

**SAUDI GROUND SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

**SAUDI GROUND SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
For the three-month and six-month periods ended 30 June 2024**

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

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Ground Services Company (A Saudi Joint Stock Company) ("the Company") as at 30 June 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

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

Jeddah: 02 Safar 1446H  
06 August 2024G





SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 (Unaudited) SR'000	31 December 2023 (Audited) SR'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	481,095	486,568
Right-of-use assets	7	148,421	224,553
Intangible assets and goodwill	8	735,133	746,780
Equity-accounted investments	9	109,064	95,705
Prepayments and other assets		92,589	42,124
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,566,302</b>	1,595,730
<b>CURRENT ASSETS</b>			
Inventories		5,638	4,870
Trade receivables	10	1,187,787	1,248,376
Prepayments and other assets		610,178	678,960
Financial assets at fair value through profit or loss (FVTPL)	11	375,526	124,439
Short term deposits		409,000	500,000
Cash and bank balances		106,516	79,090
<b>TOTAL CURRENT ASSETS</b>		<b>2,694,645</b>	2,635,735
<b>TOTAL ASSETS</b>		<b>4,260,947</b>	4,231,465
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	1,880,000	1,880,000
Statutory reserve	1	-	520,173
Retained earnings / (accumulated losses)		601,087	(68,681)
<b>TOTAL EQUITY</b>		<b>2,481,087</b>	2,331,492
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	7	77,901	150,679
Employee defined benefit liabilities		579,515	558,843
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>657,416</b>	709,522
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	12	-	100,000
Lease liabilities	7	79,536	86,115
Trade payables		118,304	130,958
Accruals and other current liabilities		548,546	509,175
Zakat provision	13	376,058	364,203
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,122,444</b>	1,190,451
<b>TOTAL LIABILITIES</b>		<b>1,779,860</b>	1,899,973
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,260,947</b>	4,231,465

  
For: Mohammed A. Mazi  
Chief Financial Officer

  
For: Raed Hassan Al Idrissi  
Chief Executive Officer

  
Khalid Al Buainain  
Chairman of the Board of Directors


The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.


SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2024

	Notes	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Revenue	14	<b>686,514</b>	626,472	<b>1,339,711</b>	1,190,338
Costs of revenue		<b>(542,638)</b>	(524,356)	<b>(1,074,405)</b>	(987,576)
<b>GROSS PROFIT</b>		<b>143,876</b>	102,116	<b>265,306</b>	202,762
Other income		<b>12,108</b>	10,325	<b>32,296</b>	14,964
General and administrative expenses		<b>(63,790)</b>	(51,770)	<b>(117,926)</b>	(116,191)
Impairment losses on trade and other receivables		<b>(19,427)</b>	(6,175)	<b>(31,639)</b>	(6,633)
<b>OPERATING PROFIT</b>		<b>72,767</b>	54,496	<b>148,037</b>	94,902
Finance costs		<b>(2,112)</b>	(11,264)	<b>(6,027)</b>	(18,871)
Interest income on term deposits		<b>6,787</b>	11,465	<b>13,974</b>	22,107
Realized and unrealized gain on financial assets at FVTPL	11	<b>4,480</b>	2,494	<b>8,542</b>	4,894
Share of results from equity-accounted investments	9	<b>7,761</b>	7,834	<b>13,359</b>	13,910
<b>PROFIT FOR THE PERIOD BEFORE ZAKAT</b>		<b>89,683</b>	65,025	<b>177,885</b>	116,942
Zakat charge	13	<b>(11,250)</b>	(15,092)	<b>(28,290)</b>	(26,967)
<b>PROFIT FOR THE PERIOD</b>		<b>78,433</b>	49,933	<b>149,595</b>	89,975
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>78,433</b>	49,933	<b>149,595</b>	89,975
<b>Earnings per share</b>					
<b>Earnings per share attributable to ordinary equity holders of the Company (basic and diluted) (in SR)</b>	15	<b>0.42</b>	0.27	<b>0.80</b>	0.48

  
For: Mohammed A. Mazi  
Chief Financial Officer

  
For: Raed Hassan Al Idrissi  
Chief Executive Officer

  
Khalid Al Buainain  
Chairman of the Board of Directors

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SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

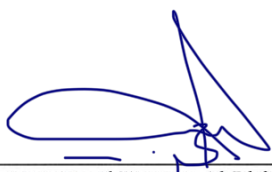
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month periods ended 30 June 2024

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings / (accumulated losses)</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance as at 1 January 2023 (Audited)	1,880,000	499,025	(276,995)	2,102,030
Profit for the period	-	-	89,975	89,975
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income for the period</i>	-	-	89,975	89,975
Balance as at 30 June 2023 (Unaudited)	<u>1,880,000</u>	<u>499,025</u>	<u>(187,020)</u>	<u>2,192,005</u>
Balance as at 1 January 2024 (Audited)	1,880,000	520,173	(68,681)	2,331,492
Profit for the period	-	-	149,595	149,595
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income for the period</i>	-	-	149,595	149,595
Transfer (note 1)	-	(520,173)	520,173	-
Balance as at 30 June 2024 (Unaudited)	<u>1,880,000</u>	<u>-</u>	<u>601,087</u>	<u>2,481,087</u>



