

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024
with
INDEPENDENT AUDITOR'S REPORT

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2024

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



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of SAL Saudi Logistics Services Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 31 March 2024 condensed interim financial statements of SAL Saudi Logistics Services Company ("the Company") which comprises:

- the condensed statement of financial position as at 31 March 2024;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed interim financial statements of SAL Saudi Logistics Services Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services


Abdullah Oudah Althagafi
License No: 455

Jeddah, 12 May 2024
Corresponding to 4 Dhul Qadah 1445H



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والنابعة لكي بي إم جي العالمية المحدودة، شركة الإنجليزية محدودة بضمان. جميع الحقوق محفوظة.

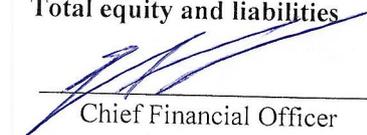
Commercial Registration of the headquarters in Riyadh is 1010425494.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	724,157	709,461
Right-of-use assets	6	887,455	885,642
Intangible assets		13,331	14,256
Long-term loan receivable	7	11,790	11,790
Total non-current assets		<u>1,636,733</u>	<u>1,621,149</u>
Current assets			
Current portion of long-term loan receivable	7	11,790	11,790
Trade receivables		458,990	390,533
Prepayments and other receivables		74,456	51,075
Short term murabaha deposits	8	--	500,000
Cash and cash equivalents		1,172,385	710,426
Total current assets		<u>1,717,621</u>	<u>1,663,824</u>
Total assets		<u><u>3,354,354</u></u>	<u><u>3,284,973</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		800,000	800,000
Statutory reserve		114,918	114,918
Retained earnings		420,952	333,306
Actuarial loss		(14,097)	(14,097)
Total equity		<u>1,321,773</u>	<u>1,234,127</u>
Non-current liabilities			
Long-term loan	9	550,174	567,116
Employees' end of service benefits		89,774	87,176
Lease liabilities		972,500	1,011,134
Total non-current liabilities		<u>1,612,448</u>	<u>1,665,426</u>
Current liabilities			
Current portion of long-term loan	9	36,009	36,240
Current portion of lease liabilities		111,856	68,961
Trade payables		41,435	44,735
Accruals and other liabilities		176,186	194,637
Zakat provision	13	54,647	40,847
Total current liabilities		<u>420,133</u>	<u>385,420</u>
Total liabilities		<u>2,032,581</u>	<u>2,050,846</u>
Total equity and liabilities		<u><u>3,354,354</u></u>	<u><u>3,284,973</u></u>
			
Chief Financial Officer	Chief Executive Officer	Authorised Board Representative	

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

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

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month period ended 31 March 2024
(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Revenue	12	452,526	339,972
Cost of revenue		(191,543)	(160,014)
Gross profit		<u>260,983</u>	<u>179,958</u>
Other income		490	1,232
Selling and distribution expenses		(7,165)	(8,504)
General and administration expenses		(30,191)	(46,911)
Impairment reversal / (charge) on trade receivables		3,727	(1,541)
Operating profit		<u>227,844</u>	<u>124,234</u>
Finance income		14,669	10,621
Finance costs		(20,267)	(20,559)
Profit before Zakat		<u>222,246</u>	<u>114,296</u>
Zakat	13	(13,800)	(9,950)
Profit for the period		<u>208,446</u>	<u>104,346</u>
<u>Other comprehensive income:</u>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement gain / (loss) on defined benefit obligation		--	--
Total comprehensive income for the period		<u><u>208,446</u></u>	<u><u>104,346</u></u>
Earnings per share:			
Basic and diluted earnings per share from profit for the period attributable to the shareholders (in Saudi Arabian Riyals)	15	<u><u>2.61</u></u>	<u><u>1.30</u></u>


