

FLYNAS COMPANY
(A Saudi Joint Stock Company)

Condensed interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2025
and report on review of condensed interim financial information

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim financial information (unaudited)
For the three-month and six-month periods ended 30 June 2025

	Pages
Independent auditor's review report	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial information	6 - 17



Report on review of condensed interim financial information

To the Shareholders of Flynas Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Flynas Company (the "Company") as of 30 June 2025, and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the condensed interim statements of changes in equity and cash flows for the six-month period ended 30 June 2025 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information 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 this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559



10 August 2025

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

	Note	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Assets			
Non-current assets			
Intangible asset		2,000,000,000	2,000,000,000
Equipment and fixtures	5	2,229,235,145	1,537,308,381
Right-of-use assets	6	8,075,753,553	7,830,739,267
Deposits for aircraft		37,152,609	37,500,760
Total non-current assets		12,342,141,307	11,405,548,408
Current assets			
Stores and spares		2,286,813	2,596,940
Deposits for aircraft		13,914,674	9,063,750
Trade receivables	2.3	281,909,238	238,566,986
Prepayments and other current assets	2.3	302,522,725	117,381,671
Bank deposits		56,250,000	56,250,000
Cash and cash equivalents		4,529,946,015	1,700,326,378
Total current assets	2.2	5,186,829,465	2,124,185,725
Total assets		17,528,970,772	13,529,734,133
Equity and liabilities			
Equity			
Share capital	1	1,708,518,930	1,534,250,000
Share premium, net		1,190,734,840	-
Statutory reserves		43,500,959	43,500,959
Retained earnings		433,616,247	65,295,300
Net equity		3,376,370,976	1,643,046,259
Liabilities			
Non-current liabilities			
Trade and other payables	1.1	130,316,621	-
Lease liabilities	6	5,667,228,526	5,305,802,553
Aircraft related provisions	7	3,220,809,267	3,099,020,390
Loans	8	1,061,582,396	100,743,750
Employees' end of service benefits liabilities		295,467,550	267,868,028
Total non-current liabilities		10,375,404,360	8,773,434,721
Current liabilities			
Trade and other payables	2.3, 1.1	2,004,604,540	1,558,341,586
Lease liabilities	6	460,719,093	507,661,044
Aircraft related provisions	7	310,345,321	297,794,229
Loans	8	546,596,583	324,487,500
Contract liabilities	10	454,929,899	424,968,794
Total current liabilities	2.2	3,777,195,436	3,113,253,153
Total liabilities		14,152,599,796	11,886,687,874
Total equity and liabilities		17,528,970,772	13,529,734,133

The accompanying notes form an integral part of this condensed interim financial information.



CFO



CEO & MD

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

	Note	For the three-month period ended 30 June,		For the six-month period ended 30 June,	
		2025	2024	2025	2024
Revenue	10	2,144,262,652	2,176,380,299	3,972,357,059	3,922,727,293
Cost of revenue		(1,692,787,902)	(1,693,822,148)	(3,106,361,536)	(3,109,079,838)
Gross profit		451,474,750	482,558,151	865,995,523	813,647,455
Selling and marketing expenses		(61,716,086)	(66,377,652)	(131,150,216)	(115,839,188)
General and administrative expenses	11	(41,089,611)	(56,448,525)	(80,781,277)	(89,846,248)
General and administrative expenses (non-recurring)	11	(1,082,967,516)	-	(1,082,967,516)	-
General and administrative expenses - total		(1,124,057,127)	(56,448,525)	(1,163,748,793)	(89,846,248)
Reversal for expected credit losses	2.3	20,851,039	(274,998)	11,766,221	(274,998)
Gain on sale of equipment and fixtures	5	29,671,019	43,100,300	29,671,019	109,354,162
Net foreign exchange loss		(697,597)	(745,136)	(3,255,933)	(2,457,911)
Operating (loss) / profit		(684,474,002)	401,812,140	(390,722,179)	714,583,272
Finance income		31,188,281	16,842,168	49,409,848	32,142,070
Finance cost	2.3	(197,817,922)	(172,465,025)	(353,532,718)	(345,987,166)
(Loss) / profit before zakat		(851,103,643)	246,189,283	(694,845,049)	400,738,176
Zakat expense	9	(11,401,520)	(7,325,000)	(19,801,520)	(12,725,000)
(Loss) / profit for the period		(862,505,163)	238,864,283	(714,646,569)	388,013,176
Other comprehensive income					
Items that will not be reclassified to statement of income in subsequent periods:					
Remeasurement income on employees' end of service benefits liabilities		-	-	-	-
Total comprehensive (loss) / income for the period		(862,505,163)	238,864,283	(714,646,569)	388,013,176
Earnings per share from profit attributable to the shareholder					
Basic and diluted earnings per share	14	(5.43)	1.55	(4.58)	2.52

The accompanying notes form an integral part of this condensed interim financial information.