For: Mohammed A. Mazi  
Chief Financial Officer



For: Raed Hassan Al Idrissi  
Chief Executive Officer



Khalid Al Buainain  
Chairman of the Board of Directors

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SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month periods ended 30 June 2024

	Notes	Six-month period ended 30	
		June	
		2024 (Unaudited) SR'000	2023 (Unaudited) SR'000
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		177,885	116,942
<i>Adjustments for:</i>			
Depreciation on property and equipment	6	50,446	48,815
Depreciation on right-of-use assets	7	29,716	23,917
Amortization of intangible assets	8	11,647	16,630
Share of results from equity-accounted investments	9	(13,359)	(13,910)
Impairment loss on trade and other receivables		31,639	6,633
Provision for employee defined benefit liabilities		39,640	39,868
Unrealized gain on financial assets at FVTPL	11	(6,516)	(4,894)
Gain on disposal of financial assets at FVTPL	11	(2,026)	-
Gain on disposal of property and equipment		-	(3)
Finance costs		6,027	18,871
		<u>325,099</u>	<u>252,869</u>
<i>Working capital adjustments:</i>			
Inventories		(768)	(156)
Trade receivables		28,950	(67,913)
Prepayments and other assets		18,317	100,261
Trade payables		(12,654)	(17,283)
Accruals and other liabilities		39,371	2,117
		<u>398,315</u>	<u>269,895</u>
<b>Cash from operations</b>		<b>398,315</b>	<b>269,895</b>
Finance costs paid		(1,103)	(13,696)
Employee defined benefit paid		(18,968)	(24,256)
Zakat paid	13	(16,435)	(20,889)
		<u>361,809</u>	<u>211,054</u>
<b>Net cash from operating activities</b>		<b>361,809</b>	<b>211,054</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	6	(44,973)	(81,392)
Proceeds from disposal of financial assets at FVTPL	11	135,000	-
Acquisition of investments at FVTPL	11	(377,545)	-
Proceeds from disposal of property and equipment		-	4
Investments in short term deposits		(209,000)	(870,000)
Proceeds on maturity of short term deposits		300,000	120,000
Net changes in restricted cash		453	-
		<u>(196,065)</u>	<u>(831,388)</u>
<b>Net cash used in investing activities</b>		<b>(196,065)</b>	<b>(831,388)</b>
<b>FINANCING ACTIVITIES</b>			
Repayments of loans and borrowings		(100,000)	(150,399)
Payments of lease liabilities	7	(37,865)	(24,809)
		<u>(137,865)</u>	<u>(175,208)</u>
<b>Net cash used in financing activities</b>		<b>(137,865)</b>	<b>(175,208)</b>
Net increase / (decrease) in cash and cash equivalents		27,879	(795,542)
Cash and cash equivalents at the beginning of the period		78,637	864,417
		<u>106,516</u>	<u>68,875</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>106,516</b>	<b>68,875</b>
<b>SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION</b>			
Addition to right-of-use assets and lease liabilities	7	4,746	28,157
Modification to right-of-use assets and lease liabilities	7	(51,162)	15,700

For: Mohammed A. Mazi  
Chief Financial Officer

For: Raed Hassan Al Idrissi  
Chief Executive Officer

Khalid Al Buainain  
Chairman of the Board

The attached notes from 1 to 21 form an integral part of these interim condensed financial statements.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2024

### 1 CORPORATE INFORMATION

Saudi Ground Services Company (“the Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. The Company was registered as a limited liability company in the Kingdom of Saudi Arabia under Commercial Registration number 4030181005 dated 11 Rajab 1429H, (corresponding to 14 July 2008).

The Company is engaged in providing ground handling services, aircraft cleaning, passenger handling, baggage, and fuel to Saudi Airlines Air Transport Company, other local and foreign airlines, and other customers in the Kingdom of Saudi Arabia.

The registered address of the Company is Al Yasmin Commercial Center King Abdul Aziz Road, Al Basatin District P.O. Box 48154, Jeddah 21572, Kingdom of Saudi Arabia.

During the Company’s extraordinary General Assembly meeting held on 15 Duh Al-Qi’dah 1445H (corresponding to 23 May 2024G) the shareholders approved transferring the statutory reserve balance amounting to SR 520 million to the retained earnings, which was completed and reflected in these interim condensed financial statements for the three-month and six-month periods ended 30 June 2024.

During the six-month period ended 30 June 2024, the Board of Directors approved the establishing a 100% owned new subsidiary as a limited liability company in the Kingdom of Saudi Arabia under the name "Ground Service Company for Travel and Tourism Services" (“the Subsidiary”). The Subsidiary was registered as a limited liability company in the Kingdom of Saudi Arabia under Commercial Registration number 4030558452 dated 18 Duh Al-Qi’dah 1445H, (corresponding to 26 May 2024). However, the legal formalities in relation to meeting the initial capital contribution are in progress and the Subsidiary has not yet commenced operations as of the reporting date.

