

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2025

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2025

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (ﷲ5,500,000 - Five million five hundred thousand Saudi Riyal)

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment Assessment of customer relationships and goodwill</p> <p>At 31 December 2025, the carrying value of the customer relationships and goodwill amounted to ₪ 117 million (2024: ₪141 million) and ₪583 million (2024: ₪583 million), respectively.</p> <p>The Group is required to, at least annually, perform impairment assessments of goodwill that have an indefinite useful life. For customer relationships, with definite useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.</p> <p>Management engaged an independent expert to carry out the impairment assessment. The impairment assessment was performed by comparing the carrying value of the Cash Generating Unit ("CGU"), including goodwill, to its recoverable amount. The recoverable amount of CGU was determined based on value-in-use ("VIU") calculations. These calculations employ a discounted cash flow (DCF) model, by using cash flow projections based on financial budgets prepared by management and approved by the Board of Directors.</p> <p>The Group's VIU model for the CGU includes significant judgement and assumptions relating to cashflow projections, long term growth rates and discount rate, and is highly sensitive to the changes in these assumptions. The above-mentioned factors have increased the estimation uncertainty around the recoverable amount hence, impairment assessment of customer relationship and goodwill.</p> <p>We considered the impairment assessment of goodwill and customer relationships as a key audit matter as it involves significant judgement and high level of estimation by the Group's management as well as a greater level of audit effort and judgement to evaluate the reasonableness of management's significant judgements and assumptions underlying the goodwill and customer relations impairment model.</p> <p>Refer to the material accounting policy information "note 4.6", the material accounting judgments, estimates and assumptions "note 2.4", and the disclosure of impairment of goodwill and customer relationships "note 7.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> ➤ Analyzed the identification of CGU and assessed whether management's assessment is in line with our understanding of the business and consistent with the internal reporting. ➤ Reviewed the management's procedures for identifying impairment indicators in respect of customer relationships. ➤ Evaluated competence, capabilities and objectivity of the independent expert engaged by the Group. ➤ Reviewed the strategic/operating plan as prepared by the management and approved by Board of Directors, and ensured they were consistently applied in the impairment assessment conducted by the independent expert. ➤ Assessed the reasonableness of the prospective financial information used in the value-in-use calculations and the reasonableness of the approved budget in comparison with the Group's historical results. ➤ Involved our internal specialists to: <ul style="list-style-type: none"> • Assess the reasonableness of methodology used by management to determine recoverable value based on VIU calculations. • Assess the reasonableness of significant judgments and assumptions made by the management in the VIU calculations. • Assess the sensitivity of the results of the VIU model to the various key assumptions, such as long-term growth rate and discount rate, within a reasonably possible range reflective of the current environment. ➤ Assessed the adequacy and appropriateness of related disclosures in the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>As at 31 December 2025, the gross trade receivables amounted to ₪1,297 million (2024: ₪1,425 million), against which an allowance for expected credit losses of ₪238 million (2024: ₪234 million) was maintained.</p> <p>The Group assesses at each reporting date whether trade receivables carried at amortized cost are credit impaired. The management determines and recognises expected credit losses ('ECL') as required by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Significant judgments, estimates and assumptions have been made by the management in the calculation of ECL impact.</p> <p>We have considered this as a key audit matter as the determination of ECL involves significant management judgement and assumptions, including future macro-economic factors and the study of historical trends.</p> <p>Refer to the material accounting policy information "note 4.3", the material accounting judgments, estimates and assumptions "note 2.4", and the disclosure of impairment against accounts receivable "note 10.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> ➤ Evaluated the Group's accounting policy for ECL allowance in accordance with the requirement of IFRS 9. ➤ Obtained an understanding of management's assessment of the impairment of trade receivables and allowance for expected credit losses. ➤ Involved our internal specialist to assess the reasonableness of significant judgements, estimates and assumptions made by the management related to the Group's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter used in ECL model. ➤ Tested the accuracy of trade receivables ageing generated by the accounting system which is used in the preparation of ECL model as at 31 December 2025. ➤ Tested the arithmetical accuracy of the ECL model. ➤ Obtained a list of customers that the group has recorded a management overlay against and assessed the basis used by management to arrive at these additional overlays. ➤ Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.



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

Other information included in The Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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



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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)**

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

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

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

for Ernst & Young Professional Services

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

Jeddah: 18 Shawwal 1447H
(6 April 2026G)

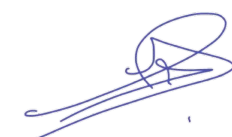



SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<i>31 December 2025 S'000</i>	<i>31 December 2024 S'000</i>
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	684,139	559,306
Right-of-use assets	6	168,111	141,066
Intangible assets and goodwill	7	699,932	723,356
Equity-accounted investments	8	168,024	102,065
Prepayments and other assets	9	99,552	134,868
TOTAL NON-CURRENT ASSETS		1,819,758	1,660,661
CURRENT ASSETS			
Inventories		9,287	8,951
Trade receivables	10	1,059,075	1,190,977
Prepayments and other assets	9	676,574	696,932
Financial assets at fair value through profit or loss (FVTPL)	11	-	214,000
Short term deposits	12	505,000	409,000
Cash and cash equivalents	13	255,045	87,232
TOTAL CURRENT ASSETS		2,504,981	2,607,092
TOTAL ASSETS		4,324,739	4,267,753
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14.1	1,880,000	1,880,000
Retained earnings		685,595	633,694
TOTAL EQUITY		2,565,595	2,513,694
NON-CURRENT LIABILITIES			
Lease liabilities	6	117,120	84,849
Employee defined benefit liabilities	16	591,624	561,792
TOTAL NON-CURRENT LIABILITIES		708,744	646,641
CURRENT LIABILITIES			
Lease liabilities	6	53,241	81,423
Trade payables	17	105,781	115,684
Accruals and other current liabilities	18	478,325	512,034
Zakat provision	19	413,053	398,277
TOTAL CURRENT LIABILITIES		1,050,400	1,107,418
TOTAL LIABILITIES		1,759,144	1,754,059
TOTAL EQUITY AND LIABILITIES		4,324,739	4,267,753


 Mohammad A. Alamoudi
 Chief Financial Officer



 Mohammed A. Mazi
 Chief Executive Officer


 Khalid Al Buainain
 Chairman of the Board of Directors


The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025


	<i>Notes</i>	<i>31 December 2025 S'000</i>	<i>31 December 2024 S'000</i>
Revenue	20	2,729,708	2,683,844
Costs of revenue	21	(2,110,964)	(2,062,907)
GROSS PROFIT		618,744	620,937
Other income, net	22	47,550	57,061
General and administrative expenses	23	(291,547)	(269,692)
Impairment losses on trade and other receivables	9,10	(43,470)	(94,062)
OPERATING PROFIT		331,277	314,244
Finance costs	24	(10,290)	(9,917)
Interest income on term deposits		30,230	27,725
Realized and unrealized gain on financial assets at FVTPL	11	10,789	17,016
Share of results from equity-accounted investments	8	67,499	28,474
PROFIT FOR THE YEAR BEFORE ZAKAT		429,505	377,542
Zakat charge	19	(24,796)	(50,508)
PROFIT FOR THE YEAR		404,709	327,034
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to statement of profit or loss in subsequent periods:</i>			
Re-measurement gain on employee defined benefit liabilities	16	22,732	43,682
Share of other comprehensive income / (loss) from equity-accounted investments	8	460	(514)
Total other comprehensive income for the year		23,192	43,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		427,901	370,202
Earnings per share			
Earnings per share attributable to ordinary equity holders of the Parent Company (basic and diluted) (in S)	14.2	2.15	1.74



Mohammad A. Alamoudi
Chief Financial Officer



Mohammed A. Mazi
Chief Executive Officer



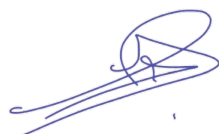
Khalid Al Buainain
Chairman of the Board of Directors

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings / (accumulated losses)</i>	<i>Total</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Balance as at 1 January 2024	1,880,000	520,173	(68,681)	2,331,492
Profit for the year	-	-	327,034	327,034
Other comprehensive income for the year	-	-	43,168	43,168
Total comprehensive income for the year	-	-	370,202	370,202
Dividends declared (note 1)	-	-	(188,000)	(188,000)
Transfer (note 1)	-	(520,173)	520,173	-
Balance as at 31 December 2024	1,880,000	-	633,694	2,513,694
Profit for the year	-	-	404,709	404,709
Other comprehensive income for the year	-	-	23,192	23,192
Total comprehensive income for the year	-	-	427,901	427,901
Dividends declared (note 1)	-	-	(376,000)	(376,000)
Balance as at 31 December 2025	1,880,000	-	685,595	2,565,595