CFO

CEO & MD

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

	Share capital	Share premium	Statutory reserves	Accumulated losses / retained earnings	Employee share based payment reserve	Net equity
As at 1 January 2024 (Audited)	1,534,250,000	-	150,000	(308,282,478)	-	1,226,117,522
Profit for the period	-	-	-	388,013,176	-	388,013,176
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	388,013,176	-	388,013,176
As at 30 June 2024 (Unaudited)	1,534,250,000	-	150,000	79,730,698	-	1,614,130,698
As at 1 January 2025 (Audited)	1,534,250,000	-	43,500,959	65,295,300	-	1,643,046,259
Total comprehensive income for the period	-	-	-	(714,646,569)	-	(714,646,569)
Loss for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(714,646,569)	-	(714,646,569)
Increase in capital	174,268,930	1,219,882,510	-	-	-	1,394,151,440
Transactions costs related to issuance of new shares	-	(29,147,670)	-	-	-	(29,147,670)
Capital contribution from pre-IPO shareholders (Refer note 11)	-	-	-	101,047,516	-	101,047,516
Funded Employees Share Based Payment Program (Note 1.1)	-	-	-	-	981,920,000	981,920,000
Vesting of Employees Share Based Payment Program (Note 1.1.)	-	-	-	981,920,000	(981,920,000)	-
Total comprehensive income for the period	174,268,930	1,190,734,840	-	368,320,947	-	1,733,324,717
As at 30 June 2025 (Unaudited)	1,708,518,930	1,190,734,840	43,500,959	433,616,247	-	3,376,370,976

The accompanying notes form an integral part of this condensed interim financial information.



CFO



CEO & MD

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of cash flows
For the six-month period ended 30 June 2025 (Unaudited)
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June,	
		2025	2024
Cash flows from operating activities			
(Loss) / profit for the period before zakat		(694,845,049)	400,738,176
Adjustments for:			
Depreciation on equipment and fixtures	5	38,246,295	24,631,605
Depreciation on right-of-use assets	6	651,333,656	510,908,911
Provision for employees' end of service benefits liability		28,200,748	26,922,501
Employees share based payment program	1.1	981,920,000	-
Finance income		(49,409,848)	(32,142,070)
Finance cost		353,532,718	345,987,166
Gain on sale of equipment and fixtures		(29,671,019)	(109,354,162)
(Reversal) / provision for expected credit losses		(11,766,221)	274,998
Operating cash flows before working capital changes			
Stores and spares		310,127	137,402
Deposits for aircraft		(4,502,773)	19,397,567
Trade receivables		(31,576,031)	(200,742,966)
Prepayments and other current assets		(185,141,054)	(249,293,069)
Trade and other payables		267,219,337	(112,630,741)
Aircraft related provisions	7	(95,347,356)	(83,269,640)
Contract liabilities		29,961,105	266,433,629
Employees' benefits paid		(601,226)	(10,131,580)
Finance income received		49,409,848	32,142,070
Payment of Employee shared based program		(721,512,244)	-
Net cash flows generated from operating activities		575,761,013	830,009,797
Cash flows from investing activities			
Acquisition of equipment excluding pre-delivery payments		(884,962,094)	(44,504,759)
Pre-delivery payments made for aircraft		(174,375,000)	(103,125,000)
Refund of pre-delivery payments for aircraft		80,250,000	200,625,000
Net cash flows associated with the acquisition of equipment and fixtures		(979,087,094)	52,995,241
Proceeds from the sale of equipment and fixtures		358,500,000	101,960,731
Net cash flows (used in) generated from investing activities		(620,587,094)	154,955,972
Cash flows from financing activities			
Payment of lease liabilities - principal element		(410,045,163)	(219,069,106)
Receipt of loan	8	1,455,000,000	-
Proceeds from issuance of new shares		2,376,071,440	-
Cost of issuance of new shares		(29,147,670)	-
Repayment of loan	8	(272,052,271)	(226,118,750)
Finance cost paid		(245,380,618)	(254,065,470)
Net cash flows generated from (used in) financing activities		2,874,445,718	(699,253,326)
Net increase in cash and cash equivalents		2,829,619,637	285,712,443
Cash and cash equivalents at the beginning of the period		1,700,326,378	1,506,738,399
Cash and cash equivalents at the end of the period		4,529,946,015	1,792,450,842
Supplemental non-cash transactions during the period:			
Additions to Right-of-use-asset	6	896,347,942	723,681,587
Additions to lease liabilities	6	724,529,185	515,275,474
Capital contribution from pre-IPO shareholders	11	101,047,516	-

The accompanying notes form an integral part of this condensed interim financial information.


