

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

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2025**

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAL SAUDI LOGISTICS SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2025, and the related interim condensed statement of profit or loss and other comprehensive income for the three month and six-month periods ended 30 June 2025, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with *International Accounting Standard 34, "Interim Financial Reporting"* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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 condensed financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The financial statements for the year ended 31 December 2024 and the interim condensed financial statements for the three-month and six-month periods ended 30 June 2024, respectively, were audited and reviewed by another auditor who expressed an unmodified audit opinion and an unmodified review conclusion on 27 February 2025 (corresponding to 28 Shaban 1446H) and 11 August 2024 (corresponding to 7 Safar 1446H), respectively.

for Ernst & Young Professional Services

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

Jeddah: 19 Safar 1447H
(13 August 2025G)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

| | | 30 June 2025 (Unaudited) S\$ '000 | 31 December 2024 (Audited) S\$ '000 |
|---|--------------|--|--|
| | <i>Notes</i> | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 6 | 739,430 | 720,154 |
| Right-of-use assets | 7 | 527,426 | 522,503 |
| Intangible assets | | 10,570 | 11,686 |
| Trade receivables | 11 | 36,942 | - |
| Long-term loan receivable | 8 | 19,844 | - |
| TOTAL NON-CURRENT ASSETS | | 1,334,212 | 1,254,343 |
| CURRENT ASSETS | | | |
| Long-term loan receivable-current portion | 8 | - | 11,790 |
| Trade receivables | | 430,891 | 480,352 |
| Sublease | | 10,494 | 10,494 |
| Prepayments and other receivables | | 171,237 | 113,414 |
| Short-term Murabaha deposits | | 960,000 | - |
| Cash and cash equivalents | | 496,311 | 1,362,043 |
| TOTAL CURRENT ASSETS | | 2,068,933 | 1,978,093 |
| TOTAL ASSETS | | 3,403,145 | 3,232,436 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 800,000 | 800,000 |
| Statutory reserve | | 114,918 | 114,918 |
| Retained earnings | | 595,676 | 501,141 |
| Actuarial losses | | (13,750) | (13,750) |
| TOTAL EQUITY | | 1,496,844 | 1,402,309 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | 9 | 522,750 | 559,649 |
| Employees' benefits obligations | | 109,633 | 100,101 |
| Lease liabilities | | 692,070 | 683,700 |
| TOTAL NON-CURRENT LIABILITIES | | 1,324,453 | 1,343,450 |
| CURRENT LIABILITIES | | | |
| Long-term loans | 9 | 68,500 | 57,000 |
| Lease liabilities | | 22,077 | 34,377 |
| Trade payables | | 126,205 | 127,395 |
| Accrued expenses and other liabilities | | 230,074 | 229,862 |
| Dividend payable | 10 | 114,400 | - |
| Accrued Zakat | 13 | 20,592 | 38,043 |
| TOTAL CURRENT LIABILITIES | | 581,848 | 486,677 |
| TOTAL LIABILITIES | | 1,906,301 | 1,830,127 |
| TOTAL EQUITY AND LIABILITIES | | 3,403,145 | 3,232,436 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

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

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

For the three-month and six-month periods ended 30 June 2025

| | Notes | <i>Three-month period ended 30 June</i> | | <i>Six-month period ended 30 June</i> | |
|--|-------|---|----------------------|---|----------------------|
| | | 2025 | 2024 | 2025 | 2024 |
| | | (Unaudited) S'000 | (Unaudited) S'000 | (Unaudited) S'000 | (Unaudited) S'000 |
| Revenue | 12 | 393,973 | 405,484 | 778,030 | 858,010 |
| Cost of sales | | (169,976) | (183,058) | (339,883) | (374,601) |
| GROSS PROFIT | | 223,997 | 222,426 | 438,147 | 483,409 |
| Other income | | 873 | 376 | 11,915 | 866 |
| Selling and marketing expenses | | (9,519) | (14,735) | (18,951) | (21,900) |
| General and administrative expenses | | (55,963) | (53,038) | (88,643) | (83,229) |
| Reversal / (charge) of impairment of trade receivables | | 12,980 | 12,515 | (5,119) | 16,242 |
| OPERATING PROFIT | | 172,368 | 167,544 | 337,349 | 395,388 |
| Finance income | | 17,882 | 14,326 | 29,141 | 28,995 |
| Finance cost | | (17,506) | (19,383) | (33,855) | (39,650) |
| Net Finance income/ (costs) | | 376 | (5,057) | (4,714) | (10,655) |
| PROFIT BEFORE ZAKAT | | 172,744 | 162,487 | 332,635 | 384,733 |
| Zakat expense | 13 | (10,500) | (7,035) | (17,300) | (20,835) |
| PROFIT FOR THE PERIOD | | 162,244 | 155,452 | 315,335 | 363,898 |
| Other comprehensive income | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 162,244 | 155,452 | 315,335 | 363,898 |
| Earnings per share: | | | | | |
| Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company | 15 | 2.03 | 1.94 | 3.94 | 4.55 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2025

