

FLYNAS COMPANY
(A Saudi Joint Stock Company)

Condensed interim financial statements (unaudited)
For the three-month period ended 31 March 2026
and independent auditor's report on review
of condensed interim financial statements

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim financial statements (unaudited)
For the three-month period ended 31 March 2026

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Report on review of condensed interim financial statements

To the Board of Directors of Flynas Company
(A Joint Stock Company)

Introduction

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

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559




12 May 2026

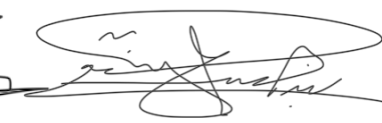
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FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Assets			
Non-current assets			
Intangible asset		2,000,000,000	2,000,000,000
Aircraft, property, equipment and fixtures	5	2,788,748,056	2,595,157,899
Right-of-use assets	6	7,437,064,708	7,694,313,025
Deposits for aircraft		22,113,465	17,314,070
Total non-current assets		12,247,926,229	12,306,784,994
Current assets			
Stores and spares		1,998,343	1,998,343
Deposits for aircraft		48,228,251	48,843,986
Trade receivables		323,804,917	360,164,173
Prepayments and other current assets		313,601,530	302,553,479
Derivative financial instrument	11	55,333,744	3,548,916
Bank deposits		56,250,000	56,250,000
Cash and cash equivalents		4,052,730,923	4,142,981,409
Total current assets		4,851,947,708	4,916,340,306
Total assets		17,099,873,937	17,223,125,300
Equity and liabilities			
Equity			
Share capital		1,708,518,930	1,708,518,930
Share premium, net		1,190,734,840	1,190,734,840
Statutory reserve		43,500,959	43,500,959
Other reserves	11	13,744,409	-
Retained earnings		724,912,518	607,011,137
Total equity		3,681,411,656	3,549,765,866
Liabilities			
Non-current liabilities			
Trade and other payables		130,316,621	130,316,621
Lease liabilities	6	4,815,996,328	4,950,243,105
Aircraft related provisions	7	2,950,522,013	3,115,517,040
Loans	8	972,531,615	1,054,715,135
Employees' end of service benefits liabilities		332,695,801	316,852,389
Total non-current liabilities		9,202,062,378	9,567,644,290
Current liabilities			
Trade and other payables		1,926,726,422	1,800,422,747
Lease liabilities	6	1,042,843,336	1,039,982,124
Aircraft related provisions	7	310,345,321	310,285,694
Loans	8	328,734,078	429,477,828
Contract liabilities	10	607,750,746	525,546,751
Total current liabilities		4,216,399,903	4,105,715,144
Total liabilities		13,418,462,281	13,673,359,434
Total equity and liabilities		17,099,873,937	17,223,125,300

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman
Ayed Thawab Aljeaid

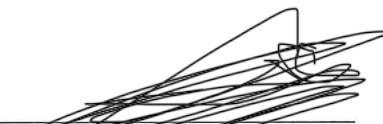

Chief Executive Officer
Bander Almohanna

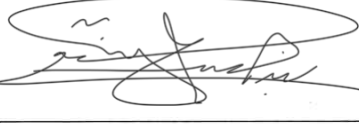

Chief Financial Officer
Ramzi Zaroubi

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of profit or loss (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended	
		31 March 2026	31 March 2025
Revenue	10	2,005,545,356	1,828,094,407
Cost of revenue		(1,658,284,618)	(1,413,573,633)
Gross profit		347,260,738	414,520,774
Selling and marketing expenses		(71,398,515)	(69,434,130)
General and administrative expenses		(47,227,028)	(39,691,666)
Provision for expected credit losses		(2,906,410)	(9,084,818)
Net foreign exchange loss		(5,693,660)	(2,558,336)
Operating profit		220,035,125	293,751,824
Finance income		47,490,255	18,221,566
Net gain on derivative financial instrument	11	31,158,545	-
Finance cost		(172,134,952)	(155,714,796)
Profit before zakat		126,548,973	156,258,594
Zakat expense	9	(8,647,592)	(8,400,000)
Profit for the period		117,901,381	147,858,594
Earnings per share from profit attributable to the shareholder			
<i>Basic and diluted earnings per share</i>	14	0.69	1.02

