u></b>
	<b>31 December <u>2023</u></b>
Equity at the beginning	721,126
Opening provisions and other adjustments	1,699,864
Book value of property and equipment	<u>(1,609,358)</u>
Zakat base	811,632
Adjusted profit for the year	<u>600,130</u>
Zakat base	<u>1,411,762</u>
Zakat expense for the year	<u>40,844</u>

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#### 28. **ZAKAT (continued)**

The movement in the Zakat provision of the Company for the year is as follows:

	<b>31 December 2024</b>	31 December 2023
Balance at the beginning of the year	<b>40,847</b>	7,438
Charge for the year	<b>33,042</b>	40,844
Payments during the year	<b>(35,846)</b>	(7,435)
Balance at the end of the year	<b>38,043</b>	40,847

#### **Status of assessments**

The Company has filed its annual Zakat declarations up to year ended 31 December 2023. ZATCA has reviewed the declarations filed and issued assessment dated 17 September 2024 for the year 2020 and 2021 determining additional zakat liability of SR 8.43 million and SR 19.82 million respectively. The Company Submitted its objection to ZATCA against this assessment for the year 2020 and 2021, and settled the non-objected amounts of SR 0.28 million, and 4.07 million respectively.

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

#### 29. **COMMITMENTS AND CONTINGENCIES**

At 31 December 2024, the Company has outstanding commitments for capital expenditures amounting to SR 91.05 million (2023: SR 23.6 million). The commitments primarily pertain to construction of cargo terminal.

At 31 December 2024, the Company's bankers have issued letters of guarantee amounting to SR 29.63 million (2023: SR 32.2 million).

As at 31 December 2024 and 31 December 2023, the Company have no outstanding contingency.

#### 30. **FINANCIAL RISK MANAGEMENT**

The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.



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#### **30. FINANCIAL RISK MANAGEMENT (continued)**

##### **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 Company'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 Company's risk management framework. The executive management team is responsible for developing and monitoring the Company'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 Company's activities. The Company, 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 Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables, other receivables, trade payables, loans and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and financial liability are offset and net amount reported in the financial statements, when the Company 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.

##### **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. The Company is not exposed to other price risk such as equity risk and commodity risk as the Company is neither involved in investment in trading securities nor the commodities.

##### **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 Company's financial positions and cash flows. The Company's interest rate risks arise mainly from long-term loan 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.

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#### 30. FINANCIAL RISK MANAGEMENT (continued)

##### Interest rate risk (continued)

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	<b>31 December</b> <b><u>2024</u></b>	31 December <u>2023</u>
<b>Variable rate instruments</b>		
<u>Financial liabilities</u>		
Term loan	<b>465,000</b>	500,000

##### Sensitivity analysis for variable rate instruments

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 year by SR 4.6 million (2023: SR 5 million).

##### Currency risk

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 Company's operating activities and the Company's balances with banks in US dollar. The Company is not exposed to any significant currency risk as the Company did not undertake any significant transactions during the year in any foreign currency.

##### 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 Company's maximum exposure to credit risk at the reporting date is as follows:

	<b>31 December</b> <b><u>2024</u></b>	31 December <u>2023</u>
<b>Financial assets</b>		
Trade receivables	<b>512,309</b>	439,117
Other receivables	<b>28,540</b>	5,979
Short term murabaha deposit	--	500,000
Cash and cash equivalents	<b>1,362,043</b>	710,426
	<b><u>1,902,892</u></b>	<u>1,655,522</u>

##### Trade receivables

Trade receivables are carried at net of provision for expected credit losses. The provision for expected credit loss at 31 December 2024 is SR 31.96 million (2023: SR 48.58 million).

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#### 30. FINANCIAL RISK MANAGEMENT (continued)

##### Credit risk (continued)

At 31 December, the exposure to credit risk of trade receivables by type of counterparty was as follows:

	<b>31 December 2024</b>	31 December 2023
Airline customers	<b>30,770</b>	115,884
Commercial customers	<b>56,824</b>	81,920
Logistics customers	<b>370,100</b>	216,375
Other	<b>54,615</b>	24,938
Sub-total	<b>512,309</b>	439,117
Impairment loss on trade receivables	<b>(31,957)</b>	(48,584)
	<b>480,352</b>	390,533

Customer credit risk is managed by management subject to the Company'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 Company 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 Company renders its services to a large number of customers. The five largest customers (including related parties) account 77% of outstanding trade receivables as at 31 December 2024 (2023: 63%). As at 31 December 2024 trade receivables from related parties and Government entities comprise of 83% of total outstanding trade receivables (31 December 2023: 64%).

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 Company 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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#### 30. FINANCIAL RISK MANAGEMENT (continued)

##### Credit risk (continued)

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

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Current (Not due)	<b>200,108</b>	304,999
91-180 Days	<b>49,526</b>	32,837
181-270 Days	<b>144,065</b>	29,924
271-360 Days	<b>67,139</b>	25,678
361-450 Days	<b>23,140</b>	8,859
Over 451 days	<b>28,331</b>	36,820
	<b><u>512,309</u></b>	<u>439,117</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 Company's view of economic conditions over the expected lives of the receivables.

##### Other receivables

Other receivables credit risk is managed by management. The Company'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 Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Company 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 Company 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 Company's operations and credit facility agreements to meet any future liabilities.

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#### 30. FINANCIAL RISK MANAGEMENT (continued)

##### Liquidity risk (continued)

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.