| | <i>Share capital</i> ﷲ '000 | <i>Statutory Reserve</i> ﷲ '000 | <i>Retained earnings</i> ﷲ '000 | <i>Actuarial losses</i> ﷲ '000 | <i>Total</i> ﷲ '000 |
|--|------------------------------------|--|--|---------------------------------------|------------------------|
| Balance as at 1 January 2024 | 800,000 | 114,918 | 333,306 | (14,097) | 1,234,127 |
| Profit for the period | - | - | 363,898 | - | 363,898 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 363,898 | - | 363,898 |
| Dividends (note 10) | - | - | (261,600) | - | (261,600) |
| Balance as at 30 June 2024 (Unaudited) | 800,000 | 114,918 | 435,604 | (14,097) | 1,336,425 |
| Balance as at 1 January 2025 | 800,000 | 114,918 | 501,141 | (13,750) | 1,402,309 |
| Profit for the period | - | - | 315,335 | - | 315,335 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 315,335 | - | 315,335 |
| Dividends (note 10) | - | - | (220,800) | - | (220,800) |
| Balance as at 30 June 2025 (Unaudited) | 800,000 | 114,918 | 595,676 | (13,750) | 1,496,844 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2025

| | Notes | <i>Six-month period ended 30 June</i> | |
|--|-------|---------------------------------------|-------------|
| | | 2025 | 2024 |
| | | (Unaudited) | (Unaudited) |
| | | ﷲ '000 | ﷲ '000 |
| OPERATING ACTIVITIES | | | |
| Profit before zakat | | 332,635 | 384,733 |
| <i>Adjustments to reconcile profit before zakat to net cash flows:</i> | | | |
| Depreciation on property and equipment | 6 | 25,829 | 32,051 |
| Depreciation on right-of-use assets | | 17,232 | 25,107 |
| Amortisation of intangible assets | | 1,500 | 1,749 |
| Finance costs | | 33,855 | 39,650 |
| Finance income | | (29,141) | (28,995) |
| Provision for employees' benefits obligations | | 10,916 | 14,720 |
| Impairment charge/(reversal) on trade receivables | | 5,119 | (16,242) |
| | | 397,945 | 452,773 |
| <i>Working capital adjustments:</i> | | | |
| Trade receivables | | 7,400 | (127,431) |
| Prepayments and other receivables | | (48,932) | (55,822) |
| Trade payables | | (1,190) | 5,182 |
| Accrued expenses and other liabilities | | 212 | 29,329 |
| Cash generated from operations | | 355,435 | 304,031 |
| Employees' benefit obligations paid | | (1,384) | (7,951) |
| Zakat paid during the period | 13 | (34,751) | (35,845) |
| Finance income received | | 20,250 | 28,995 |
| Finance costs paid | | (10,991) | (12,041) |
| Net cash flows from operating activities | | 328,559 | 277,189 |
| INVESTING ACTIVITIES | | | |
| Additions to property and equipment | 6 | (38,919) | (42,524) |
| Additions to intangible assets | | (384) | (572) |
| Long-term loan receivable | | (8,054) | - |
| Investment in short-term Murabaha deposit | | (960,000) | - |
| Net cash flows used in investing activities | | (1,007,357) | (43,096) |
| FINANCING ACTIVITIES | | | |
| Repayment of long-term loan | | (26,500) | (17,500) |
| Proceeds from long-term loan | | - | 56,192 |
| Payments of finance cost on lease liabilities | | (14,736) | (60) |
| Payment of principal portion of lease liabilities | | (39,298) | (27,204) |
| Dividends paid | 10 | (106,400) | (261,289) |
| Net cash flows used in financing activities | | (186,934) | (249,861) |
| DECREASE IN CASH AND CASH EQUIVALENTS | | (865,732) | (15,768) |
| Cash and cash equivalents at the beginning of the period | | 1,362,043 | 710,426 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 496,311 | 694,658 |



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2025

1 COMPANY INFORMATION

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

On 1 November 2023, the Company completed its Initial Public Offering (“IPO”) and its ordinary shares were listed on the Saudi Stock Exchange (“Tadawul”) accordingly the Company 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Company’s interim condensed financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended 31 December 2024. In addition, results of the interim period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025. Certain comparative figures have been reclassified to conform with the current year’s presentation to these condensed interim financial statements.