Chief Financial Officer


Chief Executive Officer


Authorised Board Representative

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Actuarial losses</u>	<u>Total</u>
As at 1 January 2023	800,000	63,947	226,561	(17,381)	1,073,127
Dividend (note 10)	--	--	(130,000)	--	(130,000)
<u>Total comprehensive income for the period:</u>					
Profit for the period	--	--	104,346	--	104,346
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive income for the period	--	--	104,346	--	104,346
As at 31 March 2023 (Unaudited)	<u>800,000</u>	<u>63,947</u>	<u>200,907</u>	<u>(17,381)</u>	<u>1,047,473</u>
As at 1 January 2024	800,000	114,918	333,306	(14,097)	1,234,127
Dividend (note 10)	--	--	(120,800)	--	(120,800)
<u>Total comprehensive income for the period:</u>					
Profit for the period	--	--	208,446	--	208,446
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive income for the period	--	--	208,446	--	208,446
As at 31 March 2024 (Unaudited)	<u>800,000</u>	<u>114,918</u>	<u>420,952</u>	<u>(14,097)</u>	<u>1,321,773</u>


Chief Financial Officer


Chief Executive Officer


Authorised Board Representative

The attached notes from 1 to 18 form an integral part of these condensed interim financial statements

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

CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

	Notes	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
<u>OPERATING ACTIVITIES</u>			
Profit before Zakat		222,246	114,296
<i>Adjustments for:</i>			
Depreciation on property and equipment	5	16,431	16,005
Depreciation on right-of-use assets		14,430	16,563
Amortisation of intangible assets		875	733
Finance costs		20,267	20,559
Finance Income		(14,669)	(10,621)
Provision for employees' end of service benefits		9,149	2,570
Impairment (reversal)/charge on trade receivables		(3,727)	1,541
		<u>265,002</u>	<u>161,646</u>
<i>Changes in:</i>			
Trade receivables		(64,730)	24,039
Prepayments and other receivables		(23,381)	73,878
Construction work in progress		--	(8,736)
Trade payables		(3,300)	(32,579)
Accrued and other liabilities		(18,451)	1,755
Cash generated from operations		<u>155,140</u>	<u>220,003</u>
Employees' benefit paid		(6,551)	(1,111)
Finance costs paid		(4,980)	(3,255)
Net cash from operating activities		<u>143,609</u>	<u>215,637</u>
<u>INVESTING ACTIVITIES</u>			
Additions to property and equipment	5	(30,542)	(15,115)
Additions to intangible assets		(536)	(466)
Redemption of / (investment in) short term murabaha deposits	8	500,000	(205,000)
Finance income received		14,669	10,621
Net cash generated from / (used in) investing activities		<u>483,591</u>	<u>(209,960)</u>
<u>FINANCING ACTIVITIES</u>			
Repayment of long-term loan	9	(17,500)	--
Interest paid on lease liability		--	(56)
Payment of lease liability		(26,941)	(4,063)
Dividend paid	10	(120,800)	--
Net cash used in financing activities		<u>(165,241)</u>	<u>(4,119)</u>
Net change in cash and cash equivalents during the period		461,959	1,558
Cash and cash equivalent at the beginning of the period		<u>710,426</u>	<u>940,069</u>
Cash equivalents at the end of the period		<u>1,172,385</u>	<u>941,627</u>

Chief Financial Officer

Chief Executive Officer

Authorised Board Representative

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

1. REPORTING ENTITY

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 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 Company is currently under process, to update its status in the bylaws from closed joint stock company to 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.

During 2022, the new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-laws for any changes to align the By-laws to the provisions of the Law. Consequently, the Company shall present the amended By-laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

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.

The accompanying condensed interim financial statements include the activities of the Company’s head office and its following branches:

<u>Location of the branch</u>	<u>CR number</u>	<u>Location of the branch</u>	<u>CR number</u>
Riyadh	1010607713	Dawadmi	1116627628
Dammam	2050130835	Hail	3350155544
Madinah	4650215858	Jizan	5900129855
Abha	5850132986	Najran	5950124524
Al Ahsa	2031111679	Rabigh	4602115044
Al Baha	5800109670	Rafha	3453106254
AlQaysoma	2512100942	Sharura	5951129034
Al-Quraiat	3452148133	Skaka	3400122047
ArAr	3450178231	Tabuk	3550140013
Al Ula	4651104016	Taif	4032252408
Al Wajh	3552102272	Turaif	3451102634
Beesha	5851877774	Wadi Al Dawasir	1185105013
Buraidah	1131315681	Yanbu	4700119152

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the period ended 31 March 2024 have been prepared in accordance with International Accounting Standards (IAS)-34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed interim financial statements do not include all the information required for complete set of financial statements as per International Financial Reporting Standards (IFRS) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2023 (last annual financial statements). Accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since last annual financial statements. In addition, results for the interim period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost convention, except for employees’ end of service benefits liabilities, which have been measured at present value of defined benefit obligations using unit credit method of actuarial valuation.