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman
Ayed Thawab Aljeaid



Chief Executive Officer
Bander Almohanna


Chief Financial Officer
Ramzi Zaroubi


FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of comprehensive income (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended	
		31 March 2026	31 March 2025
Profit for the period		117,901,381	147,858,594
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Post designation change in intrinsic value of cash flow hedge	11	22,808,637	-
Costs of hedging – post designation change in time value of cash flow hedge	11	(2,182,354)	-
Other comprehensive income for the period		20,626,283	-
Total comprehensive income for the period		138,527,664	147,858,594

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman
Ayed Thawab Aljeaid



Chief Executive Officer
Bander Almohanna




Chief Financial Officer
Ramzi Zaroubi

A

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of changes in equity
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total equity
As at 1 January 2025 (Audited)	1,534,250,000	-	43,500,959	-	65,295,300	1,643,046,259
Profit for the period	-	-	-	-	147,858,594	147,858,594
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	147,858,594	147,858,594
As at 31 March 2025 (Unaudited)	1,534,250,000	-	43,500,959	-	213,153,894	1,790,904,853
As at 1 January 2026 (Audited)	1,708,518,930	1,190,734,840	43,500,959	-	607,011,137	3,549,765,866
Profit for the period	-	-	-	-	117,901,381	117,901,381
Other comprehensive income for the period	-	-	-	20,626,283	-	20,626,283
Total comprehensive income for the period	-	-	-	20,626,283	117,901,381	138,527,664
Realised gain on derivative related to settled forecast fuel purchases – basis adjustment (Note 11)	-	-	-	(6,881,874)	-	(6,881,874)
Total	-	-	-	13,744,409	117,901,381	131,645,790
As at 31 March 2026 (Unaudited)	1,708,518,930	1,190,734,840	43,500,959	13,744,409	724,912,518	3,681,411,656

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman
Ayed Thawab Aljeaid



Chief Executive Officer
Bander Almohanna

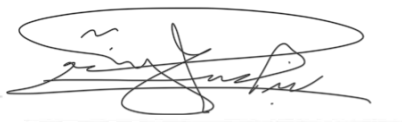

Chief Financial Officer
Ramzi Zaroubi

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of cash flows (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2026	2025
Cash flows from operating activities			
Profit for the period before zakat		126,548,973	156,258,594
Adjustments for:			
Depreciation on aircraft, equipment and fixtures	5	23,157,070	16,005,196
Depreciation on right-of-use assets	6	313,493,934	306,511,598
Provision for employees' end of service benefits liability		19,569,568	17,339,992
Finance income		(47,490,255)	(18,221,566)
Finance cost		172,134,952	155,714,796
Net gain on derivative financial instrument		(31,158,545)	-
Provision for expected credit losses		2,906,410	9,084,818
Operating cash flows before working capital changes			
Deposits for aircraft		579,162,107	642,693,428
Trade receivables		(4,183,660)	(704,960)
Prepayments and other current assets		33,452,846	(40,577,919)
Trade and other payables		(104,362,682)	(99,416,330)
Aircraft related provisions		112,285,965	(83,983,248)
Contract liabilities	7	(125,489,846)	(70,347,240)
Operating cash flows generated after changes in working capital			
Employees' end of service benefits paid		573,068,725	472,016,097
Finance income received		(3,726,156)	(3,533,461)
Finance income received		47,490,255	18,221,566
Net cash flows generated from operating activities			
		616,832,824	486,704,202
Cash flows from investing activities			
Acquisition of Aircraft, property, equipment and fixtures excluding pre-delivery payments		(69,056,756)	(394,484,456)
Pre-delivery payments made for aircraft		(147,000,000)	(174,375,000)
Refund of pre-delivery payments for aircraft		-	80,250,000
Net cash flows associated with acquisition of aircraft, property, equipment and fixtures		(216,056,756)	(488,609,456)
Net cash flows used in investing activities			
		(216,056,756)	(488,609,456)
Cash flows from financing activities			
Payment of lease liabilities - principal element		(187,631,181)	(139,248,735)
Proceeds from loan		-	330,000,000
Repayment of loan	8	(182,927,269)	(65,559,375)
Finance cost paid		(120,468,104)	(160,406,006)
Net cash flows used in financing activities			
		(491,026,554)	(35,214,116)
Net decrease in cash and cash equivalents			
		(90,250,486)	(37,119,370)
Cash and cash equivalents at the beginning of the period		4,142,981,409	1,700,326,378
Cash and cash equivalents at the end of the period			
		4,052,730,923	1,663,207,008
Supplemental non-cash transactions during the period:			
Additions to right- of-use assets		56,245,617	93,635,523
Additions to lease liabilities		56,245,617	93,635,523

The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman
Ayed Thawab Aljeaid


Chief Executive Officer
Bander Almohanna


Chief Financial Officer
Ramzi Zaroubi

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements for the period ended 31 March 2026
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company - A Joint Stock Company (the “Company” or “Flynas”) was incorporated in the Kingdom of Saudi Arabia (“KSA”) under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying condensed interim financial statements include the accounts of the Company and its branches as listed in Note 1 to the annual audited financial statements for the year ended 31 December 2025.