Mohammad A. Alamoudi
Chief Financial Officer



Mohammed A. Mazi
Chief Executive Officer



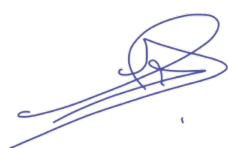
Khalid Al Buainain
Chairman of the Board of Directors

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<i>31 December 2025 س.م '000</i>	<i>31 December 2024 س.م '000</i>
OPERATING ACTIVITIES			
Profit before zakat		429,505	377,542
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation on property and equipment	5	114,277	103,412
Depreciation on right-of-use assets	6	53,049	56,711
Amortisation of intangible assets	7	23,424	23,424
Share of results from equity-accounted investments	8	(67,499)	(28,474)
Impairment loss on trade and other receivables	9,10	43,470	94,062
Provision for employee defined benefit liabilities	16	84,271	81,897
Gain on disposal of property and equipment	22	-	(5,249)
Gain on disposal of financial assets at FVTPL	11	(10,789)	(10,065)
Unrealized gain on financial assets at FVTPL	11	-	(6,951)
Finance costs	24	10,290	9,917
		<hr/>	<hr/>
		679,998	696,226
<i>Working capital adjustments:</i>			
Inventories		(336)	(4,081)
Trade receivables		127,763	10,820
Prepayments and other assets		17,709	(154,932)
Trade payables		(9,903)	(15,274)
Accruals and other liabilities		(33,709)	19,574
		<hr/>	<hr/>
Cash from operations		781,522	552,333
Finance cost paid		(17)	(5,421)
Employee defined benefit liabilities paid	16	(31,707)	(35,266)
Zakat paid	19	(10,020)	(16,434)
		<hr/>	<hr/>
Net cash flows from operating activities		739,778	495,212
INVESTING ACTIVITIES			
Additions to property and equipment	5	(242,076)	(176,485)
Proceeds from disposal of property and equipment		-	5,584
Proceeds from disposal of financial assets at FVTPL	11	319,789	355,000
Purchase of financial assets at FVTPL	11	(95,000)	(427,545)
Investment in short term deposits		(1,260,000)	(409,000)
Proceeds from short term deposits		1,164,000	500,000
Dividends received from equity-accounted investments	8	3,600	6,000
Net changes in restricted cash		-	453
		<hr/>	<hr/>
Net cash used in investing activities		(109,687)	(145,993)



Mohammad A. Alamoudi
Chief Financial Officer



Mohammed A. Mazi
Chief Executive Officer



Khalid Al Buainain
Chairman of the Board of Directors

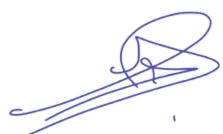
The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

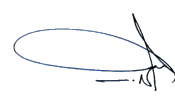
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2025


	<i>Notes</i>	31 December 2025 S'000	31 December 2024 S'000
FINANCING ACTIVITIES			
Repayments of loans and borrowings	15	-	(100,000)
Payments of lease liabilities	6	(86,278)	(53,221)
Dividends paid		(376,000)	(187,403)
Net cash used in financing activities		(462,278)	(340,624)
Net increase in cash and cash equivalents		167,813	8,595
Cash and cash equivalents at beginning of the year		87,232	78,637
Cash and cash equivalents at end of the year	13	255,045	87,232
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION			
Additions to right-of-use assets and lease liabilities	6	82,020	14,248
Modification to right-of-use assets and lease liabilities	6	(1,926)	(41,024)



 Mohammad A. Alamoudi
 Chief Financial Officer



 Mohammed A. Mazi
 Chief Executive Officer



 Khalid Al Buainain
 Chairman of the Board of Directors

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

1. CORPORATE INFORMATION

Saudi Ground Services Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. The Company was initially registered as a limited liability company in the Kingdom of Saudi Arabia under Commercial Registration number 4030181005 and unified number 7001579387 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.

Share capital

The Company’s Parent is Saudi Arabian Airlines Corporation (the “Ultimate Parent Company”), having 52.5% of shares in the Company. The Company's Ultimate Controlling Party is Government of Saudi Arabia. At 31 December 2025 and 31 December 2024 the authorized, issued, and paid-up share capital of ₪1,880 million consists of 188 million fully paid shares of ₪10 each. The shareholding of the Ultimate Parent Company and General Public is as follows:

	<i>Percentage</i>	<i>Number of</i>	<i>Amount</i>
	<i>%</i>	<i>shares</i>	<i>₪ '000</i>
Saudi Arabian Airlines Corporation	52.5	98,700,000	987,000
General public	47.5	89,300,000	893,000
	100	188,000,000	1,880,000

During the year ended 31 December 2025, the Board of Directors declared interim cash dividends at ₪1 per share amounting to ₪188 million related to the second half of 2024 for registered shareholders at 25 March 2025 and interim cash dividends at ₪1 per share amounting to ₪188 million related to the first half of 2025, for registered shareholders at 7 October 2025 (31 December 2024: ₪188 million).

During the Company’s extraordinary General Assembly meeting held on 15 Duh Al-Qi’dah 1445H (corresponding to 23 May 2024), the shareholders approved transferring the statutory reserve balance amounting to ₪520 million to the retained earnings, which was completed and reflected in the consolidated financial statements for the year ended 31 December 2024.

Subsidiary:

During the year ended 31 December 2024, the Board of Directors approved the establishing of a 100% owned new subsidiary in the Kingdom of Saudi Arabia under the name of 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). The legal formalities in relation to meeting the initial capital contribution were completed on 12 September 2024. The Subsidiary is licensed to engage in travel agency activities and air transport support services within the transportation and support services sectors in Saudi Arabia.

These consolidated financial statements comprise the results of the Company and its subsidiary (together referred as the “Group”).

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

1. CORPORATE INFORMATION (continued)

Joint ventures

The Group holds ownership interest in equity-accounted investments as at 31 December 2025 and 31 December 2024 as follows:

Name	Country of incorporation / principal place of business	Effective ownership interest (%)	
		31 December 2025	31 December 2024
Saudi Amad for Airport Services and Transport Support Company (“SAAS”) (note 8)	Kingdom of Saudi Arabia	50%	50%
Alvest Arabia Equipment Services (“AAES”) (formerly known as “TLD Arabia Equipment Services”) (note 8)	Kingdom of Saudi Arabia	50%	50%
Jusoor Airports for Operations and Maintenance Company (“Jusoor”) (note 8)	Kingdom of Saudi Arabia	51%	51%

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting except for the following items which are measured as follows:

Items	Measurement basis
Provisions for employee terminal benefits	Present value of the defined benefit obligation using projected credit unit method
Investments at fair value through profit or loss (FVTPL)	Fair value

The consolidated financial statements of the Group are presented in Saudi Riyals (“SR” and “ﷻ”), which is the functional currency of the Group. All numbers are rounded off to the nearest thousand (ﷻ‘000), unless otherwise stated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) and the applicable provisions of the Regulation for Companies and Company’s by-laws.

The Group has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by function.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.3 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.4 Material accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

Other disclosures relating to the Group's exposure to risks and uncertainties includes

- Sensitivity analyses disclosure (note 7, note 16, and note 27)
- Financial instruments risk management (note 27)

Judgements

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

Going concern

The management has assessed the ability of the Group to continue as a going concern based on its existing liquidity position and cash flow projections and is not aware of any material uncertainties that may cast significant doubt and the management is satisfied that the Group has the resources to continue and meet its obligations as they fall due in the ordinary course of business in the foreseeable future. Therefore, the consolidated financial statements of the Group continue to be prepared on the going concern basis.

Assessment of joint arrangements

The Group has concluded that the investment in Saudi Amad for Airport Services and Transport Support Company ("SAAS"), Alvest Arabia Equipment Services ("AAES") and Jusoor Airports for Operations and Maintenance Company ("Jusoor") are joint venture arrangements. The Group exercises judgment in its assessment of joint arrangements and whether the Group's investment in such arrangements should be classified as a joint operation or a joint venture. In making this judgement the Group considers whether the investee is a separate legal entity and whether terms of the contractual arrangement between the parties to the joint arrangement specify that the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. The Group also considers whether the arrangement establishes an allocation of revenues and expenses on the basis of relative performance of each party of the joint arrangement and whether parties to the joint arrangement are provided any guarantees to rights and obligations as joint ventures.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Material accounting judgments, estimates and assumptions (continued)

Judgements (continued)

Assessment of joint arrangements (continued)

The Group has, after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and the Group's rights and obligations arising from the arrangement, classified its interests as joint ventures under IFRS 11 Joint Arrangements. Therefore, it accounts for its investments using the equity method.