The Company’s parent is Saudi Arabian Airlines Corporation (the “Parent Company”), having 52.5% of shares in the Company. The Company's Ultimate Controlling Party is Government of Saudi Arabia. At 30 June 2024 and 31 December 2023 the authorized, issued, and paid-up share capital of SR 1,880 million consists of 188 million fully paid shares of SR 10 each. The shareholding of Parent Company and General public is as follows:

	<i>Percentage %</i>	<i>Number of shares</i>	<i>Amount SR'000</i>
Parent Company	52.5	98,700,000	987,000
General public	47.5	89,300,000	893,000
	<u>100</u>	<u>188,000,000</u>	<u>1,880,000</u>

The Company holds ownership interest in equity-accounted investments as at 30 June 2024 and 31 December 2023 as follows:

Name	Country of incorporation / principal place of business	Effective ownership interest (%)	
		30 June 2024 (Unaudited)	31 December 2023 (Audited)
Saudi Amad for Airport Services and Transport Support Company (“SAAS”) (note 9)	Kingdom of Saudi Arabia	50%	50%
TLD Arabia Equipment Services (“TLDAES”) (note 9)	Kingdom of Saudi Arabia	50%	50%
Jusoor Airport Services Company (“Jusoor”) (note 9)	Kingdom of Saudi Arabia	51%	51%



# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The interim condensed financial statements for the six-months period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The 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 annual financial statements for the year ended 31 December 2023. In addition, results of the interim period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The new Companies Law issued through Royal Decree number M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For most provisions of the Law, full compliance should take place not later than two years from 26/6/1444H (corresponding to January 19, 2023). The Company has amended the By-Laws for changes to align the Articles to the provisions of the Law. The shareholders approved the amended By-Laws in the Extraordinary General Assembly meeting.

#### 2.2 Basis of measurement

These interim condensed financial statements are prepared under the historical cost convention using the accrual basis of accounting and going concern concept, except for the financial assets held at fair value through profit or loss which are valued at fair value, and employee defined benefit liabilities.

#### 2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals (SR), which is also the Company's functional and presentation currency. All figures are rounded off to the nearest thousands (SR '000) unless when otherwise stated.

#### 2.4 Material accounting judgements, estimates and assumptions

The preparation of the Company's interim condensed financial statements requires management to make judgments, 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 judgments 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 financial statements for the year ended 31 December 2023.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024 given below, but do not have an impact on the interim condensed financial statements of the Company.

#### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Company's interim condensed financial statements.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY (continued)

#### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's interim condensed financial statements.

#### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's interim condensed financial statements.

### 4 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.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments IFRS 9 and IFRS 7 - Classification and measurement of financial instruments	This amendment aims to improve clarity and consistency in accounting for financial instruments, particularly regarding classification of ESG-linked loans.	1 January 2026
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
IFRS 18 Presentation and disclosure in financial statements	IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements. These examples are not intended to illustrate all aspects of the presentation and disclosure requirements in IFRS 18, nor do they illustrate a complete set of financial statements.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

#### *Other standards issued but not yet effective*

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

#### **IFRS S1 General requirements for disclosure of sustainability-related financial information**

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

#### **IFRS S2 Climate-related disclosures**

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

### 5 OPERATING SEGMENTS

The Company's primary format for segmental reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure. The Company is principally involved in providing ground handling services to local and foreign airlines at all airports in the Kingdom of Saudi Arabia. Other operations are related to the fueling to the local and foreign airlines and other customers. The operations related to fueling and other services has not met the quantitative thresholds for reportable segments for the six-month period ended 30 June 2024 and 30 June 2023. Accordingly, the management believes that the Company's business falls within a single reportable business segment and is subject to similar risks and returns.

### 6 PROPERTY AND EQUIPMENT

#### a) Reconciliation of carrying amounts:

	<i>30 June 2024 (Unaudited) SR'000</i>	<i>31 December 2023 (Audited) SR'000</i>
Carrying amount at beginning of the period / year	486,568	433,259
Additions during the period / year	44,973	142,554
Disposal during the period / year	-	(1)
Depreciation during the period / year	(50,446)	(98,792)
Other Adjustments	-	9,548
At the end of the period/year	<u>481,095</u>	<u>486,568</u>

#### b) Category-wise carrying amounts are as follows:

	<i>30 June 2024 (Unaudited) SR'000</i>	<i>31 December 2023 (Audited) SR'000</i>
Land	27,464	27,464
Leasehold improvements	17,006	19,047
Airport equipment	424,762	428,939
Motor vehicles	561	657
Furniture, fixture and equipment	5,621	6,808
Computer equipment	5,681	3,653
At the end of the period/year	<u>481,095</u>	<u>486,568</u>

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 7 LEASES

The Company has various leases for land, office buildings, workshops, and motor vehicles from various lessors around the region, that includes extension options. The leases of airport premises, workshops and office buildings have renewable lease term, as per management expectation they have been assessed for a lease term of 7 years. Land has a lease term of 22 years and motor vehicles have lease term of 2.8 years.

