

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

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2025**

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2025

<i>INDEX</i>	<i>PAGE</i>
Independent Auditor's Review Report on Interim Condensed Financial Statements	1
Interim Condensed Statement of Financial Position	2
Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	3
Interim Condensed Statement of Changes in Equity	4
Interim Condensed Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6 – 24

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

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2025, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2025, and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The financial statements 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). Further, the interim condensed financial statements of the Company for the three-month and nine-month periods ended 30 September 2024 were also reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 7 November 2024 (corresponding to 5 Jumada Al Awal 1446H).

for Ernst and Young Professional Services



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

Jeddah: 14 Jumada Al-Ula 1447H
(5 November 2025G)



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2025

		30 September 2025 (Unaudited) S\$ '000	31 December 2024 (Audited) S\$ '000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	788,882	720,154
Right-of-use assets	7	515,480	522,503
Intangible assets		12,285	11,686
Long-term loan receivable	8	19,844	-
TOTAL NON-CURRENT ASSETS		1,336,491	1,254,343
CURRENT ASSETS			
Long-term loan receivable – current portion	8	-	11,790
Trade receivables		379,416	480,352
Sublease		10,494	10,494
Prepayments and other receivables		169,345	113,414
Cash and cash equivalents		1,432,721	1,362,043
TOTAL CURRENT ASSETS		1,991,976	1,978,093
TOTAL ASSETS		3,328,467	3,232,436
EQUITY AND LIABILITIES			
EQUITY			
Share capital		800,000	800,000
Statutory reserve		114,918	114,918
Retained earnings		654,966	501,141
Actuarial losses		(13,750)	(13,750)
TOTAL EQUITY		1,556,134	1,402,309
NON-CURRENT LIABILITIES			
Long-term loans	9	477,300	559,649
Employees' benefits obligations		111,344	100,101
Lease liabilities	7	692,640	683,700
TOTAL NON-CURRENT LIABILITIES		1,281,284	1,343,450
CURRENT LIABILITIES			
Long-term loans – current portion	9	97,000	57,000
Lease liabilities – current portion	7	23,303	34,377
Trade payables		80,740	127,395
Accrued expenses and other liabilities		258,475	229,862
Dividend payable	10	438	-
Accrued Zakat	13	31,093	38,043
TOTAL CURRENT LIABILITIES		491,049	486,677
TOTAL LIABILITIES		1,772,333	1,830,127
TOTAL EQUITY AND LIABILITIES		3,328,467	3,232,436



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

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

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

For the three-month and nine-month periods ended 30 September 2025

	Note	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September 2025 (Unaudited) S'000</i>	<i>30 September 2024 (Unaudited) S'000</i>	<i>30 September 2025 (Unaudited) S'000</i>	<i>30 September 2024 (Unaudited) S'000</i>
Revenue	12	421,206	367,257	1,199,236	1,225,267
Cost of sales		(170,612)	(158,772)	(510,495)	(533,373)
GROSS PROFIT		250,594	208,485	688,741	691,894
Other income, net		491	496	12,406	1,362
Selling and marketing expenses		(11,541)	(11,559)	(30,492)	(33,459)
General and administrative expenses		(58,465)	(43,656)	(147,108)	(126,885)
Reversal of impairment of trade receivables		6,751	5,474	1,632	21,716
OPERATING PROFIT		187,830	159,240	525,179	554,628
Finance income		19,794	14,029	48,935	43,024
Finance cost		(16,234)	(16,415)	(50,089)	(56,065)
Net Finance income / (costs)		3,560	(2,386)	(1,154)	(13,041)
PROFIT BEFORE ZAKAT		191,390	156,854	524,025	541,587
Zakat expense	13	(10,500)	(1,350)	(27,800)	(22,185)
PROFIT FOR THE PERIOD		180,890	155,504	496,225	519,402
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		180,890	155,504	496,225	519,402
Earnings per share:					
Basic earnings and diluted earnings per share attributable to ordinary equity holders of the Company (in S')	15	2.26	1.94	6.20	6.49