Zakat

The determination for zakat provision involves significant management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Group. In determining the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Group has applied their judgement and interpretation of the ZATCA requirements for calculating Zakat.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Group included the renewal period as part of the lease term for leases of buildings.

Estimates and assumptions

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

Provision for expected credit losses (ECL) in trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by letters of credit and other forms of credit insurance).

The Group's determination of ECL in trade receivables requires the Group to take into consideration certain estimates for forward-looking factors while calculating the probability of default. These estimates may differ from actual circumstances.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the air transport sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For details refer note 27.

The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward-looking information that would impact the credit risk of the customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables disclosed in note 27.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (continued)

2.4 Material accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflow model ("DCF"). The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the CGU, including a sensitivity analysis, are disclosed and further explained in note 7.

Employees' defined benefits liability

The cost of the employees' defined benefit liability and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee defined benefit liabilities are provided in note 16.

Useful lives of property and equipment and intangibles assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets with finite useful lives for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the depreciation and amortisation methods and useful lives annually and future depreciation and amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortisation are consistent with the expected pattern of economic benefits from these assets.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

3. CHANGES IN MATERIAL ACCOUNTING POLICIES AND DISCLOSURES

3.1 New and amended standards and interpretations

The accounting policies adopted, and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

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

Although these new standards and amendments applied for the first time in 2025, they did not have a material impact on the consolidated financial statements of the Group. The new and amended standards and interpretations applied during the year are disclosed below:

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its consolidated financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

3.2 Standards issued but not yet effective

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

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

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements. The initial expected material impacts on Group's consolidated financial statements are, as follows:

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

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

3. CHANGES IN MATERIAL ACCOUNTING POLICIES AND DISCLOSURES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

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

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

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

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

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

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

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

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

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

The Group does not expect that the amendments will have a material impact on its consolidated financial statements.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently in the preparation of these consolidated financial statements, except for adoption of new standards, interpretations and amendments as mentioned in note 3 to these consolidated financial statements.

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Management considers the overall business of the Group as one CGU (i.e. Group as a single cash-generating unit) to which goodwill has been allocated to.

4.2 Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after zakat and non-controlling interests in the subsidiaries of the joint venture.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Investment in joint ventures (continued)

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within 'Share of result from equity-accounted investments' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

4.3 Financial instruments – initial recognition and subsequent measurement

Financial instruments – initial recognition and subsequent measurement A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, employees' receivables and other receivables.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. Currently, the Group does not have any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial instruments – initial recognition and subsequent measurement (continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent measurement

The Group considers a financial asset to be in default when the debtor is unlikely to repay the outstanding balance to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 15.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples quoted share prices for publicly traded companies or other available, fair value indicators.

External valuers are involved in the valuation of significant assets. Selection criteria include market knowledge reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case. The Group bases its impairment calculation on detailed budgets and forecast calculations.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in the future period.

4.5 Property and equipment

Recognition and measurement

Property and equipment is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the property and equipment will flow to the Group, and the cost of the asset can be measured reliably. Property and equipment is recognized and measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost, such as site preparation cost, delivery, installation costs, relevant professional fees and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such cost is recognized as a provision). When parts of property and equipment are significant in cost in comparison to the total cost of the item and such parts have a useful life different from other parts, the Group recognizes such parts as individual assets and depreciate them accordingly.

The Group adopts the cost model to measure the entire class of property and equipment. After recognition as an asset, an item of property and equipment is carried as its cost less any accumulated depreciation and impairment losses, if any.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Capital work in progress

Capital work in progress represents all costs relating directly and indirectly towards the purchase of airport equipment and construction in progress. Such costs include cost of equipment, material and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work in progress is not depreciated. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land and capital work in progress are not depreciated.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Property and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

	Number of years
Leasehold improvements	5-10
Airport equipment	7-10
Motor vehicles	5
Furniture, fixtures, and equipment	4-10
Computer equipment	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively, if required.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

Property and equipment is derecognised when it has been disposed or no future economic benefits are expected to arise from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income within "Other income" at the time the item is derecognised.

4.6 Intangible assets and goodwill

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

	Number of years
Customer contracts	3-5
Customer relationships	20
Software	3-5

Derecognition

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its non-operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) and less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalization threshold and are considered to be insignificant for the consolidated statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of profit or loss.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is determined using the weighted average basis and includes all cost incurred in the normal course of business in bringing each product to its present condition and location. In the case of work in progress and finished goods, cost includes the purchase cost, the cost of refining and processing including an appropriate proportion of depreciation and production overheads based on normal operating capacity. The net realizable value of inventories is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the consolidated statement of financial position.

4.10 Segment information

An operating segment is a group of assets, operations or entities:

- i) engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components.
- ii) the results of its operations are continuously analyzed by Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- iii) for which financial information is discretely available.

The Group 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 supply of fuel and other services to the local and foreign airlines and other customers. The operations related to the supply of fuel and other services have not met the quantitative thresholds for reportable segments for the years ended 31 December 2025 and 2024. Accordingly, the management believes that the Group's business falls within a single reportable business segment and is subject to similar risks and returns.

4.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in employee costs in the consolidated statement of profit or loss and other comprehensive income. The Group uses the yield available on the high-quality corporate bonds as a reasonable assumption for the discount rate.

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than months after the reporting period, then they are discounted to their present value.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.12 Provisions

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

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

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

4.13 Government grant

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future-related costs are recognised in profit or loss in the period in which they become receivable.

4.14 Loans and borrowings

Loans and borrowings are recognised initially at fair value, less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and the redemption value is recognised in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method.

Transaction costs are deducted from the amount of financial liability when it is initially recognised.

4.15 Revenue recognition

The revenue recognition policy outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes the below mentioned five-step, model that will apply to revenue arising from contracts with customers.

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contracts with customers:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract:

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price:

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract:

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

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation:

The Group satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group, and the Group has an enforceable right to payment for performance completed to date.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.15 Revenue recognition (continued)

For performance obligations where none of the above conditions is met, revenue is recognised at the point in time at which the performance obligation is satisfied.

If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, credits, price concessions, incentives, penalties or other similar items. The promised consideration can also vary if the Group's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Aircraft ground handling services

The Group is engaged in providing services for ground handling, aircraft cleaning, passenger handling and baggage to the local and international airlines. Revenues from these services are recognised in the period in which services are completed. Revenue is recorded net of discounts and amounts collected on behalf of third parties. The consideration payable to a customer is recognised as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Group record such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

Income from other services

Income from other services that are incidental to ground handling services is recognised when these related services are completed.

The Group also derives its income from service commission fees ("net"), where the Group acts as an agent between service provider and end-users.

Sale of goods

Revenue from the sale of goods is recognised when the Group satisfies the performance obligation by transferring the promised goods (asset) to the customer. An asset is transferred when the customer obtains control of that asset.

The Group considers the following indicators of the transfer of control:

- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

The Group recognises as revenue, the amount of the transaction price that is allocated to that performance obligation. Revenue is recorded net of returns and discounts, if any.

4.16 Finance income and finance cost

Finance income and expenses are recognised within finance income and finance costs in statement of profit or loss and other comprehensive income using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset.

Finance income mainly includes interest income on short term deposits, realized / unrealized gain on fair valuation of investments at FVTPL and unwinding of the discounts on other financial assets. Finance costs mainly include impairment loss recognised on financial assets (other than trade receivables) and foreign currency losses.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the finance income or finance expense over the relevant period.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.16 Finance income and finance cost (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

4.17 Zakat

The Group is subject to Zakat in accordance with the Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA"). Provision for Zakat for the Group is charged to the consolidated statement of profit or loss and other comprehensive income. Zakat-related differences, if any, are recognised in the period in which assessments are finalised or substantively determined.

The Group withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognised as an expense being the obligation of the counterparty on whose behalf the amounts are withheld.

4.18 Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates prevailing at the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

4.19 Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the year in which they were approved by the general assembly of shareholders.

4.20 Contingencies

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

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

4.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

4.22 Expenses

Costs of revenue represent all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to: attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as administrative expenses. Allocation of common expenses between costs of revenue and administrative expenses, where required, is made on a reasonable basis with regard to the nature and circumstances of the common expenses.

4.23 Value added tax

The Group is subject to Value Added Tax ("VAT") in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on services received ("Input VAT"). The Group reports revenue and expenses net of VAT for all the periods presented in the consolidated statement of profit or loss and other comprehensive income.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.24 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

Assets

An asset is current when:

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

All other assets are classified as non-current.