2.2 Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis. Further, the interim condensed financial statements are prepared using the accrual basis of accounting and going concern concept.

2.3 Functional currency

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2025

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Company's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the Company's audited financial statements for the year ended 31 December 2024. Any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in 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 2024. New IFRS pronouncements, effective 1 January 2025 (refer note 4) did not have any material effect on these interim condensed financial statements.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment apply for the first time in 2025, but do not have any material impact on the interim condensed financial statements of the Company.

Lack of exchangeability – Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Company's interim condensed financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2025

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The Company intends to adopt these standards when they become effective.

| <i>Standard/ interpretation</i> | <i>Description</i> | <i>Effective from periods beginning on or after</i> |
|---|---|---|
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. | 1 January 2026 |
| Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. | Effective date deferred indefinitely. |
| IFRS 18 Presentation and disclosure in financial statements | IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements. These examples are not intended to illustrate all aspects of the presentation and disclosure requirements in IFRS 18, nor do they illustrate a complete set of financial statements. | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards. | 1 January 2027, with early application permitted |

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2025

6 PROPERTY, PLANT AND EQUIPMENT

The movement of property and equipment during the period ended 30 June 2025 is as follows:

| <i>Cost:</i> | <i>Leasehold improvements # '000</i> | <i>Equipment # '000</i> | <i>Furniture and fixtures # '000</i> | <i>Computers # '000</i> | <i>Capital work- in-progress (CWIP) # '000</i> | <i>Total # '000</i> |
|---------------------------------------|--|-----------------------------|--|-----------------------------|--|-------------------------|
| As at 1 January 2025 | 519,549 | 233,917 | 4,433 | 18,102 | 187,352 | 963,353 |
| Additions during the period | 2,556 | 8,393 | 178 | 2,332 | 31,646 | 45,105 |
| Transfers | 91,678 | 5,198 | - | 573 | (97,449) | - |
| As at 30 June 2025 | 613,783 | 247,508 | 4,611 | 21,007 | 121,549 | 1,008,458 |
| <i>Accumulated depreciation:</i> | | | | | | |
| As at 1 January 2025 | (111,442) | (118,815) | (2,991) | (9,951) | - | (243,199) |
| Charge for the period | (14,042) | (10,440) | (323) | (1,024) | - | (25,829) |
| As at 30 June 2025 | (125,484) | (129,255) | (3,314) | (10,975) | - | (269,028) |
| <i>Net book value:</i> | | | | | | |
| As at 30 June 2025 (Unaudited) | 488,299 | 118,253 | 1,297 | 10,032 | 121,549 | 739,430 |

6.1 Capital work in progress ("CWIP") mainly represents costs incurred incidental to projects in progress in respect of the Cargo Terminals. The projects have two phases and are expected to be completed during the years from 2025 and 2027, respectively.

6.2 During the six-month period ended 30 June 2025 finance charges amounting to #7.68 million (31 December 2024: #20.40 million) and depreciation of right-of-use assets amounting to #6.19 million (31 December 2024: #3.50 million) have been capitalized to CWIP.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2025

6 PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of property and equipment during the year ended 31 December 2024 is as follows:

| | <i>Leasehold improvements</i> S'000 | <i>Equipment</i> S'000 | <i>Furniture and fixtures</i> S'000 | <i>Computers</i> S'000 | <i>Capital work- in-progress (CWIP)</i> S'000 | <i>Total</i> S'000 |
|----------------------------------|--|---------------------------|--|---------------------------|--|-----------------------|
| <i>Cost:</i> | | | | | | |
| 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 | - | 3,251 | - | 5,154 | (8,405) | - |
| Disposals during the year | - | - | - | (127) | - | (127) |
| As at 31 December 2024 | 519,549 | 233,917 | 4,433 | 18,102 | 187,352 | 963,353 |
| <i>Accumulated depreciation:</i> | | | | | | |
| As at 1 January 2024 | (81,539) | (92,027) | (2,328) | (6,852) | - | (182,746) |
| Charge for the period | (29,903) | (26,788) | (663) | (3,128) | - | (60,482) |
| Disposals during the year | - | - | - | 29 | - | 29 |
| As at 31 December 2024 | (111,442) | (118,815) | (2,991) | (9,951) | - | (243,199) |
| <i>Net book value:</i> | | | | | | |
| As at 31 December 2024 (Audited) | 408,107 | 115,102 | 1,442 | 8,151 | 187,352 | 720,154 |

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2025

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES

In applying IFRS-16 Leases, 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).

During the period ended 30 June 2025, the Company executed three new lease agreements for its Headquarters in Jeddah (ten-year term), land in Medina (sixteen-year term) and land in Jeddah (twenty-year term). These agreements resulted in the recognition of Right-of-Use (ROU) assets and lease liabilities amounting to ₪29.05 million (Headquarters), ₪7.41 million (Medina) and ₪17.81 million (Jeddah).

The remaining undiscounted contractual maturities of lease liabilities at 30 June 2025 are disclosed in the note 17.

8 LONG-TERM LOAN RECEIVABLE

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

| | 30 June 2025 (Unaudited) ₪ '000 | 31 December 2024 (Audited) ₪ '000 |
|---|--|--|
| Long-term loan receivable - current portion | - | 11,790 |
| Long-term loan receivable – non-current portion | 19,844 | - |
| | 19,844 | 11,790 |

Long-term loan receivable relates to receivable on 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 was recoverable from the lease liability payment over a period of 3 years. During the period ended 30 June 2025, the Company has performed additional variation order for the lessor for ₪8.05 million. In addition, the rent repayment terms were modified, resulting in the settlement being expected after 12 months from the reporting date. The amount is not subject to any credit risk.

9 LONG-TERM LOANS

The Company's long-term loans, which is measured at amortized cost, are as follows:

| | 30 June 2025 (Unaudited) ₪ '000 | 31 December 2024 (Audited) ₪ '000 |
|-------------------|--|--|
| Long-term loans | 601,890 | 628,390 |
| Upfront fees paid | (10,640) | (11,741) |
| Total | 591,250 | 616,649 |
| Current | 68,500 | 57,000 |
| Non-current | 522,750 | 559,649 |

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2025

9 LONG-TERM LOAN (continued)

9.1 The Company has an agreement with a local commercial bank to obtain a loan facility of ₪500 million in order to finance the cargo terminal projects under construction. As at 30 June 2025, the Company had drawn ₪500 million (2024: ₪500 million) out of sanctioned amount. 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 has complied with the quarterly covenants at the reporting date.

9.2 During 2023, the Company entered into an agreement with Saudi Industrial Development Fund (SIDF) to obtain a loan financing of ₪234.2 million to finance cargo terminal projects. As at 30 June 2025, the Company had obtained ₪112.1 million (2024: ₪112.1 million) out of granted amount of ₪234.2 million (2024: ₪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 ₪195.8 million to finance cargo terminal project in the year 2024.

As at 30 June 2025, the Company had obtained further ₪60.3 million (2024: ₪60.3 million) out of facility amount of ₪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 has complied with the quarterly covenants at the reporting date.

10 DIVIDENDS

During the period ended 30 June 2025, the Company's Board of Directors approved distribution of cash dividends amounting to ₪106.4 million (₪1.33 per share) (30 June 2024: ₪261.6 million (₪3.27 per share)).

During the period ended 30 June 2025, based on the recommendation of Company's Board of Directors, the Ordinary General Meeting has approved cash dividends amounting to ₪114.4 million (₪1.43 per share) which was distributed subsequent to the period end.