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2025

	<i>Share capital</i> ﷲ '000	<i>Statutory reserve</i> ﷲ '000	<i>Retained earnings</i> ﷲ '000	<i>Actuarial losses</i> ﷲ '000	<i>Total</i> ﷲ '000
Balance as at 1 January 2024	800,000	114,918	333,306	(14,097)	1,234,127
Profit for the period	-	-	519,402	-	519,402
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	519,402	-	519,402
Dividends (note 10)	-	-	(377,600)	-	(377,600)
Balance as at 30 September 2024 (unaudited)	800,000	114,918	475,108	(14,097)	1,375,929
Balance as at 1 January 2025	800,000	114,918	501,141	(13,750)	1,402,309
Profit for the period	-	-	496,225	-	496,225
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	496,225	-	496,225
Dividends (note 10)	-	-	(342,400)	-	(342,400)
Balance as at 30 September 2025 (unaudited)	800,000	114,918	654,966	(13,750)	1,556,134



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2025

		<i>Nine-month period ended</i>	
	<i>Note</i>	<i>30 September 2025 (Unaudited) S\$ '000</i>	<i>30 September 2024 (Unaudited) S\$ '000</i>
OPERATING ACTIVITIES			
Profit before Zakat		524,025	541,587
<i>Adjustments to reconcile profit before Zakat to net cash flows:</i>			
Depreciation on property and equipment	6	40,597	47,052
Depreciation on right-of-use assets		25,850	34,783
Amortisation of intangible assets		2,327	2,536
Finance costs		50,089	56,313
Finance income		(48,935)	(43,024)
Provision for employees' benefits obligations		15,694	12,323
Reversal of impairment of trade receivables		(1,632)	(21,716)
		608,015	629,854
<i>Working capital adjustments:</i>			
Trade receivables		102,568	(48,038)
Prepayments and other receivables		(46,411)	(52,447)
Trade payables		(46,655)	21,253
Accrued expenses and other liabilities		28,613	20,616
Cash generated from operations		646,130	571,238
Employees' benefit obligations paid		(4,451)	(2,718)
Zakat paid during the period	13	(34,750)	(35,846)
Finance income received		39,415	43,024
Finance costs paid		(12,844)	(15,418)
Net cash flows from operating activities		633,500	560,280
INVESTING ACTIVITIES			
Additions to property and equipment	6	(99,809)	(55,950)
Additions to intangible assets		(2,926)	(596)
Long-term loan receivable		(8,054)	-
Investment in short-term Murabaha deposits		-	(210,000)
Net cash used in investing activities		(110,789)	(266,546)
FINANCING ACTIVITIES			
Repayment of long-term loans		(44,000)	(35,000)
Proceeds from long-term loans		-	55,451
Payments of finance cost on lease liabilities		(28,876)	(2,558)
Payment of principal portion of lease liabilities		(37,195)	(33,985)
Dividends paid		(341,962)	(377,600)
Net cash used in financing activities		(452,033)	(393,692)
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		70,678	(99,958)
Cash and cash equivalents at the beginning of the period		1,362,043	710,426
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,432,721	610,468



Chief Financial Officer



Chief Executive Officer



Authorized Board Representative

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

At 30 September 2025

1 COMPANY INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

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

2.3 Functional currency

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

2.4 Significant accounting judgements, estimates and assumptions

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 30 September 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2024. New IFRS pronouncements, effective 1 January 2025 (refer note 4) did not have any material effect on these interim condensed financial statements.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment apply for the first time in 2025, but does not have any material impact on the interim condensed financial statements of the Company.

Lack of exchangeability – Amendments to IAS 21

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

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

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

<i>Standard/ interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after</i>
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.

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

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

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

<i>Standard/ interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after</i>
IFRS 18 Presentation and disclosure in 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. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the annual financial statements when it will be effective.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards.	1 January 2027, with early application permitted