Liabilities

A liability is current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

5. PROPERTY AND EQUIPMENT

	<i>Land</i> S'000	<i>Leasehold improvements</i> S'000	<i>Airport equipment</i> S'000	<i>Motor vehicles</i> S'000	<i>Furniture, fixtures, and equipment</i> S'000	<i>Computer equipment</i> S'000	<i>Total</i> S'000
Cost:							
Balance at 1 January 2024	27,464	62,850	1,495,266	4,493	52,761	46,389	1,689,223
Additions during the year	-	3,153	165,228	634	2,245	5,225	176,485
Disposals / write-offs during the year (note b)	-	-	(250,947)	(2,682)	-	-	(253,629)
	<u>27,464</u>	<u>66,003</u>	<u>1,409,547</u>	<u>2,445</u>	<u>55,006</u>	<u>51,614</u>	<u>1,612,079</u>
Balance at 31 December 2024	27,464	66,003	1,409,547	2,445	55,006	51,614	1,612,079
Additions during the year	-	14,681	222,407	-	1,209	3,779	242,076
Expropriation of property (note c)	(2,966)	-	-	-	-	-	(2,966)
	<u>24,498</u>	<u>80,684</u>	<u>1,631,954</u>	<u>2,445</u>	<u>56,215</u>	<u>55,393</u>	<u>1,851,189</u>
Balance at 31 December 2025	24,498	80,684	1,631,954	2,445	56,215	55,393	1,851,189
Accumulated depreciation:							
Balance at 1 January 2024	-	43,803	1,066,327	3,836	45,953	42,736	1,202,655
Depreciation for the year	-	4,332	93,528	208	2,900	2,444	103,412
Disposals during the year (note b)	-	-	(250,612)	(2,682)	-	-	(253,294)
	<u>-</u>	<u>48,135</u>	<u>909,243</u>	<u>1,362</u>	<u>48,853</u>	<u>45,180</u>	<u>1,052,773</u>
Balance at 31 December 2024	-	48,135	909,243	1,362	48,853	45,180	1,052,773
Depreciation for the year	-	5,271	102,440	270	3,439	2,857	114,277
	<u>-</u>	<u>53,406</u>	<u>1,011,683</u>	<u>1,632</u>	<u>52,292</u>	<u>48,037</u>	<u>1,167,050</u>
Balance at 31 December 2025	-	53,406	1,011,683	1,632	52,292	48,037	1,167,050
Net book value							
At 31 December 2025	24,498	27,278	620,271	813	3,923	7,356	684,139
At 31 December 2024	27,464	17,868	500,304	1,083	6,153	6,434	559,306

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

5. PROPERTY AND EQUIPMENT (continued)

a. Depreciation charge for the year has been allocated as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ'000</i>	<i>ﷲ'000</i>
Costs of revenue (note 21)	101,511	95,098
General and administrative expenses (note 23)	12,766	8,314
	114,277	103,412

b. During the previous year ended 31 December 2024, the Group disposed its property and equipment costing ﷲ253.6 million having a net book value of ﷲ0.3 million for a gain of ﷲ5.3 million.

c. Land with net book value of ﷲ2.9 million have been expropriated by the Government authorities. Management is confident to recover the amount from the Government in full.

6. LEASES

The Group has various leases for land, office buildings, workshops, and motor vehicles from various lessors in the KSA, 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 2 to 7 years. Land has a lease term of 22 years and motor vehicles have lease term of 2.8 years.

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

The Group 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 the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

a) Right-of-use assets

i) Reconciliation of carrying amounts

	<i>Land, buildings, and workshops ﷲ'000</i>	<i>Motor vehicles ﷲ'000</i>	<i>Total ﷲ'000</i>
Balance at 1 January 2024	219,284	5,269	224,553
Additions	14,248	-	14,248
Modification*	(41,024)	-	(41,024)
Depreciation	(51,442)	(5,269)	(56,711)
Balance at 31 December 2024	141,066	-	141,066
Additions	82,020	-	82,020
Modification*	(1,926)	-	(1,926)
Depreciation	(53,049)	-	(53,049)
Balance at 31 December 2025	168,111	-	168,111

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

6. LEASES (continued)

ii) Depreciation for the year has been allocated as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Costs of revenue (note 21)	49,153	52,072
General and administrative expenses (note 23)	3,896	4,639
	<u>53,049</u>	<u>56,711</u>

b) Lease liabilities

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Balance at the beginning of the year	166,272	236,794
Additions	82,020	14,248
Modification*	(1,926)	(41,024)
Accretion of interest (note 24)	10,273	9,475
Payments	(86,278)	(53,221)
Balance at end of the year	<u>170,361</u>	<u>166,272</u>

* During the year 2025 and 2024, the Group had modified certain leases as a result of change in the lease rentals. There were no changes in the scope of the lease.

Lease liabilities are presented in the consolidated statement of financial position as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Non-current portion of lease liabilities	117,120	84,849
Current portion of lease liabilities	53,241	81,423
	<u>170,361</u>	<u>166,272</u>

Lease liabilities include an amount of ﷲ 127.7 million (2024: ﷲ 122.38 million) of liabilities to government related entities. Individually significant transactions with these entities amount to ﷲ 54.4 million (2024: ﷲ 45.2 million).

The following are the amounts recognized in the consolidated statement of profit or loss:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Depreciation on right-of-use assets	53,049	56,711
Interest on lease liabilities (note 24)	10,273	9,475
Expense related to short-term leases	617	2,516
	<u>63,939</u>	<u>68,702</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

7. INTANGIBLE ASSETS AND GOODWILL

a) Reconciliation of carrying amounts:

	<i>Goodwill</i>	<i>Customer contracts</i>	<i>Customer relationships</i>	<i>Software</i>	<i>Total</i>
	S'000	S'000	S'000	S'000	S'000
Cost:					
Balance at 31 December 2024 and 31 December 2025	582,816	153,179	468,475	64,117	1,268,587
Accumulated amortisation:					
Balance at 1 January 2024	-	153,179	304,511	64,117	521,807
Amortisation	-	-	23,424	-	23,424
Balance at 31 December 2024	-	153,179	327,935	64,117	545,231
Amortisation	-	-	23,424	-	23,424
Balance at 31 December 2025	-	153,179	351,359	64,117	568,655
Net book value:					
At 31 December 2025	582,816	-	117,116	-	699,932
At 31 December 2024	582,816	-	140,540	-	723,356

b) Amortisation charge for the year has been allocated as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	S'000	S'000
General and administrative expenses (note 23)	23,424	23,424

c) On 7 February 2010, the Company acquired the capital of National Handling Services and the ground handling business of Attar Ground Handling and Attar Travel in consideration of the Company's shares. The transfers were completed by 1 January 2011, with recognized customer relationship of S468 million, customer contracts of S153 million and goodwill of S583 million, reflecting expected synergies.

As at 31 December 2025 and 31 December 2024, an independent valuation expert was engaged by management to conduct impairment assessment to review the carrying amounts of goodwill and customer relationships to determine whether their carrying values exceed the recoverable amounts. For the impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Management considers the overall business of the Company as one CGU (i.e. Company as a single cash-generating unit). The Group reviews goodwill annually for impairment testing.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use has been estimated based on the income approach to valuation using the discounted cash flow method.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

7. INTANGIBLE ASSETS AND GOODWILL (continued)

Value in use is based on the estimated future cash flows based on 3-year Company's business plan projected up to the year 2028 and terminal growth rate as mentioned below. Budgets for 2026 are approved by the Board of directors, discounted to their present value using the following key assumptions:

Key Assumptions:

The calculation of value-in-use is most sensitive to the assumptions on revenue growth rate, discount rate applied to cash flow projections, terminal growth rate and projected EBITDA margins.

	<i>31 December</i> 2025	<i>31 December</i> 2024
Revenue growth rate (refer (i))	3.5%	3.9%
Projected EBITDA margin (average of next three years) (refer (ii))	20% – 20.4%	19.9% - 20.4%
Discount rate (refer (iii))	12% - 13%	11.5% - 12.5%
Terminal growth rate (refer (iv))	2%	2%

- i. The Group expects to achieve a 5.4% increase in revenue during the fiscal year 2026, and an average of 3.5% increase in revenue in the forecasted period. Management believes that such growth rate does not exceed the long-term average growth rate for the market in which it operates.
- ii. The Group's projected EBITDA margins for the three-years are considered based on forecasted business operations. Management assumptions to use EBITDA margins is based on the current improved level of operations.
- iii. Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors and Group's specific risk premium. The beta factors are evaluated annually based on publicly available market data. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.
- iv. The cash flows projections include specific estimates for three years and terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the annual growth rate, after considering the market conditions in the long run.