31 December 2024	Carrying Amount	<u>Contractual cash flows</u>					Total
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	
Trade payables	127,395	127,395	--	--	--	--	127,395
Accrued expenses and other liabilities	221,889	221,889	--	--	--	--	221,889
Lease liabilities	718,077	57,815	25,033	159,487	132,645	862,581	1,237,561
Long term loan	616,649	43,399	46,763	249,055	399,147	286,368	1,024,732
	<u>1,684,010</u>	<u>450,498</u>	<u>71,796</u>	<u>408,542</u>	<u>531,792</u>	<u>1,148,949</u>	<u>2,611,577</u>

31 December 2023	Carrying Amount	<u>Contractual cash flows</u>					Total
		Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	
Trade payables	44,735	44,735	--	--	--	--	44,735
Accrued expenses and other liabilities	193,413	193,413	--	--	--	--	193,413
Lease liabilities	1,080,095	101,071	18,492	182,618	180,120	1,228,601	1,710,902
Long term loan	603,356	35,242	37,448	162,939	233,378	317,286	786,293
	<u>1,921,599</u>	<u>374,461</u>	<u>55,940</u>	<u>345,557</u>	<u>413,498</u>	<u>1,545,887</u>	<u>2,735,343</u>

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

#### 31. CAPITAL RISK MANAGEMENT

For the purpose of the Company's capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholders' value. The capital structure of the Company is equity based with financing from a bank. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and other measures commensuration to the circumstances.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

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#### 31. CAPITAL RISK MANAGEMENT (continued)

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

	<u>2024</u>	<u>2023</u>
Total liabilities	<b>1,830,127</b>	2,050,846
Less: Cash and cash equivalents	<b>(1,362,043)</b>	(710,426)
Net debt	<b>468,084</b>	1,340,420
Total equity	<b>1,402,309</b>	1,234,127
Gearing ratio	<b>33.38%</b>	108.61%

#### 32. BASIC AND DILUTIVE EARNINGS PER SHARE

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

	<b>31 December</b> <u>2024</u>	31 December <u>2023</u>
Profit for the year attributable to shareholders of the Company (SR '000')	<b>661,435</b>	<b>509,716</b>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	<b>80,000</b>	<b>80,000</b>
Basic and diluted earnings per share based on profit for the year attributable to shareholders of the Company (SR)	<b>8.27</b>	<b>6.37</b>

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

#### 33. FAIR VALUE OF ASSETS AND LIABILITIES

The Company's financial assets consist of cash and bank balances, trade receivables, due from related parties, deposits and other receivables. Its financial liabilities consist of trade payables, lease liabilities, due to related parties, loan and accrued expenses and other liabilities. The fair values of financial instruments are not materially different from their carrying values at the statement of financial position date.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

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#### **34. SEGMENT INFORMATION**

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

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

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

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**34. SEGMENT INFORMATION (continued)****A. Information about reportable segments***i) Reconciliation of revenue and profits:*

	<u>Handling</u>		<u>Logistics</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>External revenue</b>	<b>1,362,674</b>	1,220,061	<b>271,283</b>	235,651	<b>1,633,957</b>	1,455,712
Segment revenue	<b>1,372,612</b>	1,227,091	<b>271,308</b>	235,651	<b>1,643,920</b>	1,462,742
Inter-segment revenue	<b>(9,938)</b>	(7,030)	<b>(25)</b>	--	<b>(9,963)</b>	(7,030)
Operating and administration costs	<b>(589,154)</b>	(522,519)	<b>(231,672)</b>	(217,278)	<b>(820,826)</b>	(739,797)
Other income	<b>12,709</b>	4,988	<b>(11,137)</b>	--	<b>1,572</b>	4,988
<b>EBITDA</b>	<b>786,229</b>	702,530	<b>28,474</b>	18,373	<b>814,703</b>	720,903
Depreciation and amortization	<b>(99,527)</b>	(132,385)	<b>(5,760)</b>	(2,319)	<b>(105,287)</b>	(134,704)
<b>Operating profit</b>	<b>686,702</b>	570,145	<b>22,714</b>	16,054	<b>709,416</b>	586,199
Finance income	<b>59,495</b>	51,614	--	--	<b>59,495</b>	51,614
Finance costs	<b>(72,505)</b>	(85,689)	<b>(1,929)</b>	(1,564)	<b>(74,434)</b>	(87,253)
<b>Profit before zakat</b>	<b>673,692</b>	536,070	<b>20,785</b>	14,490	<b>694,477</b>	550,560

*ii) Reconciliation of assets and liabilities:*

	<u>Handling</u>		<u>Logistics</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Total assets</b>	<b>3,066,468</b>	3,016,009	<b>165,968</b>	268,964	<b>3,232,436</b>	3,284,973
<b>Total liabilities</b>	<b>1,696,083</b>	1,989,179	<b>134,044</b>	61,667	<b>1,830,127</b>	2,050,846



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#### 34. SEGMENT INFORMATION (continued)

##### B. Reconciliations of information on reportable segments to IFRS measures

	<u>2024</u>	<u>2023</u>
Total revenue for reportable segments	<b>1,643,920</b>	1,462,742
Elimination of intersegment revenue	<b>(9,963)</b>	(7,030)
<b>Total revenue</b>	<b><u>1,633,957</u></b>	<u>1,455,712</u>

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 of the Company represented approximately 13% (2023: 16%) of the Company's total revenue for the year ended 31 December 2024.

#### 35. SUBSEQUENT EVENTS

On 19 February 2025, the Board of Directors approved a dividend payment of SR 106.4 million (SR1.33 per share) for the year ended 31 December 2024. The dividends are attributable to the shareholders of the Company who own shares with the effective date of 26 February 2025 as registered in the registry of the Company's shareholders in the Securities Depository Center (Edaa).

There have been no other significant events since the year ended 31 December 2024, that would require disclosures or adjustments in these financial statements.

#### 36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by Board of Directors of the Company on 19 February 2025, corresponding to 20 Shaaban 1446H.