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

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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

King's Road Tower, 13th Floor, King Abdul Aziz Road (Malek Road)
P.O. Box 1994, Jeddah 21441
Kingdom of Saudi Arabia, Head Office - Riyadh
C.R. No.: 1010383821, Unified No.: 7000117205

C.R. No.
(Jeddah Branch): 4030276644

Tel: +966 12 221 8400
Fax: +966 12 664 4408

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAL SAUDI LOGISTICS SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company) (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of consolidated financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss for trade receivables As at 31 December 2025, the gross trade receivables balance was SR 415.95 million (31 December 2024: SR 512.31 million), against which a provision for expected credit losses of SR 31.39 million (31 December 2024: SR 31.96 million) was maintained. The Company assesses at each reporting date whether the trade receivables carried at amortised cost are credit impaired. The management determines and recognises expected credit losses (ECL) as required by *International Financial Reporting Standard 9 – Financial Instruments* ("IFRS 9"). We considered this as a key audit matter as the ECL involves significant management judgement and assumptions, including macro-economic factors and study of historical trends. Refer to note 3.5 to the consolidated financial statements for the summary of material accounting policy information, note 2.5 for the critical estimates and assumptions and note 10 which details the disclosure of allowance for expected credit losses against the trade receivables.	Our audit procedures included, among others, the following: • Obtained an understanding of management's assessment of ECL and compared the accounting policy with the requirements of IFRS 9. • Assessed the design and implementation of the key controls related to: - Recording of trade receivables and settlements. - Trade receivables aging reports. • Assessed significant assumptions, including collection rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit loss • Involved our specialists to assess the reasonableness of significant judgments, estimates and assumptions made by the management with reference to the calculation of ECL including the Group's assessment of the probability of default, incorporation of forward looking information and the loss given default parameter. • Tested the completeness of data and the mathematical accuracy of the ECL model. • Obtained a list of the customers that the Company has recorded a management overlay against and assessed the basis used by management to arrive at these additional overlays. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

Other matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 February 2025 (corresponding to 28 Shaban 1446H).

Other information included in the Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance, i.e., the Board of Directors.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors, is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAL SAUDI LOGISTICS SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) (CONTINUED)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

For Ernst & Young Professional Services

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CR.4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

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

Jeddah: 28 Sha'aban 1447H
(16 February 2026G)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

	Note	***31 December 2025 ⃁'000***	*31 December 2024 ⃁'000*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**807,675**	720,154
Right-of-use assets	7	**846,215**	522,503
Intangible assets	8	**11,820**	11,686
Other non-current assets	9	**10,393**	-
TOTAL NON-CURRENT ASSETS		**1,676,103**	1,254,343
CURRENT ASSETS			
Long-term loan receivable	7	-	11,790
Prepayments and other receivables	11	**116,125**	113,414
Sublease	7(h)	**10,494**	10,494
Trade receivables	10	**384,555**	480,352
Cash and cash equivalents	12	**1,542,127**	1,362,043
TOTAL CURRENT ASSETS		**2,053,301**	1,978,093
TOTAL ASSETS		**3,729,404**	3,232,436
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**800,000**	800,000
Reserve	14	**114,918**	114,918
Retained earnings		**720,631**	501,141
Actuarial reserve		**(13,355)**	(13,750)
TOTAL EQUITY		**1,622,194**	1,402,309
NON-CURRENT LIABILITIES			
Long-term loans	15	**480,051**	559,649
Employees' benefit obligations	16	**114,255**	100,101
Lease liabilities	7	**997,052**	683,700
TOTAL NON-CURRENT LIABILITIES		**1,591,358**	1,343,450
CURRENT LIABILITIES			
Long-term loans – current portion	15	**81,799**	57,000
Lease liabilities – current portion	7	**25,536**	34,377
Trade payables	17	**119,000**	127,395
Accrued expenses and other liabilities	18	**247,424**	229,862
Accrued Zakat	28	**42,093**	38,043
TOTAL CURRENT LIABILITIES		**515,852**	486,677
TOTAL LIABILITIES		**2,107,210**	1,830,127
TOTAL EQUITY AND LIABILITIES		**3,729,404**	3,232,436

Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

The attached notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	***31 December 2025 ⃁ '000***	*31 December 2024 ⃁ '000*
Revenue	21	**1,708,430**	1,633,957
Cost of revenue	22	**(746,144)**	(718,742)
GROSS PROFIT		**962,286**	915,215
Other income	23	**2,044**	1,572
Selling and marketing expenses	24	**(41,553)**	(48,440)
General and administrative expenses	25	**(196,082)**	(175,558)
Allowance for expected credit losses	10	**567**	16,627
OPERATING PROFIT		**727,262**	709,416
Finance income	26	**67,239**	59,495
Finance cost	27	**(57,811)**	(74,434)
Net finance income / (costs)		**9,428**	(14,939)
PROFIT BEFORE ZAKAT		**736,690**	694,477
Zakat expense	28	**(38,800)**	(33,042)
PROFIT FOR THE YEAR		**697,890**	661,435
Other comprehensive income for the year			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on employees' benefit obligations	16	**395**	347
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**698,285**	661,782
EARNINGS PER SHARE:			
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company (in ⃁)	32	**8.72**	8.27

Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Note	*Share capital ⃁ '000*	*Reserve ⃁ '000*	*Retained earnings ⃁ '000*	*Actuarial reserve ⃁ '000*	*Total ⃁ '000*
Balance as at 31 December 2023		800,000	114,918	333,306	(14,097)	1,234,127
Profit for the year		-	-	661,435	-	661,435
Other comprehensive income for the year		-	-	-	347	347
Total comprehensive income for the year		-	-	661,435	347	661,782
Dividends	19	-	-	(493,600)	-	(493,600)
Balance as at 31 December 2024		**800,000**	**114,918**	**501,141**	**(13,750)**	**1,402,309**
Profit for the year		-	-	**697,890**	-	**697,890**
Other comprehensive income for the year		-	-	-	**395**	**395**
Total comprehensive income for the year		-	-	**697,890**	**395**	**698,285**
Dividends	19	-	-	**(478,400)**	-	**(478,400)**
Balance as at 31 December 2025		**800,000**	**114,918**	**720,631**	**(13,355)**	**1,622,194**

Chief Financial Officer

Chief Executive Officer

Chairman of the Board of Directors

The attached notes from 1 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	***31 December 2025 ⃁ '000***	*31 December 2024 ⃁ '000*
OPERATING ACTIVITIES			
Profit before Zakat		**736,690**	694,477
Adjustments to reconcile profit before Zakat to net cash flows:			
Depreciation of property and equipment	6	**56,525**	60,482
Depreciation of right-of-use assets	7	**51,868**	41,514
Amortisation of intangible assets	8	**3,312**	3,291
Finance cost	27	**57,811**	74,434
Finance income	26	**(67,239)**	(59,495)
Provision for employees' benefit obligation	16	**20,845**	17,133
Lease modification	7	**(6,417)**	-
Gain on sublease	7	**-**	(4,521)
Loss on disposal of property and equipment		**-**	98
Allowance for expected credit losses	10	**(567)**	(16,627)
		852,828	810,786
Working capital adjustments:			
Other non-current assets		**(10,393)**	-
Prepayments and other receivables		**4,080**	(62,339)
Trade receivables		**96,364**	(73,192)
Trade payables		**(8,395)**	82,660
Accrued expenses and other liabilities		**15,100**	35,225
Cash generated from operations		**949,584**	793,140
Employees' benefit obligations paid	16	**(6,296)**	(3,861)
Finance cost paid		**(11,568)**	(21,462)
Finance income received		**60,448**	59,495
Zakat paid	28	**(34,750)**	(35,846)
Net cash flows from operating activities		**957,418**	791,466
INVESTING ACTIVITIES			
Additions to property and equipment		**(140,367)**	(66,843)
Additions to intangible assets	8	**(3,446)**	(721)
Investment in short-term Murabaha deposits	12	-	500,000
Net cash flows (used in) / from investing activities		**(143,813)**	432,436
FINANCING ACTIVITIES			
Repayment of long-term loans		**(57,000)**	(44,000)
Proceeds from long-term loans		**-**	55,451
Payments of finance cost on lease liabilities		**(51,221)**	(28,389)
Payment of principal portion of lease liabilities		**(46,900)**	(61,747)
Dividends paid	19	**(478,400)**	(493,600)
Net cash flows used in financing activities		**(633,521)**	(572,285)
Net increase in cash and cash equivalents during the year		**180,084**	651,617
Cash and cash equivalent at the beginning of the year		**1,362,043**	710,426
Cash and cash equivalents at the end of the year	12	**1,542,127**	1,362,043

Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

The attached notes from 1 to 37 form an integral part of these consolidated financial statements

SUPPLIMENTAL NON-CASH INFORMATION

	Note	***31 December 2025*** ***⃁ '000***	*31 December 2024* *⃁ '000*
Lease modification during the year	7	**45,141**	372,149
Adjustment of long-term loan receivables with lease liabilities	7	**16,390**	11,790
Remeasurement gain on employees' benefit obligations	16	**395**	347

Chief Financial Officer | Chief Executive Officer | Chairman of the Board of Directors

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.

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

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

The Company's registered office is located at the following address:
Prince Sultan Street,
Albasatin District,
P.O. Box 23716, Jeddah 8628,
Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include accounts of the Company and its subsidiary:

Subsidiary	Country of incorporation	Effective ownership percentage	
		2025	2024
SAL Zones Company ("SAL Zones")	Kingdom Of Saudi Arabia	100%	-

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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") (collectively referred to as "IFRS as endorsed in Kingdom of Saudi Arabia"). The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

These consolidated financial statements are the first statutory consolidated financial statements of the Group and have been prepared for the year ended 31 December 2025. They comprise the financial statements of the Company and its subsidiary, both of which have same reporting date and applies consistent accounting policies.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Accordingly, control exists when all of the following conditions are met:

2. BASIS OF PREPARATION (continued)

2.2 Basis of consolidation (continued)

- power over the investee, being existing rights that give the Group the current ability to direct the relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Control is generally presumed to exist when the Group holds a majority of the voting rights. Where the Group holds less than a majority of the voting or similar rights, it considers all relevant facts and circumstances in assessing whether control exists, including contractual arrangements with other vote holders, rights arising from other contractual arrangements, and the Group's existing and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to one or more of the elements of control.

Consolidation of a subsidiary commences from the date on which the Group obtains control and ceases when the Group loses control. The assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date control is obtained until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent and to non-controlling interests, even if this results in non-controlling interests having a deficit balance. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to align their accounting policies with those of the Group. All intra-group balances, transactions, income, expenses and cash flows are eliminated in full on consolidation.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the Group loses control of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any retained interest is recognised at fair value at the date control is lost.

2.3 Basis of measurement

These consolidated financial statements are prepared under the historical cost basis.

2.4 Functional and presentation currency

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

2. BASIS OF PREPARATION (continued)

2.5 Significant Accounting Judgments, Estimates and Assumptions

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

a) Judgements

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

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

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

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

b) Estimates and assumptions

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

Provision for expected credit losses (ECL) of trade receivables
The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group 's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group 's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group 's trade receivables is disclosed in note 10.