CFO


CEO & MD

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company - A Saudi Joint Stock Company (the “Company” or “Flynas”) was incorporated in the Kingdom of Saudi Arabia (“KSA”) under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying condensed interim financial information includes the accounts of the Company and its branches as listed in Note 1 to the annual audited financial statements for the year ended 31 December 2024.

The Company’s licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating, managing and maintenance of aircraft. The principal activities, registered address and its branches have not changed from year ended 31 December 2024.

On 5 May 2025, the Company formally announced its intention to proceed with the Initial Public Offering (IPO) through the sale of 33,828,675 existing ordinary shares by its pre-IPO shareholders on a pro-rata basis, and the issuance of 17,426,983 new shares by increasing the share capital from SAR 1,534,250,000 to SAR 1,708,518,930. Consequently, as a result of this IPO, the pro-rata share (34%) of the IPO cost relating to the new shares were deducted from equity in accordance with IAS 32. Also refer to Note 4.2 and Note 11.

The Company announced the commencement of the institutional book-building period from 12 May 2025 to 18 May 2025, and the retail subscription period from 28 May 2025 to 1 June 2025, with an offer price of SAR 80 per share. The allocation of shares to new investors was completed on 3 June 2025, and trading of the Company’s shares on the Saudi Exchange commenced on 18 June 2025.

The IPO comprised the following components:

Shareholders	Pre-Offering			Post-Offering		
	No. of shares	Ownership (%)	Nominal Value SAR	No. of shares	Ownership (%)	Nominal Value SAR
Pre-IPO Shareholders	145,104,763	94.58%	1,451,047,630	119,596,325	70.00%	1,195,963,250
Treasury Shares (Company)	8,320,237	5.42%	83,202,370	-	-	-
Public	-	0.00%	-	51,255,568	30.00%	512,555,680
Total	153,425,000	100.00%	1,534,250,000	170,851,893	100.00%	1,708,518,930

1.1 Employee Share Based Payment Program

The Company established a cash-based incentive and reward program for its employees, senior executives, the Chief Executive Officer, Directors, and members of the Board Committees, approved by the Board of Directors on 19 May 2025. The program is funded from the proceeds of the Company’s Initial Public Offering (IPO), involving the sale of 12,274,000 shares at SAR 80 per share, comprising:

- 8,320,237 treasury shares held by the Company, and
- 3,953,763 shares sold by existing shareholders on a pro-rata basis.

Management assessed the arrangement under IFRS 2 – *Share-based Payment* and concluded it meets the definition of a cash-settled share-based payment, as participants are entitled to receive cash amounts linked to share-related proceeds rather than equity instruments. Accordingly:

- A financial liability was recognized and measured at fair value
- A corresponding share-based payment expense of SAR 981.92 million was recorded under general and administrative expenses for the six month period ended 30 June 2025; and
- The liability is remeasured at each reporting date until full settlement.

Under the plan terms:

- 100% of the incentive for the CEO, Directors, and Board Committee members was paid upon listing;
- For other eligible employees, 50% of the total amount was paid upon listing, while the remaining 50% is deferred as follows:
 - 25% payable within 12 months of listing (by 18 June 2026);
 - 25% payable after 24 months of listing (by 18 June 2027).

Despite the deferral of payment, no further service is required beyond the IPO in order to be eligible for payment.

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information (Continued)

1.1 Employee Share Based Payment Program (Continued)

The liability is classified between current and non-current portions based on expected settlement timing.

To support the plan, shareholders approved the creation of a reserve within equity from the IPO proceeds to fund the program's cost. This reserve was subsequently reclassified to retained earnings during the period as the awards vested almost immediately. Although the plan documents contemplated the establishment of an escrow account to hold the deferred amounts, no such separate account was opened by the reporting date. As there are no contractual or legal restrictions, the related cash remains classified as unrestricted. The remaining liability is SAR 260.6 million that is reported within trade and other payables, split evenly between current and non-current.