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

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

At 30 September 2025

6 PROPERTY AND EQUIPMENT

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

	<i>Leasehold improvements</i> S'000	<i>Equipment</i> S'000	<i>Furniture and fixtures</i> S'000	<i>Computers</i> S'000	<i>Capital work- in-progress (CWIP)</i> S'000	<i>Total</i> S'000
Cost:						
As at 1 January 2025	519,549	233,917	4,433	18,102	187,352	963,353
Additions during the period	10,585	14,272	621	3,863	79,984	109,325
Transferred from capital work in-progress	116,023	5,198	-	573	(121,794)	-
As at 30 September 2025	646,157	253,387	5,054	22,538	145,542	1,072,678
Accumulated depreciation:						
As at 1 January 2025	(111,442)	(118,815)	(2,991)	(9,951)	-	(243,199)
Charge for the period	(22,628)	(15,685)	(482)	(1,802)	-	(40,597)
As at 30 September 2025	(134,070)	(134,500)	(3,473)	(11,753)	-	(283,796)
Net book value:						
As at 30 September 2025 (unaudited)	512,087	118,887	1,581	10,785	145,542	788,882

- 6.1 Capital work in-progress (CWIP) mainly represents cost incurred to projects in progress in respect of the Cargo Terminals. The projects have two phases and are expected to be completed during the years from 2025 and 2027, respectively.
- 6.2 During the nine-month period ended 30 September 2025, finance charges amounting to S'15.43 million (31 December 2024: S'20.40 million) and depreciation of right-of-use assets amounting to S'9.52 million (31 December 2024: S'3.50 million) have been capitalized to CWIP.

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

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

At 30 September 2025

6 PROPERTY AND EQUIPMENT (continued)

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

	<i>Leasehold improvements</i> S'000	<i>Equipment</i> S'000	<i>Furniture and fixtures</i> S'000	<i>Computers</i> S'000	<i>Capital work- in-progress (CWIP)</i> S'000	<i>Total</i> S'000
<i>Cost:</i>						
As at 1 January 2024	518,252	225,692	3,875	11,301	133,087	892,207
Additions during the year	1,297	4,974	558	1,774	62,670	71,273
Transfers	-	3,251	-	5,154	(8,405)	-
Disposals during the year	-	-	-	(127)	-	(127)
As at 31 December 2024	519,549	233,917	4,433	18,102	187,352	963,353
<i>Accumulated depreciation:</i>						
As at 1 January 2024	(81,539)	(92,027)	(2,328)	(6,852)	-	(182,746)
Charge for the period	(29,903)	(26,788)	(663)	(3,128)	-	(60,482)
Disposals during the year	-	-	-	29	-	29
As at 31 December 2024	(111,442)	(118,815)	(2,991)	(9,951)	-	(243,199)
<i>Net book value:</i>						
As at 31 December 2024 (audited)	408,107	115,102	1,442	8,151	187,352	720,154

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

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

At 30 September 2025

7 RIGHT-OF-USE ASSETS & LEASE LIABILITIES

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

	30 September 2025 (Unaudited) S'000	31 December 2024 (Audited) S'000
Cost:		
At the beginning of period / year	576,015	1,063,122
Additions during the period / year	56,905	59,996
Impact of lease modifications during the period / year	(28,562)	(539,936)
Transferred to sublease	-	(7,167)
	<u>604,358</u>	<u>576,015</u>
Accumulated depreciation:		
At the beginning of the period / year	(53,512)	(177,480)
Depreciation expense for the period / year	(25,850)	(41,514)
Capitalised depreciation during the period / year	(9,516)	(3,500)
Lease modification during the period / year	-	167,787
Transferred to sublease during the period / year	-	1,195
	<u>(88,878)</u>	<u>(53,512)</u>
At the end of the period / year	<u>515,480</u>	<u>522,503</u>

- (b). During the period ended 30 September 2025, the Company executed three new lease agreements for its Headquarters in Jeddah (ten-year term), land in Medina (sixteen-year term) and land in Jeddah (twenty-year term). These agreements resulted in the recognition of right-of-use assets and lease liabilities amounting to S'29.05 million (Headquarters), S'7.41 million (Medina) and S'17.81 million (Jeddah) respectively.

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

	30 September 2025 (Unaudited) S'000	31 December 2024 (Audited) S'000
At the beginning of the period / year	718,077	1,080,095
Additions during the period / year	56,905	59,996
Impact of lease modifications during the period / year	(28,562)	(372,149)
Interest expense capitalized in CWIP during the period / year	3,731	930
Finance cost	31,863	51,131
Lease liability adjusted from long-term loan receivable	-	(11,790)
Repayments during the period / year	(66,071)	(90,136)
At the end of the period / year	<u>715,943</u>	<u>718,077</u>

- (d). The lease modifications during the period relate to a reduction in lease rentals for the Jeddah and Riyadh Terminal Leases which resulted in decrease in the carrying value of lease liabilities and right-of-use asset by S'28.56 million.