The Company also has certain leases of buildings with lease terms of 12 months or less. The Company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

#### a) Right of use assets

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
At the beginning of the period/year	224,553	128,671
Additions during the period / year	4,746	147,193
Modification during the period / year (note 7.1)	(51,162)	5,243
Derecognition during the period / year	-	(2,356)
Depreciation during the period / year	(29,716)	(54,198)
At the end of the period / year	<u>148,421</u>	<u>224,553</u>

The Company has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Company’s business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

#### b) Lease liabilities

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
At the beginning of the period / year	236,794	132,379
Additions during the period / year	4,746	147,193
Modification during the period / year (note 7.1)	(51,162)	5,243
Derecognition during the period / year	-	(1,778)
Accretion of interest during the period / year	4,924	9,504
Payments during the period / year	(37,865)	(55,747)
At the end of the period / year	<u>157,437</u>	<u>236,794</u>
Less: Current portion	<u>(79,536)</u>	<u>(86,115)</u>
Non-current portion	<u>77,901</u>	<u>150,679</u>

**7.1** During the period, the Company had modified certain leases as a result of change in the lease rentals. There were no changes in the scope of the lease.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 8 INTANGIBLE ASSETS AND GOODWILL

	<i>Goodwill</i> <i>SR'000</i>	<i>Customer contracts</i> <i>SR'000</i>	<i>Customer relationships</i> <i>SR'000</i>	<i>Software</i> <i>SR'000</i>	<i>Total</i> <i>SR'000</i>
<b>Cost:</b>					
Balance at 31 December 2023 and 30 June 2024	582,816	153,179	468,475	64,117	1,268,587
<b>Accumulated amortisation:</b>					
Balance at 1 January 2023 (Audited)	-	153,179	281,087	57,997	492,263
Amortisation for the year	-	-	23,424	6,120	29,544
Balance at 31 December 2023 (Audited)	-	153,179	304,511	64,117	521,807
Amortisation for the period	-	-	11,647	-	11,647
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>-</b>	<b>153,179</b>	<b>316,158</b>	<b>64,117</b>	<b>533,454</b>
<b>Net book value:</b>					
<b>At 30 June 2024 (Unaudited)</b>	<b>582,816</b>	<b>-</b>	<b>152,317</b>	<b>-</b>	<b>735,133</b>
At 31 December 2023 (Audited)	582,816	-	163,964	-	746,780

On February 7, 2010, the Company has entered into Sale and Purchase Agreement (SPA) for the acquisition of capital of National Handling Services ("NHS") in consideration of the Company's shares. As the principal shareholder of the NHS and pursuant to the Transfer of Operations Agreement ("the Agreement"), the Company resolved to transfer the commercial activities of NHS to the Company. Consequently, the assets and liabilities of the NHS were transferred to the Company as of January 1, 2011 along with the business operations. Further, on 7 February 2010 the Company has entered into another Sale and Purchase Agreement (SPA) for the acquisition of ground handling business of Attar Ground Handling and Attar Travel in consideration of the Company's shares.

As part of the agreements, the Company has recognized the fair value of the net assets acquired. The identifiable intangible assets acquired as part of the acquisition were customer contracts amounting to SR 153.2 million and customer relationships amounting to SR 468.5 million, resulting in goodwill of SR 582.8 million which comprises the fair value of expected synergies arising from the acquisition.

As at 31 December 2023, an independent impairment assessment of the Company was conducted to determine whether the carrying values exceed the recoverable amounts and was concluded that goodwill was not impaired. The changes in key assumptions and sensitivity analysis would not result in impairment as disclosed in the audited financial statements of the Company for the year ended 31 December 2023. The Company has assessed and concluded that there are no significant indicators of impairment which may impact the goodwill as of 30 June 2024. However, an independent impairment assessment will be conducted as at 31 December 2024.

### 9 EQUITY-ACCOUNTED INVESTMENTS

The equity-accounted investments in joint ventures as at 30 June 2024 are as follows:

	<b>Country of incorporation / principal place of business</b>	<b>Effective ownership interest (%)</b>		<b>30 June 2024 (Unaudited)</b> <i>SR'000</i>	<b>31 December 2023 (Audited)</b> <i>SR'000</i>
		<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>		
Saudi Amad for Airport Services and Transport Support Company ("SAAS")	Kingdom of Saudi Arabia	<b>50%</b>	50%	<b>49,342</b>	42,630
TLD Arabia Equipment Services ("TLDAES")	Kingdom of Saudi Arabia	<b>50%</b>	50%	<b>22,348</b>	22,497
Jusoor Airport Services Company ("Jusoor")	Kingdom of Saudi Arabia	<b>51%</b>	51%	<b>37,374</b>	30,578
				<b>109,064</b>	95,705

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 9 EQUITY-ACCOUNTED INVESTMENTS (continued)

The movement summary of equity-accounted investments is as follows:

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Balance at the beginning of the period/year	<b>95,705</b>	74,365
Share of results for the period/year	<b>13,359</b>	23,340
Dividends for the period/year (note b)	-	(2,000)
Balance at the end of the period/year	<b>109,064</b>	95,705

The equity-accounted investments applied the same accounting policies as applied by the Company in these condensed interim financial statements and have no contingent liabilities or capital commitments at 30 June 2024 and 31 December 2023.