Sensitivity to changes in key assumptions:

With regard to the assessment of the value-in-use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount. The implications of changes to the key assumptions are described below.

i) Revenue growth rate:

The revenue growth in the forecasted period has been estimated to be a compound annual growth rate of 3.5% (2024: 3.9%). If all other assumptions are kept the same, a reduction of this growth rate to 3% would give a value-in-use equal to the amount of carrying value of the CGU including goodwill.

ii) Projected EBITDA margin:

The projected EBITDA margin in the forecasted period has been estimated to be at an average of 20% (2024: 20%). If all other assumptions kept the same; a reduction of EBITDA margin to 16.6% would give a value-in-use equal to the amount of carrying value of the CGU including goodwill.

iii) Discount rate:

The projected discount rate in the forecasted period has been estimated to be 12% to 13% (2024: 11.5% to 12.5%). If all other assumptions kept the same; an increase in discount rate to 15.5% would give a value-in-use equal to the current amount of carrying value of the CGU including goodwill.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

8. EQUITY-ACCOUNTED INVESTMENTS

a) The equity-accounted investments as at 31 December 2025 and 31 December 2024 are as follows:

Name	Country of incorporation / principal place of business	Effective ownership interest (%)		Carrying value	
		31 December 2025	31 December 2024	31 December 2025 S\$ '000	31 December 2024 S\$ '000
Saudi Amad for Airport Services and Transport Support Company ("SAAS") (note 8 (i))	Kingdom of Saudi Arabia	50%	50%	97,502	42,428
Alvest Arabia Equipment Services ("AAES") (formerly known as "TLD Arabia Equipment Services") (note 8 (ii))	Kingdom of Saudi Arabia	50%	50%	15,447	14,560
Jusoor Airports for Operations and Maintenance Company ("Jusoor") (note 8 (iii))	Kingdom of Saudi Arabia	51%	51%	55,075	45,077
				168,024	102,065

- i. As at the reporting date, the Group holds 50% ownership interest in Saudi Amad for Airport Services and Transport Support Company ("SAAS"), a joint venture. The Group does not have control over SAAS. Based on management assessment, it is classified as a joint venture. SAAS is one of the Group's strategic suppliers and is principally engaged in providing transportation services for passengers and crew in the Kingdom of Saudi Arabia.
- ii. As at the reporting date, the Group holds 50% ownership interest in Alvest Arabia Equipment Services ("AAES") (formerly known as "TLD Arabia Equipment Services"), a joint venture. The Group does not have control over the AAES. Based on management assessment, it is classified as a joint venture. The primary objective of AAES is to provide maintenance services for the ground handling equipment across all the airports in the Kingdom of Saudi Arabia.
- iii. As at the reporting date, the Group holds 51% ownership interest in Jusoor Airports for Operations and Maintenance Company ("Jusoor"), a joint venture. The Group does not have control over the Jusoor. Based on management assessment, it is classified as a joint venture. The primary objective of Jusoor is to operate and maintain passenger boarding bridges in the Kingdom of Saudi Arabia.
- iv. There has been no change in circumstances that would require change in the classification of equity-accounted investments.

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

	31 December 2025 S\$ '000	31 December 2024 S\$ '000
Balance at the beginning of the year	102,065	95,705
Share of results for the year	67,499	28,474
Share of other comprehensive income / (loss)	460	(514)
Dividends (note 8(b)(ii))	(2,000)	(21,600)
Balance at the end of the year	168,024	102,065

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

8. EQUITY-ACCOUNTED INVESTMENTS (continued)

b) The movement summary of equity-accounted investments (continued)

i) As of the reporting date of these consolidated financial statements, the equity-accounted investees had not issued audited financial statements. Accordingly, the financial data below, including zakat and income tax and the share of results for the year ended 31 December 2025, are based on management accounts. Where necessary, adjustments have been made to align the accounting policies with those of the Group, following management's review and due diligence procedures.

ii) During the year, SAAS has incorporated certain prior period adjustments in its management accounts as part of review of the residual values of property and equipment. As at the reporting date, this review remains ongoing and the related financial information has not been finalised or approved by SAAS's governance bodies. Accordingly, the Group has continued to apply the equity method based on the most recent financial information available by excluding the impact of such prior period adjustments. The Group continues to perform due diligence and will reassess the accounting treatment once related financial information and approvals are completed.

iii) During the year ended 31 December 2025, AAES announced dividends amounting to ₪4 million (2024: ₪17.2 million). Further, SAAS announced dividends amounting to ₪nil (2024: ₪26 million). Accordingly, the Group recorded 50% of the dividend in accordance with its percentage of shareholding in AAES and SAAS. During the year ended 31 December 2025, the Group has received ₪3.6 million of the dividends declared (2024: ₪6 million).

c) Summary of financial information of equity accounted investees:

The following table summarizes the financial information of equity accounted investees and it also reconciles the summarized financial information to the carrying amounts of the Group's interest in equity accounted investees.

i) Saudi Amad for Airport Services and Transport Support Company

	31 December 2025	31 December 2024
	₪ '000	₪ '000
Revenue	267,101	210,212
Zakat expense	5,298	4,204
Profit for the year*	110,148	25,595
Other comprehensive income for the year	-	-
	<u>55,074</u>	<u>12,797</u>
Group's share of total comprehensive income for the year (50%)	<u>55,074</u>	<u>12,797</u>

* This includes a legal case amounting to ₪70.9 million that was concluded in favor of SAAS during the year, resulting in the reversal of the previously recognized provision.

	31 December 2025	31 December 2024
	₪ '000	₪ '000
Non-current assets	114,880	111,960
Current assets	296,867	204,280
Non-current liabilities	(40,867)	(7,308)
Current liabilities	(175,876)	(224,075)
	<u>195,004</u>	<u>84,857</u>
Net assets (100%)	<u>195,004</u>	<u>84,857</u>
Carrying amount of interest in joint venture	<u>97,502</u>	<u>42,428</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

8. EQUITY-ACCOUNTED INVESTMENTS (continued)

c) Summary of financial information of equity accounted investees (continued)

ii) Alvest Arabia Equipment Services (formerly known as "TLD Arabia Equipment Services")

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Revenue	132,997	116,602
Zakat and income tax expense	(2,075)	(2,099)
Profit for the year	4,854	2,355
Other comprehensive income / (loss) for the year	920	(1,028)
Group's share of income for the year (50%)	<u>2,427</u>	<u>1,178</u>
Group's share of other comprehensive income / (loss)	<u>460</u>	<u>(514)</u>

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Non-current assets	13,047	13,056
Current assets	96,181	99,289
Non-current liabilities	(7,939)	(5,577)
Current liabilities	(70,395)	(77,648)
Net assets (100%)	<u>30,894</u>	<u>29,120</u>
Carrying amount of interest in joint venture	<u>15,447</u>	<u>14,560</u>

iii) Jusoor Airports for Operations and Maintenance Company ("Jusoor")

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Revenue	63,686	71,774
Profit for the year	19,604	28,430
Other comprehensive income for the year	-	-
Group's share of total comprehensive income for the year (51%)	<u>9,998</u>	<u>14,499</u>

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Non-current assets	2,281	-
Current assets	213,701	103,194
Non-current liabilities	(712)	-
Current liabilities	(107,279)	(14,808)
Net assets (100%)	<u>107,991</u>	<u>88,386</u>
Carrying amount of interest in joint venture	<u>55,075</u>	<u>45,077</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

9. PREPAYMENTS AND OTHER ASSETS

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Due from related parties (note 25(b)(ii))	381,690	476,584
VAT receivable (note 9.3)	229,313	140,946
Advances to suppliers (note 9.1)	136,706	167,123
Refundable deposits (note 9.2)	40,790	23,661
Employee loans and advances	38,892	37,065
Prepayments	38,276	40,806
Others	23,041	18,866
	888,708	905,051
Less: Other assets - non-current (notes 9.1 and 9.4)	(99,552)	(134,868)
Less: allowance for impairment loss	(112,582)	(73,251)
	676,574	696,932

9.1 Advances to suppliers mainly include the advances paid for purchases of specialized airport equipment and construction-in-progress related to leasehold improvements which are expected to be delivered/consumed beyond 12-months from the date of these advances.

9.2 This includes an amount of ﷲ9.8 million paid to comply with the formalities of appeal acceptance procedure with ZATCA.

9.3 This represents refund claimed by the Company from Ultimate Parent Company against payment of value added tax as at 31 December 2025. The Company is part of a VAT group registered under its Ultimate Parent Company for filing VAT returns with the Zakat, Tax and Customs Authority ("ZATCA"). Under this arrangement, the Ultimate Parent Company submits the consolidated VAT return and manages all VAT payments and refunds on behalf of the group. Each group member records its own VAT position in its books based on its individual transactions. Subsequent to the reporting date, the Group received an amount ﷲ70.3 million from the Ultimate Parent Company.