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

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

At 30 September 2025

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

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 Company has committed to upgrading the Riyadh terminal to the value up to ₪400 million and not below ₪350 million.

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

	30 September 2025 (Unaudited) ₪ '000	31 December 2024 (Audited) ₪ '000
Lease liabilities - current portion	23,303	34,377
Lease liabilities - non-current portion	692,640	683,700
	<u>715,943</u>	<u>718,077</u>

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

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

8 LONG-TERM LOAN RECEIVABLE

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

	30 September 2025 (Unaudited) ₪ '000	31 December 2024 (Audited) ₪ '000
Long-term loan receivable – current portion	-	11,790
Long-term loan receivable – non-current portion	19,844	-
	<u>19,844</u>	<u>11,790</u>

Long-term loan receivable relates to receivable on the sale of permanent utilities on leasehold land relating to Jeddah new terminal facility on behalf of Jeddah Airports Company (lessor). As per the agreement, the amount was recoverable from the lease liability payment over a period of 3 years. During the period ended 30 September 2025, the Company has performed additional variation order for the lessor for ₪8.05 million. In addition, the rent repayment terms were modified, resulting in the settlement being expected after 12 months from the reporting date. The amount is not subject to any credit risk.

9 LONG-TERM LOANS

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

	30 September 2025 (Unaudited) ₪ '000	31 December 2024 (Audited) ₪ '000
Long-term loans (note 9.1 & 9.2)	584,390	628,390
Upfront fees paid	(10,090)	(11,741)
Total	<u>574,300</u>	<u>616,649</u>

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

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

At 30 September 2025

9 LONG-TERM LOANS (continued)

	30 September 2025 (Unaudited) S\$ '000	31 December 2024 (Audited) S\$ '000
Current	97,000	57,000
Non-current	477,300	559,649

- 9.1 The Company has an agreement with a local commercial bank to obtain a loan facility of S\$ 500 million in order to finance the cargo terminal projects under construction. As at 30 September 2025, the Company had drawn S\$ 500 million (2024: S\$ 500 million) out of sanctioned amount. This loan carries markup at commercial rates (SIBOR plus an agreed margin) and is repayable in semi-annual instalments starting from 30 March 2024 up to 30 March 2030. The loan agreement includes certain covenants, which include, but are not limited to, dividend payments and maintenance of certain financial ratios. The Company has complied with the quarterly covenants at the reporting date.

During the year ended 31 December 2024, the Company entered in to Profit Rate Swap (PRS) facility agreement with a local commercial bank for a notional amount of SR 20 million. At 30 September 2025, the PRS facility has remain unutilized.

- 9.2 During the year 2023, the Company entered into an agreement with Saudi Industrial Development Fund (SIDF) to obtain a loan financing of S\$ 234.2 million to finance cargo terminal projects. As at 30 September 2025, the Company had obtained S\$ 112.1 million (2024: S\$ 112.1 million) out of granted amount of S\$ 234.2 million (2024: S\$ 234.2 million). This loan carries markup at an agreed cost and is repayable in semi-annual instalments starting from 18 October 2024 up to 18 February 2030.

During the year 2024, the Company obtained a financing facility of S\$ 195.8 million to finance cargo terminal project in the year 2024. As at 30 September 2025, the Company had obtained S\$ 60.3 million (2024: S\$ 60.3 million) out of facility amount of S\$ 195.8 million. This loan carries markup at an agreed cost and is repayable in semi-annual instalments starting from 18 October 2024 up to 18 February 2030. The loan agreement includes certain covenants which include but are not limited to the current ratio and maintenance of certain financial ratios. The Company has complied with the quarterly covenants at the reporting date.

10 DIVIDENDS

During the period ended 30 September 2025, based on the recommendation of Company's Board of Directors, the shareholders in Ordinary General Meeting, held on 24 June 2025 (corresponding to 12 Dhul Al-Hijjah 1446H), approved cash dividend amounting to SR 114.4 million (SR 1.43 per share) and authorised Board of Directors to declare interim dividends.