2. BASIS OF PREPARATION (continued)

2.5 Significant Accounting Judgments, Estimates and Assumptions (continued)

b) Estimates and assumptions (continued)

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1. Current versus non-current classification

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

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

All other assets are classified as non-current. A liability is current when it is:

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

The Group classifies all other liabilities as non-current.

3.2. Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.3. Property and equipment

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

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

Lease hold improvements	3-21 years
Equipment	3-19 years
Furniture and fixtures	3-7 years
Computers and IT equipment	3-10 years

An item of property and equipment ("the asset") and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Property and equipment (continued)

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

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

3.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalised, and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortised.

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

The intangibles include software, and is amortised on straight line basis. The estimated useful life of software is three to ten years.

3.5 Financial instruments

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Financial instruments (continued)

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

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

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

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

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

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

3.6 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss and comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and other deposits held with banks whose original maturity period is less than three months and are subject to insignificant change in its values

3.8 Provisions

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

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

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

3.9 Leases

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9 Leases (continued)

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

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

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

3.10 Borrowing costs

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

Other borrowing costs are expensed in the period in which they are incurred in the statement of profit or loss and other comprehensive income. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.11 Employees' benefit obligations

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Earnings per share - EPS

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

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

3.13 Segment information

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

The Group has the following three strategic divisions, which are reportable segments and are defined and assessed by the Executive Committee when reviewing the Group 's performance.

These divisions offer different products and services and are managed separately because of their different fundamentals.

The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Ground handling	Cargo handling services to air cargo carriers operating at the Kingdom's airports and consignees for warehouse handling and storage thereof.
Logistics	End to end logistic solutions services, customs clearance, inventory management and provision of warehouse management solutions.
SAL Zones	Streamlined logistics operations through high-quality warehousing and flexible bonded and non-bonded areas, all supported by a business center that enhances daily warehouse and logistics activities—creating a cohesive and convenient one-stop logistics hub.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Revenue

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

The Group 's revenue consists of airline handling, cargo handling (terminal handling and ground handling) and logistics services (contract logistics, market access, freight forwarding, freight management, fulfilment services and transportation services).

The Group applies following five-step model as given in IFRS to determine when to recognize revenue and at what amount:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled to in exchange for transferring promised goods or services to a customer. The transaction price is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding taxes, duties, amounts collected on behalf of others and is recorded net of trade discounts and volume rebates.

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.15 Finance income and finance cost

Finance income is recognised on an accrual basis using the effective yield basis. Finance cost mainly includes interest accrued on lease liabilities, long-term loan, bank charges and exchange rate losses.

3.16 Cost of revenue, selling and marketing, and general and administrative expenses

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

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

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

3.17 Zakat and tax

Zakat
The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Provision for Zakat for the Group is charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

Value Added Tax (“VAT”)
Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, ZATCA is included as part of prepayments and other current assets or accruals and other current liabilities.

3.18 Dividends

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

3.19 Contingencies

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

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 Group 's consolidated financial statements.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 - *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Rental income may be classified in the operating category within the statement of profit or loss.
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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 consolidated financial statements, available for public use, which comply with IFRS standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect.

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

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).
  The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

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

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

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

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures. The Group does not expect that the amendments will have a material impact on its consolidated financial statements.

6. PROPERTY AND EQUIPMENT

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

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

6.1 Capital work in-progress mainly represents cost incurred to project in progress in respect of the Cargo Terminals. The project is expected to be completed during the year 2027. Similarly transfer from Capital work in-progress during the year ended 31 December 2025 include the construction of extended facility in Jeddah terminal completed during the year and accordingly capitalised ⃁117 million.

6.2 During the year ended 31 December 2025, finance charges amounting to ⃁17.70 million (31 December 2024: ⃁20.40 million) have been capitalized to CWIP.

6. PROPERTY AND EQUIPMENT (continued)

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

	Leasehold improvements ⃁ *'000*	*Equipment* ⃁ *'000*	*Furniture and fixtures* ⃁ *'000*	*Computers and IT equipment* ⃁ *'000*	*Capital work- in-progress* ⃁ *'000*	*Total* ⃁ *'000*
Cost:						
As at 1 January 2024	518,252	225,692	3,875	11,301	133,087	892,207
Additions during the year	1,297	4,974	558	1,774	62,670	71,273
Transfers from capital work in-progress	-	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
Accumulated depreciation:						
As at 1 January 2024	(81,539)	(92,027)	(2,328)	(6,852)	-	(182,746)
Charge for the year	(29,903)	(26,788)	(663)	(3,128)	-	(60,482)
Disposals during the year	-	-	-	29	-	29
As at 31 December 2024	(111,442)	(118,815)	(2,991)	(9,951)	-	(243,199)
Net book value:						
As at 31 December 2024	408,107	115,102	1,442	8,151	187,352	720,154

Depreciation for the year has been allocated as follows:

	2025 **⃁ *'000***	*2024* ⃁ *'000*
Cost of revenue (note 22)	**54,452**	56,582
General and administrative expenses (note 25)	**2,049**	3,866
Selling and marketing expenses (note 24)	**24**	34
	56,525	60,482

7. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

Right-of-use assets

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

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Cost:		
Balance as at the beginning of year	**576,015**	1,063,122
Additions during the year	**410,804**	59,996
Impact of lease modifications during the year	**(38,724)**	(539,936)
Transferred to sublease	-	(7,167)
At the end of the year	**948,095**	576,015
Accumulated depreciation:		
Balance as at the beginning of the year	**(53,512)**	(177,480)
Depreciation for the year (note c)	**(51,868)**	(41,514)
(Reversal)/ capitalisation of depreciation during the year	**3,500**	(3,500)
Lease modification during the year	-	167,787
Transferred to sublease	-	1,195
At the end of the year	**(101,880)**	(53,512)
Carrying amount at the end of the year	**846,215**	522,503

(b). During the year ended 31 December 2025, the Group executed four new lease agreements for Malham Zone, 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 assets and lease liabilities amounting to ⃁353.90 million (Malham Zone), ⃁29.05 million (Headquarters), ⃁7.41 million (Medina) and ⃁20.45 million (Jeddah) respectively.