9.4 This represent employee loans that are payable beyond 12-months from the date of these consolidated financial statements, hence classified as non-current, and are carried at the present value of cashflows.

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

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Balance at beginning of the year	73,251	25,768
Charge for the year	39,331	47,483
Balance at end of the year	112,582	73,251

10. TRADE RECEIVABLES

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Due from related parties (note 25 (a) (ii))	911,492	1,023,724
Other trade receivables	385,846	401,377
	1,297,338	1,425,101
Less: allowance for impairment loss	(238,263)	(234,124)
	1,059,075	1,190,977

The average credit period on invoices ranges from 30 to 90 days (2024: 30 to 90 days) for trade receivables. Other trade receivables include 20.93% (2024: 12.86%) of balances receivables from government related entities.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

10. TRADE RECEIVABLES (continued)

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

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Balance at beginning of the year	234,124	310,437
Charge for the year	4,139	46,579
Written-off during the year (note 10.1)	-	(122,892)
	<u>238,263</u>	<u>234,124</u>

10.1 During the previous year ended 31 December 2024, the Board of Directors approved write-offs amounting to S'122.9 million.

10.2 As at 31 December 2025, allowance for impairment loss includes S'144 million (2024: S'144 million) against due from related parties for the Group's exposure to credit risk and impairment loss on due from related parties.

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

a) Investments at FVTPL mainly comprises investments in the money market – mutual funds as follows:

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Mutual funds	-	214,000
	<u>-</u>	<u>214,000</u>

b) Movement in investments at FVTPL investment is as follows:

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Balance at beginning of the year	214,000	124,439
Investments during the year	95,000	427,545
Disposal of investments during the year	(319,789)	(355,000)
Fair value gain during the year	10,789	17,016
	<u>-</u>	<u>214,000</u>

c) Fair value gain on investments at FVTPL is as follows:

	<i>31 December</i> 2025 S'000	<i>31 December</i> 2024 S'000
Realized gain	10,789	10,065
Unrealized gain	-	6,951
	<u>10,789</u>	<u>17,016</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

12. SHORT TERM DEPOSITS

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Short term deposits (note (a))	505,000	409,000

- a) These represent amounts in Murabaha deposits with commercial banks having original maturity of more than three months and yielding profit in the range of 5.65% - 6.23% per annum (2024: 5.95% - 6.1%).
- b) Short term deposits include an amount of ﷲ100 million (2024: ﷲ200 million) with government related entities. Individually significant transactions with these entities amount to ﷲ100 million (2024: ﷲ200 million).

13. CASH AND CASH EQUIVALENTS

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Cash at banks – current account	254,674	86,586
Cash on hand	371	646
Cash and cash equivalents	255,045	87,232

- a) Cash at banks include an amount of ﷲ201.7 million (2024: 37.3 million) with government related entities.

14. SHARE CAPITAL

14.1 Share capital

At 31 December 2025, the authorized, issued and paid up share capital of ﷲ1,880 million consists of 188 million fully paid shares of ﷲ10 each (2024: ﷲ1,880 million consists of 188 million shares of ﷲ10 each).

	<i>2025</i>			<i>2024</i>		
	<i>Number of shares</i>	<i>%</i>	<i>Amount ﷲ '000</i>	<i>Number of shares</i>	<i>%</i>	<i>Amount ﷲ '000</i>
Saudi Arabian Airlines Corporation	98,700,000	52.5	987,000	98,700,000	52.5	987,000
General public	89,300,000	47.5	893,000	89,300,000	47.5	893,000
	188,000,000	100	1,880,000	188,000,000	100	1,880,000

14.2 Earnings per share

The calculation of the basic and diluted earnings per share as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Profit for the year attributable to the shareholders of the Parent Company (in ﷲ'000)	404,709	327,034
Weighted average number of ordinary shares for the purposes of basic and diluted earnings	188,000,000	188,000,000
Basic and diluted earnings per share based on profit for the year attributable to shareholders of the Parent Company (in ﷲ)	2.15	1.74

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

14. SHARE CAPITAL (continued)

14.2 Earnings per share (continued)

Basic earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding.

Diluted earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, in the absence of any convertible liability, the diluted profit per share does not differ from the basic profit per share.

15. LOANS AND BORROWINGS

The Group's interest-bearing loans and borrowings, which are measured at amortised cost are as follows:

	<i>31 December 2025 S'000</i>	<i>31 December 2024 S'000</i>
Balance at beginning of the year	-	100,000
Repayments during the year	-	(100,000)
	<u>-</u>	<u>-</u>

During the previous year ended 31 December 2024, the Group repaid and settled the outstanding amount in full.

16. EMPLOYEES DEFINED BENEFIT LIABILITIES

a) General description of the plan

The Group operates an approved unfunded employees' end of service benefits scheme/plan for its permanent employees as required by the Saudi Arabian Labor law. The amount recognised in the consolidated statement of financial position is determined as follows:

	<i>31 December 2025 S'000</i>	<i>31 December 2024 S'000</i>
Present value of defined benefit obligations	<u>591,624</u>	<u>561,792</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

16. EMPLOYEES DEFINED BENEFIT LIABILITIES (continued)

b) Movement in net defined benefit liability

Net defined benefit liability comprises only of defined benefit obligations. The movement in the defined benefit obligations over the year is as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Defined benefit liability at the beginning of the year	561,792	558,843
<i>Included in profit or loss</i>		
Current service cost	53,904	56,832
Interest cost	30,651	25,065
Past service cost	(284)	-
	84,271	81,897
<i>Included in other comprehensive income</i>		
Re-measurement gain on defined benefit liability	(22,732)	(43,682)
Benefits paid	(31,707)	(35,266)
Employee defined benefit liability at the end of the year	591,624	561,792

c) As at 31 December 2025 and 31 December 2024, the valuation for the defined benefits liability was performed by an independent external firm of actuaries using the following key assumptions:

Key assumptions:	<i>31 December 2025</i>	<i>31 December 2024</i>
Discount rate (%)	5.45%	5.65%
Future salary growth (%)	2.00% -5.00%	3.00% -5.00%
Retirement age	60-65 years	60 years

The weighted average duration of the employee defined benefit obligation is 10.22 years (2024: 10.15 years).

d) Defined benefits liability charge for the year has been allocated as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Costs of revenue (note 21.1)	75,751	70,065
General and administrative expenses (note 23.1)	8,520	11,832
	84,271	81,897

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

16. EMPLOYEES DEFINED BENEFIT LIABILITIES (continued)

e) Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Assumptions	Change by	2025		Change by	2024	
		Increase in liability by SAR '000	Decrease in liability by SAR '000		Increase in liability by SAR '000	Decrease in liability by SAR '000
Discount rate	+/- 1%	65,336	(55,241)	+/- 1%	61,360	(52,228)
Future salary growth	+/- 1%	68,401	(58,779)	+/- 1%	64,360	(55,650)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following payments are expected in future years:

	31 December 2025 SAR '000	31 December 2024 SAR '000
Year 1	45,404	40,585
Year 2	42,409	36,641
Year 3	40,081	37,535
Year 4	41,476	37,019
Year 5	39,012	39,630
Year 6 to 10	194,053	184,320
Beyond 10 years	748,385	709,877
Total expected payments	<u>1,150,820</u>	<u>1,085,607</u>

17. TRADE PAYABLES

	31 December 2025 SAR '000	31 December 2024 SAR '000
Other trade payables	93,438	106,790
Due to related parties (note 25 (c) (ii))	12,343	8,894
	<u>105,781</u>	<u>115,684</u>

The Group's terms of purchase require amounts to be paid within 30 - 60 days of the date of invoice.

Other trade payables include 45.1% (2024: 48.2%) as payable to government related entities.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Due to related parties (note 25 (d)(ii))	124,005	104,346
Employee related accruals	102,411	119,804
Accrued outsourced service charges	55,068	76,910
Accrued rent and charges	47,801	79,904
Accrued legal and professional charges	19,724	10,777
Advances from customers	17,956	9,655
Accrued fuel charges	6,180	5,938
Payable against capital purchases	26	9,451
Other accruals	105,154	95,249
	<u>478,325</u>	<u>512,034</u>

19. ZAKAT PROVISION

a) Zakat provision

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

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Balance at the beginning of the year	398,277	364,203
Charge for the year	44,082	50,508
Prior period adjustments	(19,286)	-
Payments during the year	(10,020)	(16,434)
	<u>413,053</u>	<u>398,277</u>

b) Zakat expense for the year

Zakat components are as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Non-current assets	(2,112,094)	(1,657,674)
Non-current liabilities	868,332	697,987
Closing equity and other adjustments	3,007,042	2,913,769
	<u>1,763,280</u>	<u>1,954,082</u>
Minimum limit for zakat base	400,737	326,439
Maximum limit for zakat base	2,975,671	2,913,769
	<u>1,763,280</u>	<u>1,954,082</u>

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

19. ZAKAT PROVISION (continued)

b) Status of Zakat assessments

The Group has filed Zakat declaration up to the financial year ended 31 December 2024 with Zakat, Tax and Customs Authority (“ZATCA”). The Group has obtained Zakat certificate valid until 30 April 2026. The Group 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 ₪243.7 million. The Group 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 Group’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 Group and ZATCA have appealed against such ruling to the appellate committee (“ACTVDR”), the hearing and final ruling from ACTVDR are still awaiting.