During the period ended 30 September 2025, on 19 February 2025, the Company's Board of Directors approved distribution of cash dividends amounting to S\$ 106.4 million (S\$ 1.33 per share) (30 September 2024: 261.6 million (S\$ 3.27 per share)) and on 6 August 2025, the Board of Directors of the Company approved distribution of cash dividends amounting to S\$ 121.6 million (S\$ 1.52 per share).

11 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 30 September 2025

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a). List of related parties

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

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

<i>Nature of transaction</i>	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September 2025 (Unaudited) S'000</i>	<i>30 September 2024 (Unaudited) S'000</i>	<i>30 September 2025 (Unaudited) S'000</i>	<i>30 September 2024 (Unaudited) S'000</i>
Revenue	98,942	76,141	313,876	361,145
Cost charge	(21,444)	(28,089)	(52,784)	(56,760)
Shared service recovery	283	276	786	924
Finance cost	(11,111)	(12,601)	(34,752)	(39,219)

<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>For the nine-month period ended</i>	
		<i>30 September 2025 (Unaudited) S'000</i>	<i>30 September 2024 (Unaudited) S'000</i>
Government-related entities	Revenue	81,642	115,825
	Cost charge	(25,738)	(26,035)
	Finance cost	(34,752)	(39,219)
Saudi Airlines Cargo Company	Revenue	141,721	165,229
	Cost charge	(10,486)	(11,994)
	Shared service recovery	786	924
Saudia Aerospace Engineering Industries Company	Revenue	56,950	55,997
Saudi Ground Services Company	Revenue	230	-
	Cost charge	(15,577)	(17,892)
Saudi Airlines Air Transport Company	Revenue	14,493	16,894
	Cost charge	(398)	(576)
Saudi Private Aviation	Revenue	7,072	1,298
	Cost charge	(103)	(139)

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

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

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Name of related parties</i>	<i>Nature of transactions</i>	<i>For the nine-month period ended</i>	
		<i>30 September 2025 (Unaudited) S\$ '000</i>	<i>30 September 2024 (Unaudited) S\$ '000</i>
Saudia Royal Fleet	Revenue	8,615	1,641
Flyadeal Company	Revenue	3,153	4,261
Catrion Catering Holding Company	Cost charge	(341)	(21)
Prince Sultan Aviation Academy	Cost charge	(141)	-
Saudi Arabian Airlines Corporation	Cost charge	-	(103)

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

<i>Nature of the balances</i>	<i>Balances as at</i>	
	<i>30 September 2025 (Unaudited) S\$ '000</i>	<i>31 December 2024 (Audited) S\$ '000</i>
<i>Amounts due from related parties:</i>		
Trade receivables	320,498	412,993
Sublease	10,494	10,494
<i>Amounts due to related parties:</i>		
Trade payables	30,821	48,712
Accrued expenses and other liabilities	18,605	6,796
Lease liabilities	613,159	656,539
Long-term loans	144,300	151,649

<i>Name of related parties</i>	<i>Nature of the balances</i>	<i>Balances as at</i>	
		<i>30 September 2025 (Unaudited) S\$ '000</i>	<i>31 December 2024 (Audited) S\$ '000</i>
<i>Amounts due from related parties:</i>			
Government-related entities	Trade receivables	159,247	279,256
	Sublease	10,494	10,494
Saudia Aerospace Engineering Industries Company	Trade receivables	126,106	95,500
Saudi Airlines Cargo Company	Trade receivables	18,005	23,881
Saudia Royal Fleet	Trade receivables	9,075	2,222
Saudi Airlines Air Transport Company	Trade receivables	3,605	10,039
Flyadeal Company	Trade receivables	2,709	829
Saudi Private Aviation	Trade receivables	1,491	1,266
Saudi Ground Services Company	Trade receivables	260	-