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include 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 Controlling Party 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 the 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.

a) List of related parties

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

| <i>Nature of transaction</i> | <i>For the three-month period ended</i> | | <i>For the six-month period ended</i> | |
|------------------------------|---|--------------------------|---------------------------------------|--------------------------|
| | <i>30 June</i> | <i>30 June</i> | <i>30 June</i> | <i>30 June</i> |
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> |
| Revenue | 95,023 | 113,750 | 214,934 | 252,653 |
| Cost charge | (17,220) | (24,828) | (31,340) | (41,329) |
| Shared service recovery | 259 | 324 | 503 | 648 |
| Finance cost | (11,697) | (14,167) | (23,642) | (26,618) |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

| <i>Name of entity</i> | <i>Nature of transactions</i> | <i>For the six-month period ended</i> | |
|---|-------------------------------|---------------------------------------|--------------------------|
| | | <i>30 June</i> | <i>30 June</i> |
| | | <i>2025</i> | <i>2024</i> |
| | | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | | <i>ﷲ '000</i> | <i>ﷲ '000</i> |
| Government-related entities | Revenue | 58,398 | 88,179 |
| | Cost charge | (13,785) | (19,678) |
| | Finance cost | (23,642) | (26,618) |
| Saudi Airlines Cargo Company | Revenue | 95,573 | 122,925 |
| | Cost charge | (6,677) | (8,621) |
| | Shared service recovery | 503 | 648 |
| Saudia Aerospace Engineering Industries Company | Revenue | 40,358 | 35,896 |
| Saudi Ground Services Company | Cost charge | (10,075) | (12,658) |
| | Revenue | 9,164 | 1,740 |
| Saudi Airlines Air Transport Company | Cost charge | (398) | (256) |
| | Cost charge | (141) | - |
| Saudi Private Aviation Flyadeal Company | Revenue | 6,373 | 405 |
| | Cost charge | (60) | (4) |
| | Revenue | 1,429 | 2,346 |
| Saudia Royal Fleet | Revenue | 3,639 | 1,162 |
| Catrion Catering Holding Company | Cost charge | (204) | (10) |
| Saudi Arabian Airlines Corporation | Cost charge | - | (102) |
| | | <u><u> </u></u> | <u><u> </u></u> |

SAL SAUDI LOGISTICS SERVICES COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

| Nature of the balances | <i>Closing balance</i> | |
|--|---|---|
| | <i>30 June 2025 (Unaudited) S'000</i> | <i>31 December 2024 (Audited) S'000</i> |
| <i>Amounts due from related parties:</i> | | |
| Trade receivables- non current | 36,942 | - |
| Trade receivables | 398,322 | 412,993 |
| <i>Amounts due to related parties:</i> | | |
| Trade payables | 35,200 | 48,712 |
| Accruals and other liabilities | 19,275 | 6,796 |
| Lease liability | 624,270 | 656,539 |
| Long-term loans | 143,750 | 151,649 |
| Sublease | 10,494 | 10,494 |

| Name of entity | Nature of the balances | <i>Closing balance</i> | |
|---|------------------------|---|---|
| | | <i>30 June 2025 (Unaudited) S'000</i> | <i>31 December 2024 (Audited) S'000</i> |
| <i>Amounts due from related parties:</i> | | | |
| Government-related entities | Trade receivables | 284,201 | 279,256 |
| Saudia Aerospace Engineering Industries Company | Trade receivables | 122,609 | 95,500 |
| Saudi Airlines Cargo Company | Trade receivables | 18,052 | 23,881 |
| Saudia Royal Fleet | Trade receivables | 4,030 | 2,222 |
| Saudi Airlines Air Transport Company | Trade receivables | 2,013 | 10,039 |
| Saudi Private Aviation | Trade receivables | 3,236 | 1,266 |
| Flyadeal Company | Trade receivables | 1,123 | 829 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2025

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| | | <i>Closing balance</i> | |
|--|--------------------------------|------------------------|--------------------|
| | | <i>30 June</i> | <i>31 December</i> |
| | | <i>2025</i> | <i>2024</i> |
| Name of entity | Nature of the balances | <i>(Unaudited)</i> | <i>(Audited)</i> |
| | | ฿ '000 | ฿ '000 |
| <i>Amounts due to related parties:</i> | | | |
| Government-related entities | Trade payables | 28,131 | 41,981 |
| | Accruals and other liabilities | 15,496 | 1,339 |
| | Lease liabilities | 624,270 | 656,539 |
| | Term loans | 143,750 | 151,649 |
| | Sublease | 10,494 | 10,494 |
| Saudi Ground Services Company | Trade payables | 5,837 | 5,134 |
| | Accruals and other liabilities | 3,647 | 3,515 |
| Saudi Arabian Airlines Corporation | Trade payables | 763 | 763 |
| | Accruals and other liabilities | 30 | 80 |
| Saudi Private Aviation | Trade payables | 4 | 323 |
| | Accruals and other liabilities | 87 | 154 |
| Saudi Airlines Cargo Company | Trade payables | 465 | 127 |
| | Accruals and other liabilities | 15 | 602 |
| Prince Sultan Aviation Academy | Trade payables | - | 384 |
| | Accruals and other liabilities | - | 652 |
| Saudi Airlines Air Transport Company | Accruals and other liabilities | - | 435 |
| Catrion Catering Holding Company | Accruals and other liabilities | - | 19 |