#### a) Saudi Amad for Airport Services and Transport Support Company ("SAAS")

This represents Company's 50% investment in a joint venture in Saudi Amad for Airport Services and Transport Support Company ("SAAS") which is one of the Company's strategic suppliers and is principally engaged in providing transportation services for passengers and crew in the Kingdom of Saudi Arabia. The Company does not have control over SAAS. Based on management assessment, it is classified as a joint venture. The Company's interest in SAAS is accounted for using the equity method in these interim condensed financial statements.

#### b) TLD Arabia Equipment Services ("TLDAES")

This represents Company's 50% investment in a joint venture in TLD Arabia Equipment Services ("TLDAES") which is having primary objective to provide maintenance services for the ground handling equipment across all the airports in the Kingdom of Saudi Arabia. The Company does not have control over the TLDAES. Based on management assessment, it is classified as a joint venture. The Company's interest in TLDAES is accounted for using the equity method in the interim condensed financial statements.

During the six-month period 30 June 2024, TLDAES has neither announced nor paid dividends (31 December 2023: SR 4 million). The Company records 50% of the dividend in accordance with its percentage of shareholding in TLDAES.

#### c) Jusoor Airport Services Company ("Jusoor")

This represents Company's 51% investment in a joint venture in Jusoor Airport Services Company ("Jusoor") which is having primary objective to operate and maintain passenger boarding bridges. The Company does not have control over the Jusoor. Based on management assessment, it is classified as a joint venture. The Company's interest in Jusoor is accounted for using the equity method in the interim condensed financial statements. The legal formalities for establishing the joint venture were completed on 29 August 2023.

### 10 TRADE RECEIVABLES

Trade receivables as at 30 June 2024 is as follows:

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Due from related parties (note 16 (a))	<b>995,373</b>	1,083,608
Other trade receivables	<b>528,439</b>	475,205
	<b>1,523,812</b>	1,558,813
Less: allowance for impairment loss	<b>(336,025)</b>	(310,437)
	<b>1,187,787</b>	1,248,376

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 10 TRADE RECEIVABLES (continued)

The movement in the allowance for impairment loss is as follows:

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Balance at beginning of the period / year	310,437	292,432
Charge for the period / year	25,588	22,698
Written-off during the period / year	-	(4,693)
	<u>336,025</u>	<u>310,437</u>

### 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets at FVTPL mainly comprises investments in the shariah compliant money market – mutual funds.

Movement in financial assets at FVTPL is as follows:

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Balance at beginning of the period / year	124,439	209,185
Investments during the period / year	377,545	379,609
Disposal of investments during the period / year	(135,000)	(474,823)
Fair value gain during the period / year	8,542	10,468
	<u>375,526</u>	<u>124,439</u>

During the period income on financial assets at FVTPL is as follows:

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>30 June 2023 (Unaudited) SR'000</b>
Realized gain	2,026	-
Unrealized gain	6,516	4,894
	<u>8,542</u>	<u>4,894</u>

### 12 LOANS AND BORROWINGS

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Gross amount payable	-	100,000

- During the year ended 31 December 2020, the Company signed a facility agreement with a local commercial bank for a value of SR 500 million. This amount was withdrawn in full on 28 July 2020. This loan bears financial charges based on SAIBOR plus 0.80% per annum. The loan was initially repayable over a period of three years on flexible repayment terms. The Company has paid a management fee of SR 7 million to obtain the facility in accordance with the agreed terms of the loan agreement. The loan is secured by an order note. During the year ended 31 December 2022, the Company repaid an amount of SR 100 million of the total withdrawn loan. Further, the Company was able to extend the facility for additional period, up to 31 October 2024. During the year ended 31 December 2023, the Company repaid an amount of SR 300 million of the remaining withdrawn loan.

During the six-month period ended 30 June 2024, the Company settled the outstanding amount.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 13 ZAKAT PROVISION

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

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Balance at beginning of the period / year	<b>364,203</b>	325,685
Charge during the period / year	<b>28,290</b>	59,407
Payments during the period / year	<b>(16,435)</b>	(20,889)
	<b>376,058</b>	364,203

#### *Status of assessments*

The Company filed Zakat declaration up to the financial year ended 31 December 2023 with Zakat, Tax and Customs Authority ("ZATCA"), and has obtained Zakat certificate valid until 30 April 2025.

The Company has finalized its assessments with ZATCA up to the year 2014. ZATCA has issued Zakat assessments for the years from 2015 to 2020 claiming an additional liability of SR 243.7 million. The Company has escalated its appeal against ZATCA assessments for the years 2015 to 2020 to the General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC"). During 2023, The Tax Committees for Resolution of Tax Violations and Disputes ("TCRTVD") (first level of GSTC's committees) issued its ruling regarding the company's appeal case for those years from 2015 to 2020 according to which the TCRTVD has partially accepted some disputed items. Knowing that such ruling is not final as both the Company and ZATCA have appealed against such ruling to the appellate committee ("ACTVDR"), the hearing and final ruling from ACTVDR are still awaiting. Based on the current progress and the available information, management believes that the level of existing provisions for zakat is sufficient to account for any potential liabilities that may arise at the time of final assessments.