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

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

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	Nature of the balances	Balances as at	
		30 September 2025 (Unaudited) S\$ '000	31 December 2024 (Audited) S\$ '000
Amounts due to related parties:			
Government-related entities	Trade payables	26,629	41,981
	Accrued expenses and other liabilities	14,594	1,339
	Lease liabilities	613,159	656,539
	Long-term loans	144,300	151,649
Saudi Ground Services Company	Trade payables	3,270	5,134
	Accrued expenses and other liabilities	3,781	3,515
Saudi Arabian Airlines Corporation	Trade payables	763	763
	Accrued expenses and other liabilities	-	80
Saudi Private Aviation	Trade payables	43	323
	Accrued expenses and other liabilities	61	154
Saudi Airlines Cargo Company	Trade payables	116	127
	Accrued expenses and other liabilities	42	602
Prince Sultan Aviation Academy	Trade payables	-	384
	Accrued expenses and other liabilities	94	652
Saudi Airlines Air Transport Company	Accrued expenses and other liabilities	-	435
Catrion Catering Holding Company	Accrued expenses and other liabilities	33	19

(d). Key management compensation

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

	<i>30 September 2025 (Unaudited) S\$ '000</i>	<i>30 September 2024 (Unaudited) S\$ '000</i>
Short-term employee benefits	26,549	25,099
Post retirement benefits	2,073	1,162
	28,622	26,261

- ii. Board of Directors, Audit committee and Executive committee compensation charged during the nine-month period ended 30 September 2025 amounted to S\$5.3 million (30 September 2024: S\$4.1 million).

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

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

At 30 September 2025

12 REVENUE

12.1 Revenue streams

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

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Terminal handling revenue	274,045	202,795	703,428	612,847
Airline handling revenue	96,025	125,746	327,302	414,750
Logistics revenue	49,387	38,555	166,486	197,084
Others	1,749	161	2,020	586
	<u>421,206</u>	<u>367,257</u>	<u>1,199,236</u>	<u>1,225,267</u>

12.2 Disaggregation of revenue from contracts with customers

(i) Primary geographical markets

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

(ii) Major segments

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Ground handling	371,819	328,702	1,032,750	1,028,183
Logistics	49,387	38,555	166,486	197,084
	<u>421,206</u>	<u>367,257</u>	<u>1,199,236</u>	<u>1,225,267</u>

13 ZAKAT

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

	<i>For the nine-month</i>	<i>For the year ended</i>
	<i>period ended</i>	<i>31 December 2024</i>
	<i>30 September 2025</i>	<i>(Audited)</i>
	<i>(Unaudited)</i>	<i>ﷲ '000</i>
	<i>ﷲ '000</i>	
Balance at beginning of the period / year	38,043	40,847
Charge during the period / year	27,800	33,042
Payments during the period / year	(34,750)	(35,846)
	<u>31,093</u>	<u>38,043</u>

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

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

At 30 September 2025

13 ZAKAT (continued)

Status of assessments

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

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

14 COMMITMENTS AND CONTINGENCIES

At 30 September 2025, the Company has outstanding commitments for capital expenditures amounting to ₪485.14 million (31 December 2024: ₪91.05 million).

At 30 September 2025, the Company's bankers have issued letters of guarantee amounting to ₪46.49 million (31 December 2024: ₪29.63 million).

15 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>₪ '000</i>	<i>₪ '000</i>	<i>₪ '000</i>	<i>₪ '000</i>
Profit for the period attributable to ordinary shareholders of the Company (₪ '000')	180,890	155,504	496,225	519,402
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	80,000	80,000	80,000	80,000
Basic and diluted earnings per share based on profit for the period attributable to ordinary shareholders of the Company (₪)	2.26	1.94	6.20	6.49

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

16 OPERATING SEGMENTS

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

- 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.