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information is prepared in accordance with the International Accounting Standard No. 34 – "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the condensed interim financial information on the basis that it will continue to operate as a going concern.

This condensed interim financial information does not include all information and disclosures required for a complete set of financial statements under International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2024.

An interim period is considered as an integral part of the whole fiscal year. However, the results of operations for the interim periods may not be a fair indication of the results of the full year operations. Also see Note 16.

2.2 Going concern

As at 30 June 2025, the Company had a favorable net current asset position of SAR 1,409.6 million, reflecting a strong liquidity position. The Company maintains a significant cash balance of SAR 4,529.9 million, which is expected to adequately meet operational and financial commitments as they fall due.

For the six-month period ended 30 June 2025, the Company reported a net loss of SAR 714.6 million, primarily driven by a non-recurring share-based payment expense of SAR 981.9 million recognized under the Employee Share Based Payment Program and IPO related transaction costs amounting to SAR 101 million. Excluding these one-off charges, the Company remained operationally profitable. Management expects that profitability and cash flows will continue to remain in future (excluding these one-off items).

Additionally, the Company holds contract liabilities of SAR 454.9 million, primarily comprising customer advances expected to be recognized as revenue in the normal course of business in the coming periods. These liabilities do not represent immediate cash obligations, and their settlement will generate corresponding revenue.

Further, the Company has access to an undrawn Murabaha facility of SAR 281.2 million, which enhances its financial flexibility and liquidity position.

Based on these factors, the Board of Directors are confident that the Company has sufficient resources to continue as a going concern for the foreseeable future. Accordingly, this condensed interim financial information has been prepared on a going concern basis.

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

2 Basis of preparation (Continued)

2.3 Significant changes in the current reporting period

During the six-month period ended 30 June 2025, the Company showed an improvement in its margins and profitability, primarily attributed to an increase in fleet size, the introduction of new routes and reduced fuel cost.

Following events and transactions occurred during the six-month period:

- Increase in revenue as a result of increased fleet size, introduction of new routes and increased in number of passengers.
- Decrease in cost of revenue reflects the impact of cost-saving measures implemented during the period.
- Increase in finance costs is due to additional long term leases and term loans during the period.
- Increase in contract liabilities mainly attributable to the forward sales and increased revenue of the Company. (refer note 10)
- Increase in equipment and fixtures is mainly attributable to acquisition of additional owned aircraft during the period ended 30 June 2025.
- Increase in trade receivables is mainly attributable due to the increase in revenue during the period ended 30 June 2025.
- Increase in prepayments and other current assets is primarily as a result of increase in advances to vendors in the normal course of the business.
- Increase in other payables (current and non-current) due to additional liability recognized against liability for employees share based payment program (refer Note 1.1); and
- Recognition of reversal of expected credit loss due to realization of past dues related to previously disclosed related parties.

Also refer to note 1.1 and note 11 for non-recurring expenses charged during the period ended 30 June 2025.

2.4 Historical cost convention

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

2.5 Functional and presentation currency

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

3 Material accounting policies

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2024 unless otherwise stated and except for the adoption of new and amended standards as mentioned below.

New standards, interpretations and amendments to existing standards adopted by the Company

The following are new standards, amendments and interpretations of IFRS that have been adopted by the Company. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1;
- Lease liability in sale and leaseback - amendments to IFRS 16; and
- Supplier finance arrangements - amendments to IAS 7 and IFRS 7.

These amendments to existing standards did not have a material impact on the condensed interim financial information of the Company.

3 Material accounting policies (Continued)

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

Certain new standards and amendments to accounting standards have been published that are not mandatory for periods commencing 1st January 2025 reporting periods and have not been early adopted by the Company. Included within new standards and amendments is IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18"). The Company has not early adopted any new standards and amendments to accounting standards that are not mandatory for periods commencing 1st January 2025 reporting periods including IFRS 18 and is currently in the process of assessing the impact of the adoption of the new standards and amendments. Except for IFRS 18, the new standards and amendments to accounting standards are not expected to have a material impact on the Company in the current or future reporting periods.

Following are the material policies which have been adopted and impacted the condensed interim financial information for the period ended 30 June 2025:

3.1 Equipment and fixtures

Property and equipment are stated at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and any directly attributable costs incurred in bringing the asset to its working condition for its intended use. Manufacturer credits, if any, received in connection with the acquisition of aircraft and engines are deducted from the cost of the related assets.