- d) 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:

| | <i>30 June 2025 (Unaudited) S'000</i> | <i>30 June 2024 (Unaudited) S'000</i> |
|------------------------------|---|---|
| Short-term employee benefits | 19,337 | 20,141 |
| Post retirement benefits | 1,030 | 922 |
| | 20,367 | 21,063 |

- e) Board of Directors, Audit committee and Executive committee compensation charged during the six-month period ended 30 June 2025 amounted to S'3.6 million (30 June 2024: S'2.8 million).

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At 30 June 2025

12 REVENUE

12.1 Revenue streams

Revenue for the period comprise of the following streams, timing of revenue recognition at a point in time:

| | <i>For the three-month period ended</i> | | <i>For the six-month period ended</i> | |
|---------------------------|--|---------------------------|--|---------------------------|
| | <i>30 June</i> | <i>31 June</i> | <i>30 June</i> | <i>30 June</i> |
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> |
| Airline handling revenue | 109,668 | 131,696 | 231,277 | 289,004 |
| Terminal handling revenue | 229,334 | 201,644 | 429,383 | 410,052 |
| Logistics revenue | 54,942 | 71,818 | 117,099 | 158,529 |
| Others | 29 | 326 | 271 | 425 |
| | 393,973 | 405,484 | 778,030 | 858,010 |

12.2 Disaggregation of revenue from contracts with customers

(i) Primary geographical markets

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

(ii) Major service lines

| | <i>For the three-month period ended</i> | | <i>For the six-month period ended</i> | |
|-----------|--|---------------------------|--|---------------------------|
| | <i>30 June</i> | <i>30 June</i> | <i>30 June</i> | <i>30 June</i> |
| | <i>2025</i> | <i>2024</i> | <i>2025</i> | <i>2024</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> | <i>ﷲ '000</i> |
| Handling | 339,031 | 333,666 | 660,931 | 699,481 |
| Logistics | 54,942 | 71,818 | 117,099 | 158,529 |
| | 393,973 | 405,484 | 778,030 | 858,010 |

13 ZAKAT

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

| | <i>For the six months period ended 30 June 2025 (Unaudited) ﷲ '000</i> | <i>For the year ended 31 December 2024 (Audited) ﷲ '000</i> |
|---|---|--|
| Balance at beginning of the period / year | 38,043 | 40,847 |
| Charge during the period / year | 17,300 | 33,042 |
| Payments during the period / year | (34,751) | (35,846) |
| | 20,592 | 38,043 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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13 ZAKAT (continued)

Status of assessments

The Company has filed its annual Zakat declarations up to year ended 31 December 2024. The Company has obtained zakat certificate valid until 30 April 2026. Zakat, Tax and Custom Authority (ZATCA) has reviewed the declarations filed and issued assessment dated 17 September 2024 for the year 2020 and 2021 determining additional zakat liability of ₪8.44 million and ₪19.82 million respectively. The Company submitted its objection to ZATCA against this assessment for these years 2020 and 2021, and settled the non-objected amounts of ₪0.28 million, and ₪4.07 million respectively. The Company's objections were later rejected by ZATCA, and the Company raised its objections to General Secretariate of Zakat, Tax and Customs Committees ("GSTC") pending review. Additionally, the Company's filed declaration for the year 2022 is currently under review by ZATCA.

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

14 COMMITMENTS AND CONTINGENCIES

At 30 June 2025, the Company has outstanding commitments for capital expenditures amounting to ₪543.71 million (31 December 2024: ₪91.05 million).

At 30 June 2025, the Company's bankers have issued letters of guarantee amounting to ₪46.79 million (31 December 2024: ₪29.63 million).