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

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

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

At 30 September 2025

16 OPERATION SEGMENT (continued)

(a) Information about reportable segments

(i) Reconciliation of revenue and profits:

	<u><i>For the nine-month period ended 30 September 2025</i></u>			<u><i>For the nine-month period ended 30 September 2024</i></u>		
	<i>Ground handling</i> <i>(Unaudited)</i> ﷲ '000	<i>Logistics</i> <i>(Unaudited)</i> ﷲ '000	<i>Total</i> <i>(Unaudited)</i> ﷲ '000	<i>Ground handling</i> <i>(Unaudited)</i> ﷲ '000	<i>Logistics</i> <i>(Unaudited)</i> ﷲ '000	<i>Total</i> <i>(Unaudited)</i> ﷲ '000
Segment revenue	1,038,607	166,486	1,205,093	1,035,075	197,089	1,232,164
Inter-segment revenue	(5,857)	-	(5,857)	(6,892)	(5)	(6,897)
External revenue	<u>1,032,750</u>	<u>166,486</u>	<u>1,199,236</u>	<u>1,028,183</u>	<u>197,084</u>	<u>1,225,267</u>
Operating and administration costs	(460,190)	(159,826)	(620,016)	(427,306)	(161,199)	(588,505)
Depreciation and amortization	(61,847)	(4,600)	(66,447)	(78,289)	(5,207)	(83,496)
Other income	19,219	(6,813)	12,406	9,715	(8,353)	1,362
Operating profit / (loss)	<u>529,932</u>	<u>(4,753)</u>	<u>525,179</u>	<u>532,303</u>	<u>22,325</u>	<u>554,628</u>
Finance income	48,935	-	48,935	43,024	-	43,024
Finance costs	(49,476)	(613)	(50,089)	(54,695)	(1,370)	(56,065)
Profit / (loss) before Zakat	<u><u>529,391</u></u>	<u><u>(5,366)</u></u>	<u><u>524,025</u></u>	<u><u>520,632</u></u>	<u><u>20,955</u></u>	<u><u>541,587</u></u>

(ii) Reconciliation of assets and liabilities:

	<u><i>For the nine-month period ended 30 September 2025</i></u>			<u><i>For the year ended 31 December 2024</i></u>		
	<i>Ground handling</i> <i>(Unaudited)</i> ﷲ '000	<i>Logistics</i> <i>(Unaudited)</i> ﷲ '000	<i>Total</i> <i>(Unaudited)</i> ﷲ '000	<i>Ground handling</i> <i>(Audited)</i> ﷲ '000	<i>Logistics</i> <i>(Audited)</i> ﷲ '000	<i>Total</i> <i>(Audited)</i> ﷲ '000
Total assets	3,081,773	246,694	3,328,467	3,066,468	165,968	3,232,436
Total liabilities	<u>1,528,932</u>	<u>243,401</u>	<u>1,772,333</u>	<u>1,696,083</u>	<u>134,044</u>	<u>1,830,127</u>

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

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

At 30 September 2025

16 OPERATION SEGMENT (continued)

(b) Information about reportable segments

(i) *Reconciliation of revenue and profits:*

	<i><u>For the three-month period ended 30 September 2025</u></i>			<i><u>For the three-month period ended 30 September 2024</u></i>		
	<i>Ground handling (Unaudited) ﷲ '000</i>	<i>Logistics (Unaudited) ﷲ '000</i>	<i>Total (Unaudited) ﷲ '000</i>	<i>Ground handling (Unaudited) ﷲ '000</i>	<i>Logistics (Unaudited) ﷲ '000</i>	<i>Total (Unaudited) ﷲ '000</i>
Segment revenue	372,900	49,387	422,287	330,295	38,555	368,850
Inter-segment revenue	(1,081)	-	(1,081)	(1,593)	-	(1,593)
External revenue	371,819	49,387	421,206	328,702	38,555	367,257
Operating and administration costs	(171,403)	(40,578)	(211,981)	(149,753)	(34,171)	(183,924)
Depreciation and amortization	(20,160)	(1,726)	(21,886)	(22,853)	(1,736)	(24,589)
Other income	3,431	(2,940)	491	3,280	(2,784)	496
Operating profit / (loss)	183,687	4,143	187,830	159,376	(136)	159,240
Finance income	19,794	-	19,794	14,029	-	14,029
Finance costs	(15,867)	(367)	(16,234)	(16,017)	(398)	(16,415)
Profit / (loss) before Zakat	187,614	3,776	191,390	157,388	(534)	156,854

(c) Geographical information

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

(d) Major customer

Revenue from one customer of the Company's Ground handling segment represented approximately 12% (30 September 2024: 13%) of the Company's total revenue for the period ended 30 September 2025.

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 30 September 2025

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company'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 Company'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 Company's operations.