Aircraft componentization

During the period, the Company acquired owned aircraft which are classified as owned assets. In line with IFRS requirements, the aircraft have been componentised into significant parts based on their differing useful lives and maintenance profiles. Specifically, the aircraft are segregated into the following components:

- Airframes (including D-checks), Auxiliary Power Units (APU) and Landing Gears (LG); and
- Engines, which are further componentised into Life Limited Parts (LLPs) and Engine Performance Restoration (EPR) costs.

The total acquisition cost of the aircraft is allocated to these components based on management's best estimates of their relative values, using internal assessments, external valuation data, and industry benchmarks. This approach is intended to reflect the distinct economic consumption patterns and maintenance requirements of each component.

Subsequent Expenditures

Subsequent expenditures are capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Routine repairs and minor maintenance are expensed as incurred.

Significant maintenance events, such as engine performance restorations, LLP replacements, and APU or overhauls, are capitalised when they meet the recognition criteria under IAS 16, and depreciated over their expected useful life or the period until the next major maintenance event, whichever is shorter. The previously recognised component is derecognised at the time of the next major maintenance event.

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of the components of the aircraft and other property and equipment, as follows:

Component / Asset	Useful Life
Airframes	20 years
Auxiliary Power Units (APU)	5 years
Landing Gears (LG)	10 years
Engine - Life Limited Parts (LLPs)	15 years
Engine - Performance Restoration Costs	5 years
Other property and equipment	3 - 20 years

The residual values, useful lives, and depreciation methods of property and equipment, including aircraft components, are reviewed at least annually and adjusted prospectively if necessary, to reflect current expectations based on operational and market conditions.

3 Material accounting policies (Continued)

3.2 Leases - Application of Practical Expedient for Non-Lease Components

The Company enters into aircraft lease agreements that include composite charges covering both the lease of the aircraft (the right to use the airframe and engines) and bundled operational services such as maintenance, crew services, and insurance. Based on the contractual pricing structure, these arrangements typically include both lease and non-lease components.

As permitted by paragraph 15 of IFRS 16, the Company has elected to apply the practical expedient to account for the entire contractual lease payment, including service components, as a single lease component without separating the non-lease elements. This election is applied consistently to all qualifying aircraft lease contracts with composite pricing structures of similar nature.

By applying this practical expedient, the Company:

- Recognizes the full contractual lease payment (covering aircraft, maintenance, crew, and insurance) as part of the right-of-use asset and corresponding lease liability on initial recognition.
- Measures the right-of-use asset and lease liability based on the total consideration specified in the contract, without allocating amounts to non-lease services separately.

3.3 Cash-Settled Share-Based Payment Transactions

The Company may grant cash-settled share-based payment awards to employees and other eligible participants. These arrangements entitle participants to receive amounts in cash that are based on the price (or value) of the Company's equity instruments.

Such arrangements are classified as cash-settled share-based payments. The Company recognizes a liability for the services received, which is initially measured at the fair value of the liability on the grant date. The liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss.

The corresponding expense is recognized over the vesting period, if any, during which the employees and other eligible participants become unconditionally entitled to the payment. The liability is classified as current or non-current based on the expected timing of the settlement.

4 Significant accounting judgments, estimates and assumptions

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

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2024, except for the below:

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

4 Significant accounting judgments, estimates and assumptions (Continued)

4.1 Componentization, cost allocation, and residual value assumptions for owned aircraft

The Company applies a componentization approach to its owned aircraft, whereby significant parts of the aircraft, such as airframes, engines, APU, LG, LLPs and engine performance restoration costs are identified and depreciated separately based on their respective useful lives and maintenance requirements.

This componentization involves management judgment in:

- Identifying and defining significant components;
- Determining the appropriate useful lives for each component; and
- Allocating the purchase price of the aircraft to these components at the time of acquisition.
- Determining residual values, which have been restricted to the airframe component only, reflecting the expected recoverable value at the end of its useful life.

The allocation is based on management's best estimates using available information, including technical assessments, third-party valuation reports, and historical cost references. Changes in these estimates or assumptions could have a material effect on the depreciation expense and the carrying amounts of these assets in future reporting periods.

4.2 Treatment of IPO costs and related judgments

During the six-month period ended 30 June 2025, the Company completed its IPO, which comprised both the issuance of new shares by the Company and the sale of existing shares by pre-IPO shareholders.

Management considered the applicability of the SOCPA circular on shareholder reimbursement of IPO costs. As this IPO involved a fresh issuance of shares alongside a sale of existing shares, the circular was not considered applicable given its stated scope. Accordingly, the requirements of IAS 32.37 and related guidance were applied.