2.3 Functional and presentation currency

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

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. 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 described in the last annual Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023. New IFRS pronouncements, effective 1 January 2024 (refer note 4) did not have any effect on the condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

a) Standards, interpretations and amendments issued but not yet effective

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

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 16	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

b) Standards, interpretations and amendments that became effective during the period

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2024, but they did not have a material effect on the Company's financial statements:

<u>Effective date</u>	<u>New Standards or amendments</u>
1 January 2024	Classification of liabilities as current or non-current (amendments to IAS 1)
1 January 2024	Non-current Liabilities with Covenants (amendments to IAS 1)
1 January 2024	Lease Liability in a Sale and Leaseback – (amendments to IFRS 16)
1 January 2024	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS S1	General requirements for disclosure of sustainability-related financial information	1 January 2024
IFRS S2	Climate-related disclosures	1 January 2024

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

5. PROPERTY AND EQUIPMENT

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

	<u>Leasehold improvements</u>	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Capital work- in-progress (CWIP)</u>	<u>Total</u>
Cost:						
As at 1 January 2024	518,252	225,692	3,875	11,301	133,087	892,207
Additions during the period	--	406	8	623	29,505	30,542
Transfers from CWIP	--	3,251	--	5,154	(8,405)	--
Transfers from intangible assets	--	--	--	585	--	585
As at 31 March 2024	518,252	229,349	3,883	17,663	154,187	923,334
Accumulated depreciation:						
As at 1 January 2024	(81,539)	(92,027)	(2,328)	(6,852)	--	(182,746)
Charge for the period	(8,034)	(7,470)	(163)	(764)	--	(16,431)
As at 31 March 2024	(89,573)	(99,497)	(2,491)	(7,616)	--	(199,177)
<u>Net book value:</u>						
As at 31 March 2024 (Unaudited)	428,679	129,852	1,392	10,047	154,187	724,157

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

5. PROPERTY AND EQUIPMENT (continued)

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

	<u>Leasehold improvements</u>	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Capital work- in-progress (CWIP)</u>	<u>Total</u>
Cost:						
As at 1 January 2023	508,847	221,335	4,050	11,665	82,426	828,323
Additions during the year	12,687	4,736	78	809	51,336	69,646
Transfers from CWIP	624	--	--	19	(643)	--
Transfers from intangible assets	--	--	--	211	--	211
Write-offs during the year	(2,342)	(243)	(239)	(1,403)	(32)	(4,259)
Disposals during the year	(1,564)	(136)	(14)	--	--	(1,714)
As at 31 December 2023	518,252	225,692	3,875	11,301	133,087	892,207
Accumulated depreciation:						
As at 1 January 2023	(52,252)	(62,782)	(1,842)	(6,081)	--	(122,957)
Charge for the year	(32,519)	(29,509)	(739)	(2,174)	--	(64,941)
Write-offs during the year	1,670	185	239	1,403	--	3,497
Disposals during the year	1,562	79	14	--	--	1,655
As at 31 December 2023	(81,539)	(92,027)	(2,328)	(6,852)	--	(182,746)
Net book value:						
As at 31 December 2023 (Audited)	436,713	133,665	1,547	4,449	133,087	709,461

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

5. PROPERTY AND EQUIPMENT (continued)

5.1 Capital work in progress mainly represents costs incurred incidental to projects in progress in respect of the Cargo Terminal – phase two at Jeddah airport. The project is expected to be completed by June 2025.

5.2 During the three-month period ended 31 March 2024 finance charges amounting to SR 5.33 million (31 December 2023: SR 19.59 million) have been capitalized to Capital work in progress (CWIP).

6. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

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

During the period ended 31 March 2024 the Company entered into a five years lease agreement for a fulfillment center in Dammam, which resulted in addition to right of use asset and lease liability of SR 16.2 million.

7. LONG-TERM LOAN RECEIVABLE

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

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Non-current portion of long-term loan receivable	11,790	11,790
Current portion of long-term loan receivable	11,790	11,790
	<u>23,580</u>	<u>23,580</u>

Long-term loan receivable relates to 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 is recoverable from the lease liability payment over a period of 3 years. The amount is not subject to any credit risk.