The Company’s licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating, managing and maintenance of aircraft. The principal activities, registered address and its branches have not changed from year ended 31 December 2025.

Following the IPO, announced on 5 May 2025, the Company’s shares commenced trading on the Saudi Exchange on 18 June 2025 (ticker 4264).

2 Basis of preparation

2.1 Statement of compliance

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

These condensed interim financial statements do not include all information and disclosures required for a complete set of financial statements under International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2025.

An interim period is considered as an integral part of the whole fiscal year. However, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.2 Significant event in the current reporting period

During the three-month period ended 31 March 2026, heightened geopolitical developments and elevated security conditions in parts of the Middle East resulted in temporary airspace restrictions, together with increased volatility in jet fuel prices. Certain aviation authorities implemented precautionary airspace closures and route restrictions leading to operational adjustments by airlines across the global aviation sector.

Against this backdrop and reflecting the comparatively lower exposure of Saudi Arabia-based carriers relative to certain neighbouring jurisdictions, the Company experienced limited and temporary operational adjustments during the period, with no material disruption to its core operations or financial performance. Management continues to closely monitor developments in the regional operating environment and global energy markets and will take appropriate mitigating actions as necessary. Refer to Note 2.3 for the Company’s going concern assessment.

2.3 Going concern

Management has assessed the Company’s ability to continue as a going concern, taking into account current operating conditions, available liquidity, and the potential impacts of regional geopolitical developments.

As at 31 March 2026, the Company had a net current asset position of SAR 635.5 million (31 December 2025: SAR 810.6 million) and cash and cash equivalents of SAR 4,053 million (31 December 2025: SAR 4,143 million). For the three-month period ended 31 March 2026, the Company generated a profit of SAR 117.9 million. In addition, the Company has access to undrawn credit facilities totaling SAR 782.2 million, comprising a Murabaha facility of SAR 281.2 million and an aircraft purchase facility of SAR 501 million.

The Company’s results for the three-month period ended 31 March 2026 were not materially impacted, supported in part by favorable fuel pricing arrangements with the supplier. However, the management has considered the increased uncertainty in the outlook arising from ongoing fuel price volatility and the potential operational disruption as part of its going concern assessment.

Management has prepared multiple forward-looking cash flow scenarios, including adverse and severe but plausible downside scenarios incorporating higher fuel price volatility and operational disruption, including the application of simultaneous adverse assumptions. Under all scenarios considered, the Company is expected to maintain sufficient liquidity and financial resources to meet its obligations as they fall due for at least twelve months from the date of authorization of these condensed interim financial statements.

2 Basis of preparation (continued)

2.3 Going concern (continued)

Management considers the current disruption to be temporary in nature, and the fuel price mechanism is not expected to adversely affect the Company's ability to continue operations.

Based on this assessment, management is confident that the Company has adequate financial resources to continue as a going concern for the foreseeable future. Accordingly, the condensed interim financial statements have been prepared on a going concern basis.

2.4 Historical cost convention

The condensed interim financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated.

2.5 Functional and presentation currency

The condensed interim financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All values are rounded to the nearest Saudi Riyal, unless otherwise stated.

3 Material accounting policy information

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2025, except for the adoption of new standards and amendments to standards and new hedge accounting policies adopted during the period, as described below.

Derivative financial instruments

The Company applies the requirements of IFRS 9 'Financial Instruments' for the recognition and measurement of derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Where a derivative is not designated in a qualifying hedge relationship, or prior to the date of its formal designation as a hedging instrument, all changes in its fair value are recognised immediately in profit or loss within "Net gain on derivative financial instrument".

Hedge accounting

During the current interim period, the Company applied hedge accounting in accordance with IFRS 9 for its exposure to commodity price risk, specifically the variability in cash flows of highly probable forecast fuel purchases attributable to changes in the brent crude oil price risk component.

(a) Hedge designation and documentation

At the inception of a hedge relationship, the Company formally designates and documents the hedging relationship, including:

- the risk management objective and strategy for undertaking the hedge;
- identification of the hedging instrument, the hedged item, and the nature of the risk being hedged;
- the economic relationship between the hedging instrument and the hedged item;
- the hedge ratio, being the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting; and
- the possible sources of hedge ineffectiveness.