### 14 REVENUE

The Company's revenue is derived from contracts with customers by providing aircraft cleaning, passenger handling, fuel, baggage, and ground handling services to its customers.

#### *Revenue by categories:*

	<b>Three-month period ended</b>		<b>Six-month period ended</b>	
	<b>30 June 2024 (Unaudited) SR '000</b>	<b>30 June 2023 (Unaudited) SR '000</b>	<b>30 June 2024 (Unaudited) SR '000</b>	<b>30 June 2023 (Unaudited) SR '000</b>
Rendering of services	<b>679,051</b>	620,918	<b>1,326,370</b>	1,180,286
Sale of goods	<b>7,463</b>	5,554	<b>13,341</b>	10,052
	<b>686,514</b>	626,472	<b>1,339,711</b>	1,190,338



# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 14 REVENUE (continued)

Revenue by the type of customers:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
	<b>SR '000</b>	SR '000	<b>SR '000</b>	SR '000
Revenue from related parties (note 16(a))	<b>359,249</b>	328,418	<b>693,896</b>	634,944
Revenue from other local and foreign customers	<b>327,265</b>	298,054	<b>645,815</b>	555,394
	<b>686,514</b>	626,472	<b>1,339,711</b>	1,190,338

### 15 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share for its ordinary shares. Basic is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Profit for the period attributable to the shareholders of the Company (SR'000)	<b>78,433</b>	49,933	<b>149,595</b>	89,975
Weighted average number of ordinary shares for the purposes of basic and diluted earnings	<b>188,000,000</b>	188,000,000	<b>188,000,000</b>	188,000,000
Basic and diluted earnings per share based on earnings for the period attributable to shareholders of the Company (in SR)	<b>0.42</b>	0.27	<b>0.80</b>	0.48

### 16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and 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. The Company operates in an economic regime whereby there are various entities that are directly or indirectly controlled by the Government of Kingdom of Saudi Arabia through its government authorities, affiliations and other organizations, collectively referred to as government-related entities. The Company applies exemption in IAS 24. Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Following is the list of related parties and their transactions and the relationship with the Company.

<i>Related Parties:</i>	<i>Relationship</i>
Saudi Arabian Airlines Corporation	Parent Company
Ground Service Company for Travel and Tourism Services	Subsidiary
Saudi Airlines Air Transport Company	Fellow subsidiary
Saudia Aerospace Engineering Industries Company	Fellow subsidiary
Saudia Royal Fleet	Fellow subsidiary
Flyadeal Company	Fellow subsidiary
SAL Saudi Logistics Services Company	Fellow subsidiary
Saudi Private Aviation	Fellow subsidiary
Saudi Airlines Cargo Company	Fellow subsidiary
Saudi Airlines Real Estate Development Company	Fellow subsidiary
Prince Sultan Aviation Academy Company	Fellow subsidiary
Catrion Catering Holding Company	Common shareholder
TLD Arabia Equipment Services	Joint venture
Saudi Amad for Airport Services And Transport Support Company	Joint venture
Jusoor Airport Services Company	Joint venture
Bupa Arabia for Cooperation Insurance	Common Key Management Personnel

Significant transactions with related parties in the ordinary course of business arise mainly from services provided / received, supply of fuel, and various business arrangements and are undertaken at approved contractual terms. Significant balance and transactions arising from related parties are summarized below.

a) *Due from related parties - significant transactions and balances under trade receivables:*

i) *Following are the details of related parties transactions during the period:*

Relationship	Nature of transactions	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
		<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> <u>SR '000</u>	<u>30 June</u> <u>2023</u> <i>(Unaudited)</i> <u>SR '000</u>	<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> <u>SR '000</u>	<u>30 June</u> <u>2023</u> <i>(Unaudited)</i> <u>SR '000</u>
Fellow subsidiary	Services provided	355,637	325,880	687,307	630,538
Joint venture	Services provided	2,549	1,691	4,655	2,861
Common shareholder	Services provided	1,063	847	1,934	1,545

ii) *Due from related parties under trade receivables comprised the following:*

	<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> <u>SR'000</u>	<u>31 December</u> <u>2023</u> <i>(Audited)</i> <u>SR'000</u>
Saudi Airlines Air Transport Company	603,101	656,333
Saudia Royal Fleet	182,919	175,960
Saudia Aerospace Engineering Industries Company	109,223	140,204
Flyadeal Company	80,135	90,861
Saudi Private Aviation	12,265	13,458
SAL Saudi Logistics Services Company	3,613	3,915
Catrion Catering Holding Company	2,522	1,282
Saudi Airlines Cargo Company	912	912
Saudi Arabian Airlines Corporation	683	683
	<u>995,373</u>	<u>1,083,608</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2024