(c). The depreciation expense for the year is allocated as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Cost of revenue (note 22)	**44,918**	38,425
General and administrative expense (note 25)	**6,950**	3,089
	51,868	41,514

Lease liabilities

(d). The movement of lease liabilities during the year is as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Balance at the beginning of the year	**718,077**	1,080,095
Additions during the year	**410,804**	59,996
Lease modification during the year	**(45,141)**	(372,149)
Interest expense capitalized in CWIP during the year	**7,179**	930
Finance cost	**44,042**	51,131
Lease liability adjusted from long-term loan receivable	**(14,252)**	(11,790)
Payments during the year	**(98,121)**	(90,136)
Balance at the end of the year	**1,022,588**	718,077

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

(e). The lease modifications during the year related to reduction in lease rentals for the Jeddah and Riyadh Terminal Leases which resulted in net decrease in the carrying value of lease liabilities and right-of-use asset.

Similarly during the year 2024, the lease modification related to a reduction in lease rentals and finalizing a 20-year term for the Riyadh Terminal Lease which resulted in decrease in the carrying value of lease liabilities and right-of-use asset by ⃁372 million. The Group has committed to upgrading the Riyadh terminal to the value up to ⃁400 million and not below ⃁350 million. Further, the Group also committed to upgrading the Dammam terminal to the value up to ⃁100 million.

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁ '000*
Lease liabilities - current portion	**25,536**	34,377
Lease liabilities - non-current portion	**997,052**	683,700
	1,022,588	718,077

The remaining undiscounted contractual maturities of lease liabilities at 31 December 2025 are disclosed in the note 30.

(g). In applying IFRS-16 'Leases', the Group elected to use the recognition exemptions for lease contracts that, at the inception date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets) and variable leases amounted to ⃁34.52 million (2024: 34.73 million) (note 22 and note 25).

(h). On 1 May 2024, the Group subleased a warehouse building in Riyadh. The Group has classified the sublease as finance lease as the Group transferred substantially all the risk and reward incidental to the leased asset. The improvement was completed in May 2024 and accordingly, the warehouse was subleased to the ultimate lessee.

(i). Long-term loan receivable represent consideration receivable on the sale of permanent utilities on leasehold land from Jeddah Airports Company (lessor). As per the agreement, the amount is recoverable from the lease liability. The amount is not subject to any credit risk.

8. INTANGIBLE ASSETS

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁ '000*
Cost:		
Balance at the beginning of the year	**25,445**	24,724
Additions during the year	**3,446**	721
Balance at the end of the year	**28,891**	25,445
Accumulated amortisation:		
Balance at the beginning of the year	**(13,759)**	(10,468)
Amortisation charge for the year	**(3,312)**	(3,291)
Balance at the end of the year	**(17,071)**	(13,759)
Carrying amount at the end of the year	**11,820**	11,686

8. INTANGIBLE ASSETS (continued)

The amortisation for the year is allocated as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Cost of revenue (note 22)	**3,286**	3,227
Selling and marketing expense (note 24)	**26**	64
	3,312	3,291

9. OTHER NON-CURRENT ASSETS

Non-current assets comprise of the following:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Advance to suppliers	**7,693**	-
Advance to employees	**2,700**	-
	10,393	-

10. TRADE RECEIVABLES

Trade receivables comprise of the following:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Trade receivables	**415,945**	512,309
Less: Expected credit loss allowance (ECL)	**(31,390)**	(31,957)
	384,555	480,352

The movement in allowance for expected credit loss is as follows:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Balance at the beginning of the year	**31,957**	48,584
Reversal of impairment during the year	**(567)**	(16,627)
Balance at the end of the year	**31,390**	31,957

Trade receivables include ⃁275.94 million (2024: ⃁412.99 million) that are due from related parties of which ⃁109.93 million (2024: ⃁279.26 million) are due from government and related entities (note 20). The Group 's credit risk management policies are disclosed in note 30.

11. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Value added tax (VAT) refundable	**81,474**	71,514
Prepayments	**10,471**	9,356
Advances to vendors	**3,490**	4,004
Others (note 11.2)	**20,690**	28,540
	116,125	113,414

11.1 Others include unbilled revenue and contract assets amounting to ⃁7.36 million (2024: ⃁22.35 million).

11.2 Prepayments and other receivables include ⃁37.58 million (2024: ⃁37.70 million) that are due from related parties (note 20).

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Short-term Murabaha deposits with original maturity of less than three months (note 12.1)	**1,348,000**	-
Cash at banks	**194,127**	1,362,043
	1,542,127	1,362,043

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

These short-term Murabaha deposits earn commission at an average rate of 5.3% per annum as at 31 December 2025 (2024: Nil).