The hedge ratio is set on the basis of the notional volume of the hedging instrument relative to the volume of forecast fuel purchases designated as the hedged item, and is adjusted (rebalanced) when the hedge ratio no longer reflects an appropriate relationship between the two, without giving rise to a voluntary de-designation.

3 Material accounting policies (continued)

Hedge accounting (continued)

(b) Qualifying criteria

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is consistent with that used for risk management purposes.

(c) Cash flow hedges

The Company designates certain derivative contracts as cash flow hedges of the variability in cash flows attributable to a particular risk associated with highly probable forecast transactions.

The effective portion of changes in the fair value of the designated component of the hedging instrument is recognised in other comprehensive income ("OCI") and accumulated in the cash flow hedge reserve within equity. Any hedge ineffectiveness, being the amount by which the cumulative gain or loss on the hedging instrument exceeds the cumulative change in the fair value of the hedged item (the "lower of" test), is recognised immediately in profit or loss within cost of revenue.

(d) Option contracts – separation of intrinsic value and time value

Where option contracts are used as hedging instruments, the Company designates only the intrinsic value of the option as the hedging instrument.

- Intrinsic value – Gains or losses relating to the effective portion of the change in intrinsic value are recognised in OCI and accumulated in the cash flow hedge reserve within equity.
- Time value – Changes in the fair value of the time value element that relate to the hedged item (the "aligned time value") are recognised in OCI and accumulated in the cost of hedging reserve within equity.

As the Company's hedged items are transaction-related (being specific monthly forecast fuel purchases that result in the recognition of a non-financial asset), the cumulative amount accumulated in the cost of hedging reserve is accounted for in the same manner as the cash flow hedge reserve. When the hedged forecast fuel purchase occurs, the cumulative amount in the cost of hedging reserve is removed from equity and included in the initial cost of the jet fuel inventory (basis adjustment). This is not a reclassification adjustment and therefore does not affect other comprehensive income.

Where hedge accounting is applied prospectively from a designation date later than the trade date of the option, only post-designation changes in the intrinsic and time value components are recognised in OCI. Pre-designation fair value movements remain in profit or loss and are not subsequently reclassified.

(e) Basis adjustment to initial cost of jet fuel inventory

The Company's hedged forecast transactions (monthly forecast fuel purchases) result in the recognition of a non-financial asset – jet fuel inventory under **IAS 2 Inventories**. Accordingly, upon occurrence of the hedged forecast fuel purchase, the cumulative amounts accumulated in each of:

- the cash flow hedge reserve (being the effective portion of changes in the intrinsic value of the option); and
- the cost of hedging reserve (being changes in the aligned time value of the option),

are removed from equity and included in the initial cost of the jet fuel inventory. This is a basis adjustment and is not a reclassification adjustment, and therefore does not affect other comprehensive income.

Given the nature of the Company's airline operations, jet fuel is purchased and consumed substantially simultaneously without any material inventory being held at the reporting date. Accordingly, the basis-adjusted jet fuel inventory is expensed to cost of revenue (fuel cost) upon consumption in the same reporting period.

(f) Discontinuation of hedge accounting

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria, after taking into account any rebalancing. This includes instances where the hedging instrument expires, is sold, terminated or exercised. Discontinuation is accounted for prospectively.

3 Material accounting policies (continued)

(f) Discontinuation of hedge accounting (continued)

When hedge accounting is discontinued:

- If the hedged future cash flows are still expected to occur, the cumulative gain or loss accumulated in the cash flow hedge reserve remains in equity and is included in the initial cost of jet fuel inventory (basis adjustment) when the forecast fuel purchases subsequently occur, with the inventory expensed to cost of revenue upon consumption. The cost of hedging reserve is amortised from OCI to profit or loss on a systematic and rational basis over the remaining hedge horizon.
- If the hedged future cash flows are no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

(g) Hedge effectiveness assessment

Hedge effectiveness is assessed at the inception of the hedge relationship and on an ongoing prospective basis to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The Company applies the hypothetical derivative method. As the Company has designated only the intrinsic value of the purchased option as the hedging instrument, the hypothetical derivative is constructed to mirror the one-sided nature of the hedged risk and is calibrated such that its intrinsic value is nil at the inception of the hedge relationship. This is achieved by setting the hypothetical derivative's reference strike equal to the Brent crude oil forward price curve prevailing at the designation date. Hedge effectiveness is measured by comparing the cumulative change in the intrinsic value of the designated option (the hedging instrument) with the cumulative change in the intrinsic value of the hypothetical derivative from the designation date.