During the year ended 31 December 2025, the Group submitted a request to ZATCA to apply Ministerial Resolution No. 1007, which permits the application of the new Zakat By-Law (1445H) to financial years beginning before 1 January 2024 (covering the years 2015 to 2023). ZATCA accepted this request, and, accordingly, the Group withdrew the related cases for the years 2015 to 2020 from the GSZTCC. As a result, the original assessments for these years are expected to be revised or cancelled upon completion of ZATCA’s review.

In relation to the Zakat assessments for the years from 2021 to 2023, the Group received an assessment from ZATCA during December 2025, reflecting additional liability of ₪93.4 million. The Group accepted this liability while retaining its right to object and accordingly, the previously recognised provision was adjusted, resulting in a reversal of Zakat provision amounting to ₪19.3 million in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2025.

Based on 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.

Further, subsequent to the reporting date, in January 2026, the Group received an initial assessment from ZATCA for the years 2015 to 2020 with an additional liability of ₪ 201 million. The Group accepted this assessment while retaining its right to object. In line with the Group’s accounting policy, where Zakat-related differences are recognised in the period in which assessments are finalised or substantively determined, the Group is expected to record a reversal of Zakat provision in the consolidated statement of profit and loss and other comprehensive income for the year ending 31 December 2026.

20. REVENUE

The Group’s revenue is derived from contracts with customers by providing ground handling services, aircraft cleaning, passenger handling, baggage, and fuel to its customers. All revenues are recognized at point in time.

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>₪ '000</i>	<i>₪ '000</i>
Rendering of services	2,689,748	2,654,432
Sale of goods	39,960	29,412
	2,729,708	2,683,844

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

20. REVENUE (continued)

Revenue by the type of customer is as follows:

	<i>31 December</i> <i>2025</i> S'000	<i>31 December</i> <i>2024</i> S'000
Revenue from related parties	1,545,821	1,452,291
Revenue from other local and foreign customers	1,183,887	1,231,553
	<u>2,729,708</u>	<u>2,683,844</u>

Revenue from other local and foreign customers include 7.8% (2024: 9.12%) revenue from government related entities.

21. COSTS OF REVENUE

	<i>31 December</i> <i>2025</i> S'000	<i>31 December</i> <i>2024</i> S'000
Employees' related expenses (note 21.1)	1,297,178	1,283,093
Operational and handling charges	433,047	421,649
Repairs and maintenance expenses	101,891	107,157
Depreciation on property and equipment (note 5(a))	101,511	95,098
Depreciation on right-of-use assets (note 6(a))	49,153	52,072
Others	128,184	103,838
	<u>2,110,964</u>	<u>2,062,907</u>

21.1 Employees' related expenses include charge for end of service benefits amounting to S'75.7 million (2024: S'70.1 million) (note 16(d)).

22. OTHER INCOME, NET

	<i>31 December</i> <i>2025</i> S'000	<i>31 December</i> <i>2024</i> S'000
Government support (note 22.1)	37,827	50,486
Gain on disposal of property and equipment (note 5)	-	5,249
Foreign exchange gain / (loss)	791	(4,382)
Other income	8,932	5,708
	<u>47,550</u>	<u>57,061</u>

22.1 This includes support received from the government for qualification of the national workforce. There are no unfulfilled conditions and contingencies attached to these grants.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

23. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31 December</i> <i>2025</i> S'000	<i>31 December</i> <i>2024</i> S'000
Employees' related expenses (note 23.1)	138,064	134,679
Software subscriptions and other accessories	46,090	29,872
Legal and professional expenses (note 23.2)	27,005	6,763
Amortisation (note 7(b))	23,424	23,424
Depreciation on property and equipment (note 5(a))	12,766	8,314
Directors' fees (note 25)	5,487	6,318
Training expenses	4,825	10,783
Depreciation on right-of-use assets (note 6(a))	3,896	4,639
Bank charges	2,154	1,590
Others	27,836	43,310
	291,547	269,692

23.1 Employees' related expenses include charge for employee defined benefit liabilities amounting to S'8.5 million (2024: S'11.8 million) (note 16(d)).

23.2 This includes auditors' remuneration for the audit and non-audit services amounts to S'1.03 million (2024: S'1.03 million) and S'0.19 million (2024: S'0.09 million), respectively for the year ended 31 December 2025.

24. FINANCE COSTS

	<i>31 December</i> <i>2025</i> S'000	<i>31 December</i> <i>2024</i> S'000
Interest on loans and borrowings	-	442
Interest on lease liabilities (note 6(b))	10,273	9,475
Other charges	17	-
	10,290	9,917

25. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The Group operates in an economic regime whereby there are various entities that are directly or indirectly controlled by the Government of Kingdom of Saudi Arabia through its government authorities, affiliations and other organizations, collectively referred to as government-related entities. The Group 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

<i>Related Parties:</i>	<i>Relationship</i>
Saudi Arabian Airlines Corporation	Ultimate 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	Affiliate
Alvest Arabia Equipment Services (formerly known as "TLD Arabia Equipment Services")	Joint venture
Saudi Amad for Airport Services and Transport Support Company	Joint venture
Jusoor Airports for Operations and Maintenance Company ("Jusoor")	Joint venture

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. Except disclosed elsewhere in the consolidated financial statements as government-related entities, 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 year:*

Relationship	Nature of transactions	Amount of transactions	
		31 December 2025 S'000	31 December 2024 S'000
Fellow subsidiaries	Services provided	1,533,358	1,437,362
Joint ventures	Services provided	10,808	10,689
Affiliate	Services provided	5,058	4,240

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

	31 December 2025 S'000	31 December 2024 S'000
Saudi Airlines Air Transport Company	696,273	636,007
Saudia Aerospace Engineering Industries Company	165,869	122,648
Saudia Royal Fleet	25,444	158,185
SAL Saudi Logistics Services Company	9,094	8,927
Catrion Catering Holding Company	7,761	2,158
Saudi Private Aviation	5,399	4,800
Saudi Airlines Cargo Company	914	912
Saudi Arabian Airlines Corporation	682	683
Flyadeal Company	55	89,403
Prince Sultan Aviation Academy Company	1	1
	911,492	1,023,724

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

25. 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 year:*

Relationship	Nature of transactions	Amount of transactions	
		31 December 2025 S'000	31 December 2024 S'000
Joint venture	Invoices on behalf of Joint Venture	72,165	80,515
Joint venture	Other expenses	33,328	41,941
Joint venture	Dividends	2,000	21,600
ii) Due from related parties under prepayments and other current assets comprised the following:			
		31 December 2025 S'000	31 December 2024 S'000
Saudi Arabian Airlines Corporation		308,738	308,738
Saudi Amad for Airport Services and Transport Support Company		65,750	138,121
Alvest Arabia Equipment Services		7,202	29,725
		381,690	476,584

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

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

Relationship	Nature of transactions	Amount of transactions	
		31 December 2025 S'000	31 December 2024 S'000
Joint venture	Maintenance received	101,383	111,666
Affiliate	Services received	105,665	61,711
Joint venture	Services received	101	5,579
Fellow subsidiaries	Services received	52	20
ii) Due to related parties under trade payable comprised the following:			
		31 December 2025 S'000	31 December 2024 S'000
Catrion Catering Holding Company		11,362	8,190
Saudi Airlines Cargo Company		684	684
Prince Sultan Aviation Academy Company		172	-
Saudi Private Aviation		50	-
Jusoor Airports for Operations and Maintenance Company ("Jusoor")		46	-
Saudi Airlines Air Transport Company		29	20
		12,343	8,894

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

25. 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 year:*

Relationship	Nature of transactions	Amount of transactions	
		31 December 2025 S\$ '000	31 December 2024 S\$ '000
Joint venture	Other expenses	25,772	14,235
Joint venture	Invoices on behalf of the Joint Venture	42,815	36,771
Fellow subsidiaries	Other expenses	-	2,555