13. SHARE CAPITAL

At 31 December 2025, the authorized, issued and paid-up share capital of the Group is ⃁800 million divided into 80 million shares of ⃁10 each (2024: ⃁800 million divided into 80 million shares of ⃁10 each) and owned as follows:

	31 December 2025			31 December 2024		
	No. of shares in "000"	**Percentage holding**	**Amount *⃁'000***	No. of shares in "000"	Percentage holding	Amount *⃁'000*
Saudi Arabian Airlines Corporation	**39,200**	**49%**	**392,000**	39,200	49%	392,000
Vision International Investment Company	**5,126**	**6%**	**51,260**	7,526	9%	75,264
General public	**35,674**	**45%**	**356,740**	33,274	42%	332,736
Total	**80,000**	**100%**	**800,000**	80,000	100%	800,000

14. RESERVE

This balance represents the total amounts appropriated from net income in prior years as statutory reserves in accordance with the requirements of the previous Companies Law and the Company's By-Law prior to alignment with the new Companies Law. The utilization of these reserves is subject to the decisions of the shareholders' assembly.

15. LONG-TERM LOANS

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Long-term loans (note 15.4)	**571,390**	628,390
Upfront fees paid (note 15.5)	**(9,540)**	(11,741)
	561,850	616,649
Long-term loans - current portion	**(81,799)**	(57,000)
Long-term loans - non-current portion	**480,051**	559,649

15.1 The Group has an agreement with a commercial bank to obtain a loan facility of ⃁500 million in order to finance the cargo terminal projects under construction. As at 31 December 2025, the Group had drawn ⃁500 million (2024: ⃁500 million) out of sanctioned amount. During the year 2023, the Group has reduced the facility amount to ⃁500 million from ⃁600 million. This loan carries markup at commercial rates (SIBOR plus an agreed margin) and is repayable in semi-annual instalments starting from 30 March 2024 up to 30 March 2030. The loan agreement includes certain covenants, which include, but are not limited to, dividend payments and maintenance of certain financial ratios.

15.2 During the year ended 31 December 2024, the Group entered in to Profit Rate Swap (PRS) facility agreement with a local commercial bank for a notional amount of ⃁20 million. At 31 December 2025, the PRS facility has remain unutilized.

15.3 During 2023, the Group 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 31 December 2025, the Group had obtained ⃁ nil (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 Group further obtained a loan financing of ⃁195.8 million to finance cargo terminal project in the year 2024.

During the year 2024, the Group further obtained a financing facility of ⃁195.8 million to finance cargo terminal projects. As at 31 December 2025, the Group had obtained ⃁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 includes certain covenants which include but are not limited to the current ratio and maintenance of certain financial ratios. The Group has complied with the quarterly covenants at the reporting date.

15.4 The movement of the long-term loans are summarised as follows;

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Balance at the beginning of the year	**628,390**	612,105
Loans obtained during the year	-	60,285
Repayments during the year	**(57,000)**	(44,000)
Balance at the end of the year	**571,390**	628,390

15. LONG-TERM LOANS (continued)

15.5 The movement of loans upfront fees are summarised as follows;

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Balance at the beginning of the year	**11,741**	8,749
Upfront fee paid during the year	**-**	4,834
Amortisation during the year	**(2,201)**	(1,842)
Balance at the end of the year	**9,540**	11,741

16. EMPLOYEES' BENEFIT OBLIGATIONS

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Balance at the beginning of the year	**100,101**	87,176
Amounts recognized in statement of profit or loss		
- Current service cost	**15,356**	13,113
- Interest cost	**5,419**	4,020
- Past service cost	**70**	-
	20,845	17,133
Amounts recognized in other comprehensive income:		
- Financial assumptions and experience	**(395)**	(347)
Benefits paid	**(6,296)**	(3,861)
At the end of the year	**114,255**	100,101

As at 31 December 2025 the valuation of EOSB liabilities was carried out by an independent firm of actuaries. The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Discount rate	**5.35%**	5.6%
Expected rate of salary increase	**5.6%**	5.9%
Mortality rate	**Age based rates**	Age based rates
Employee turnover/ withdrawal rate	**9.56%**	6.56%

The quantitative sensitivity analysis for principal assumptions is as follows:

	Changes in assumptions	**31 December 2025**	
		Increase in	**Decrease in**
Discount rate	**1%**	**9,816**	**(11,515)**
Future salary growth	**1%**	**(11,945)**	**10,361**
Withdrawal	**10%**	**780**	**(838)**

16. EMPLOYEES' BENEFIT OBLIGATIONS (continued)

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

The weighted average duration of the defined benefit obligation relating to Employees is 9.47 years (2024: 9.54 years).

The expected maturity analysis of undiscounted employees' benefit obligations is as follows:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
1-5 years	**43,560**	35,980
Over 5 years	**164,221**	152,030

17. TRADE PAYABLES

Trade payables comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Trade payables	**119,000**	127,395

Trade payables include ⃁33.11 million (2024: ⃁48.71 million) payable to related parties (refer note 20).

18. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Goods / services received not invoiced	**73,072**	76,319
Employee related accruals	**57,312**	53,906
Advance from customers	**12,094**	7,973
Accrued rent	**11,077**	6,655
Accrued IT expenses	**10,792**	10,892
Accrued professional charges	**9,296**	15,623
Accrued handling charges	**8,276**	7,857
Accrued logistics services	**7,102**	6,428
Accrued marketing expenses	**6,884**	5,019
Other accruals	**51,519**	39,190
	247,424	229,862

Accrued expenses and other liabilities includes ⃁10.95 million (2024: ⃁6.80 million) due to related parties (refer note 20).

19. DIVIDENDS

During the year ended 31 December 2025, based on the recommendation of Company's Board of Directors, the shareholders in Ordinary General Meeting, held on 24 June 2025 (corresponding to 28 Dhul Al-Hijjah 1446H), approved cash dividend amounting to ⃁114.4 million (⃁1.43 per share) and authorised Board of Directors to declare interim dividends.