15 BASIC AND DILUTIVE EARNINGS PER SHARE

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

| | <i><u>For the three-month period ended</u></i> | | <i><u>For the six-month period ended</u></i> | |
|---|--|---------------------------|--|---------------------------|
| | <i><u>30 June</u></i> | <i><u>30 June</u></i> | <i><u>30 June</u></i> | <i><u>30 June</u></i> |
| | <i><u>2025</u></i> | <i><u>2024</u></i> | <i><u>2025</u></i> | <i><u>2024</u></i> |
| | <i><u>(Unaudited)</u></i> | <i><u>(Unaudited)</u></i> | <i><u>(Unaudited)</u></i> | <i><u>(Unaudited)</u></i> |
| | <i><u>₪ '000</u></i> | <i><u>₪ '000</u></i> | <i><u>₪ '000</u></i> | <i><u>₪ '000</u></i> |
| Profit for the period attributable to shareholders of the Company (₪ '000') | <u>162,244</u> | <u>155,452</u> | <u>315,335</u> | <u>363,898</u> |
| The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000') | <u>80,000</u> | <u>80,000</u> | <u>80,000</u> | <u>80,000</u> |
| Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Company (₪) | <u>2.03</u> | <u>1.94</u> | <u>3.94</u> | <u>4.55</u> |

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

16 OPERATING SEGMENTS

The reportable segments have been identified as follows and derive their revenue 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 zakat.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2025

16 OPERATION SEGMENT (continued)

(a) Information about reportable segments

(i) *Reconciliation of revenue and profits:*

| | <u>For the six months period ended 30 June 2025</u> | | | <u>For the six months period ended 30 June 2024</u> | | |
|------------------------------------|---|---|---|---|---|---|
| | <i>Handling (Unaudited) # '000</i> | <i>Logistics (Unaudited) # '000</i> | <i>Total (Unaudited) # '000</i> | <i>Handling (Unaudited) # '000</i> | <i>Logistics (Unaudited) # '000</i> | <i>Total (Unaudited) # '000</i> |
| Segment revenue | 665,707 | 117,099 | 782,806 | 704,780 | 158,534 | 863,314 |
| Inter-segment revenue | (4,776) | - | (4,776) | (5,299) | (5) | (5,304) |
| | 660,931 | 117,099 | 778,030 | 699,481 | 158,529 | 858,010 |
| Operating and administration costs | (288,787) | (119,248) | (408,035) | (277,553) | (127,028) | (404,581) |
| Depreciation and amortization | (41,687) | (2,874) | (44,561) | (55,436) | (3,471) | (58,907) |
| Other income | 15,788 | (3,873) | 11,915 | 6,435 | (5,569) | 866 |
| | 346,245 | (8,896) | 337,349 | 372,927 | 22,461 | 395,388 |
| Operating profit | 29,141 | - | 29,141 | 28,995 | - | 28,995 |
| Finance income | (33,609) | (246) | (33,855) | (38,678) | (972) | (39,650) |
| Finance costs | | | | | | |
| | 341,777 | (9,142) | 332,635 | 363,244 | 21,489 | 384,733 |
| Profit before Zakat | | | | | | |

(ii) *Reconciliation of assets and liabilities:*

| | <u>For the six months period ended 30 June 2025</u> | | | <u>For the year ended 31 December 2024</u> | | |
|--------------------------|---|---|---|--|---|---------------------------------------|
| | <i>Handling (Unaudited) # '000</i> | <i>Logistics (Unaudited) # '000</i> | <i>Total (Unaudited) # '000</i> | <i>Handling (Audited) # '000</i> | <i>Logistics (Audited) # '000</i> | <i>Total (Audited) # '000</i> |
| Total assets | 3,128,335 | 274,810 | 3,403,145 | 3,066,468 | 165,968 | 3,232,436 |
| Total liabilities | 1,653,666 | 252,635 | 1,906,301 | 1,696,083 | 134,044 | 1,830,127 |

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

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16 SEGMENT INFORMATION (continued)

(b) Geographical information

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

(c) Major customer

Revenue from one customer of the Company's Air cargo handling segment represented approximately 12% (30 June 2024: 14%) of the Company's total revenue for the period ended 30 June 2025.

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial assets include trade receivables, short-term Murabaha deposits, and cash and cash equivalents that derive directly from its operations. The Company's principal financial liabilities comprise trade and other payables, and lease liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company management monitors compliance 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. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework, audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management.

The Company is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods. 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 about the risks faced by the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loans and borrowing with floating interest rates. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. Interest bearing financial assets comprises of short-term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments is amounting to ₪447.5 million (31 December 2024: ₪465 million).