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

The Company is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods. The audit committee oversees compliance by management with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Company.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loans and borrowing with floating interest rates. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The interest rate profile of the Company's interest-bearing financial instruments amounting to ₪430 million (31 December 2024: ₪465 million). Interest bearing financial assets comprises of short-term deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before Zakat for the period/ year by ₪4.30 million (2024: ₪4.65 million).

Currency risk

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

The cash and cash equivalents, short-term Murabaha deposits, trade receivables, sublease, long-term loan receivable, long-term loans and trade and other payables of the Company 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 its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any price risk.

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

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

At 30 September 2025

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk

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

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

	30 September 2025 (Unaudited) S'000	31 December 2024 (Audited) S'000
Financial assets		
Long-term loan receivable	19,844	11,790
Trade receivables	408,024	512,309
Sublease	10,494	10,494
Other receivables	28,693	28,540
Cash and cash equivalents	1,432,721	1,362,043
	1,899,776	1,925,176

Trade receivables are stated at their gross amount, before deducting any provision for expected credit losses. The provision for expected credit loss at 30 September 2025 is S30.32 million (31 December 2024: S31.96 million). The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped into low risk, fair risk, doubtful, and loss based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables.

The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The Company's exposure to credit risk for gross trade receivables by type of counterparty mainly includes local and foreign airlines and other related parties that are stated at their estimated realizable values. The five largest customers account for 72% (31 December 2024: 77%) of outstanding gross trade receivables. As at 30 September 2025 trade receivables from related parties and Government entities comprise of 79% of total outstanding trade receivables (31 December 2024: 83%). The financial position of the related parties are stable.

With respect to credit risk arising from the other financial assets of the Company, including bank balances and cash, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia with high credit rating assigned by international credit rating agencies.

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

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

At 30 September 2025

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity Risk

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

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

		Contractual cash flows			
Non-derivative financial liabilities	Carrying amount R '000	Less than one year R '000	One year to five years R '000	More than five year R '000	Total R '000
<u>30 September 2025 (Unaudited)</u>					
Trade payables	80,740	80,740	-	-	80,740
Accrued expense and other liabilities	258,475	258,475	-	-	258,475
Lease liabilities	692,640	72,050	336,480	780,276	1,188,806
Long-term loans	574,300	124,964	814,324	-	939,288
Dividend payable	438	438	-	-	438
	<u>1,606,593</u>	<u>536,667</u>	<u>1,150,804</u>	<u>780,276</u>	<u>2,467,747</u>
<u>31 December 2024 (Audited)</u>					
Trade payables	127,395	127,395	-	-	127,395
Accrued expense and other liabilities	221,889	221,889	-	-	221,889
Lease liabilities	718,077	82,848	292,132	862,581	1,237,561
Long-term loans	616,649	90,162	648,202	286,368	1,024,732
	<u>1,684,010</u>	<u>522,294</u>	<u>940,334</u>	<u>1,148,949</u>	<u>2,611,577</u>

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

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

At 30 September 2025

17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Capital risk management

The primary objective of the Company's capital management is to maximize the shareholders' value. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares and other measures commensuration to the circumstances. The Company monitors 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.

	30 September 2025 (Unaudited) S'000	31 December 2024 (Audited) S'000
Total liabilities	1,772,333	1,830,127
Less: cash and cash equivalents	(1,432,721)	(1,362,043)
Net debt	339,612	468,084
Equity	1,556,134	1,402,309
Gearing ratio - %	21.82%	33.38%

18 SUBSEQUENT EVENTS

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 SAR 500,000 and an authorized capital of SAR 1.4 billion. The Company owns 100% of its capital. SAL Zones will focus on warehousing and transportation, supporting the Company's strategic expansion and revenue diversification goals.

On 3 November 2025, the Board of Directors of the Company approved the distribution of dividend amounting to S136.0 million (S1.70 per share) for the nine-month period ended 30 September 2025.

Other than the above, there have been no other significant events since the period ended 30 September 2025, that would require disclosures or adjustments in these interim condensed financial statements.

19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been authorised by the Board of Directors on 3 November 2025G, corresponding to 12 Jumada Al-Ula 1447H.