Sources of hedge ineffectiveness include, but are not limited to:

- timing differences between the settlement profile of the hedging instrument and the consumption pattern of hedged fuel purchases;
- basis differences between the price of the hedging instrument's underlying and the risk component within the Company's fuel procurement pricing;
- the effect of late designation, where the hypothetical derivative is calibrated at market rates prevailing at the inception of the hedge relationship rather than at the trade date of the hedging instrument; and
- changes in the expected timing or volume of forecast fuel purchases.

Change in presentation of profit or loss and other comprehensive income

From the current interim period, the Company presents profit or loss and other comprehensive income in two separate statements – a condensed interim statement of profit or loss and a condensed interim statement of comprehensive income. In prior periods, these were presented in a single continuous statement.

This change has been made following the Company's adoption of hedge accounting during the period. The application of hedge accounting has resulted in the recognition of multiple components within other comprehensive income, notably the cash flow hedge reserve and the cost of hedging reserve. These components are material in comparison to the amounts previously recognised in other comprehensive income.

In the Company's view, the revised presentation provides users with more relevant and reliable information by clearly distinguishing the results of the Company's operating performance from other comprehensive income items. The two-statement approach enhances the understandability and comparability of financial information.

Comparative information for the prior interim period has been re-presented to conform with the current presentation format.

3 Material accounting policies (continued)

(g) Hedge effectiveness assessment (continued)

New accounting standards, amendments and interpretations not yet adopted by the Company

Certain new standards and amendments to accounting standards have been published that are not mandatory for periods commencing 1st January 2025 reporting periods and have not been early adopted by the Company. Included within new standards and amendments is IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18").

IFRS 18 will change how the Company presents performance rather than what it recognises or measures. From 1 January 2027, the statement of profit or loss will be restructured to present revenue and expenses within operating, investing and financing categories, and introduce the IFRS-specified subtotals 'operating profit or loss' and 'profit or loss before financing and zakat'.

As a consequential change to the cash flow statement, when using the indirect method, the starting point will become 'operating profit or loss'; the Company will also reassess labels and the aggregation/disaggregation of items across the primary statements and notes to improve clarity and comparability.

The Company will adopt IFRS 18 from its mandatory effective date of January 1, 2027 with retrospective application.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2025 except for significant judgements in the context of hedge accounting:

- related to highly probable assessment of forecast fuel purchases;
- separately identifiable risk component determination (Brent Crude vs Jet fuel price risk);
- hedge effectiveness assessment in highly disruptive market; and
- fair value estimation of the option.

Also see Note 11.

5 Aircraft, property, equipment and fixtures

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Aircraft, property, equipment and fixtures	1,401,231,729	1,371,334,836
Capital work in progress (CWIP)	1,387,516,327	1,223,823,063
	<u>2,788,748,056</u>	<u>2,595,157,899</u>

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
(All amounts are in Saudi Riyals unless otherwise stated)

5 Aircraft, property, equipment and fixtures (continued)

		Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2025		617,352,749	24,710,176	7,758,899	649,821,824
Cost					
As at 1 January 2025		1,147,753,889	87,055,031	30,875,590	1,265,684,510
Additions		1,524,574,904	57,002	1,978,402	1,526,610,308
Disposals		(1,052,157,510)	-	(1,219,762)	(1,053,377,272)
Transfers from CWIP		331,691,368	-	-	331,691,368
At 31 December 2025		1,951,862,651	87,112,033	31,634,230	2,070,608,914
Accumulated depreciation					
As at 1 January 2025		530,401,140	62,344,855	23,116,691	615,862,686
Charge for the year		76,888,189	3,004,123	4,709,049	84,601,361
		-	-	(1,189,969)	(1,189,969)
As at 31 December 2025		607,289,329	65,348,978	26,635,771	699,274,078
Net book value as at 31 December 2025		1,344,573,322	21,763,055	4,998,459	1,371,334,836
	Land	Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2026	-	1,344,573,322	21,763,055	4,998,459	1,371,334,836
Cost					
As at 1 January 2026	-	1,951,862,651	87,112,033	31,634,230	2,070,608,914
Additions	52,363,492	-	-	690,471	53,053,963
At 31 March 2026	52,363,492	1,951,862,651	87,112,033	32,324,701	2,123,662,877
Accumulated depreciation					
As at 1 January 2026	-	607,289,329	65,348,978	26,635,771	699,274,078
Charge for the period	-	21,426,011	753,695	977,364	23,157,070
As at 31 March 2026	-	628,715,340	66,102,673	27,613,135	722,431,148
Net book value as at 31 March 2026	52,363,492	1,323,147,311	21,009,360	4,711,566	1,401,231,729

During the period ended 31 March 2026, the Company acquired land located in Riyadh for the purpose of training facilities. The land is initially measured at cost which includes the purchase price and directly attributable costs necessary to bring it to its intended use amounting to SAR 52.4 million.