8. SHORT TERM MURABAHA DEPOSITS

Short term murabaha deposits comprise of the following:

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Short term murabaha deposits	--	500,000

8.1 Short term murabaha deposits represent deposits with local banks that have an original maturity of more than three months from the investment date.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

8. SHORT TERM MURABAHA DEPOSITS (continued)

8.2 These deposits earn commission at an average rate of 6.26% per annum as at 31 March 2024 (31 December 2023: 6.29% per annum).

9. LONG-TERM LOAN

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Long-term loan	594,605	612,105
Upfront fees paid	(8,422)	(8,749)
	586,183	603,356
Current portion of long-term loan	(36,009)	(36,240)
Non-current portion of long-term loan	550,174	567,116

9.1 During 2021, the Company entered into an agreement with a commercial bank to obtain a loan facility of SR 600 million in order to finance the cargo terminal projects under construction. As at 31 March 2024, the Company had drawn SR 500 million (31 December 2023: SR 500 million) out of sanctioned amount of SR 600 million. This loan carries markup at commercial rates (SIBOR plus an agreed margin) and is repayable in semi-annual instalments starting from 30 March 2024 up to 30 March 2030. The loan agreement includes certain covenants which include but are not limited to dividend payments and maintenance of certain financial ratios.

9.2 During 2023, the Company entered into an agreement with Saudi Industrial Development Fund (SIDF) to obtain a loan financing of SR 234.2 million to finance the cargo terminal projects. As at 31 March 2024, the Company had been advanced SR 112.1 million (31 December 2023: SR 112.1 million) out of sanctioned amount of SR 234.2 million. This loan carries markup at an agreed rate and is repayable in semi-annual instalments starting from 18 October 2024 up to 28 February 2030.

10. DIVIDEND

During the period ended 31 March 2024 the Company's Board of Directors approved distribution of cash dividend amounting to SR 120.8 million (SR 1.51 per share) (31 March 2023: SR 130 million (SR 1.63 per share)).

11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, government entities, key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. 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 parent entity is the Government of Saudi Arabia. The Company applies 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 CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant related party transactions with major shareholder, their subsidiaries, entities with significant influence, government entities and other related parties for the period and balance arising therefrom are described as under:

<u>Nature of transaction</u>	<u>For the period ended</u>	
	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 March</u> <u>2023</u> (Unaudited)
Cost charge	(13,544)	(12,029)
Revenue	171,908	83,267
Shared service recovery	324	1,232
Finance cost	(12,451)	(17,115)
	<u>Closing balance</u>	
	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 December</u> <u>2023</u> (Audited)
Trade receivables	<u>306,721</u>	<u>266,330</u>
Prepayments and other receivables	<u>--</u>	<u>35,111</u>
Trade payables	<u>8,434</u>	<u>6,502</u>
Accruals and other liabilities	<u>12,796</u>	<u>7,044</u>
Lease liability	<u>981,375</u>	<u>1,073,461</u>

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

	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 March</u> <u>2023</u> (Unaudited)
Short term employee benefits	15,239	8,277
Post retirement benefits	627	174
	<u>15,866</u>	<u>8,451</u>

Board of Directors, audit and executive committees' compensation charged during the period amounted to SR 1.4 million (period ended 31 March 2023: SR 1.1 million).

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

12. REVENUE

12.1 Revenue streams

Revenue for the period comprise of the following streams:

	31 March <u>2024</u> (Unaudited)	31 March <u>2023</u> (Unaudited)
Airline handling revenue	157,308	139,381
Logistic solutions revenue	86,711	45,868
Terminal handling revenue	208,408	154,511
Other	99	212
	<u>452,526</u>	<u>339,972</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 service lines

	31 March <u>2024</u> (Unaudited)	31 March <u>2023</u> (Unaudited)
Air cargo handling	365,815	294,104
Logistic solutions	86,711	45,868
	<u>452,526</u>	<u>339,972</u>

iii) Timing of recognition of revenue

All revenues of the Company are recognized at point of time when the service is provided.