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

	31 December 2025 S\$ '000	31 December 2024 S\$ '000
Saudi Arabian Airlines Corporation	40,470	40,470
Jusoor Airports for Operations and Maintenance Company (“Jusoor”)	31,174	25,457
Saudia Aerospace Engineering Industries Company	16,536	16,536
Catrion Catering Holding Company	30,139	16,197
Saudi Airlines Air Transport Company	2,954	2,954
Prince Sultan Aviation Academy Company	2,555	2,555
Saudi Airlines Cargo Company	177	177
	124,005	104,346

e) Key management compensation

Compensation for key management is as follows:

	31 December 2025 S\$ '000	31 December 2024 S\$ '000
Short term benefits	18,260	24,314
End of service benefits	1,159	2,477
Directors’ fees (note 23)	5,487	6,318
	24,906	33,109

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

26. OPERATING SEGMENTS

The Group’s primary format for segmental reporting is based on business segments. The business segments are determined based on the Group’s management and internal reporting structure. The Group is principally involved in providing ground handling services to local and foreign airlines at all airports in the Kingdom of Saudi Arabia. Other operations relate to fuelling to the local and foreign airlines and other customers. The operations related to fuelling and other services has not met the quantitative thresholds for reportable segments for the year ended 31 December 2025 and 31 December 2024. Accordingly, the management believes that the Group’s business falls within a single reportable business segment and is subject to similar risks and returns.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group is exposed to market risk, credit risk and liquidity risk. The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework, audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management. The Group is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Group.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group 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.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by ₪nil (2024: ₪2.14 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 Group's transactions are principally in Saudi Riyals and United States Dollars and Euros. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

The cash and cash equivalents, short term deposits, trade receivables, and trade payables of the Group are denominated in Saudi Arabian Riyals.

Following is the gross financial position exposure classified into separate foreign currency:

	31 December 2025	31 December 2024
	₪ '000	₪ '000
<u>Euro</u>		
Other payables	57,791	68,112

Significant exchange rates applied during the year were as follows:

	31 December 2025		31 December 2024	
	Average rate	Spot rate	Average rate	Spot rate
Foreign currency per Saudi Riyal				
Euro	0.22	0.23	0.25	0.26

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

Sensitivity analysis

Every 1% increase or decrease in the exchange rate with all other variables held constant will decrease or increase profit or loss for the year by ₪0.58 million (2024: ₪0.68 million).

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 Group is not exposed to price risk which arises from investments at FVTPL as the Group has disposed off all of its portfolio during the year.

Sensitivity analysis

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 year by ₪nil (2024: ₪10.7 million).

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 Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, restricted cash, credit exposures to customers, including outstanding receivables, accrued rental income and contract assets.

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

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>₪ '000</i>	<i>₪ '000</i>
Trade receivables	1,297,338	1,425,101
Other assets	445,521	519,111
Financial assets at fair value through profit or loss (FVTPL)	-	214,000
Bank balances	254,674	86,586
Short term deposits	505,000	409,000
	2,502,533	2,653,798

Cash balances are held with banks with sound counter party risk rating ranging from A3 to A1 based on Moody's credit rating and BBB+ based on Fitch credit rating. All bank balances are held with banks within the Kingdom of Saudi Arabia. Therefore, all bank balances are assessed to have low credit risk as the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

Impairment loss

The Group 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 Group 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 provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The receivables are shown net of allowance for impairment of trade receivables. The Group 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.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables.

	<i>Current</i>	<i>0 - 90 days</i>	<i>91 – 180 days</i>	<i>More than 180</i>	<i>Total</i>
	<i>ﷲ '000</i>	<i>past due</i>	<i>past due</i>	<i>days past due</i>	<i>ﷲ '000</i>
		<i>ﷲ '000</i>	<i>ﷲ '000</i>	<i>ﷲ '000</i>	
<i>31 December 2025</i>					
Gross carrying amount	565,325	122,918	45,481	563,614	1,297,338
Expected loss rate	1%	4%	12%	39%	18%
Loss allowance	7,263	4,584	5,635	220,781	238,263
<i>31 December 2024</i>					
Gross carrying amount	536,688	137,558	49,356	701,499	1,425,101
Expected loss rate	3%	6%	10%	29%	16%
Loss allowance	13,686	8,739	5,176	206,523	234,124

With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts as disclosed in the consolidated 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.

Concentration risk

The maximum gross exposure to credit risk for trade receivables including related parties by geographical region at the reporting date was:

	<i>31 December</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Gulf countries	1,107,784	1,246,840
Other Asian countries	56,064	62,687
Europe	7,009	9,649
Other regions	126,481	105,925
	1,297,338	1,425,101

The Group's exposure to credit risk for gross trade receivables by type of counterparty mainly includes local and foreign airlines and other related parties (note 25(a)).

At 31 December 2025, trade receivables are mainly due from related parties (note 25(a)) and other trade receivables and are stated at their estimated realisable values. The ten largest non-related party customers account for 83% (2024: 60%) of outstanding gross other trade receivables. The financial position of the related parties is stable.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

Liquidity risk is the risk that an enterprise 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. During the year ended 31 December 2025, the Group obtained a shariah compliant facilities amounting to 850 million secured by a promissory note to meet the Group's working capital requirements, which has not been withdrawn. This includes consideration of future cashflow forecasts, prepared using assumptions about 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 Group.

The Group's management has developed a plan to enable the Group to meet its obligations as they become due and to continue its operations, without significant curtailment, as a going concern.

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

<i>Non-derivative financial liabilities</i>	<i>Carrying amount</i> S'000	<i>Contractual cash flows</i>		
		<i>Less than one year</i> S'000	<i>More than one year</i> S'000	<i>Total</i> S'000
31 December 2025				
Trade payables	105,781	105,781	-	105,781
Other payables (excluding advances)	460,369	460,369	-	460,369
Lease liabilities	170,361	63,155	133,922	197,077
	<u>736,511</u>	<u>629,305</u>	<u>133,922</u>	<u>763,227</u>
31 December 2024				
Trade payables	115,684	115,684	-	115,684
Other payables (excluding advances)	502,379	502,379	-	502,379
Lease liabilities	166,272	81,423	105,604	187,027
	<u>784,335</u>	<u>699,486</u>	<u>105,604</u>	<u>805,090</u>

Capital risk management

The Group's objective when managing capital is to safeguard the Group'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 Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, for example, opt for short term or long-term loans. No change were made in the objectives, policies on processes for managing the capital during the years ended 31 December 2025 and 31 December 2024.

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

27. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management (continued)

The Group has disclosed its gearing ratio as this is the measure it uses to monitor capital.

	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>ﷲ '000</i>	<i>ﷲ '000</i>
Total liabilities	1,759,144	1,754,059
Short term deposits	(505,000)	(409,000)
Cash and cash equivalents	(255,045)	(87,232)
Financial assets at fair value through profit or loss (FVTPL)	-	(214,000)
Net debt	999,099	1,043,827
Share capital	1,880,000	1,880,000
Retained earnings	685,595	633,694
Shareholders' equity	2,565,595	2,513,694
Net debt to shareholders' equity ratio	38.94%	41.53%

Fair value sensitivity analysis for fixed interest rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore, a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and other comprehensive income.

Fair value measurement of financial instruments

Recognized fair value measurements

The Group measures financial instruments, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

28. COMMITMENTS AND CONTINGENCIES

- (a) In addition to contingencies disclosed in note 19, the Group has provided, in the normal course of business, bank guarantees amounting to ₪101.2 million (31 December 2024: ₪93 million) to the Ministry of Finance, Saudi Airlines, International Air Transport Association (“IATA”) and General Authority of Civil Aviation (“GACA”), towards tickets, tenders, airline ticket sales and rentals as at 31 December 2025.
- (b) Commitments amounting to ₪107.7 million (31 December 2024: ₪135.6 million) are in respect of capital expenditure committed but not paid.
- (c) During the year, Group’s joint venture, Saudi Amad for Airport Services & Transport Support filed a legal case against the Company for ₪201 million in relation to existence of outstanding invoices. Currently, the legal proceedings are ongoing and based on management expectations, the related probabilities of winning the case are high for the Group.
- (d) As at 31 December 2025, there are cases filed by labors and subcontractors where the Group 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 Group.

29. SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements as at reporting date, which reflect conditions existing at that date.

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

Management has also considered the impact of these events on the Group’s ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

There have been no other subsequent events since the year-end, which would require, either disclosures or adjustments in these consolidated financial statements except as disclosed in note 9 and 19.

30. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year. These changes have been made to improve the quality of the information presented. Such reclassification changes do not affect previously reported profit or equity.

31. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved and authorized to issue by the Board of Directors on 29 March 2026 corresponding to 10th Shawwal 1447H.