Under IAS 32, incremental costs directly attributable to the issuance of new equity instruments that would not have been incurred otherwise are recognised as a deduction from equity. Costs attributable to the sale of existing shares and achieving the listing do not meet this definition and are recognised in profit or loss. In total SAR 29.1 million of IPO costs were deducted from equity with the remainder charged to profit or loss.

5 Equipment and fixtures

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Equipment and fixtures	1,331,942,827	649,821,824
Capital work in progress (CWIP)	897,292,318	887,486,557
	<u>2,229,235,145</u>	<u>1,537,308,381</u>

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

5 Equipment and fixtures (Continued)

	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2024	524,764,922	29,397,775	7,314,965	561,477,662
Cost				
As at 1 January 2024	1,015,609,071	87,055,031	26,424,901	1,129,089,003
Additions	1,200,197,044	-	3,700,155	1,203,897,199
Disposals	(1,196,784,345)	-	-	(1,196,784,345)
Transfers from CWIP	128,732,119	-	750,534	129,482,653
At 31 December 2024	1,147,753,889	87,055,031	30,875,590	1,265,684,510
Accumulated depreciation				
As at 1 January 2024	490,844,149	57,657,256	19,109,936	567,611,341
Charge for the year	39,556,991	4,687,599	4,006,755	48,251,345
As at 31 December 2024	530,401,140	62,344,855	23,116,691	615,862,686
Net book value as at 31 December 2024	617,352,749	24,710,176	7,758,899	649,821,824
	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2025	617,352,749	24,710,176	7,758,899	649,821,824
Cost				
As at 1 January 2025	1,147,753,889	87,055,031	30,875,590	1,265,684,510
Additions	985,381,997	-	807,191	986,189,188
Disposals	(393,655,313)	-	-	(393,655,313)
Transfers from CWIP	127,833,423	-	-	127,833,423
At 30 June 2025	1,867,313,996	87,055,031	31,682,781	1,986,051,808
Accumulated depreciation				
As at 1 January 2025	530,401,140	62,344,855	23,116,691	615,862,686
Charge for the period	34,391,787	1,500,265	2,354,243	38,246,295
As at 30 June 2025	564,792,927	63,845,120	25,470,934	654,108,981
Net book value as at 30 June 2025	1,302,521,069	23,209,911	6,211,847	1,331,942,827

During the six month period ended, the Company has entered into sale and leaseback transactions for certain newly delivered aircraft that resulted in a cumulative gain of SAR 29.7 million (30 June 2024: SAR 109.4 million) that was recognized under the "Gain on sale of equipment and fixtures" in the condensed interim statement of profit or loss.

6 Right-of-use assets and lease liabilities

6.1 Right-of-use assets

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year	7,830,739,267	7,676,084,867
Additions for the period / year	896,347,942	1,205,144,145
Modifications	-	34,196,618
Depreciation for the period / year	(651,333,656)	(1,084,686,363)
Balance at the end of the period / year	8,075,753,553	7,830,739,267

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

6 Right-of-use assets and lease liabilities (Continued)

6.1 Right-of-use assets (Continued)

6.1.1 Additions include aircraft leases amounting to SAR 725 million and maintenance assets and redelivery costs amounting to SAR 169 million. The depreciation charged for aircraft related leases amount to SAR 451 million and for maintenance assets and redelivery costs amount to SAR 200 million.

6.1.2 The difference between the additions of right of use assets and lease liabilities amounts is mainly due to aircraft related provisions.

6.2 Lease liabilities

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year	5,813,463,597	5,525,049,866
Additions during the period / year	724,529,185	708,192,768
Modifications	-	34,196,618
Finance cost for the period / year	183,452,861	417,889,088
Payments during the period / year	(593,498,024)	(871,864,743)
Balance at the end of the period / year	6,127,947,619	5,813,463,597
Current portion	460,719,093	507,661,044
Non-current portion	5,667,228,526	5,305,802,553
	6,127,947,619	5,813,463,597

7 Aircraft related provisions

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Balance at the beginning of the period / year	3,396,814,619	2,823,619,130
Additions during the period / year	117,481,516	447,209,611
Finance cost for the period / year	112,205,809	187,970,314
Payments during the period / year	(95,347,356)	(61,984,436)
Balance at the end of the period / year	3,531,154,588	3,396,814,619
Current portion	310,345,321	297,794,229
Non-current portion	3,220,809,267	3,099,020,390
	3,531,154,588	3,396,814,619

8 Loans

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha Facility – I	1,285,053,989	362,981,250
Murabaha Facility – II	323,124,990	-
Saudi Industrial Development Fund – II	-	62,250,000
	1,608,178,979	425,231,250
Current portion	546,596,583	324,487,500
Non-current portion	1,061,582,396	100,743,750
	1,608,178,979	425,231,250

8.1 During the period, the Company has repaid loan installment for Murabaha Facility - I amounting SAR 210 million and Saudi Industrial Development Fund amounting to SAR 62 million.