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 ₪4.5 million (2024: ₪4.6 million).

Currency risk

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

The cash and cash equivalents, short-term deposits, trade receivables, and trade payables of the Company are denominated in Saudi Riyals.

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17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any price risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to risk on its trade and other receivables, short-term Murabaha deposits and cash at banks. The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation of the customer profile and payment history.

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

| | 30 June 2025 (Unaudited) S'000 | 31 December 2024 (Audited) S'000 |
|------------------------------|---|---|
| Financial assets | | |
| Long-term loan receivable | 19,844 | 11,790 |
| Trade receivables | 504,908 | 512,309 |
| Sublease | 10,494 | 10,494 |
| Other receivables | 37,955 | 28,540 |
| Short-term Murabaha deposits | 960,000 | - |
| Cash at banks | 496,311 | 1,362,043 |
| | 2,029,512 | 1,925,176 |

Trade receivables are carried at net of provision for expected credit losses. The provision for expected credit loss at 30 June 2025 is S'37.08 million (31 December 2024: S'31.96 million). The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into low risk, fair risk, doubtful, and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables.

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.

The Company's exposure to credit risk for gross trade receivables by type of counterparty mainly includes local and foreign airlines and other related parties that are stated at their estimated realizable values. The five largest customers account for 81% (31 December 2024: 77%) of outstanding gross other trade receivables. As at 30 June 2025 trade receivables from related parties and Government entities comprise of 86% of total outstanding trade receivables (31 December 2024: 83%). The financial position of the related parties are stable.

With respect to credit risk arising from the other financial assets of the Company, including bank balances and cash, 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. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia with high credit rating assigned by international credit rating agencies.

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17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Company. The Company's management has developed a plan to enable the Company to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern.

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 arrangements:

| <i>Non-derivative financial liabilities</i> | <i>Carrying amount S'000</i> | <i>Contractual cash flows</i> | | | <i>Total S'000</i> |
|---|----------------------------------|-------------------------------------|---|--------------------------------------|------------------------|
| | | <i>Less than one year S'000</i> | <i>One year to five years S'000</i> | <i>More than five year S'000</i> | |
| <u>30 June 2025 (Unaudited)</u> | | | | | |
| Trade payables | 126,205 | 126,205 | - | - | 126,205 |
| Accrued expense and other liabilities | 230,074 | 230,074 | - | - | 230,074 |
| Lease liabilities | 714,147 | 71,249 | 310,623 | 815,631 | 1,197,503 |
| Long-term loan | 591,250 | 82,591 | 872,866 | - | 955,457 |
| | 1,659,474 | 510,119 | 1,183,489 | 815,631 | 2,509,239 |
| <u>31 December 2024 (Audited)</u> | | | | | |
| Trade payables | 127,395 | 127,395 | - | - | 127,395 |
| Accrued expense and other liabilities | 221,889 | 221,889 | - | - | 221,889 |
| Lease liabilities | 718,077 | 82,848 | 292,132 | 862,581 | 1,237,561 |
| Long-term loan | 616,649 | 90,162 | 648,202 | 286,368 | 1,024,732 |
| | 1,684,010 | 522,294 | 940,334 | 1,148,949 | 2,611,577 |

Capital risk management

The primary objective of the Company's capital management is to maximize the shareholders' value. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares and other measures commensuration to the circumstances. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within debt, current and non-current portion of term loans.

| | 30 June 2025 (Unaudited) S'000 | 31 December 2024 (Audited) S'000 |
|---------------------------------|---|---|
| Total liabilities | 1,906,301 | 1,830,127 |
| Less: Cash and cash equivalents | (496,311) | (1,362,043) |
| Net debt | 1,409,990 | 468,084 |
| Equity | 1,496,844 | 1,402,309 |
| Gearing ratio - % | 94.20% | 33.38% |

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2025

18 SUBSEQUENT EVENTS

On 6 August 2025, the Board of Directors of the Company approved distributing dividend of ﷲ121.6 million (ﷲ1.52 per share) for the six-month period ended 30 June 2025.

There have been no other significant events since the period ended 30 June 2025, that would require disclosures or adjustments in these condensed interim financial statements.

19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been authorised by the Board of Directors on 6 August 2025, corresponding to 12 Safar 1447H.