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) *Due from related parties - significant transactions and balances under prepayments and other current assets:*

i) *Following are the details of related parties transactions during the period:*

Relationship	Nature of transactions	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
		<u>30 June</u> 2024 (Unaudited) SR '000	<u>30 June</u> 2023 (Unaudited) SR '000	<u>30 June</u> 2024 (Unaudited) SR '000	<u>30 June</u> 2023 (Unaudited) SR '000
Joint venture	Other expenses	7,908	7,009	13,807	13,255
Joint venture	Invoices on behalf of the joint venture	15,823	15,040	31,537	28,260

ii) *Due from related parties under prepayments and other current assets comprised the following:*

	<u>30 June</u> 2024 (Unaudited) SR'000	<u>31 December</u> 2023 (Audited) SR'000
Saudi Arabian Airlines Corporation	308,738	308,738
Saudi Amad for Airport Services and Transport Support Company	97,288	108,150
Jusoor Airport Services Company	-	23,987
TLD Arabia Equipment Services	-	2,497
	<u>406,026</u>	<u>443,372</u>
<b>Prepayments</b>		
Bupa Arabia for Cooperation Insurance	1,479	57,793
	<u>1,479</u>	<u>57,793</u>

c) *Due to related parties - significant transactions and balances under trade payables:*

i) *Following are the details of related parties transactions during the period:*

Relationship	Nature of transactions	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
		<u>30 June</u> 2024 (Unaudited) SR '000	<u>30 June</u> 2023 (Unaudited) SR '000	<u>30 June</u> 2024 (Unaudited) SR '000	<u>30 June</u> 2023 (Unaudited) SR '000
Common Key Management Personnel	Services received	30,935	28,255	56,470	52,038
Joint venture	Maintenance received	20,595	48,559	54,300	61,902
Common shareholder	Services received	16,429	12,476	29,877	23,403
Joint venture	Services received	2,027	7,194	4,055	9,921

ii) *Due to related parties under trade payable comprised the following:*

	<u>30 June</u> 2024 (Unaudited) SR'000	<u>31 December</u> 2023 (Audited) SR'000
TLD Arabia Equipment Services	11,051	11,118
Catrion Catering Holding Company	4,387	-
Saudi Airlines Cargo Company	684	684
	<u>16,122</u>	<u>11,802</u>

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) *Due to related parties – significant transactions and balances under other current liabilities:*

i) *Following are the details of related parties transactions during the period:*

Relationship	Nature of transactions	<u>Three-month period ended</u>		<u>Six-month period ended</u>	
		<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> SR '000	<u>30 June</u> <u>2023</u> <i>(Unaudited)</i> SR '000	<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> SR '000	<u>30 June</u> <u>2023</u> <i>(Unaudited)</i> SR '000
Joint venture	Invoices on behalf of the Joint Venture	9,142	11,131	20,418	30,309
Joint venture	Other expenses	-	-	7,124	-
Fellow subsidiary	Other expenses	2,555	-	2,555	-

ii) *Due to related parties under other current liabilities comprised the following:*

	<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> SR'000	<u>31 December</u> <u>2023</u> <i>(Audited)</i> SR'000
Saudi Arabian Airlines Corporation	40,470	40,470
Catrion Catering Holding Company	19,030	13,835
Saudia Aerospace Engineering Industries Company	16,536	39,744
Jusoor Airport Services Company	15,410	-
TLD Arabia Equipment Services	7,866	-
Saudi Airlines Air Transport Company	2,954	2,954
Prince Sultan Aviation Academy Company	2,555	-
Saudi Airlines Cargo Company	177	177
	<u>104,998</u>	<u>97,180</u>

### Key management compensation

Compensation for key management is as follows:

	<u>30 June</u> <u>2024</u> <i>(Unaudited)</i> SR'000	<u>30 June</u> <u>2023</u> <i>(Unaudited)</i> SR'000
Short term benefits	9,034	4,826
End of service benefits	312	321
Directors' fees	2,900	2,923
	<u>12,246</u>	<u>8,070</u>

Key management personnel comprise of chief executive officer and heads of departments. Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

### 17 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby continually seeking to minimize potential adverse effects on the Company's financial performance.

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 Audit Committee.

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

#### **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 Company's 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. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Company are not significant. Interest bearing financial assets comprises of short term murabaha deposits which are at fixed interest rates; therefore, has no exposure to cash flow interest rate risk and fair value interest rate risk.

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

#### **Financial liabilities**

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
Loans and borrowings	-	100,000

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by SR nil (31 December 2023: SR 0.25 million). This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

#### **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, Euros, and United States Dollars. 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 bank balances, short term deposits, trade receivables, loans and borrowings and trade payables of the Company are denominated in Saudi Arabian 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's exposure to price risk arises from investments held by the Company and classified in the statement of financial position at fair value through profit or loss. The Company closely monitors price in order to manage price risk arising from financial assets at FVTPL.

Every 5% increase or decrease in the net asset value with all other variables held constant will decrease or increase profit or loss for the period by SR 18.8 million (31 December 2023: SR 6.2 million).