During the year ended 31 December 2025, on 19 February 2025, the Company's Board of Directors approved distribution of cash dividends amounting to ⃁106.4 million (⃁1.33 per share). Similarly, on 6 August 2025 and 3 November 2025, respectively, the Board of Directors of the Company approved distribution of cash dividends amounting to ⃁121.6 million (⃁1.52 per share) and ⃁136.0 million (⃁1.70 per share), respectively. (31 December 2024: 493.6 million (⃁6.17 per share)).

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

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

	For the year ended	
Nature of transactions	***31 December 2025 ⃁'000***	*31 December 2024 ⃁'000*
Cost charge	**(81,047)**	(76,490)
Revenue	**411,296**	478,085
Shared service recovery (note 23)	**1,099**	1,194
Finance cost	**(41,681)**	(51,149)

20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	*Nature of transactions*	*For the year ended 31 December*	
		2025	*2024*
		⃁'000	*⃁'000*
Government-related entities	Revenue	**99,399**	155,316
	Cost charge	**(42,479)**	(35,078)
	Finance cost	**(41,681)**	(51,149)
Saudi Airlines Cargo Company	Revenue	**194,594**	216,884
	Cost charge	**(16,255)**	(17,207)
	Shared service recovery	**1,099**	1,194
Saudia Aerospace Engineering Industries Company	Revenue	**77,167**	64,936
Saudi Ground Services Company	Revenue	**475**	-
	Cost charge	**(21,162)**	(23,352)
Saudi Airlines Air Transport Company	Revenue	**19,872**	30,063
	Cost charge	**(398)**	(576)
Saudi Private Aviation	Revenue	**7,644**	2,775
	Cost charge	**(101)**	(139)
Saudia Royal Fleet	Revenue	**7,147**	2,469
Flyadeal Company	Revenue	**4,998**	5,642
Catrion Catering Holding Company	Cost charge	**(385)**	(34)
Prince Sultan Aviation Academy	Cost charge	**(267)**	-
Saudi Arabian Airlines Corporation	Cost charge	-	(104)

(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	*Balances as at 31 December*	
	2025	*2024*
	⃁'000	*⃁'000*
Amounts due from related parties:		
Trade receivables	**275,942**	412,993
Sublease	**10,494**	10,494
Prepayments and other receivables	**37,577**	37,703
Amounts due to related parties:		
Trade payables	**34,721**	48,712
Accrued expenses and other liabilities	**10,952**	6,796
Lease liabilities	**577,503**	656,539
Long-term loans	**131,850**	151,649

20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	*Nature of the balances*	***Balances as at 31 December***	
		2025	*2024*
		⃁'000	*⃁'000*
Amounts due from related parties:			
Government-related entities	Trade receivables	**109,930**	279,256
	Sublease	**10,494**	10,494
Saudia Aerospace Engineering Industries Company	Trade receivables	**139,552**	95,500
Saudi Airlines Cargo Company	Trade receivables	**18,915**	23,881
	Prepayments and other receivables	**2,778**	1,555
Flyadeal Company	Trade receivables	**4,264**	829
Saudi Private Aviation	Trade receivables	**2,062**	1,266
Saudia Royal Fleet	Trade receivables	**662**	2,222
Saudi Ground Services Company	Trade receivables	**542**	-
Saudi Arabian Airlines Corporation	Trade receivables	**15**	-
	Prepayments and other receivables	**34,799**	36,148
Saudi Airlines Air Transport Company	Trade receivables	**-**	10,039

At 31 December 2025, provision for trade receivables from related parties are carried with the expected credit loss allowance of ⃁17.85 million (31 December 2024: ⃁20.96 million).

Name of related parties	*Nature of the balances*	***Balances as at 31 December***	
		2025	*2024*
		⃁'000	*⃁'000*
Amounts due to related parties:			
Government-related entities	Trade payables	**29,281**	41,981
	Accrued expenses and other liabilities	**3,461**	1,339
	Lease liabilities	**577,503**	656,539
	Long-term loans	**131,850**	151,649
Saudi Ground Services Company	Trade payables	**4,057**	5,134
	Accrued expenses and other liabilities	**4,465**	3,515
Saudi Airlines Cargo Company	Trade payables	**406**	127
	Accrued expenses and other liabilities	**2,983**	602
Saudi Arabian Airlines Corporation	Trade payables	**763**	763
	Accrued expenses and other liabilities	**-**	80

20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	*Nature of the balances*	***Balances as at 31 December*** 2025 ⃁'000	*2024* ⃁'000
Amounts due to related parties (continued):			
Prince Sultan Aviation Academy	Trade payables	**145**	384
	Accrued expenses and other liabilities	-	652
Saudi Private Aviation	Trade payables	**43**	323
	Accrued expenses and other liabilities	**43**	154
Catrion Catering Holding Company	Trade payables	**26**	-
	Accrued expenses and other liabilities	-	19
Saudi Airlines Air Transport Company	Accrued expenses and other liabilities	-	435

(d). Key management compensation

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

	31December 2025 ⃁'000	*31December 2024* ⃁'000
Short-term employee benefits	**26,549**	29,216
Post retirement benefits	**2,073**	1,318
	28,622	30,534

ii. Board of Directors, Audit committee and Executive committee compensation charged during the year ended 31 December 2025 amounted to ⃁5.3 million (31 December 2024: ⃁5.6 million).