13. ZAKAT

Status of assessments

The Company has filed its annual Zakat declarations up to year ended 31 December 2023. The Zakat Customs and Tax Authority ("Authority" or "ZATCA") is currently reviewing the declarations filed and has not issued any queries or assessment.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

14. COMMITMENTS AND CONTINGENCIES

At 31 March 2024, the Company has outstanding commitments for capital expenditures amounting to SR 27.39 million (31 December 2023: SR 23.6 million).

At 31 March 2024, the Company's bankers have issued letters of guarantee amounting to SR 34.7 million (31 December 2023: SR 32.2 million).

At 31 March 2024, there were no outstanding contingencies (31 December 2023: Nil).

15. BASIC AND DILUTIVE EARNINGS PER SHARE

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

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Profit for the period attributable to shareholders of the Company (SR '000')	<u>208,446</u>	<u>104,346</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	<u>80,000</u>	<u>80,000</u>
Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Company (SR)	<u>2.61</u>	<u>1.30</u>

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

16. SEGMENT INFORMATION

The executive committee, which has been identified as the Chief Operating Decision Maker (CODM) considers the business according to business type, being air cargo handling and logistic solutions segments. The inter-company revenue has been eliminated within the segment as the transactions are between divisions of the Company.

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

- Air cargo handling: The provision of cargo handling services to air cargo carriers operating at the Kingdom's airports.
- Logistic solutions: The provision of end-to-end logistic solutions services, customs clearance, warehousing and inventory management.
- Fulfilment: The provision of warehouse management solutions.

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

SAL SAUDI LOGISTICS SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

16. SEGMENT INFORMATION (continued)

A. Information about reportable segments

i) Reconciliation of revenue and profits:

	<u>Air cargo handling</u>		<u>Logistic solutions</u>		<u>Fulfillment</u>		<u>Total</u>	
	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 March</u> <u>2023</u> (Unaudited)						
External revenue	365,815	294,104	86,711	45,868	--	--	452,526	339,972
Segment revenue	369,596	295,936	86,711	45,868	3	--	456,310	341,804
Inter-segment revenue	(3,781)	(1,832)	--	--	(3)	--	(3,784)	(1,832)
Operating and administration costs	(120,238)	(143,504)	(71,531)	(40,165)	(1,667)	--	(193,436)	(183,669)
Other income	490	1,232	--	--	--	--	490	1,232
EBITDA	246,067	151,832	15,180	5,703	(1,667)	--	259,580	157,535
Depreciation and amortization	(30,000)	(32,866)	(726)	(435)	(1,010)	--	(31,736)	(33,301)
Operating profit	216,067	118,966	14,454	5,268	(2,677)	--	227,844	124,234
Finance income	14,669	10,621	--	--	--	--	14,669	10,621
Finance costs	(19,694)	(20,489)	(282)	(70)	(291)	--	(20,267)	(20,559)
Profit before zakat	211,042	109,098	14,172	5,198	(2,968)	--	222,246	114,296

ii) Reconciliation of assets and liabilities:

	<u>Air cargo handling</u>		<u>Logistic solutions</u>		<u>Fulfillment</u>		<u>Total</u>	
	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 December</u> <u>2023</u> (Audited)						
Total assets	3,270,938	3,016,009	71,646	265,286	11,770	3,678	3,354,354	3,284,973
Total liabilities	1,963,637	1,989,179	53,392	42,560	15,552	19,107	2,032,581	2,050,846

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024

(Expressed in thousand Saudi Arabian Riyals, unless stated otherwise)

16. SEGMENT INFORMATION (continued)

B. Reconciliations of information on reportable segments to IFRS measures

	31 March <u>2024</u> (Unaudited)	31 March <u>2023</u> (Unaudited)
Total revenue for reportable segments	456,310	341,804
Elimination of intersegment revenue	<u>(3,784)</u>	<u>(1,832)</u>
Total revenue	<u><u>452,526</u></u>	<u><u>339,972</u></u>

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

C. Geographical information

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

D. Major customer

Revenue from one customer of the Company's Air cargo handling segment represented approximately 14% (period ended 31 March 2023: 21%) of the Company's total revenue for the period ended 31 March 2024.

17. SUBSEQUENT EVENTS

There have been no significant events since the period ended 31 March 2024, that would require disclosures or adjustments in these condensed interim financial statements.

18. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed interim financial statements were approved by Board of Directors of the Company on 9 May 2024, corresponding to 1 Dhul Qadah 1445H.