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6 Right-of-use assets and lease liabilities

6.1 Right-of-use assets

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	7,694,313,025	7,830,739,267
Additions (Refer Note 6.1.1)	56,245,617	1,472,174,405
Termination	-	(234,974,692)
Depreciation	(313,493,934)	(1,373,625,955)
Balance at the end of the period / year	7,437,064,708	7,694,313,025

6.1.1 Additions during the period include leasehold buildings amounting to SAR 56.2 million, aircraft leases amounting to SAR Nil and maintenance assets and redelivery costs amounting to SAR Nil. The depreciation charged for aircraft related and other leases amounts to SAR 213.2 million and for maintenance assets and redelivery costs amounts to SAR 100.3 million.

6.2 Lease liabilities

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	5,990,225,229	5,813,463,597
Additions during the period / year	56,245,617	1,197,426,890
Finance cost for the period / year	89,878,595	370,256,417
Terminations for the period / year	-	(238,826,775)
Payments during the period / year	(277,509,777)	(1,152,094,900)
Balance at the end of the period / year	5,858,839,664	5,990,225,229
Current portion	1,042,843,336	1,039,982,124
Non-current portion	4,815,996,328	4,950,243,105
	5,858,839,664	5,990,225,229

7 Aircraft related provisions

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	3,425,802,734	3,396,814,619
Additions	-	304,252,924
Finance cost	57,417,993	122,662,376
Payments	(125,489,846)	(397,927,185)
Settlement of compensation provided by the supplier (Refer Note 7.1)	(96,863,547)	-
Balance at the end of the period / year	3,260,867,334	3,425,802,734
Current portion	310,345,321	310,285,694
Non-current portion	2,950,522,013	3,115,517,040
	3,260,867,334	3,425,802,734

7.1 As disclosed in Note 11.3 to the annual financial statements for the year ended 31 December 2025, the Company had recognised supplier support credits in relation to aircraft-on-ground events. During the period ended 31 March 2026, these credits were utilised and settled against amounts payable to the supplier.

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8 Loans

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Murabaha Facility – I	837,765,958	1,010,318,218
Murabaha Facility – II	302,499,735	309,374,745
Murabaha Facility – III	161,000,000	164,500,000
	<u>1,301,265,693</u>	<u>1,484,192,963</u>
Current portion	328,734,078	429,477,828
Non-current portion	972,531,615	1,054,715,135
	<u>1,301,265,693</u>	<u>1,484,192,963</u>

8.1 During the period, the Company has repaid loan installments for Murabaha Facility amounting to SAR 183 million.

9 Zakat

The Company has filed the zakat return for all the years, including and up to, 2025. During the period, SAR 8.6 million (31 March 2025: SAR 8.4 million) is provided by the Company in relation to the zakat charge for the period ended 31 March 2026.

10 Revenue and segmental reporting

	For the three-month period ended	
	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Flynas LCC	1,959,683,353	1,775,928,327
Flynas Hajj	434,873	9,095,076
Flynas General Aviation	45,427,130	43,071,004
	<u>2,005,545,356</u>	<u>1,828,094,407</u>

Contract liabilities

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Unutilised tickets	497,504,243	422,746,307
Customer loyalty points	10,451,753	10,061,202
Deposit from customers	99,794,750	92,739,242
	<u>607,750,746</u>	<u>525,546,751</u>
Revenue recognised during the period / year that was included in contract liabilities balance at the beginning of the period / year	<u>417,431,518</u>	<u>410,474,783</u>

Segment results that are reported to the Company's CODM include three operating segments, being its Flynas LCC, Flynas Hajj and Flynas General Aviation. These segments are the basis on which the Company reports the segment information to the CODM for the purposes of resource allocation and assessment of segment performance. The principal services of each of these segments are as follows:

- Flynas LCC: This business segment represents the Company's core offering of commercial scheduled flights, which operate according to a pre-planned and published schedule and is offered as a low-cost product.
- Flynas Hajj: This business segment mainly serves Hajj pilgrims traveling to the Kingdom and includes flight operations that are typically arranged based on seasonal demand.
- Flynas General Aviation: This business segment relates to the services provided for aircraft management customers under respective contracts where the Company provides services mainly relating to crew, maintenance of aircraft and other ancillary services. Additionally, this also includes the operation of charter flights for private customers.