21. REVENUE

21.1 Revenue streams

Revenue for the year comprise of the following streams:

	31 December 2025 ⃁'000	*31 December 2024* ⃁'000
Terminal handling revenue	**1,010,279**	821,411
Airline handling revenue	**446,303**	539,860
Logistics revenue	**251,848**	271,283
Others	-	1,403
	1,708,430	1,633,957

21. REVENUE (continued)

21.1 Revenue streams (continued)

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Ground handling	**1,456,582**	1,362,674
Logistics	**251,848**	271,283
	1,708,430	1,633,957

22. COST OF REVENUE

Cost of revenue comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Employee costs	**196,100**	168,169
Operating costs of logistics	**161,784**	201,388
Contractual labour cost	**95,025**	101,307
Aircraft handling and related charges	**60,684**	46,571
Depreciation on property and equipment (note 6)	**54,452**	56,582
Depreciation on right-of-use assets (note 7)	**44,918**	38,425
IT Services	**34,954**	24,360
Rental expenses	**32,726**	32,980
Amortisation of intangible assets (note 8)	**3,286**	3,227
Others	**62,215**	45,733
	746,144	718,742

23. OTHER INCOME

Other income comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Management and service fees charged to a related party (note 20)	**1,099**	1,194
Others	**945**	378
	2,044	1,572

24. SELLING AND MARKETING EXPENSES

Selling and marketing expenses comprise of the following:

	31 December 2025 ⃁ '000	*31 December 2024 ⃁ '000*
Marketing expenses	**18,000**	25,464
Employee costs	**21,266**	18,756
Amortisation of intangible assets (note 8)	**26**	64
Depreciation on property and equipment (note 6)	**24**	34
Others	**2,237**	4,122
	41,553	48,440

25. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Employee costs	**129,980**	117,697
Professional and technical consultancies	**33,717**	28,865
Depreciation on right-of-use assets (note 7)	**6,950**	3,089
Bank charges	**4,580**	2,613
IT services	**4,123**	9,115
Travel expenses	**2,055**	1,275
Depreciation of property and equipment (note 6)	**2,049**	3,866
Audit and related fee	**1,875**	1,183
Rental expenses	**1,795**	1,747
Others	**8,958**	6,108
	196,082	175,558

26. FINANCE INCOME

Finance income comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Finance income on short-term Murabaha deposits	**67,239**	59,495

27. FINANCE COST

Finance cost comprise of the following:

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Finance charges on lease liabilities	**37,610**	51,131
Interest on long-term loans	**17,177**	21,618
Exchange loss	**3,024**	1,685
	57,811	74,434

28. ZAKAT

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Balance at the beginning of the year	**38,043**	40,847
Charge for the year	**38,800**	33,042
Payments during the year	**(34,750)**	(35,846)
Balance at the end of the year	**42,093**	38,043

Status of assessments of the Company

The Group has filed its annual Zakat declarations up to year ended 31 December 2024. The Group 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 Group 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 objections were later rejected by ZATCA, and the Group raised its objections to General Secretariate of Zakat, Tax and Customs Committees ("GSTC") still under review by the Appellate Committee. Additionally, the declaration for the year 2022 is currently under review by ZATCA.

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

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

29. COMMITMENTS AND CONTINGENCIES

At 31 December 2025, the Group has outstanding commitments for capital expenditures amounting to ⃁806.4 million (2024: ⃁91.05 million). The commitments primarily pertain to construction of cargo terminals.

At 31 December 2025, the Group's bankers have issued letters of guarantee amounting to ⃁50.55 million (2024: ⃁29.63 million).

As at 31 December 2025 and 31 December 2024, the Group have no outstanding contingency.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT

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

Risk management framework

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

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

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

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

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

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

Interest rate risk
Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group's interest rate risks arise mainly from long-term loan which is at floating rate of interest and is subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Variable rate instruments		
Financial liabilities		
Long-term loan	**430,000**	465,000

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management framework (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis for variable rate instruments
Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before Zakat for the year by ⃁4.3 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 Group's transactions are principally in Saudi Riyals, United States Dollars and Euros. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged with United States Dollars. The Group’s exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

The cash and cash equivalents, short-term Murabaha deposits, trade receivables, sublease, long-term loan receivable, long-term loans and trade and other payables of the Group are denominated in Saudi Riyals.

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 it's issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to other price risk such as equity risk and commodity risk as the Group is neither involved in investment in trading securities nor the commodities.

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

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Financial assets		
Long-term loan receivable	**-**	11,790
Trade receivables	**384,555**	480,352
Sublease	**10,494**	10,494
Other receivables	**20,690**	28,540
Cash and cash equivalents	**1,542,127**	1,362,043
	1,957,866	1,893,219

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

Trade receivables are carried at net of provision for expected credit losses. The expected credit loss allowance at 31 December 2025 is ⃁ 31.39 million (2024: ⃁31.96 million).

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Airline customers	**34,734**	30,770
Commercial customers	**60,947**	56,824
Logistics customers	**286,863**	370,100
Other	**33,401**	54,615
Sub-total	**415,945**	512,309
Expected credit loss allowance (ECL)	**(31,390)**	(31,957)
	384,555	480,352

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

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

The Group renders its services to a large number of customers. The five largest customers (including related parties) account 71% of outstanding trade receivables as at 31 December 2025 (2024: 77%). As at 31 December 2025 trade receivables from related parties and Government entities comprise of 66% of total outstanding trade receivables (31 December 2024: 83%).