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

8 Loans (Continued)

- 8.2 During the period, the Company executed a second drawdown for an amount of SAR 1,125 million under the Master Murabaha Agreement (Murabaha Facility – I) signed during the year 2022 with a consortium of banks for an amount of SAR 2.25 billion. The repayment plan for the second drawdown is split into 47 equal monthly installments commencing from the month of April 2025. The Facility carries a margin which is based on market rate plus one-month SAIBOR plus additional margin rate and includes certain covenants. The Facility carries a markup margin which is based on market rate plus one-month Saudi Interbank Offer Rate ('SAIBOR') rate and includes certain covenants.
- 8.3 During the period, the Company signed a Murabaha Facility Agreement (Murabaha Facility – II) with a Bank for an amount of SAR 495 million secured against the aircraft. The drawdown request in relation to the Facility was completed during current period for an amount of SAR 330 million. The repayment plan is split into 144 equal monthly installments commencing from the month of April 2025. The Facility carries a markup margin which is based on market rate plus one-month Saudi Interbank Offer Rate ('SAIBOR') rate and includes certain covenants.

The Facility carries a margin which is based on market rate plus one-month 'SAIBOR plus additional margin rate.

9 Zakat

Charge for the period and status of assessments

The Company has filed the zakat return for the year 2024. During the six-month period, SAR 19.8 million (30 June 2024: SAR 12.7 million) is provided by the Company in relation to the zakat charge for the period ended 30 June 2025.

10 Revenue and Segmental reporting

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Flynas LCC	1,580,973,579	1,705,796,334	3,356,901,906	3,301,542,170
Flynas Hajj & Umrah	518,248,568	420,698,654	527,343,644	532,208,587
Flynas General Aviation	45,040,505	49,885,311	88,111,509	88,976,536
	2,144,262,652	2,176,380,299	3,972,357,059	3,922,727,293

Contract liabilities

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Unutilized tickets	440,584,737	410,474,783
Customer loyalty points	9,888,713	10,127,439
Deposit from customers	4,456,449	4,366,572
	454,929,899	424,968,794
Revenue recognized during the year that was included in the contract liabilities balance at the beginning of the year	409,925,675	322,142,481

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

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

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

10 Revenue and Segmental reporting (continued)

Segment	30 June 2025 (Unaudited)				30 June 2024 (Unaudited)			
	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total
Revenue	3,356,901,906	527,343,644	88,111,509	3,972,357,059	3,458,991,005	532,208,587	88,976,536	4,080,176,128
Operating expenses	(3,898,715,374)	(394,323,699)	(70,040,165)	(4,363,079,238)	(2,804,582,538)	(471,529,425)	(89,480,893)	(3,365,592,856)
Operating profit	(541,813,468)	133,019,945	18,071,344	(390,722,179)	654,408,467	60,679,162	(504,357)	714,583,272
Finance costs, net	(304,046,808)	(75,968)	(94)	(304,122,870)	(313,845,243)	147	-	(313,845,096)
Profit before zakat	(845,860,276)	132,943,977	18,071,250	(694,845,049)	340,563,224	60,679,309	(504,357)	400,738,176
Zakat expense	(16,800,000)	(3,001,520)	-	(19,801,520)	(10,800,000)	(1,925,000)	-	(12,725,000)
Profit for the period	(862,660,276)	129,942,457	18,071,250	(714,646,569)	329,763,224	58,754,309	(504,357)	388,013,176
Depreciation	(689,573,101)	(6,850)	-	(689,579,951)	(535,535,916)	(4,600)	-	(535,540,516)
ESOP expenses	981,920,000	-	-	981,920,000	-	-	-	-
IPO costs	101,047,516	-	-	101,047,516	-	-	-	-
Gain on sale and leaseback	29,671,019	-	-	29,671,019	109,354,162	-	-	109,354,162
	30 June 2025 (Unaudited)				31 December 2024 (Audited)			
Additions to non-current assets	1,588,274,706	-	-	1,588,274,706	3,060,674,504	-	-	3,060,674,504
Total Assets	17,310,437,108	192,616,851	25,916,813	17,528,970,772	12,805,268,953	89,477,981	634,987,199	13,529,734,133
Total Liabilities	13,977,230,875	156,435,503	18,933,418	14,152,599,796	11,759,589,138	128,038,681	(939,945)	11,886,687,874