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10 Revenue and Segmental reporting (continued)

Segment	31 March 2026 (Unaudited)				31 March 2025 (Unaudited)			
	Flynas LCC	Flynas Hajj	Flynas General Aviation	Total	Flynas LCC	Flynas Hajj	Flynas General Aviation	Total
Revenue	1,959,683,353	434,873	45,427,130	2,005,545,356	1,775,928,327	9,095,076	43,071,004	1,828,094,407
Operating expenses	(1,744,433,227)	(6,829,500)	(34,247,504)	(1,785,510,231)	(1,485,601,436)	(11,388,962)	(37,352,185)	(1,534,342,583)
Operating profit	215,250,126	(6,394,627)	11,179,626	220,035,125	290,326,891	(2,293,886)	5,718,819	293,751,824
Finance cost, net	(93,486,152)	-	-	(93,486,152)	(137,493,136)	-	(94)	(137,493,230)
Profit before zakat	121,763,974	(6,394,627)	11,179,626	126,548,973	152,833,755	(2,293,886)	5,718,725	156,258,594
Zakat expense	(8,647,592)	-	-	(8,647,592)	(8,400,000)	-	-	(8,400,000)
Profit for the period	113,116,382	(6,394,627)	11,179,626	117,901,381	144,433,755	(2,293,886)	5,718,725	147,858,594
Depreciation	(336,647,580)	(3,424)	-	(336,651,004)	(322,520,218)	3,425	-	(322,516,793)
	31 March 2026 (Unaudited)				31 December 2025 (Audited)			
Additions to non-current assets	272,992,844	-	-	272,992,844	2,613,435,315	-	-	2,613,435,315
Total Assets	16,841,758,628	217,580,757	40,534,552	17,099,873,937	16,506,433,574	594,635,278	122,056,448	17,223,125,300
Total Liabilities	13,141,306,348	275,791,414	1,364,519	13,418,462,281	13,537,982,023	124,778,461	10,598,950	13,673,359,434

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10 Revenue and Segmental reporting (continued)

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Revenue:		
Total reportable segments revenue	<u>2,005,545,356</u>	1,828,094,407
Operating expenses:		
Total reportable segments operating expenses	<u>(1,785,510,231)</u>	1,534,342,583

11 Derivative financial instrument

During the year ended 31 December 2025, the Company entered into a plain-vanilla Asian call option (the "Option") on Brent crude oil with a financial institution to economically manage exposure to fuel price volatility. The Company acted as the Option buyer and the counterparty was a financial institution. The contract was traded on 30 October 2025, became effective on 1 January 2026, and is scheduled to terminate on 30 June 2027. The instrument is cash-settled and covers a total notional quantity of 1,310,162 barrels at a strike price of SAR 300 per barrel, for which the Company paid an upfront premium of SAR 6.4 million.

In early 2026, geopolitical developments increased Brent price volatility, and as part of its ongoing risk management process, management reassessed the Company's fuel price risk exposure. In accordance with the Board-approved fuel hedging policy, the Company formally designated the Option as a cash flow hedge effective 11 March 2026.

The hedged item comprises highly probable forecast jet-fuel purchases over the period from 11 March 2026 to 30 June 2027. Hedge accounting is applied to mitigate variability in the cash flows attributable to movements in the Brent crude oil risk component embedded within jet-fuel pricing. The risk being hedged is the variability in cash flows attributable to movement in the Brent crude oil component above the strike price specified in the hedging documentations. The other risk components affecting the variability of the purchase price are not hedged (crack spread, transportation costs and taxes).

Hedge effectiveness is assessed at the inception of the hedging relationship and on a prospective basis thereafter to ensure that an economic relationship exists between the hedged item and the hedging instrument. An economic relationship exists because both the intrinsic value of the Option and the Brent-linked component of jet-fuel prices respond directly to movements in Brent crude oil prices. The terms of the Option, including the strike price, monthly averaging convention and notional quantities, are aligned with the Brent-linked risk component of the Company's forecast fuel purchases.