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 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, financial assets at FVTPL 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 receivables are shown net of allowance for impairment of trade receivables. 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.

At 30 June 2024, trade receivables are mainly due from related parties (note 16(a)) and other trade receivables and are stated at their estimated realizable values. The ten largest customers account for 65% (31 December 2023: 59%) of outstanding gross other trade receivables. The financial position of the related parties is 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 and internationally.

The changes in the carrying amounts of trade receivables contributed mainly by the changes in the impairment loss allowance for the period ended 30 June 2024.

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

	<b>30 June 2024 (Unaudited) SR'000</b>	<b>31 December 2023 (Audited) SR'000</b>
<b>Financial assets</b>		
Trade receivables	<b>1,523,812</b>	1,558,813
Other assets	<b>440,688</b>	483,135
Financial assets at fair value through profit or loss (FVTPL)	<b>375,526</b>	124,439
Short term deposits	<b>409,000</b>	500,000
Bank balances	<b>102,594</b>	77,898
	<b>2,851,620</b>	2,744,285

# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 17 FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

#### Credit risk (continued)

The charges for the allowance for impairment loss is as follows:

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Trade receivables (note 10)	<b>13,376</b>	6,175	<b>25,588</b>	6,633
Other receivables	<b>6,051</b>	-	<b>6,051</b>	-
	<b>19,427</b>	6,175	<b>31,639</b>	6,633

#### 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 amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

	<i>Carrying amount</i>	<i>Contractual cash flows</i>		<i>Total</i>
		<i>Less than one year</i>	<i>More than one year</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>Non-derivative financial liabilities</b>				
<b>30 June 2024 (Unaudited)</b>				
Trade payables	<b>118,304</b>	<b>118,304</b>	-	<b>118,304</b>
Other payables (excluding advances)	<b>533,160</b>	<b>533,160</b>	-	<b>533,160</b>
Lease liabilities	<b>157,437</b>	<b>79,536</b>	<b>105,665</b>	<b>185,201</b>
	<b>808,901</b>	<b>731,000</b>	<b>105,665</b>	<b>836,665</b>
<b>31 December 2023 (Audited)</b>				
Trade payables	130,958	130,958	-	130,958
Other payables (excluding advances)	500,975	500,975	-	500,975
Loans and borrowings	100,000	101,712	-	101,712
Lease liabilities	236,794	86,115	185,386	271,501
	968,727	819,760	185,386	1,005,146

#### Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring the return on net assets and makes required adjustments to it in the light of changes in economic conditions.

At 30 June 2024

## 18 FAIR VALUE MEASUREMENT

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

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

The principal or the most advantageous market must be accessible by the Company.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The management assessed that the fair value of cash and cash equivalents, short term deposits and trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and borrowings, liabilities against leases, and other liabilities are the Company's financial liabilities. All financial liabilities as of 30 June 2024 and 31 December 2023 are measured at amortized cost. The carrying values of the financial liabilities under amortized cost approximate their fair values.

The carrying value of all the financial assets classified as amortized cost approximates their fair value on each reporting date.

The Company fair values the derivative financial instruments and investment at fair value through profit or loss. The fair value of derivative financial instruments is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of investment at fair value through profit or loss is based on the net asset value communicated by the fund manager.



# SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

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

At 30 June 2024

### 18 FAIR VALUE MEASUREMENT (continued)

The fair values under different levels were as follows:

	<i>As at 30 June 2024</i>			
	<i>Carrying amount</i> <i>SR'000</i>	<i>Fair value hierarchy</i> <i>Level 1</i> <i>SR'000</i>	<i>Level 2</i> <i>SR'000</i>	<i>Level 3</i> <i>SR'000</i>
Financial assets at fair value through profit or loss	<b>375,526</b>	-	<b>375,526</b>	-
	<b>375,526</b>	-	<b>375,526</b>	-

	<i>As at 31 December 2023</i>			
	<i>Carrying amount</i> <i>SR'000</i>	<i>Fair value hierarchy</i> <i>Level 1</i> <i>SR'000</i>	<i>Level 2</i> <i>SR'000</i>	<i>Level 3</i> <i>SR'000</i>
Financial assets at fair value through profit or loss	124,439	-	124,439	-
	124,439	-	124,439	-

During the six-month periods ended 30 June 2024 and year ended 31 December 2023, there were no movements between the levels.

### 19 CONTINGENCIES AND COMMITMENTS

- In addition to contingencies disclosed in note 13, the Company had letters of guarantee amounting to SR 79 million as at 30 June 2024 (31 December 2023: SR 81 million), that were issued in the normal course of the business.
- Commitments amounting to SR 94.4 million (31 December 2023: SR 56.4 million) are in respect of capital expenditure committed but not paid.
- As at 30 June 2024, there are cases filed by labors and subcontractors where the Company is a defendant. Currently, the legal proceedings are ongoing and based on management expectations, the related probabilities of winning the cases are high for the Company.

### 20 SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures of adjustments in these interim condensed financial statements.

### 21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved and authorized to issue by the Company's Board of Directors on 4 August 2024 corresponding to 29 Muharram 1446H.