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

10 Revenue and Segmental reporting (continued)

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Revenue:		
Total reportable segments revenue	3,972,357,059	4,080,176,128
Elimination of intersegment revenue	-	(157,448,835)
	3,972,357,059	3,922,727,293
Operating expenses:		
Total reportable segments operating expenses	4,363,079,238	3,365,592,856
Elimination of intersegment operating expenses	-	(157,448,835)
	4,363,079,238	3,208,144,021

11 General and Administrative expenses

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Employee share-based payment expense – Nonrecurring expense	981,920,000	-
Transaction costs related to IPO – Nonrecurring	101,047,516	-
Other administrative expenses	80,781,277	89,846,248
	1,163,748,793	89,846,248

The nonrecurring expenses reported are solely in respect of IPO related items. The IPO costs not relating to the issuance of fresh equity instruments are reported separately as nonrecurring, as is the share-based payment that was granted and vested within the quarter as an exceptional bonus to management in contemplation of the IPO. The Company does not anticipate using this nonrecurring heading in future periods and it is not intended to capture all nonrecurring items, only these two specified costs given their exceptional nature and incidence.

Also refer to Note 4.2 and Note 1.

12 Contingencies, Commitments and letter of credits and guarantees

12.1 Commitments

The Company had entered contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract was SAR 37,478 million (30 June 2024: SAR 14,033 million) excluding pre-delivery payments carried out as at the balance sheet date.

12.2 Contingencies

As at 30 June 2025 and 2024, the Company had no material outstanding contingencies.

12.3 Letter of credits and guarantees

As at 30 June 2025, the Company had outstanding letters of credit and bank guarantees amounting to SAR 1,280.6 million (30 June 2024: SAR 771.3 million). The outstanding letters of credit included arrangements with the lessors in relation to the heavy maintenance deposits to cover the obligations of maintenance reserves under the lease agreements.

13 Related parties

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

FLYNAS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2025
(All amounts are in Saudi Riyals unless otherwise stated)

13.1 Transactions and balances with Key Management Personnel

For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term 'key management personnel' include those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director of the Company.

	30 June 2025	30 June 2024
Transactions		
Short-term employee benefits	994,500,055	23,411,866
Retirement benefits	1,169,533	827,475
	995,669,588	24,239,341

Compensation of the Company's key management personnel includes salaries, non-cash benefits, share-based payment and contributions to a post-employment defined benefit plan. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Also refer to note 11 and note 4.2 with respect to transactions carried out with the shareholders during the six-month period.

14 Earnings per share

Basic earnings per share for the six-month and three-month periods ended 30 June 2025 was calculated by dividing the net loss profit attributable to equity holders by the weighted average number of ordinary shares outstanding during the respective periods, in accordance with IAS 33 - Earnings per Share.

For the six-month period ended 30 June 2025:

- 153,425,000 shares were outstanding from 1 January to 2 June 2025; and
- 170,851,983 shares were outstanding from 3 June to 30 June 2025, reflecting the new shares issued in connection with the IPO.

The weighted average number of shares for this period was approximately 156,120,887 shares.

For the three-month period ended 30 June 2025:

- 153,425,000 shares were outstanding from 1 April to 2 June 2025; and
- 170,851,983 shares were outstanding from 3 June to 30 June 2025.

The weighted average number of shares for this period was approximately 158,787,149 shares.

15 Climate change impact

The climate change impact is not materially different from the one already disclosed in the financial statements for the year ended 31 December 2024.

16 Seasonality of operations

Flynas' operations are subject to seasonal variations mainly due to the nature of the Hajj and Umrah pilgrimage seasons. This period is characterized by a substantial increase in passenger traffic, resulting in higher revenues and operating profits for Flynas' Hajj & Umrah segment.

The timing of Hajj shifts by approximately 11 days each year according to the Hijri calendar, which means the exact months affected by increased passenger traffic can vary from one quarter to another. The period of Hajj, which attracts a substantial number of Muslim pilgrims to Saudi Arabia, which typically falls currently within the months of May, June and July for the current and prior year.

17 Subsequent events

There are no subsequent events that would require any adjustments or disclosures in the condensed interim financial information.

18 Date of authorization

This condensed interim financial information was authorized for issuance on 10 August 2025 by the Board of Directors of the Company.