The Company applies the hypothetical derivative method to assess hedge effectiveness, comparing the changes in the intrinsic value of the designated Option to the changes in the intrinsic value of a hypothetical Brent option that represents the hedged risk exposure.

Hedge ineffectiveness may arise from timing differences between the Option's monthly average settlement and fuel consumption, basis differences between Brent crude prices and the Brent component within supplier pricing formulas, credit risk effects, and changes in the timing or volume of forecast jet-fuel purchases. No hedge ineffectiveness was recognised in profit or loss during the three-month period ended 31 March 2026.

The Option is measured at fair value using an option-pricing model appropriate for Asian options and calibrated using observable market inputs. Accordingly, the derivative is classified within Level 2 of the fair value hierarchy.

Movement in the fair value of derivative financial instrument is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	3,548,916	-
Derivative acquired	-	6,436,170
Net fair value movement – recognised in profit or loss – (pre-designation period)	31,158,545	(2,887,254)
Net fair value movement – recognised in other comprehensive income	<u>20,626,283</u>	-
Balance at end of the period / year	<u>55,333,744</u>	3,548,916

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11 Derivative financial instrument (continued)

Movement in other reserves comprises of cashflow hedge reserve as follows:

	Intrinsic value of options	Cost of hedging reserve	Total cashflow hedge reserve
Opening balance as at 1 January 2026	-	-	-
Change in fair value of hedging instrument recognised in OCI	22,808,637	-	22,808,637
Cost of hedging deferred and recognised in OCI	-	(2,182,354)	(2,182,354)
Realised gain on derivative related to settled forecast fuel purchases – basis adjustment	(6,881,874)	-	(6,881,874)
Balance as at 31 March 2026	15,926,763	(2,182,354)	13,744,409

Subsequent to 31 March 2026, the Option was terminated on 7 April 2026 following a decision by the Company's management, in accordance with the fuel hedging policy, to monetise the in-the-money position. Settlement proceeds of SAR 51.8 million were received by the Company on 9 April 2026.

As a result of the termination, the cumulative balances in the cash flow hedge reserve and cost of hedging reserve as at 7 April 2026 will continue to be accounted for in accordance with IFRS 9 as the underlying hedged forecast fuel occur.

12 Contingencies, Commitments and letters of credit and guarantee

12.1 Commitments

The Company has entered into contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is SAR 36,873 million (31 December 2025: SAR 36,873 million) excluding pre-delivery payments carried out as at the balance sheet date.

12.2 Contingencies

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

12.3 Letters of credit and guarantee

As at 31 March 2026, the Company has outstanding letters of credit and bank guarantees amounting to SAR 1,392 million (31 December 2025: SAR 1,343 million). The outstanding letters of credit include arrangements with the lessors in relation to the heavy maintenance deposits.

13 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements. Related parties represent shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties.

13.1 Related party transactions:

Relationship	Nature of transactions	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Shareholder	Revenue	6,095,551	-
Shareholder	Expense	(5,572,642)	-

Trade receivables include few immaterial balances due from related parties as at 31 March 2026.

14 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the respective periods, in accordance with IAS 33 – *Earnings per Share*.

The weighted average number of ordinary shares for the three-month period ended 31 March 2026 is 170,851,893 shares (31 March 2025: 145,455,129 shares).

There were no dilutive potential ordinary shares outstanding during the current or comparative period and, accordingly, diluted earnings per share is the same as basic earnings per share.

15 Climate change impact

The climate change impact is not materially different from the one already disclosed in the financial statements for the year ended 31 December 2025.

16 Seasonality of operations

Flynas operations are subject to seasonal variations primarily driven by the timing of school and public holidays, as well as religious pilgrimage period of Hajj.

The demand for seats in the low-cost carrier (LCC) segment typically peaks during the summer vacation and all major holidays, with further amplification when holidays coincide with weekends, facilitating extended travel periods.

Demand also peaks during the Hajj period. The transportation of the Hajj pilgrims is concentrated within a two to three months window. Notably, the timing of Hajj shifts by approximately 11 days each year according to the Hijri calendar, resulting in variability in the months affected by increased passenger traffic from one quarter to the other (e.g., May to July during 2025).

This seasonality leads to higher revenues and operating profits during peak periods.

17 Subsequent events

There are no subsequent events for the period ended 31 March 2026 other than the matters already disclosed in Note 11 up to the date of authorisation that require adjustment to or disclosure in these condensed interim financial statements.

18 Date of authorization

These condensed interim financial statements were authorised for issuance on 7 May 2026 by the Board of Directors of the Company.