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

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

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

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Current (Not due)	**199,817**	200,108
91-180 Days	**36,751**	49,526
181-270 Days	**26,984**	144,065
271-360 Days	**26,264**	67,139
361-450 Days	**33,295**	23,140
Over 451 days	**92,834**	28,331
	415,945	512,309

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

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

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

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

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

31 December 2025	***Carrying Amount ⃁'000***	***Less than one year ⃁'000***	***One year to five years ⃁'000***	***More than five years ⃁'000***	***Total ⃁'000***
Trade payables	**119,000**	**119,000**	**-**	**-**	**119,000**
Accrued expenses and other liabilities	**247,424**	**247,424**	**-**	**-**	**247,424**
Lease liabilities	**1,022,588**	**72,164**	**325,164**	**750,777**	**1,148,105**
Long-term loans	**561,850**	**111,254**	**554,951**	**-**	**666,205**
	1,950,862	**549,842**	**880,115**	**750,777**	**2,180,734**

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2024	*Carrying Amount ⃁'000*	*Less than one year ⃁'000*	*One year to five years ⃁'000*	*More than five years ⃁'000*	*Total ⃁'000*
Trade payables	127,395	127,395	-	-	127,395
Accrued expenses and other liabilities	221,889	221,889	-	-	221,889
Lease liabilities	718,077	82,848	292,132	862,581	1,237,561
Long-term loans	616,649	88,811	459,729	206,476	755,016
	1,684,010	520,943	751,861	1,069,057	2,341,861

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

31. CAPITAL RISK MANAGEMENT

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

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

	31December 2025 ⃁'000	*31December 2024 ⃁'000*
Total liabilities	**2,107,210**	1,830,127
Less: Cash and cash equivalents	**(1,542,127)**	(1,362,043)
Net debt	**565,083**	468,084
Total equity	**1,622,194**	1,402,309
Net Debt to equity ratio - %	**34.83%**	33.38%

32. BASIC AND DILUTIVE EARNINGS PER SHARE

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

	31 December 2025 ⃁'000	*31 December 2024 ⃁'000*
Profit for the year attributable to shareholders of the Group (⃁'000')	**697,890**	661,435
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	**80,000**	80,000
Basic and diluted earnings per share based on profit for the year attributable to shareholders of the Group (⃁)	**8.72**	8.27

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

33. COMPARATIVE FIGURES

Reclassification in Consolidated Statement of Cash Flows

During the year, the Group revised the presentation of the Consolidated Statement of Cash Flows. Certain comparative figures have been reclassified to conform with the current year's presentation.

The effect of such reclassifications are summarised as follows:

- ⃁3,500 thousand related to capitalisation of depreciation of right-of-use assets was reclassified from operating activities to additions to property and equipment under investing activities
- ⃁930 thousand related to capitalisation of interest on lease liabilities was reclassified from operating activities to payments of finance cost on lease liabilities under financing activities.

34. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 31 December 2025 and 31 December 2024, the fair values of the Group’s financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of accounts receivables as at 31 December 2025 and 31 December 2024.

35. OPERATING SEGMENTS

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

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

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

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

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

35. OPERATING SEMENTS (continued)

A. Information about reportable segments

i) Reconciliation of revenue and profits:

	For the year ended 31 December 2025				*For the year ended 31 December 2024*		
	Ground handling ⃁ '000	***Logistics ⃁ '000***	***SAL Zones ⃁ '000***	***Total ⃁ '000***	*Ground handling ⃁ '000*	*Logistics ⃁ '000*	*Total ⃁ '000*
Segment revenue	**1,465,132**	**251,848**	-	**1,716,980**	1,372,612	271,308	1,643,920
Inter-segment revenue	**(8,550)**	**-**	-	**(8,550)**	(9,938)	(25)	(9,963)
External revenue	**1,456,582**	**251,848**	-	**1,708,430**	1,362,674	271,283	1,633,957
Operating and administration costs	**(636,147)**	**(233,283)**	**(2,078)**	**(871,508)**	(589,154)	(231,672)	(820,826)
Depreciation and amortisation	**(88,455)**	**(21,283)**	**(1,966)**	**(111,704)**	(99,527)	(5,760)	(105,287)
Other income / expense	**12,339**	**(10,295)**	-	**2,044**	12,709	(11,137)	1,572
Operating profit / (loss)	**744,319**	**(13,013)**	**(4,044)**	**727,262**	686,702	22,714	709,416
Finance income	**67,239**	-	-	**67,239**	59,495	-	59,495
Finance cost	**(56,257)**	**(1,554)**	-	**(57,811)**	(72,505)	(1,929)	(74,434)
Profit / (loss) before Zakat	**755,301**	**(14,567)**	**(4,044)**	**736,690**	673,692	20,785	694,477

ii) Reconciliation of assets and liabilities:

	For the year ended 31 December 2025				*For the year ended 31 December 2024*		
	Ground handling ⃁ '000	***Logistics ⃁ '000***	***SAL Zones ⃁ '000***	***Total ⃁ '000***	*Ground handling ⃁ '000*	*Logistics ⃁ '000*	*Total ⃁ '000*
Total assets	**3,113,011**	**252,976**	**363,417**	**3,729,404**	3,066,468	165,968	3,232,436
Total liabilities	**1,504,820**	**269,969**	**332,421**	**2,107,210**	1,696,083	134,044	1,830,127

35. OPERATING SEMENTS (continued)

B. Reconciliations of information on reportable segments to IFRS measures

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

C. Geographical information

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

D. Major customer

Revenue from one customer of the Group represented approximately 11% (2024: 13%) of the Group's total revenue for the year ended 31 December 2025.

36. SUBSEQUENT EVENTS

a) On 10 February 2026, the Board of Directors approved a dividend payment of ⃁151.2 million (⃁1.89 per share) for the year ended 31 December 2025. The dividends are attributable to the shareholders of the Group who own shares with the effective date of 10 February 2026 as registered in the registry of the Group's shareholders in the Securities Depository Center (Edaa).

b) On 28 January 2026 the Company issued a ⃁ denominated unsecured Sukuk Program amounting to SR 1 billion with profit rate of six-month SAIBOR plus an agreed markup rate. Sukuk Program will mature by January 2031.

There have been no other significant events since the year ended 31 December 2025, that would require disclosures or adjustments in these consolidated financial statements.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Board of Directors of the Group on 10 February 2026, corresponding to 22 Sha'aban 1447H.